Calhoun County, Florida

Financial Statements

September 30, 2018



CALHOUN COUNTY, FLORIDA FINANCIAL STATEMENTS September 30, 2018

BOARD OF COUNTY COMMISSIONERS

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PROPERTY APPRAISER SUPERVISOR OF ELECTIONS
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COUNTY ATTORNEY AUDITOR
H. Matthew Fuqua Carr, Riggs & Ingram, LLC

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Constitutional Officer Financial Statements

Clerk of the Circuit Court

Sheriff

Property Appraiser

Supervisor of Elections

Tax Collector





Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County Blountstown, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calhoun County, Florida, as of and for the year ended September 30, 2018, 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 and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County, Florida Blountstown, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Calhoun County, Florida as of September 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 to 4.7 and other required supplementary information as listed in the table of contents be presented to supplement the basic 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Calhoun County, Florida's basic financial statements. The introductory section, combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statement. The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and Chapter 10.550, Rules of the Florida Auditor General, and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to 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

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County, Florida Blountstown, Florida

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 our opinion, the information is fairly stated in all material respects to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 19 of the financial statements, the 2017 financial statements have been restated for a change in accounting principle, the implementation of GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

Can, Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2019, on our consideration of Calhoun County, Florida's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Calhoun County, Florida's internal control over financial reporting and compliance.

Marianna, Florida June 19, 2019



Calhoun Board of County Commissioners

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Calhoun County, Florida, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

FINANCIAL/COUNTY HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at September 30, 2018 by \$54,483,509 (net position). Of this amount, \$844,182 represents unrestricted net position that may be used to meet the County's ongoing obligations to citizens and creditors.
- Total net position of \$54.48 million is comprised of the following:
 - o \$51.16 million of capital assets, net of related debt, includes property and equipment, net of accumulated depreciation.
 - o \$2.48 million of net position is restricted by constraints imposed from outside the County such as grantors, laws, or regulations.
 - \$.84 million of unrestricted governmental net position represents the portion available to maintain the County's continuing obligation to citizens and creditors.
- As of September 30, 2018, the County's governmental funds reported combined ending fund balances of \$8,944,520, a decrease of \$67,888 in comparison with the prior year.
- The County's total governmental net position increased \$1,460,157 during fiscal year ended September 30, 2018.
- During the current year, the County managed \$6.44 million in federal and state grant funded programs.
- The County expended approximately \$4.07 million of grant funds (federal & state funds) from Florida Department of Transportation (FDOT) and the United States Department of Transportation, for road and sidewalk projects.
- The County expended approximately \$2.37 million in additional grants (federal & state funds) to aid the County. Details are available in the Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of:

- 1. Government-wide financial statements
- 2. Fund financial statements
- 3. Notes to the financial statements

In addition, this report contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.)

Both of these government-wide financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public health and safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Calhoun County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds may be classified in the broad category of *Governmental Funds* and *Fiduciary (Agency) Funds* as discussed below.

• Governmental Funds - these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

• Fiduciary (Agency) Funds – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the County's own programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by approximately \$54.48 million at the close of the fiscal year ended September 30, 2018.

This was an increase of \$1,536,361 over prior year net position. In addition, in comparison with FY 2017, capital assets increased by \$2,070,709.

| | | Governmental Activities FY 2018 | Governmental Activities FY 2017 |
|--|-----|---------------------------------------|---------------------------------------|
| Total Assets are comprised of the following elements. | | | |
| Current and Other Assets | \$ | 10,429,868 | 10,792,512 |
| Capital Assets, Net | | 51,155,748 | 49,085,039 |
| Total Assets | \$_ | 61,585,616 | 59.877.551 |
| Deferred Outflows of Resources | | | |
| Pensions | | 3,613,581 | 3,588,271 |
| Total Deferred Outflows of Resources | | 3,613,581 | 3,588,271 |
| Total Liabilities are comprised of the following element | s. | | |
| Current and Other Liabilities | | 1,485,348 | 1,876,896 |
| Long-term Liabilities | _ | 8,196,226 | 7,950,566 |
| Total Liabilities | \$ | 9,681,574 | 9,827,462 |
| Deferred Inflows of Resources | | | |
| Pensions | _ | 1,034,114 | 691,212 |
| Total Deferred Inflows of Resources | _ | 1,034,114 | 691,212 |
| Total Net Position is comprised of the following element | ts: | | |
| Invested in Capital Assets, Net of Related Debt | | 51,155,748 | 49,085,039 |
| Restricted | | 2,483,579 | 2,200,637 |
| Unrestricted | _ | 844,182 | 1,661,472 |
| Total Net Position | \$ | 54,483,509 | 52,947,148 |

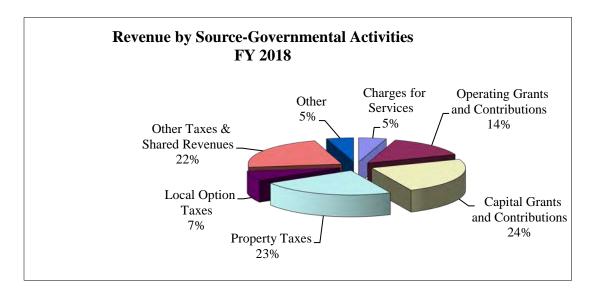
At September 30, 2018, the largest portion of the County's net position reflected investment in capital assets (e.g. land, buildings, infrastructure, equipment, and intangibles). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

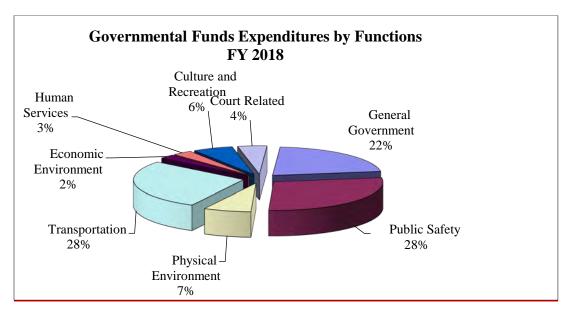
An additional portion of the County's net position represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

The following schedule summarizes revenues and expenses for the current and prior years:

| | | Governmental Activities FY 2018 | Governmental Activities FY 2017 |
|------------------------------------|-----|---------------------------------------|---------------------------------|
| REVENUES | | | |
| Program Revenues | | | |
| Charges for Services | \$ | 803,736 | 767,776 |
| Operating Grants and Contributions | | 2,409,807 | 7,999,054 |
| Capital Grants and Contributions | | 4,027,241 | 384,099 |
| General Revenues: | | | |
| Property Taxes | | 3,907,041 | 3,909,005 |
| Local Option Taxes | | 1,083,050 | 1,078,303 |
| Other Taxes and Shared Revenues | | 3,766,263 | 3,729,254 |
| Investment Earnings | | 82,919 | 37,292 |
| Other | | 704,525 | 1,101,568 |
| Total Revenues | | 16,784,582 | 19,006,351 |
| EXPENSES | | | |
| Program Activities | | | |
| General Government | | 3,306,311 | 3,150,342 |
| Public Health and Safety | | 4,296,966 | 3,687,335 |
| Physical Environment | | 1,072,951 | 1,087,986 |
| Transportation | | 4,283,543 | 9,657,754 |
| Economic Environment | | 344,199 | 691,648 |
| Human Services | | 452,948 | 411,496 |
| Culture and Recreation | | 908,529 | 810,866 |
| Court Related | | 658,978 | 647,386 |
| Total Expense | _ | 15,324,425 | 20,144,813 |
| NET INCREASE | | 1,460,157 | (1,138,462) |
| Net Position - Beginning | | 53,023,352 | 54,085,610 |
| Change in Accounting Principle | _ | <u> </u> | 76,204 |
| Net Position - Ending | \$_ | 54,483,509 | 53,023,352 |





Governmental activities revenue decreased \$2,221,769, or 11.7%, from the prior fiscal year. This was primarily due to a decrease in grant activity.

Governmental Funds

The primary purpose of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year.

As of the end of fiscal year 2018, the County's governmental funds reported combined ending fund balances of \$8,944,520, a \$67,888 decrease in comparison with the prior year. The unassigned General Fund balance of \$6,393,436 is available for spending at the County's discretion. The Special Revenue Fund balances of \$2,374,937 are for specified purposes.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

MAJOR FUNDS

Governmental Funds

The General Fund, County Transportation Trust, County Transportation Trust II and Affordable Housing (SHIP) are reported as major governmental funds.

• The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund.

General operating funds of the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections represent subfunds of the County's General Fund that are held and accounted for individually, but presented with the balance of the Board of County Commissioners' operating funds.

As of September 30, 2018, the County's general fund reported an ending fund balance of \$6,569,583, a decrease of \$149,706 in comparison with the prior year

- County Transportation Trust accounts for the various gas tax revenues and certain transportation related grants used to finance road and bridge construction and maintenance. The use of these funds is restricted by state statute for such purposes. Fund balance at September 30, 2018 totaled \$1,103,088, a decrease of \$1,693 during the fiscal year.
- County Transportation Trust II accounts for the local option gas tax revenue and specific road paving, resurfacing and improvement projects designated by management. Local option gas taxes are restricted in their use by an ordinance to be used exclusively for transportation expenditures as defined in F.S. 336.025(7). Fund balance at September 30, 2018 totaled \$323,062, an increase of \$179,084 during the fiscal year. Current year grant activity included Department of Transportation federal and state funding of \$4,074,171.
- The Affordable Housing SHIP funds account for grants received from the Florida Housing Coalition for the purpose of meeting the housing needs of the very low, low and moderate-income households. Current year activity in the amount of \$254,234 provided home rehabilitation/repair assistance to eligible applicants as governed by Calhoun County's Local Housing Assistance Plan. Repairs include but are not limited to the correction of code violations, providing safe and sanitary conditions, increase energy efficiency, prevent further deterioration, roof repair, and repair or replacement of septic systems.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget was amended to reflect an increase in revenues, expenditures and other financing uses in the amount of \$332,205. This increase was primarily the result of additional grant proceeds.

General government expenditures were less than the final budgeted amount due to the Clerk of the Circuit Court, Tax Collector, Supervisor of Elections, and Property Appraiser having less expenditures than anticipated, as did various Board expenditure line items.

CAPITAL ASSETS AND LONG-TERM DEBT

The County's investment in capital assets for its governmental activities as of September 30, 2018 amounted to \$51,155,748 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, intangibles, infrastructure (effective 10/1/03) and construction in progress, net of accumulated depreciation. More detailed information about the County's capital assets is presented in the notes to financial statements.

Major additions to capital assets during fiscal year 2018 were as follows:

- Road paving and drainage projects
- Various equipment

Governmental Funds Outstanding Debt:

As of September 30, 2018, the County's long-term debt consisted of the following:

Compensated absences \$ 303,258 Other post-employment benefit obligation 178,123

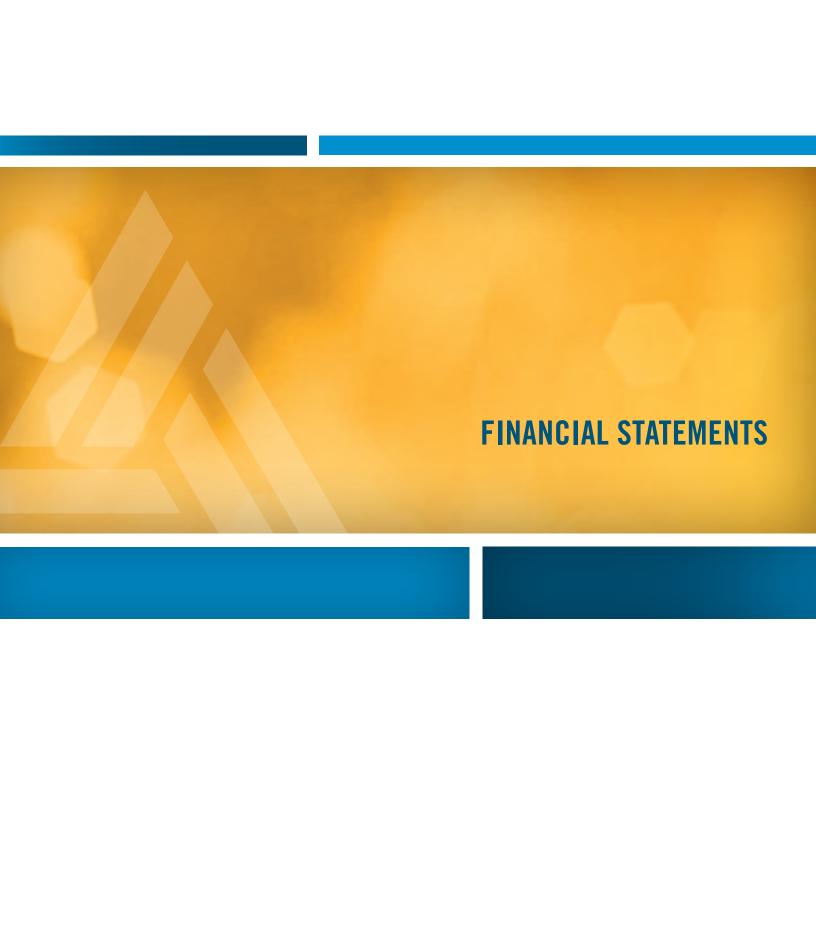
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements in this report.

SIGNIFICANT ECONOMIC FACTORS

- The unemployment rate for the County at fiscal year-end was 3.5%, a decrease from the prior year rate of 4.7%.
- The ad valorem tax millage rate was 9.9 mills.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Carla A. Hand, Clerk of Circuit Court and County Comptroller of Calhoun County, 20859 Central Avenue East, Room 130, Blountstown, Florida 32424. You may also visit our website, www.calhounclerk.com, for further financial information.



Calhoun County, Florida Statement of Net Position

| September 30, | 2018 |
|---|------------------------|
| | Primary |
| | Government |
| | Governmental |
| A | Activities |
| Assets Cash and cash equivalents | \$ 7,163,282 |
| Equity in pooled investments | 101,534 |
| Investments | 26,770 |
| Accounts receivable | 23,274 |
| Inventory | 124,661 |
| Due from other funds | 40,543 |
| Due from other governmental units | 2,816,432 |
| Notes receivable | 1,767 |
| Prepaid expenses | 131,605 |
| Capital assets | 131,003 |
| Land | 2,773,844 |
| Buildings and improvements | 13,992,827 |
| Machinery and equipment | 9,563,571 |
| Infrastructure | 54,873,108 |
| Intangible assets | 171,569 |
| - | 3,776,669 |
| Construction in progress Less allowance for depreciation | (33,995,840 |
| Less allowance for depreciation | (33,333,640 |
| Total assets | 61,585,616 |
| Deferred outflows of resources | |
| Pension | 3,613,581 |
| Total deferred outflows of resources | 3,613,581 |
| Liabilities | |
| Accounts payable and accrued expenses | 1,013,047 |
| Due to other governmental units | 78,526 |
| Unearned revenue | 393,775 |
| Long-term liabilities | , |
| Portion due or payable within one year | |
| Compensated absences | 60,652 |
| Portion due or payable after one year | 55,552 |
| Compensated absences | 242,606 |
| Other post-employment benefit obligation | 178,123 |
| Net pension liability | 7,714,845 |
| | |
| Total liabilities | 9,681,574 |
| Deferred inflows of resources | |
| Pension Total deferred inflows of resources | 1,034,114 1,034,114 |
| | 1,034,114 |
| Net position | |
| Net investment in capital assets | 51,155,748 |
| Restricted for | |
| General government | 176,350 |
| Public safety | 387,281 |
| Physical environment | 62,793 |
| Transportation | 1,569,091 |
| Culture and recreation | 232,315 |
| Court related | 55,749 |
| Unrestricted | 844,182 |
| | |

Calhoun County, Florida Statement of Activities

| ror the year ended september 50, 2016 | | | | | | | | NET (EXPENSE) F | |
|---------------------------------------|---------------|----------|----------------------------|-------|---------------------------------------|--------------------------------------|-------------|---------------------------|-------------------|
| | | _ | | PRC | GRAM REVENUES | | PRIMARY GOV | | |
| FUNCTIONS/PROGRAMS | EXPENSES | | CHARGES FOR SERVICES | c | OPERATING GRANTS & ONTRIBUTIONS | CAPITAL GRANTS & CONTRIBUTIONS | G | OVERNMENTAL ACTIVITIES | Total |
| Primary Government | | | | | | | | | |
| Governmental activities | | | | | | | | | |
| General government | \$ 3,306,311 | - | 285,619 | \$ | 1,317,225 | \$ 45,775 | \$ | (1,657,692) | \$ (1,657,692) |
| Public health and safety | 4,296,966 | | 130,029 | | 201,532 | - | | (3,965,405) | (3,965,405) |
| Physical environment | 1,072,951 | | - | | 72,144 | - | | (1,000,807) | (1,000,807) |
| Transportation | 4,283,543 | | 153,788 | | 262,203 | 3,981,466 | | 113,914 | 113,914 |
| Economic environment | 344,199 | | - | | 253,280 | - | | (90,919) | (90,919) |
| Human services | 452,948 | | - | | - | - | | (452,948) | (452,948) |
| Culture and recreation | 908,529 | | 8,118 | | 240,389 | - | | (660,022) | (660,022) |
| Court related | 658,978 | | 226,182 | | 63,034 | - | | (369,762) | (369,762) |
| Total primary government | \$ 15,324,425 | \$ | 803,736 | \$ | 2,409,807 | \$ 4,027,241 | | (8,083,641) | (8,083,641) |
| | | | revenues | | | | | | |
| | | Taxes: | sty tayos | | | | | 3,907,041 | 3,907,041 |
| | | • | rty taxes option taxes | | | | | 1,083,050 | 1,083,050 |
| | | | tax and other t | taves | : | | | 3,766,263 | 3,766,263 |
| | | | nent earnings | uxcs | • | | | 82,919 | 82,919 |
| | | | vernmental | | | | | 242,953 | 242,953 |
| | | Miscell | | | | | | 271,804 | 271,804 |
| | | Transfe | ers from the Sta | ate c | f Florida | | | 189,768 | 189,768 |
| | | Tot | al general reve | enue | S | | | 9,543,798 | 9,543,798 |
| | | Char | nge in net posit | tion | | | | 1,460,157 | 1,460,157 |
| | | Net posi | tion, beginning | g | | | | 52,947,148 | 52,947,148 |
| | | Change i | n accounting p | orinc | iple, Note 19 | | | 76,204 | 76,204 |
| | | Net posi | tion, beginning | gas | restated | | | 53,023,352 | 53,023,352 |
| | | Net posi | tion, ending | | | | \$ | 54,483,509 | \$ 54,483,509 |

Calhoun County, Florida Balance Sheet Governmental Funds

September 30, 2018

| | | General Funds | Tra | County ransportation Trust I | | County Transportation Trust II | | Transportation | | Transportation | | Affodable Housing (SHIP) | | Housing | | Housing | | Housing | | Housing | | Other overnmental Funds | Go | Total vernmental Funds |
|---------------------------------------|----|------------------|-----|------------------------------------|----|--------------------------------------|----|----------------|----|----------------|----|--------------------------------|--|---------|--|---------|--|---------|--|---------|--|-------------------------------|----|------------------------------|
| Assets | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ | 5,529,745 | \$ | 496,275 | \$ | - | \$ | 200,572 | \$ | 936,690 | \$ | 7,163,282 | | | | | | | | | | | | |
| Equity in pooled investments | | 101,534 | | · <u>-</u> | | - | | - | | - | | 101,534 | | | | | | | | | | | | |
| Investments | | - | | _ | | - | | - | | 26,770 | | 26,770 | | | | | | | | | | | | |
| Accounts receivable | | 1,371 | | - | | - | | 1,767 | | 21,903 | | 25,041 | | | | | | | | | | | | |
| Inventory | | 75,065 | | 21,727 | | - | | - | | 27,869 | | 124,661 | | | | | | | | | | | | |
| Due from other funds | | 531,012 | | - | | - | | - | | 17,290 | | 548,302 | | | | | | | | | | | | |
| Due from other governmental units | | 623,496 | | 811,929 | | 1,207,596 | | - | | 173,411 | | 2,816,432 | | | | | | | | | | | | |
| Prepaid expenses | | 101,082 | | 26,523 | | - | | - | | - | | | | - | | 4,000 | | 131,605 | | | | | | |
| Total assets | \$ | 6,963,305 | \$ | 1,356,454 | \$ | 1,207,596 | \$ | 202,339 | \$ | 1,207,933 | \$ | 10,937,627 | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ | 392,234 | Ś | 144,430 | Ś | 393,803 | Ś | 9,076 | Ś | 73,504 | Ś | 1,013,047 | | | | | | | | | | | | |
| Due to other funds | • | - | * | | т. | 490,731 | 7 | 5,417 | • | 11,611 | т. | 507,759 | | | | | | | | | | | | |
| Due to other governmental units | | - | | 2,770 | | - | | - / | | 75,756 | | 78,526 | | | | | | | | | | | | |
| Unearned revenue | | 1,488 | | 106,166 | | - | | 187,846 | | 98,275 | | 393,775 | | | | | | | | | | | | |
| Total liabilities | | 393,722 | | 253,366 | | 884,534 | | 202,339 | | 259,146 | | 1,993,107 | | | | | | | | | | | | |
| Fund balances | | | | | | | | | | | | | | | | | | | | | | | | |
| Nonspendable | | 176,147 | | 48,250 | | _ | | _ | | 31,869 | | 256,266 | | | | | | | | | | | | |
| Restricted | | | | 1,054,838 | | 323,062 | | - | | 849,413 | | 2,227,313 | | | | | | | | | | | | |
| Committed | | - | | -,, | | - | | - | | 67,505 | | 67,505 | | | | | | | | | | | | |
| Unassigned | | 6,393,436 | | - | | - | | - | | | | 6,393,436 | | | | | | | | | | | | |
| Total fund balances | | 6,569,583 | | 1,103,088 | | 323,062 | | - | | 948,787 | | 8,944,520 | | | | | | | | | | | | |
| Total liabilities and fund balances | \$ | 6,963,305 | \$ | 1,356,454 | \$ | 1,207,596 | \$ | 202,339 | \$ | 1,207,933 | \$ | 10,937,627 | | | | | | | | | | | | |

Calhoun County, Florida Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2018

| Amounts reported for governmental activities in the statement of net position are different because: | |
|---|------------------|
| Total fund balances – governmental funds | \$ 8,944,520 |
| Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds. | 51,155,748 |
| Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds. Total long-term liabilities | (8,196,226) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds. | |
| Deferred outflows of resources - pensions | 3,613,581 |
| Deferred inflows of resources - pensions | (1,034,114) |
| Net position of governmental activities | \$ 54,483,509 |

Calhoun County, Florida Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds

| | General Funds | Tra | County ansportation Trust I | Tra | County ansportation Trust II | | Afordable Housing (SHIP) | Other Governmental Funds | Gov | Total vernmental Funds |
|--|------------------|-----|-----------------------------------|-----|------------------------------------|----|--------------------------------|--------------------------------|-----|------------------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 4,723,056 | \$ | 25,615 | \$ | 301,901 | \$ | - | \$ - | \$ | 5,050,572 |
| Permits, fees and special assessment | 71,348 | | - | | - | | - | 5,230 | | 76,578 |
| Intergovernmental | 2,874,515 | | 945,155 | | - | | - | 136,515 | | 3,956,185 |
| Charges for services | 285,619 | | - | | - | | - | 376,951 | | 662,570 |
| Fines and forfeitures | - | | - | | - | | - | 69,497 | | 69,497 |
| Grants | 601,998 | | 101,171 | | 4,074,171 | | 253,280 | 1,406,428 | | 6,437,048 |
| Investment earnings | 81,086 | | - | | 114 | | 454 | 1,587 | | 83,241 |
| Contributions and donations | 100 | | - | | - | | - | 1,254 | | 1,354 |
| Other fees and miscellaneous | 30,355 | | 18,644 | | - | | 500 | 190,283 | | 239,782 |
| Total revenues | 8,668,077 | | 1,090,585 | | 4,376,186 | | 254,234 | 2,187,745 | | 16,576,827 |
| Expenditures Current: | | | | | | | | | | |
| General government | 2,857,663 | | - | | - | | - | 10,360 | | 2,868,023 |
| Public health and safety | 3,420,027 | | - | | - | | - | 356,585 | | 3,776,612 |
| Physical environment | 96,809 | | - | | - | | - | 71,442 | | 168,251 |
| Transportation | 28,427 | | 1,018,847 | | 937,962 | | - | 280,552 | | 2,265,788 |
| Economic environment | 54,233 | | - | | - | | 254,234 | - | | 308,467 |
| Human services | 410,848 | | - | | - | | - | - | | 410,848 |
| Culture and recreation | 83,133 | | - | | - | | - | 720,679 | | 803,812 |
| Court related | 160,612 | | - | | - | | - | 412,114 | | 572,726 |
| Capital outlay | 1,115,160 | | 143,431 | | 3,259,140 | | - | 1,142,225 | | 5,659,956 |
| Total expenditures | 8,226,912 | | 1,162,278 | | 4,197,102 | | 254,234 | 2,993,957 | | 16,834,483 |
| Excess of revenues over (under) expenditures | 441,165 | | (71,693) | | 179,084 | | - | (806,212) | | (257,656) |
| Other financing sources (uses) | | | | | | | | | | |
| Operating transfers in | - | | 70,000 | | - | | - | 540,848 | | 610,848 |
| Operating transfers out | (590,871) | | - | | - | | - | (19,977) | | (610,848) |
| Transfers from State of Florida | - | | - | | - | | - | 240,882 | | 240,882 |
| Transfers to State of Florida | - | | - | | - | | - | (51,114) | | (51,114) |
| Net other financing sources (uses) | (590,871) | | 70,000 | | - | | - | 710,639 | | 189,768 |
| Net change in fund balances | (149,706) | | (1,693) | | 179,084 | | - | (95,573) | | (67,888) |
| Fund balances - beginning | 6,644,224 | | 1,083,054 | | 143,978 | | - | 1,044,360 | | 8,915,616 |
| Inventory adjustment - purchase method | 75,065 | | 21,727 | | - | | - | - | | 96,792 |
| Fund balances - ending | \$ 6,569,583 | Ś | 1,103,088 | \$ | 323,062 | Ś | _ | \$ 948,787 | Ś | 8,944,520 |

Calhoun County, Florida

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

| For the year ended September 30, | 2018 |
|---|-----------------------------|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net change in fund balances - total governmental funds | \$ (67,888) |
| Capital outlay, reported as expenditures in governmental funds, are recorded as capital assets and depreciated in the statement of activities | 5,659,956 |
| Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities. | (3,607,235) |
| The effect of capital asset donations included in the governmental activities in the statement of activities. | 17,987 |
| Inventory adjustment - purchases method | 96,792 |
| Accrued other post-employment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | (14,327) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include: | |
| Compensated absences Pension contributions Pension expenses | 816 171,414 (797,358) |
| Change in net position of governmental activities | \$ 1,460,157 |

Calhoun County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund Budget to Actual

| | | Original | | Final | | | | riance with |
|--|----|-------------|----|-------------|----|-----------|-----|-------------|
| Deverage | | Budget | | Budget | | Actual | Fir | nal Budget |
| Revenues Taxes | \$ | 4,875,898 | \$ | 4,875,898 | \$ | 4,723,056 | \$ | (152,842) |
| Permits, fees and special assessment | Ş | 26,300 | Ş | 26,300 | Ş | 71,348 | Ş | 45,048 |
| Intergovernmental | | 2,877,460 | | 2,898,829 | | 2,874,515 | | (24,314) |
| Charges for services | | 2,877,400 | | 216,000 | | 2,874,515 | | 69,619 |
| Grants | | 318,742 | | 622,768 | | 601,998 | | |
| | | • | | | | • | | (20,770) |
| Investment earnings Contributions and donations | | 15,400 | | 15,400 | | 81,086 | | 65,686 |
| | | 700 | | 7 510 | | 100 | | 100 |
| Other fees and miscellaneous | | 700 | | 7,510 | | 30,355 | | 22,845 |
| Less 5% of estimated revenues | | (403,785) | | (403,785) | | - | | 403,785 |
| Total revenues | | 7,926,715 | | 8,258,920 | | 8,668,077 | | 409,157 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | | 3,161,284 | | 3,162,284 | | 2,857,663 | | 304,621 |
| Public health and safety | | 3,218,434 | | 3,515,337 | | 3,420,027 | | 95,310 |
| Physical environment | | 99,841 | | 99,841 | | 96,809 | | 3,032 |
| Transportation | | 39,100 | | 39,100 | | 28,427 | | 10,673 |
| Economic environment | | 50,773 | | 60,672 | | 54,233 | | 6,439 |
| Human services | | 474,557 | | 462,575 | | 410,848 | | 51,727 |
| Culture and recreation | | 84,788 | | 84,788 | | 83,133 | | 1,655 |
| Court related | | 186,744 | | 194,344 | | 160,612 | | 33,732 |
| Capital outlay | | 1,145,943 | | 1,196,727 | | 1,115,160 | | 81,567 |
| Reserve for contingencies | | 346,030 | | 330,131 | | - | | 330,131 |
| Total expenditures | | 8,807,494 | | 9,145,799 | | 8,226,912 | | 918,887 |
| Excess of revenues over (under) expenditures | | (880,779) | | (886,879) | | 441,165 | | 1,328,044 |
| | | | | | | | | |
| Other financing sources (uses) Operating transfers - net | | (590,871) | | (590,871) | | (590,871) | | |
| Operating transfers - fiet | | (330,871) | | (330,671) | | (390,871) | | |
| Net other financing sources (uses) | | (590,871) | | (590,871) | | (590,871) | | |
| Net change in fund balance | | (1,471,650) | | (1,477,750) | | (149,706) | | 1,328,044 |
| Fund balances - beginning | | 6,644,224 | | 6,644,224 | | 6,644,224 | | - |
| Inventory adjustment - purchases method | | - | | - | | 75,065 | | 75,065 |
| Fund balances - ending | \$ | 5,172,574 | \$ | 5,166,474 | \$ | 6,569,583 | \$ | 1,403,109 |

Calhoun County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance County Transportation Fund I Budget to Actual

| | Original Budget | | Final Budget | | Actual | | Variance with Final Budget |
|--|--------------------|----|-----------------|----|-----------|-------------|-------------------------------|
| Revenues | \$ 22.225 | ۲. | 22.225 | ۲. | 25 645 | ۲. | 2 200 |
| Taxes | \$ 23,325 | Þ | 23,325 | Þ | 25,615 | > | 2,290 |
| Intergovernmental | 908,053 | | 908,053 | | 945,155 | | 37,102 |
| Grants | 1,000,000 | | 1,499,799 | | 101,171 | | (1,398,628) |
| Other fees and miscellaneous | - (46 560) | | (46.560) | | 18,644 | | 18,644 |
| Less 5% of estimated revenues | (46,569) | | (46,569) | | - | | 46,569 |
| Total revenues | 1,884,809 | | 2,384,608 | | 1,090,585 | | (1,294,023) |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| Transportation | 2,255,131 | | 2,155,131 | | 1,018,847 | | 1,136,284 |
| Capital outlay | - | | 599,799 | | 143,431 | | 456,368 |
| Total expenditures | 2,255,131 | | 2,754,930 | | 1,162,278 | | 1,592,652 |
| Excess of revenues over (under) expenditures | (370,322) | | (370,322) | | (71,693) | | 298,629 |
| Other financing sources (uses) | | | | | | | |
| Operating transfers in | 70,000 | | 70,000 | | 70,000 | | - |
| Total other financing sources (uses) | 70,000 | | 70,000 | | 70,000 | | - |
| Net change in fund balance | (300,322) | | (300,322) | | (1,693) | | 298,629 |
| Fund balances - beginning | 1,083,054 | | 1,083,054 | | 1,083,054 | | - |
| Inventory adjustment - purchases method | - | | - | | 21,727 | | 21,727 |
| Fund balances - ending | \$ 782,732 | \$ | 782,732 | \$ | 1,103,088 | \$ | 320,356 |

Calhoun County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance County Transportation Fund II Budget to Actual

| | Original | Final | | Variance with |
|--|---------------|---------------|---------------|---------------|
| | Budget | Budget | Actual | Final Budget |
| Revenues | | | | |
| Taxes | \$ 287,099 | \$ 287,099 | \$ 301,901 | \$ 14,802 |
| Grants | 6,214,275 | 7,034,956 | 4,074,171 | (2,960,785) |
| Other fees and miscellaneous | - | - | 114 | 114 |
| Less 5% of estimated revenues | (14,355) | (14,355) | _ | 14,355 |
| Total revenues | 6,487,019 | 7,307,700 | 4,376,186 | (2,931,514) |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | 1,848,260 | 1,795,212 | 937,962 | 857,250 |
| Capital outlay | 4,638,759 | 5,512,488 | 3,259,140 | 2,253,348 |
| Total expenditures | 6,487,019 | 7,307,700 | 4,197,102 | 3,110,598 |
| Excess of revenues over (under) expenditures | - | - | 179,084 | 179,084 |
| Net change in fund balance | - | - | 179,084 | 179,084 |
| Fund balances - beginning | 143,978 | 143,978 | 143,978 | - |
| Fund balances - ending | \$ 143,978 | \$ 143,978 | \$ 323,062 | \$ 179,084 |

Calhoun County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance Affordable Housing (SHIP) Budget to Actual

| | Original Budget | Final Budget | Actual | _ | riance with |
|--|--------------------|-----------------|---------------|----|-------------|
| Revenues | | | | | |
| Grants | \$ 496,704 | \$ 496,704 | \$ 253,280 | \$ | (243,424) |
| Investment earnings | - | - | 454 | | 454 |
| Miscellaneous | - | - | 500 | | 500 |
| Total revenues | 496,704 | 496,704 | 254,234 | | (242,470) |
| Expenditures | | | | | |
| Current: | | | | | |
| Economic environment | 496,704 | 496,704 | 254,234 | | 242,470 |
| Total expenditures | 496,704 | 496,704 | 254,234 | | 242,470 |
| Excess of revenues over (under) expenditures | - | - | - | | |
| Net change in fund balance | - | - | - | | - |
| Fund balances - beginning | - | - | - | | |
| Fund balances - ending | \$ - | \$ _ | \$ - | \$ | - |

Calhoun County, Florida Statement of Fiduciary Net Position Agency Funds

September 30, 2018

| | Agency Funds |
|--------------------------------------|-----------------|
| Assets | |
| Cash and cash equivalents | \$ 357,297 |
| Due from other funds | 46 |
| Due from individuals | 3,264 |
| Total assets | \$ 360,607 |
| Liabilities | |
| Due to other funds | \$ 17,278 |
| Due to Board of County Commissioners | 23,311 |
| Due to other governmental units | 256,761 |
| Due to individuals | 63,257 |
| Total liabilities | \$ 360,607 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Calhoun County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units in accordance with the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2018.

Reporting Entity

Calhoun County, Florida (the "County") located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 14,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. It was created by an act of the Florida Legislative Council on January 26, 1838. It is governed by a five-member elected Board of County Commissioners (the "Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board with unexpended funds returned to the Board except for excess federal financial participation payments and support incentive payments from the State Title IV-D agency and other Board approved special projects. The Clerk of the Circuit Court also operates as a fee officer by retaining various fees collected by this office and receives appropriated funds from the State of Florida to fund court-related activities. Separate accounting records and budgets are maintained by each individual office.

As outlined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government, and its component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The dependent special district, Industrial Development Authority, is considered a component unit, and is blended in the financial statements of the County as part of the special revenue funds. There were no other entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the County's financial statements.

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for Calhoun County, Florida, as a whole excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Individual funds are not displayed but the statement distinguishes governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net position for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental funds. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major revenue sources susceptible to accrual include: sales and use taxes, various motor fuel taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

When expenditures are incurred for which committed, assigned or unassigned amounts could be used, it is the County's policy to use them in that order.

The County reports four major governmental funds:

General Fund - The general fund is the County's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

County Transportation Trust I - This special revenue fund accounts for motor fuel taxes and various grants earmarked for County road construction and maintenance.

County Transportation Trust II – This special revenue fund accounts for the County's local option gas tax revenue and grants for various road paving, resurfacing and improvement projects.

Affordable Housing (SHIP) – This fund accounts for the grants received from the Florida Housing Finance Corporation for low income housing improvements.

The County reports one type of fiduciary fund, agency funds which are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

The budgetary information presented for the general fund and any major special revenue funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Equity in Pooled Investments

Equity in pooled investments includes amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Investments

Investments consist of those deposits made locally in commercial banks with a maturity date greater than three months of the date acquired by the government.

The County follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, in reporting on investments owned. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

Receivables

Receivables are shown at their net realizable value. The County estimates there are no material uncollectible accounts. Therefore, the County is of the opinion an allowance for doubtful accounts is not necessary.

Due from (to) Other Funds

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Inventories

Inventory is valued at lower of cost or net realizable value. The County accounts for inventory in governmental funds using the purchases method.

Prepaid Expenses

Payments made to vendor for services that will benefit periods beyond September 30, 2018, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, showing this amount is not in a spendable form.

Capital Assets

Capital assets, which include property, plant, equipment, intangible and infrastructure (e.g., roads, right of ways, stormwater system, sidewalks, and similar items) assets, are reported in the governmental column in the government-wide financial statements. Property and equipment with initial, individual costs that exceed \$1,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred.

In accordance with the provisions of GASB Statement No. 34, the County has elected not to retroactively report major infrastructure constructed prior to October 1, 2003.

Buildings, infrastructure, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-------------------------|-------|
| Buildings | 50 |
| Machinery and equipment | 3-15 |
| Infrastructure | 15-25 |

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

Unearned Revenues

Unearned revenues reported in the government-wide financial statements represent grant receipts that have not been earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting.

Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick benefits that will be paid to employees upon separation from County service. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is due. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, Accounting for Compensated Absences.

Governmental Fund Balances

The County follows GASB Statement No. 54, Fund Balance Reporting and Governmental Type Definitions which clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 13.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

For the year ended September 30, 2018, the County reports net position as restricted, unrestricted or net investment in capital assets. Restricted net positions have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net positions are comprised of all other balances, including committed, assigned and unassigned. Net investment in capital assets net positions includes capital assets less accumulated depreciation and outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period. Issuance costs are reported as expenditures.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Encumbrances

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year end.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2018, the County adopted four new statements of financial accounting standards issued by the GASB:

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Pronouncements (Continued)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. It replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of this statement resulted in a restatement of the County's 2017 government-wide financial statements net position in the amount of (\$76,204) to reflect the reporting of the net OPEB liability. Changes in this liability from year to year will largely be reflected on the statement of activities, though certain amounts will be deferred and amortized over varying periods.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the County's financial statements as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the County's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the County's financial statements as a result of the implementation of GASB 86.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Pronouncements (Continued)

Recently Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the County upon implementation. Management has not yet evaluated the effect of implementation of these standards.

| | Effective | | | |
|--|--|--|--|--|
| t No. GASB Accounting Standard | | | | |
| | | | | |
| Certain Asset Retirement Obligations | 2019 | | | |
| Fiduciary Activities | 2020 | | | |
| Leases | 2021 | | | |
| Certain Disclosures Related to Debt, including Direct | | | | |
| Borrowings and Direct Placements | 2019 | | | |
| Accounting for Interest Cost Incurred before the End | | | | |
| of a Construction Period | 2021 | | | |
| Majority Equity Interest an amendment of GASB Statements | | | | |
| No. 14 and No. 61 | 2020 | | | |
| | Certain Asset Retirement Obligations Fiduciary Activities Leases Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements Accounting for Interest Cost Incurred before the End of a Construction Period Majority Equity Interest an amendment of GASB Statements | | | |

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2018 millage rate assessed by the County was 9.9 mills.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millage into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities. All property is assessed according to its fair market

NOTE 2 - PROPERTY TAXES (CONTINUED)

value January 1, of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes. All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February.

Taxes paid in March are without discount.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2018, but not yet received by the County. The majority of these amounts were received in October and November 2018.

NOTE 4 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$7,547,349 and the bank balance was \$8,037,526. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the County to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the County to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool (PRIME Fund). At September 30, 2018, the market value and the carrying value of these funds was \$101,534. The funds are carried as equity in pooled investments on the balance sheet at September 30, 2018.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The PRIME Fund is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the PRIME Fund. As a pool participant, the County owns a share of the respective pool, not the underlying securities.

The PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the County's investment in the PRIME Fund is at amortized cost. Additional information and investment policies regarding the PRIME Fund may be obtained from the State Board of Administration at www.sbafla.com/prime. There are no restrictions or limitations on withdrawals; however, the PRIME Fund may on the occurrence of an event that has material impact on liquidity or operations, impose restrictions on withdrawals for up to 48 hours.

The County invested funds in Certificate of Deposits with maturity dates greater than three months. At September 30, 2018, the market value and the carrying value of these funds were \$26,770. These funds are carried as an investment on the balance sheet at September 30, 2018 and are included in carrying value and bank balance in the first paragraph of this note.

CREDIT RISK

As of September 30, 2018, the County's investment in the PRIME Fund is rated by Standard and Poors and the current rating is AAAm.

INTEREST RATE RISK

The weighted average days to maturity (WAM) of the PRIME Fund at September 30, 2018, is 33 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of the PRIME Fund at September 30, 2018, is 72 days.

CUSTODIAL CREDIT RISK

At September 30, 2018, the County did not hold any deposits or investments that were considered to have a custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2018, the County did not hold any investments that were considered to have a concentration of credit risk.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application

Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2018, the County's investments consisted of non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

All County depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure monies in banks and savings institutions are collateralized with the Treasurer as an agent for the public entities. All County cash consists of checking accounts and interest-bearing time deposits in local banks.

NOTE 5 - INTERFUND BALANCES

Interfund balances at September 30, 2018, consisted of the following:

| Payable Fund | | |
|---------------------------------|---|--|
| County Transportation Trust II | \$ | 490,731 |
| Affordable Housing (SHIP) | | 5,417 |
| Nonmajor governmental funds | | |
| Other special revenue funds: | | |
| Sheriff's Special Revenue Funds | | 11,511 |
| Agency | | 23,353 |
| Agency | | 17,190 |
| Sheriff's Special Revenue Funds | | 100 |
| | \$ | 548,302 |
| | County Transportation Trust II Affordable Housing (SHIP) Nonmajor governmental funds Other special revenue funds: Sheriff's Special Revenue Funds Agency Agency | County Transportation Trust II \$ Affordable Housing (SHIP) Nonmajor governmental funds Other special revenue funds: Sheriff's Special Revenue Funds Agency Agency Sheriff's Special Revenue Funds |

The general fund has amounts due to and from constitutional officers, which represent the return of excess monies due at the end of the fiscal year, from either budget officers or fee officers. All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

NOTE 5 - INTERFUND BALANCES (CONTINUED)

Interfund transfers for the year ended September 30, 2018, consisted of the following:

| | TRANSFERS IN | TI | TRANSFERS OUT | | |
|---------------------------------|-----------------|----|------------------|--|--|
| General fund | \$ - | \$ | 590,871 | | |
| Special revenue funds: | | | | | |
| Waste Management Grant | - | | 19,977 | | |
| County Transportation Trust I | 70,000 | | - | | |
| Library | 363,841 | | - | | |
| Sheriff's special revenue funds | 177,007 | | - | | |
| | | | | | |
| Total | \$ 610,848 | \$ | 610,848 | | |

Transfers from unrestricted general fund revenues finance transportation, library and public safety activities that are accounted for in other funds.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
|--|----------------------|--------------|--------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and improvements | \$ 2,773,844 | \$ - | \$ - | \$ 2,773,844 |
| Historical buildings | 660,423 | - | - | 660,423 |
| Construction in progress | 851,108 | 5,229,890 | 2,304,329 | 3,776,669 |
| Total capital assets, not being depreciated | 4,285,375 | 5,229,890 | 2,304,329 | 7,210,936 |
| | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 13,306,178 | 26,226 | - | 13,332,404 |
| Machinery and equipment | 7,524,887 | 286,846 | 84,894 | 7,726,839 |
| Machinery and equipment - Sheriff | 1,722,724 | 128,708 | 14,700 | 1,836,732 |
| Intangibles | 139,069 | 32,500 | - | 171,569 |
| Infrastructure | 52,595,005 | 2,278,103 | - | 54,873,108 |
| Total capital assets, being depreciated | 75,287,863 | 2,752,383 | 99,594 | 77,940,652 |
| | | , - , | , | ,, |
| Less: Total accumulated depreciation | 30,488,199 | 3,607,235 | 99,594 | 33,995,840 |
| Total capital assets, being depreciated, net | 44,799,664 | (854,852) | - | 43,944,812 |
| Governmental activities capital assets, net | \$ 49,085,039 | \$ 4,375,038 | \$ 2,304,329 | \$ 51,155,748 |

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

| Governmental activities | |
|--|-----------------|
| General government | \$ 209,104 |
| Public safety | 278,001 |
| Physical environment | 900,332 |
| Transportation | 2,014,436 |
| Economic environment | 37,732 |
| Human services | 42,100 |
| Culture and recreation | 117,905 |
| Court related | 7,625 |
| | |
| Total depreciation expense-governmental activities | \$ 3,607,235 |

NOTE 7 - LONG-TERM LIABILITIES

Long-term debt activity for the year ended September 30, 2018, was as follows:

| | GINNING BALANCE | ΑI | ODITIONS | REI | DUCTIONS | ENDING BALANCE | - | DUE VITHIN NE YEAR |
|--------------------------------|--------------------|----|----------|-----|----------|-------------------|----|--------------------------|
| Governmental activities: | | | | | | | | |
| Other post-employment benefits | \$ 240,000 | \$ | 14,327 | \$ | 76,204 | \$ 178,123 | \$ | - |
| Compensated absences | 304,074 | | 431,732 | | 432,548 | 303,258 | | 60,652 |
| | | | | | | | | |
| Total | \$ 544,074 | \$ | 446,059 | \$ | 508,752 | \$ 481,381 | \$ | 60,652 |

NOTE 8 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2018, were as follows:

| Class or Plan | FRS | HIS |
|---------------------------------|--------|-------|
| Florida Retirement System: | | |
| Regular | 6.60% | 1.66% |
| County Elected Officers | 47.04% | 1.66% |
| Senior Management Service Class | 22.40% | 1.66% |
| Special Risk | 22.84% | 1.66% |
| DROP | 12.37% | 1.66% |

The employer's contributions for the year ended September 30, 2018, were \$616,499 to the FRS and \$67,592 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the County reported a liability for its proportionate share of the net pension liabilities of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2018. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

| | FRS | HIS |
|--|-----------------|-----------|
| Net Pension Liability at June 30, 2018 | \$ 6,403,845 | 1,311,000 |
| Proportion at: | | |
| Current measurement date | 0.0002130 | 0.0001240 |
| Prior measurement date | 0.0002060 | 0.0001230 |
| Pension expense (benefit) | \$ 1,226,482 | \$ 81,472 |

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | FRS | | | | | HIS | | | |
|---|-----------|-----------|--------------|-----------|----------------|----------|----------------|-----------|--|
| | Deferred | | | Deferred | | Deferred | | Deferred | |
| | (| Outflows | Inflows | | Outflow | | | Inflows | |
| Description | of | Resources | of Resources | | f Resources of | | s of Resources | | |
| Differences between expected and actual experience | \$ | 542,502 | \$ | (19,689) | \$ | 20,072 | \$ | (2,226) | |
| Changes of assumptions | 2,092,466 | | | - | | 145,799 | | (138,611) | |
| Net difference between projected and actual earnings on | | | | | | | | | |
| pension plan investments | | - | | (494,775) | | 791 | | - | |
| Changes in proportion and differences between employer | | | | | | | | | |
| contributions and proportionate share of contributions | | 597,359 | | (285,530) | | 43,178 | | (93,283) | |
| County contributions subsequent to the measurement date | 155,126 | | 155,126 | | - 16,288 | | 16,288 | 288 | |
| | | • | | • | • | • | | | |
| Total | \$ | 3,387,453 | \$ | (799,994) | \$ | 226,128 | \$ | (234,120) | |

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ended September 30,2018. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending June 30, | FRS | HIS | | |
|-----------------------------|-----------------|-----|----------|--|
| 2019 | \$ 934,014 | \$ | 1,741 | |
| 2020 | 636,610 | | 1,999 | |
| 2021 | 126,330 | | 5,047 | |
| 2022 | 409,262 | | (998) | |
| 2023 | 276,092 | | (23,389) | |
| Thereafter | 50,025 | | (8,680) | |
| | | | | |
| Total | \$ 2,432,333 | \$ | (24,280) | |

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2018, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

| | FRS | HIS |
|---------------------------|-------|-------|
| Inflation | 2.60% | 2.60% |
| Salary increases | 3.25% | 3.25% |
| Investment rate of return | 7.00% | N/A |
| Discount rate | 7.00% | 3.87% |

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2018 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|------------------------|----------------------|--------------------------------|---|-----------------------|
| Cash | 1.00% | 2.90% | 2.9% | 1.8% |
| Fixed Income | 18.00% | 4.40% | 4.3% | 4.0% |
| Global Equity | 54.00% | 7.60% | 6.3% | 17.0% |
| Real Estate (Property) | 11.00% | 6.60% | 6.0% | 11.3% |
| Private Equity | 10.00% | 10.70% | 7.8% | 26.5% |
| Strategic Investments | 6.00% | 6.00% | 5.7% | 8.6% |
| Total | 100.00% | | | |

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' 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.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

| | FRS Net Pension Liability | | | | | |
|---------------------------------------|---------------------------|------------|----------------------|--------------|--|--|
| | Current | | | | | |
| | 19 | % Decrease | Discount Rate | 1% Increase | | |
| | | (6.00%) | (7.00%) | (8.00%) | | |
| Governmental Employer's proportionate | · | | | _ | | |
| share of the net pension liability | \$ | 11,687,288 | \$ 6,403,845 | \$ 2,015,635 | | |
| | | | | | | |
| | | | | | | |
| | | HIS I | Net Pension Liab | oility | | |
| | | | Current | _ | | |
| | 19 | % Decrease | Discount Rate | 1% Increase | | |
| | | (2.87%) | (3.87%) | (4.87%) | | |
| Governmental Employer's proportionate | | | | | | |
| share of the net pension liability | \$ | 1,493,152 | \$ 1,311,000 | \$ 1,159,166 | | |

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

NOTE 9 - OTHER DISCLOSURES

Local Ordinance 2009-2, adopted on June 16, 2009 and expiring on January 1, 2020, extended the six-cents per gallon motor fuel and special fuel gas tax. The tax has been in existence since 1990 and renews at ten year intervals.

Local Ordinance 2008-2, adopted on April 15, 2008 and in effect until repealed by an extraordinary vote of the Board of County Commissioners, extended the 1% discretionary sales surtax to be used for general operating purposes. The tax generates approximately \$760,000 in annual revenue. The tax has been in existence since 1993.

NOTE 10 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2018, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 11 - EMERGENCY MEDICAL AND AMBULANCE SERVICES

The County contracted with Calhoun-Liberty Hospital Association, Inc. (Hospital) to provide EMS services through August 2020 at a cost of \$240,000 per year.

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The County is a member of the Florida Association of Counties Trust (the Trust) for its general liability insurance coverage. The County pays an annual premium to the Trust. The Trust is to be self-sustaining through member premiums and will reinsure through commercial companies for certain claims. The County continues to purchase commercial insurance to cover its other risks of loss. Insurance against losses are provided for the following types of risk:

Workers' compensation and employer's liability General and automobile liability Real and personal property damage Public officials' liability Accidental death and dismemberment Inmate major medical

The County's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the County's experience for this type of risk.

NOTE 12 - RISK MANAGEMENT (CONTINUED)

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program, which is a public entity risk pool that permits the Sheriff to cover risk relating to professional liability, public officials' liability, public employees' blanket bond, and money and securities coverage. The Sheriff purchases commercial insurance to cover other risks and losses for use of a helicopter.

The funding agreements provide that the self-insurance fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies.

NOTE 13 - FUND BALANCE

Fund balances are classified based upon a hierarchy of the County's ability to control spending of these fund balances and can be classified in the following categories:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The County had \$256,266 in non-spendable fund balance which represents prepaid expense and inventory at September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2018, the County reports net position as restricted, committed, assigned and unassigned. Restricted net position has externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed net position has amounts constrained by a specific purpose by the Board of County Commissioners. Assigned net position has constraints placed on the use of resources by the County's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

NOTE 13 - FUND BALANCE (CONTINUED)

At September 30, 2018, fund balance is comprised of the following:

Restricted Fund Balance:

| Funds | Purpose | |
|-------------------------|-----------------------------------|--------------|
| Special Revenue Fund | | |
| | County Transportation I | \$ 1,054,838 |
| | County Transportation II | 323,062 |
| | Nonmajor governmental funds: | |
| | Industrial development authority | 111,072 |
| | Domestic violence | 20,159 |
| | Boating improvement program | 24,097 |
| | Police education | 3,437 |
| | Radio communications | 4,765 |
| | Library | 208,218 |
| | Waste management | 62,793 |
| | Crime prevention | 17,439 |
| | Courthouse facilities | 29,801 |
| | Teen court | 15,813 |
| | Voter education | 203 |
| | Modernization of public records | 10,135 |
| | Emergency 911 operations | 149,591 |
| | Drug enforcement | 63,157 |
| | Inmate welfare | 128,733 |
| | Total nonmajor governmental funds | 849,413 |
| | Total restricted fund balance | \$ 2,227,313 |
| | | |
| Committed Fund Balance: | | |
| Funds | Purpose | |
| Special Revenue Fund | Old Courthouse Restoration | 67,505 |
| | Total committed fund balance | \$ 67,505 |

NOTE 13 - FUND BALANCE (CONTINUED)

Non-spendable Fund Balance:

| Funds | Purpose | |
|----------------------------------|----------------------------------|---------------|
| | Funding for: | |
| General Fund | Prepaid expenses | \$ 101,082 |
| | Inventory | 75,065 |
| County Transportation Trust I | Prepaid expenses | 26,523 |
| | Inventory | 21,727 |
| Industrial Development Authority | Prepaid expenses | 4,000 |
| | Inventory | 27,869 |
| | | |
| | Total non-spendable fund balance | \$ 256,266 |

NOTE 14 - AGRI-PARK FACILITIES

The County owns a 314 acre agri-park located on Highway 71, north of Blountstown. Situated thereon are hangar facilities, a 3100 foot paved aircraft runway, a commercial building, and a water tank.

NOTE 15 - LITIGATION AND CONTINGENT LIABILITIES

The County is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the County's financial position.

NOTE 16 - COOPERATIVE AGREEMENT

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$100,009.

NOTE 17 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

The County has implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for retiree health insurance.

Plan Description – The Calhoun County Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees and their eligible dependents. Pursuant to the provisions of Section 112.0801, the Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group health insurance plan. Retirees and their eligible dependents shall be offered the same health insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the Board and the Constitutional officers. For regular, senior management service and elected officials, participants are eligible for normal retirement upon attaining the earlier of 1) six years of service and age 62 or 2) 30 years of service regardless of age. For Special Risk, participants are eligible for normal retirement upon attaining the earlier of 1) six years of special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

Benefits Provided – The County provides post-employment healthcare to its retirees. Health benefits are provided through the County's healthcare provider, Capital Health Plan (CHP). The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions.

Membership – At September 30, 2018, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

| Active employees | 78 |
|---|----|
| Retirees and beneficiaries currently receiving benefits | 5 |
| Total membership | 83 |
| | |
| Participating employers | 1 |

NOTE 17 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Funding Policy – A qualifying trust or agency fund has not been authorized by the County. The County negotiates the premium rates with CHP. The required contribution is based on pay-as-you-go financing requirements. Retirees and employees with dependent coverage are required to contribute 100% of their current premium costs. The annual premium for retirees or dependent coverage is \$47,172. The chart below shows the cost of the monthly retiree premiums at September 30, 2018.

| | | FSMET |
|---------------------|----------------|----------------|
| Coverage | CHP | (Sheriff) |
| | | |
| | | |
| Retiree | \$ 573.70 | \$ 495.66 |
| Retiree & Dependent | \$ 1,147.40 | \$ 1,104.18 |

OPEB Liabilities, OPEB Expense – At September 30, 2018, the County reported a liability of \$178,123 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2018, the County recognized OPEB expense of \$14,327.

The significant components of Other Postemployment Benefits follows:

| | otal OPEB Liability | E | OPEB Expense |
|--|----------------------------|----|-----------------|
| Balance at October 1, 2017 | \$ 163,796 | \$ | - |
| Service Cost | 23,910 | | 23,910 |
| Interest Cost | 6,542 | | 6,542 |
| Benefit Payments | (16,125) | | (16,125) |
| Balance as of fiscal year ended September 30, 2018 | 178,123 | | 14,327 |

NOTE 17 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Discount Rate - Given the County's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond General Obligation Bond Index consists of 20 general obligation bonds that mature in 20 years.

Actuarial Method and Assumptions – The total OPEB liability in the October 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| Healthcare Cost Trend Rates | 5.00% |
|-----------------------------|--------|
| Salary Increase Rate(s) | 3.00% |
| | |
| Discount Rate | 3.64% |
| Age-related Morbidity | 3.50% |
| Coverage Election | 20.00% |

All mortality rates were based on the RP-2000 combined mortality tables with full generational improvements in mortality using Scale BB.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net OPEB liability using a discount rate that is 1 percent lower (2.64%) or 1 percent point higher (4.64%) than the current discount rate:

1% Decrease (2.64%) Current Discount Rate (3.64%) 1% increase (4.64%)

| Net OPEB Liability | \$200,952 | \$178,123 | \$158,378 |
|--------------------|-----------|-----------|-----------|
|--------------------|-----------|-----------|-----------|

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the County's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are 1 percent lower (4.00%) or 1 percent point higher (6.00%) than the current healthcare cost trend rates:

1% Decrease (4.00%) Current Medical Trend (5.00%) 1% increase (6.00%)

| Net OPEB Liability | / \$153,468 | \$178,123 | \$207,582 |
|--------------------|-------------|-----------|-----------|

NOTE 18 - COMMITMENTS AND SUBSEQUENT EVENTS

The County's construction commitments at September 30, 2018, were approximately \$1,468,000. These construction commitments include building, airport and road improvement projects funded by federal and state grants for approximately \$1,325,000 and the County will fund approximately \$143,000.

Subsequent to year end, the County sustained damages to property, equipment and infrastructure as a result of Hurricane Michael. The total loss sustained is still unknown. While the County is insured, there will be uninsured losses particularly related to infrastructure. The County is seeking assistance from disaster related federal and state agencies, including the Federal Emergency Management Agency (FEMA).

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE

The County restated the beginning net position of the governmental activities as follows to implement provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

| | Governmental Activities | | | | | |
|---|-------------------------|------------|--|--|--|--|
| Net position, September 30, 2017 as previously reported | \$ | 52,947,148 | | | | |
| Restatement - Net OPEB liability | | 76,204 | | | | |
| Net position, September 30, 2017 as restated | \$ | 53,023,352 | | | | |



Page 1 of 3
Calhoun County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

| | | Clerk's Article V Fund | Ma | Waste Inagement Grants | Community Developmen Block Grant | t | Industrial Development Authority | | | Sheriff's Special Revenue Funds |
|---------------------------------------|----|------------------------------|----|------------------------------|--|---|--|---------|----|--|
| Assets | | | | | | | | | | |
| Cash and cash equivalents | \$ | 75,605 | \$ | 18,688 | \$ | - | \$ | 100,292 | \$ | 278,098 |
| Investments | • | - | · | - | | - | • | - | | - |
| Accounts receivable | | - | | - | | - | | 5,211 | | 4,792 |
| Inventory | | - | | - | | - | | 27,869 | | - |
| Due from other funds | | 12,290 | | - | | - | | - | | 490 |
| Due from other governmental units | | - | | 46,026 | | - | | 28,197 | | 91,415 |
| Prepaid expenses | | - | | - | | - | | 4,000 | | - |
| Total assets | \$ | 87,895 | \$ | 64,714 | \$ | - | \$ | 165,569 | \$ | 374,795 |
| Liabilities | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ | 12,472 | \$ | 1,921 | \$ | _ | \$ | 13,142 | \$ | 21,703 |
| Due to other funds | Ψ | , | Ψ | -,5 | Y | _ | Ψ. | | Ψ. | 11,611 |
| Due to other governmental units | | 75,423 | | _ | | _ | | _ | | ,0 |
| Unearned revenue | | -, - | | - | | - | | 9,486 | | - |
| Total liabilities | | 87,895 | | 1,921 | | - | | 22,628 | | 33,314 |
| Fund balances | | | | | | | | | | |
| Nonspendable | | _ | | _ | | _ | | 31,869 | | - |
| Restricted | | _ | | 62,793 | | - | | 111,072 | | 341,481 |
| Committed | | - | | - | | - | | - | | - |
| Total fund balances | | - | | 62,793 | | | | 142,941 | | 341,481 |
| Total liabilities and fund balances | \$ | 87,895 | \$ | 64,714 | \$ | _ | \$ | 165,569 | \$ | 374,795 |

Page 2 of 3 Calhoun County, Florida Combining Balance Sheet Nonmajor Governmental Funds

| | Article V Grant Fund | | = | | Boating Improvement Program | | Old Courthouse Restoration | | Supervisor of Elections' Grants Fund | | | |
|---------------------------------------|-------------------------|--------|----|---------|-----------------------------------|----------|----------------------------------|--------|--|--------|----|--------|
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | Ś | 13,915 | Ś | 195,752 | \$ | 23,635 | \$ | 67,505 | \$ | 43,152 | Ś | 19,816 |
| Investments | Ψ | - | Y | 26,770 | ~ | - | Y | - | Y | - | Y | - |
| Accounts receivable | | _ | | - | | _ | | _ | | _ | | _ |
| Inventory | | - | | _ | | _ | | - | | _ | | _ |
| Due from other funds | | - | | _ | | 462 | | - | | _ | | 343 |
| Due from other governmental units | | - | | 7,469 | | - | | - | | - | | - |
| Total assets | \$ | 13,915 | \$ | 229,991 | \$ | 24,097 | \$ | 67,505 | \$ | 43,152 | \$ | 20,159 |
| Liabilities | | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ | 2,374 | \$ | 21,773 | \$ | - | \$ | - | \$ | - | \$ | - |
| Due to other funds | | - | | - | | - | | - | | - | | - |
| Due to other governmental units | | - | | - | | - | | - | | - | | - |
| Unearned revenue | | 11,541 | | - | | - | | - | | 42,949 | | - |
| Total liabilities | | 13,915 | | 21,773 | | - | | - | | 42,949 | | - |
| Fund balances | | | | | | | | | | | | |
| Nonspendable | | _ | | _ | | _ | | _ | | _ | | _ |
| Restricted | | - | | 208,218 | | 24,097 | | - | | 203 | | 20,159 |
| Committed | | - | | | | <u>-</u> | | 67,505 | | - | | |
| Total fund balances | | - | | 208,218 | | 24,097 | | 67,505 | | 203 | | 20,159 |
| Total liabilities and fund balances | \$ | 13,915 | \$ | 229,991 | \$ | 24,097 | \$ | 67,505 | \$ | 43,152 | \$ | 20,159 |

Page 3 of 3
Calhoun County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

| | Mod | Clerk's Modernization Trust Fund | | urthouse acilities | Other Special Revenue | Nonmajor vernmental Funds |
|---------------------------------------|-----|--|----|-----------------------|-----------------------------|---------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 7,607 | \$ | 29,204 | \$ 63,421 | \$ 936,690 |
| Investments | | - | | - | - | 26,770 |
| Accounts receivable | | - | | - | 11,900 | 21,903 |
| Inventory | | - | | - | - | 27,869 |
| Due from other funds | | 2,528 | | 597 | 580 | 17,290 |
| Due from other governmental units | | - | | - | 304 | 173,411 |
| Prepaid expense | | - | | - | - | 4,000 |
| Total assets | \$ | 10,135 | \$ | 29,801 | \$ 76,205 | \$ 1,207,933 |
| Liabilities | | | | | | |
| Accounts payable and accrued expenses | \$ | - | \$ | - | \$ 119 | \$ 73,504 |
| Due to other funds | | - | | - | - | 11,611 |
| Due to other governmental units | | - | | - | 333 | 75,756 |
| Unearned revenue | | - | | - | 34,299 | 98,275 |
| Total liabilities | | - | | - | 34,751 | 259,146 |
| Fund balances | | | | | | |
| Nonspendable | | - | | - | - | 31,869 |
| Restricted | | 10,135 | | 29,801 | 41,454 | 849,413 |
| Committed | | - | | _ | - | 67,505 |
| Total fund balances | | 10,135 | | 29,801 | 41,454 | 948,787 |
| Total liabilities and fund balances | \$ | 10,135 | \$ | 29,801 | \$ 76,205 | \$ 1,207,933 |

Page 1 of 3
Calhoun County, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

For the year ended September 30, 2018

| | Clerk's Waste Article V Management Fund Grants | | Community Development Block Grant | Industrial Development Authority | Sheriff's Special Revenue Funds |
|--|--|-----------|---|--|--|
| Revenues | | | | | |
| Permits, fees and special assessment | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | 95,263 |
| Charges for services | 122,011 | - | - | 153,788 | 57,012 |
| Fines and forfeitures | 65,469 | - | - | - | - |
| Grants | - | 72,144 | 726,000 | 68,327 | 135,830 |
| Investment earnings | 65 | - | , - | 94 | 103 |
| Contributions and donations | - | _ | _ | - | 1,254 |
| Other fees and miscellaneous | _ | 687 | _ | 134,469 | 15,578 |
| Total revenue | 187,545 | 72,831 | 726,000 | 356,678 | 305,040 |
| Francisco di Arman | | | | | |
| Expenditures Current: | | | | | |
| | | | | | |
| General government | - | - | - | - | - |
| Public health and safety | - | 71 442 | - | - | 333,760 |
| Physical environment | - | 71,442 | - | 200 552 | - |
| Transportation | - | - | - | 280,552 | - |
| Economic environment | - | - | - | - | - |
| Human services | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Court related | 377,313 | - | - | - | - |
| Capital outlay | - | | 726,000 | 113,072 | 139,374 |
| Total expenditures | 377,313 | 71,442 | 726,000 | 393,624 | 473,134 |
| Excess of revenues over (under) expenditures | (189,768) | 1,389 | - | (36,946) | (168,094) |
| Other financing sources (uses) | | | | | |
| Operating transfers in | - | - | - | - | 177,007 |
| Operating transfers out | | (19,977) | - | - | - |
| Transfers from State of Florida | 240,882 | - | - | - | - |
| Transfers to State of Florida | (51,114) | - | - | - | - |
| Net other financing sources (uses) | 189,768 | (19,977) | - | - | 177,007 |
| Net change in fund balances | - | (18,588) | - | (36,946) | 8,913 |
| Fund balances - beginning | - | 81,381 | - | 179,887 | 332,568 |
| Fund balances - ending | \$ - | \$ 62,793 | \$ - | \$ 142,941 | \$ 341,481 |

Calhoun County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For the year ended September 30, 2018

| | Article V Grant Fund | Library | Boating Improvement Program | Old Courthouse Restoration | Supervisor of Elections' Grant Fund | Domestic Violence |
|--|-------------------------|------------|-----------------------------------|----------------------------------|---|----------------------|
| Revenues | | | | | | |
| Permits, fees and special assessment | \$ - | \$ - | \$ 5,230 | \$ - | \$ - | \$ - |
| Intergovernmental | - | 41,252 | - | - | - | - |
| Charges for services | - | 6,411 | - | - | - | 1,669 |
| Fines and forfeitures | - | 1,386 | - | - | - | - |
| Grants | 13,034 | 240,710 | - | 50,000 | 34,681 | - |
| Investment earnings | 35 | 1,238 | _ | - | 25 | _ |
| Contributions and donations | - | - | _ | _ | _ | _ |
| Other fees and miscellaneous | - | 11,449 | - | - | 200 | _ |
| Total revenue | 13,069 | 302,446 | 5,230 | 50,000 | 34,906 | 1,669 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | _ | _ | _ | _ | 10,360 | _ |
| Public health and safety | _ | _ | _ | _ | 10,300 | _ |
| Physical environment | _ | _ | _ | _ | _ | _ |
| Transportation | _ | _ | _ | _ | _ | _ |
| Economic environment | _ | _ | _ | _ | _ | _ |
| Human services | _ | _ | _ | _ | _ | _ |
| Culture and recreation | _ | 667,429 | _ | 53,250 | _ | _ |
| Court related | 13,069 | - | _ | 33,230 | _ | _ |
| Capital outlay | - | 20,643 | 751 | - | 24,654 | - |
| Total expenditures | 13,069 | 688,072 | 751 | 53,250 | 35,014 | - |
| Excess of revenues over (under) expenditures | - | (385,626) | 4,479 | (3,250) | (108) | 1,669 |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | _ | 363,841 | _ | _ | _ | _ |
| Operating transfers out | _ | 303,041 | _ | _ | _ | _ |
| Transfers from State of Florida | _ | _ | _ | _ | _ | _ |
| Transfers to State of Florida | - | - | - | - | - | _ |
| Not other financing sources (uses) | _ | 363 9/1 | | _ | _ | _ |
| Net other financing sources (uses) | | 363,841 | | | | |
| Net change in fund balances | - | (21,785) | 4,479 | (3,250) | (108) | 1,669 |
| Fund balances - beginning | - | 230,003 | 19,618 | 70,755 | 311 | 18,490 |
| Fund balances - ending | \$ - | \$ 208,218 | \$ 24,097 | \$ 67,505 | \$ 203 | \$ 20,159 |

Page 3 of 3

Calhoun County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For the year ended September 30, 2018

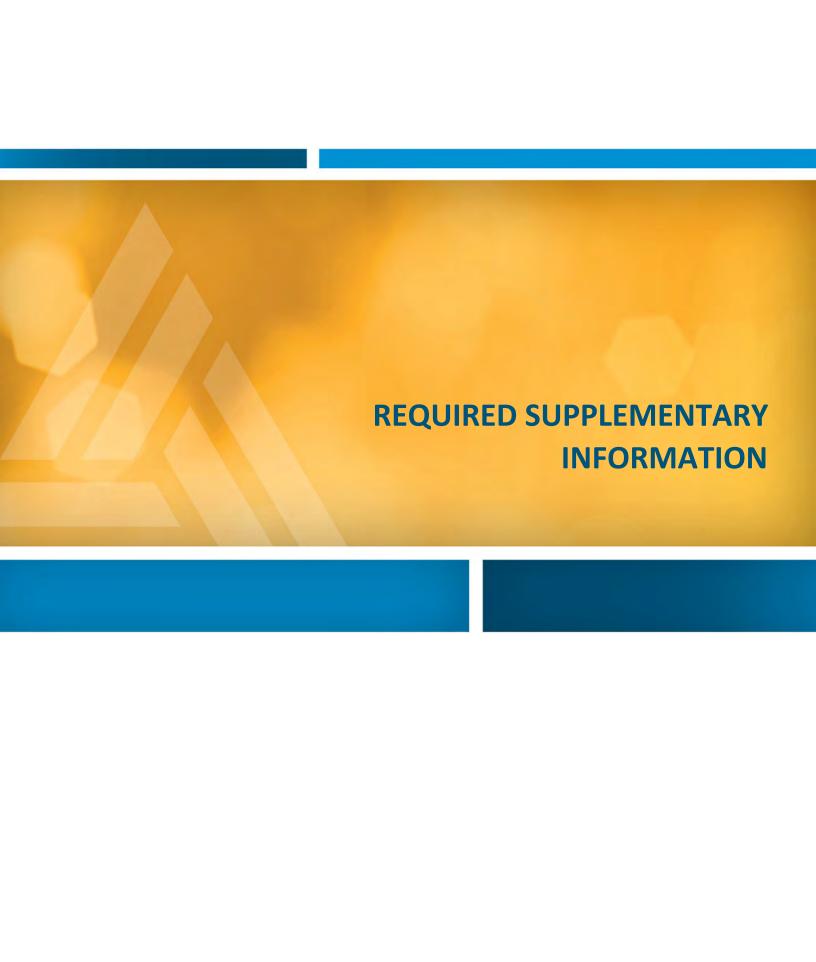
| | Clerk's Modernizatio Trust Fund | n Courthouse Facilities | Other Special Revenue | Total Nonmajor Governmental Funds |
|--|---------------------------------------|----------------------------|-----------------------------|--|
| Revenues | | | | |
| Permits, fees and special assessment | \$ | - \$ - | \$ - | \$ 5,230 |
| Intergovernmental | | - | - | 136,515 |
| Charges for services | 15,189 | 10,696 | 10,175 | 376,951 |
| Fines and forfeitures | | - | 2,642 | 69,497 |
| Grants | | - | 65,702 | 1,406,428 |
| Investment earnings | 27 | - | - | 1,587 |
| Contributions and donations | | - | - | 1,254 |
| Other fees and miscellaneous | - | <u>-</u> | 27,900 | 190,283 |
| Total revenue | 15,216 | 10,696 | 106,419 | 2,187,745 |
| Expenditures | | | | |
| Current: | | | | |
| General government | | - | - | 10,360 |
| Public health and safety | | - | 22,825 | 356,585 |
| Physical environment | | - | - | 71,442 |
| Transportation | | - | - | 280,552 |
| Culture and recreation | | - | - | 720,679 |
| Court related | 14,714 | 3,675 | 3,343 | 412,114 |
| Capital outlay | | 30,129 | 87,602 | 1,142,225 |
| Total expenditures | 14,714 | 33,804 | 113,770 | 2,993,957 |
| Excess of revenues over (under) expenditures | 502 | (23,108) | (7,351) | (806,212) |
| Other financing sources (uses) | | | | |
| Operating transfers in | | - | - | 540,848 |
| Operating transfers out | | - | - | (19,977) |
| Transfers from State of Florida | | - | - | 240,882 |
| Transfers to State of Florida | | <u>-</u> | - | (51,114) |
| Net other financing sources (uses) | | - | - | 710,639 |
| Net change in fund balances | 502 | (23,108) | (7,351) | (95,573) |
| Fund balances - beginning | 9,633 | 52,909 | 48,805 | 1,044,360 |
| Fund balances - ending | \$ 10,135 | \$ 29,801 | \$ 41,454 | \$ 948,787 |

Page 1 of 2
Calhoun County, Florida
Combining Statement of Fiduciary Net Position
Agency Funds

| | | Clerk | | | | | | | | |
|--------------------------------------|----|---------------|----|---------|----|----------|--|--|--|--|
| | | General Child | | | | Jury and | | | | |
| | | Trust | | Support | | Witness | | | | |
| Assets | | | | | | | | | | |
| Cash and cash equivalents | \$ | 109,894 | \$ | 1,139 | \$ | 4,040 | | | | |
| Due from other funds | | 42 | | - | | - | | | | |
| Due from individuals | | 10 | | - | | - | | | | |
| Total assets | \$ | 109,946 | \$ | 1,139 | \$ | 4,040 | | | | |
| t to be the to | | | | | | | | | | |
| Liabilities Due to other funds | ć | 17 222 | Ļ | 42 | ۲ | | | | | |
| | \$ | 17,232 | \$ | 42 | \$ | 1 050 | | | | |
| Due to Board of County Commissioners | | 13,759 | | 1,042 | | 1,050 | | | | |
| Due to other governmental units | | 22,365 | | 55 | | 2,990 | | | | |
| Due to individuals | | 56,590 | | - | | - | | | | |
| Total liabilities | \$ | 109,946 | \$ | 1,139 | \$ | 4,040 | | | | |

Page 2 of 2
Calhoun County, Florida
Combining Statement of Fiduciary Net Position
Agency Funds

| | Sheriff | | | Tax C | | |
|--------------------------------------|-----------------|-------|----------|---------|--------------|---------------|
| | Inmate Trust | | <u> </u> | | | |
| | | | | Tax | Tag | Totals |
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 6,667 | \$ | 193,700 | \$ 41,857 | \$ 357,297 |
| Due from other funds | | - | | 4 | - | 46 |
| Due from individuals | | - | | 2,456 | 798 | 3,264 |
| Total assets | \$ | 6,667 | \$ | 196,160 | \$ 42,655 | \$ 360,607 |
| | | | | | | |
| Liabilities | | | | | | |
| Due to other funds | \$ | - | \$ | - | \$ 4 | \$ 17,278 |
| Due to Board of County Commissioners | | - | | 209 | 7,251 | 23,311 |
| Due to other governmental units | | - | | 195,951 | 35,400 | 256,761 |
| Due to individuals | | 6,667 | | - | - | 63,257 |
| Total liabilities | \$ | 6,667 | \$ | 196,160 | \$ 42,655 | \$ 360,607 |



Calhoun County, Florida Schedule of Proportional Share of Net Pension Liability Florida Retirement System (Last 6 fiscal years)

| | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 |
|--|----|------------|----|--------------|----|--------------|----|--------------|----|--------------|----|-------------|
| County's proportion of the net pension liability (asset) | 0. | 021300000% | (| 0.020600000% | (| 0.020300000% | (| 0.020100000% | C | 0.018600000% | C | .016400000% |
| County's proportionate share of the net pension liability (asset) | \$ | 6,403,845 | \$ | 6,086,676 | \$ | 5,128,175 | \$ | 2,593,231 | \$ | 1,135,718 | \$ | 1,459,788 |
| County's covered payroll | \$ | 4,105,434 | \$ | 4,076,920 | \$ | 3,936,433 | \$ | 4,000,025 | \$ | 3,608,819 | \$ | 3,935,661 |
| County's proportionate share of the net pension liability (asset) as a percentage of its own covered payroll | | 155.98% | | 149.30% | | 130.27% | | 64.83% | | 31.47% | | 37.09% |
| FRS Plan fiduciary net position as a percentage of the total pension liability | | 84.26% | | 83.89% | | 84.88% | | 92.00% | | 96.09% | | N/A |

Note: Data was unavailable prior to 2013

Calhoun County, Florida Schedule of Contributions Florida Retirement System (Last 6 fiscal years)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|--------------------|--------------|--------------|--------------|--------------|-----------|
| Contractually required contributions | \$ 605,914 \$ | 535,682 \$ | 495,280 \$ | 489,498 \$ | 407,722 \$ | 220,273 |
| Contributions in relation to the contractually required contribution | (605,914) | (535,682) | (495,280) | (489,498) | (407,722) | (220,273) |
| Contribution deficiency (excess) | \$ - \$ | - \$ | - \$ | - \$ | - \$ | _ |
| County's covered payroll | \$ 4,127,418 \$ | 4,076,920 \$ | 3,936,433 \$ | 4,000,025 \$ | 3,608,819 \$ | 3,935,661 |
| Contributions as a percentage of covered payroll | 14.68% | 13.14% | 12.58% | 12.24% | 11.30% | 5.60% |

Calhoun County, Florida Schedule Proportional Share of Net Pension Liability Health Insurance Subsidy (Last 6 fiscal years)

| | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 |
|--|----|------------|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|
| County's proportion of the net pension liability (asset) | 0. | 012400000% | (| 0.012300000% | (| 0.012900000% | C | 0.012600000% | C | 0.012800000% | C | 0.013700000% |
| County's proportionate share of the net pension liability (asset) | \$ | 1,311,000 | \$ | 1,319,817 | \$ | 1,498,531 | \$ | 1,287,829 | \$ | 1,196,118 | \$ | 1,189,980 |
| County's covered payroll | \$ | 4,105,434 | \$ | 4,076,920 | \$ | 3,936,433 | \$ | 4,000,025 | \$ | 3,608,819 | \$ | 3,935,661 |
| County's proportionate share of the net pension liability (asset) as a percentage of its own covered payroll | | 31.93% | | 32.37% | | 38.07% | | 32.20% | | 33.14% | | 30.24% |
| HIS Plan fiduciary net position as a percentage of the total pension liability | | 2.15% | | 1.64% | | 0.97% | | 0.50% | | 0.99% | | N/A |

Note: Data was unavailable prior to 2013

Note to schedule:

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

Calhoun County, Florida Schedule of Contributions Health Insurance Subsidy (Last 6 fiscal years)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|--------------------|--------------|--------------|--------------|--------------|-----------|
| Contractually required contributions | \$ 67,172 \$ | 65,325 \$ | 65,905 \$ | 48,271 \$ | 43,822 \$ | 44,774 |
| Contributions in relation to the contractually required contribution | (67,172) | (65,325) | (65,905) | (48,271) | (43,822) | (44,774) |
| Contribution deficiency (excess) | \$ - \$ | - \$ | - \$ | - \$ | - \$ | - |
| County's covered payroll | \$ 4,127,418 \$ | 4,076,920 \$ | 3,936,433 \$ | 4,000,025 \$ | 3,608,819 \$ | 3,935,661 |
| Contributions as a percentage of covered-employee payroll | 1.63% | 1.60% | 1.67% | 1.21% | 1.21% | 1.14% |

Note to schedule:

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

Calhoun County, Florida Schedule of Changes in the Sponsor's Total OPEB Liability and Related Ratios Last 10 Fiscal Years*

| For the year ended September 30, | | 2018 |
|---|------|-----------|
| Total OPEB Liability | | |
| Service Cost | \$ | 23,910 |
| Interest Cost | * | 6,542 |
| Changes in benefit terms | | , - |
| Differences between expected and actual experience | | - |
| Changes in assumptions | | - |
| Benefit Payments | | (16,125) |
| Other changes | | |
| Net change in total OPEB liability | | 14,327 |
| Total OPEB Liability - beginning, as restated | | 163,796 |
| Total OPEB Liability - ending (a) | | 178,123 |
| Plan Fiduciary Net Position | | |
| Contributions - employee | | 16,125 |
| Benefit payments | | (16,125) |
| benefit payments | | (10,123) |
| Net change in plan fiduciary net position | | - |
| Plan fiduciary net position - beginning | | - |
| Plan fiduciary net position - ending (b) | | - |
| Net OPEB Liability - ending (a) - (b) | \$ | 178,123 |
| | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 0.00% |
| Covered employee payroll | \$ 4 | 4,127,418 |
| Net OPEB liability as a percentage of covered payroll | | 4.32% |
| Contributions as a percntage of covered payroll | | 0.39% |

^{*}This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.





INDEPENDENT AUDITORS' 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

Marianna, FL 32446

Mailing Address:

Carr, Riggs & Ingram, LLC 4267 Lafavette Street

P.O. Box 1606 Marianna, FL 32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County Blountstown, Florida

We 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 the *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calhoun County, Florida (the "County") as of and for the year ended September 30, 2018, and the related notes, which collectively comprise Calhoun County, Florida's basic financial statements and have issued our report thereon dated June 19, 2019.

Internal Control Over Financial Reporting

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

Our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as PA2018-001 and SOE2018-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items SOE2004-001 and SH2004-002 to be significant deficiencies.

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County Blountstown, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County, Florida's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Calhoun County's Response to Findings

Can, Rigge & Ingram, L.L.C.

Calhoun County, Florida's response to the findings identified in our audit is described in the accompanying letter. Calhoun County, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also noted certain other matters that we reported to the management of the County in a separate letter dated June 19, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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.

Marianna, Florida June 19, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE FLORIDA AUDITOR GENERAL

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To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County Blountstown, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Calhoun County, Florida's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services*' State Projects Compliance Supplement, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2018. The County's major federal programs and 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Calhoun County, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550 Rules of the Florida Auditor General. Those standards, Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General require that we 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 federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Calhoun County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of the County's compliance.

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County Blountstown, Florida

Opinion on Each Major Federal Program and State Project

In our opinion, the County, 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 federal programs or major state projects for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with Uniform Guidance and 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, we do not express an opinion on the effectiveness of the County'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Can, Rigge & Ingram, L.L.C.

Marianna, Florida June 19, 2019

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Calhoun County, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance

| Federal Agency | | Contract/ | |
|---|------------------|--|---------------|
| Pass through entity | CFDA | Grant | |
| Federal Award Programs | Number | Number | Expenditures |
| U.S. Department of Homeland Security | | | |
| Pass through Florida Division Of Emergency Management | | | |
| Disaster Grants - Public Assistance (Presidentially Declared) | | | |
| Black Bottom Road Drainage Project #4177-11-R | 97.036 | 16HM-H4-02-17-01-243 | \$ 45,19 |
| Troy McCroan Road Drainage Project #4177-12-R | 97.036 | 16HM-H4-02-17-01-241 | 1,83 |
| Sam Duncan Road Drainage Project #4177-17-R | 97.036 | 16HM-H4-02-17-01-247 | 3,08 |
| Bears Head Road Drainage Project #4177-13-R | 97.036 | 16HM-H4-02-17-01-242 | 81 |
| Disaster Grants - Public Assistance (Presidentally Declared) #4177 | 97.036 | 15-SP-8Z-02-17-02-503 | 42,05 |
| Disaster Grants - Public Assistance (Presidentally Declared) #4337 | 97.036 | N/A | 1,29 |
| Total Disaster Grants - Public Assistance (Presidentially Declared) | | | 94,26 |
| Pass through Florida Division of Emergency Management Emergency Management Performance Grant Emergency Management Performance Grant | 97.042 97.042 | 19-FG-AF-01-17-01-075 18-FG-7A-02-17-01-127 | 6,32 27,59 |
| Total Emergency Management Performance Grants | | | 33,91 |
| Total U.S. Department of Homeland Security | | | 128,18 |
| U.S. Department of Transportation | | | |
| Pass through Florida Department of Transportation | | | |
| Highway Planning and Construction Cluster | | | |
| Highway Planning and Construction (LAP) - Construction - CR 274 Sidewalk | 20.205 | GOV70 | 73 |
| Highway Planning and Construction (LAP) - Design - Altha Elementary Sidewalk | 20.205 | GO087 | 43,82 |
| Highway Planning and Construction (LAP) - Construction - Chipola Rd. Sidewalk | 20.205 | GOL97 | 466,16 |
| Total Local Agency Program Agreements | | | 510,72 |
| Total U.S. Department of Transportation | | | 510.72 |

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Calhoun County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance

| U.S. Department of Health and Human Services | | | |
|--|--------|--|---------|
| Agency for Children and Families | | | |
| Pass through Florida Department of Revenue | | | |
| Child Support Enforcement | | | |
| Child Support Enforcement - Incentive Funds | 93.563 | n/a | 150 |
| Child Support Enforcement - Title IVD | 93.563 | COC07 | 100,009 |
| Child Support Enforcement - Title IVD | 93.563 | CST07 | 2,020 |
| Total Child Support Enforcement | | | 102,179 |
| Total U.S. Department of Health and Human Services | | | 102,179 |
| U.S. Department of Justice | | | |
| Bureau of Justice Assistance | | | |
| Bulletproof Vest Partnership Program | 16.607 | 2018/2019 | 1,750 |
| Total Bureau of Justice Assistance | | · | 1,750 |
| Pass through State of Florida Office of the Attorney General | | | |
| Crime Victim Assistance Program | | | |
| Victims of Crime Act (VOCA) | 16.575 | VOCA-2017-Calhoun County Sheriff-00642 | 43,292 |
| Total U.S. Department of Justice | | · | 45,042 |
| U.S. Department of Housing and Urban Development | | | |
| Pass through Florida Department of Economic Opportunity | | | |
| Community Development Block Grants States Program | | | |
| and Non-Entitlement Grants in Hawaii | 14.228 | 17-DB-OL-02-17-01-N10 | 726,000 |
| Total United States Department of Housing and Urban Development | | | 726,000 |
| U.S. Election Assistance Commission | | | |
| Pass through Florida Department of State, Division of Elections | | | |
| Help America Vote Act Requirement Payments Program - Voting Systems Assistance Grant | 90.401 | MOA#2016-2017-0003-CAL | 13,165 |
| Help America Vote Act Requirement Payments Program - Albert Network Monitoring Solutions Grant | 90.401 | 19.E.AN.000.045 | 6,510 |
| Tielp timerica vote the quirement rayments trogram the treetwork thomeoning solutions crant | 90.401 | 19.E.ES.000.094 | 26,100 |
| Help America Vote Act Requirement Payments Program - Elections Security Grant | 30.401 | 13.2.23.000.031 | -, |

Page 3 of 5
Calhoun County, Florida
Schedule of Expenditures of Federal Awards and
State Financial Assistance

| State Agency | State | Cront/ | | |
|--|---------------|--------------------|----------|------------|
| State Agency State Program | State CSFA | Grant/ Contract | | |
| State Program State Financial Assistance Projects | | Number | F.// | |
| State Financial Assistance Projects | Number | Number | EX | penditures |
| Florida Department of Transportation | | | | |
| Highway Operations Program | 55.000 | 426026 4 54 04 | . | 44.246 |
| Small County Outreach Program (SCOP) - Musgrove/Johnson Rd. | 55.009 | 436826-1-54-01 | \$ | 41,316 |
| Small County Outreach Program (SCOP) - SW Woods Rd. | 55.009 | 435189-1-54-01 | | 42,005 |
| Small County Outreach Program (SCOP) - CR392 from SR73 to SR71 | 55.009 | 436836-1-54-01 | | 1,858,961 |
| Small County Outreach Program (SCOP) - Suggs Attaway Road | 55.009 | 440633-1-54-01 | | 185,798 |
| Small County Outreach Program (SCOP) - Design Silas Green Road | 55.009 | 440646-1-34-01 | | 40,270 |
| Total Small County Outreach Program | | | | 2,168,350 |
| Small County Road Assistance Program (SCRAP) - CR549 | 55.016 | 440863-1-54-01 | | 11,870 |
| Small County Road Assistance Program (SCRAP) - SE River Street | 55.016 | 438288-1-54-01 | | 375,876 |
| Total Small County Road Assistance Program (SCRAP) | | | | 387,746 |
| County Incentive Grant Program (CIGP) - Alliance Road | 55.008 | 436666-1-54-01 | | 32,806 |
| County Incentive Grant Program (CIGP) - Willard Smith/John F. Bailey | 55.008 | 435183-1-54-01 | | 974,550 |
| Toal County Incentive Grants Program | | | | 1,007,356 |
| Total Highway Operations Program | | | | 3,563,452 |
| Transportation Systems Development Program | | | | |
| Aviation Development Grants | 55.004 | G0L12 | | 68,327 |
| Total Aviation Development Grants | | | | 68,327 |
| Total Florida Department of Transportation | | | | 3,631,779 |
| | | | | |
| Florida Housing Finance Corporation | | | | |
| Florida Housing Finance Corporation Program | | | | |
| State Housing Initiatives Partnership Program | 40.901 | 16/17 | | 96,960 |
| State Housing Initiatives Partnership Program | 40.901 | 17/18 | | 156,320 |
| Total Florida Housing Finance Corporation | | | | 253,280 |

Calhoun County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance

| Florida Executive Office of the Governor | | | |
|--|--------|-----------------------|---------|
| Emergency Management Programs | | | |
| Emergency Management Programs - Assistance | 31.063 | 19-BG-21-02-17-01-010 | 13,449 |
| Emergency Management Programs - Assistance | 31.063 | 18-BG-W9-02-17-01-144 | 68,697 |
| Total Emergency Management Programs | | | 82,146 |
| Hurricane Loss Mitigation Program | 31.066 | 18HL-A7-02-17-01-082 | 280,766 |
| Total Florida Executive Office of the Governor | | | 362,912 |
| Florida Department of State and Secretary of State | | | |
| Division of Library and Information Services Program | | | |
| State Aid to Libraries | 45.030 | 18-ST-65 | 240,692 |
| Total Division of Library and Information Services Program | | | 240,692 |
| Division of Historical Resources | | | |
| Calhoun County Historic Courthouse Renovation | 45.031 | 18.H.SM.100.033 | 50,000 |
| Total Division of Historical Resources | | | 50,000 |
| Total Florida Department of State and Secretary of State | | | 290,692 |
| Florida Department of Health | | | |
| Community Public Health Program | | | |
| County Grant Awards | 64.005 | C6007 | 6,222 |
| Emergency Medical Services Matching Grant | 64.003 | M5026 | 65,701 |
| Total Florida Department of Health | | | 71,923 |
| Florida Department of Environmental Protection | | | |
| Small County Grants | | | |
| Small County Consolidated Grant | 37.012 | SC803 | 72,144 |
| Total Florida Department of Environmental Protection | | | 72,144 |
| Florida Department of Economic Opportunity | | | |
| Division of Emergency Management | | | |
| Disaster #4177 | 31.XXX | n/a | 14,017 |
| Disaster #4337 | 31.XXX | n/a | 1,054 |
| Total Florida Department of Economic Opportunity | 32000 | - 4 - | 15,071 |

Calhoun County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance

| Florida Department of Law Enforcement | | | |
|---|--------|----------|--------------------------|
| Investigative Services Program | | | |
| Appropriation 1239A - Jail Kitchen/Administrative Building - | | | |
| Calhoun County Sheriff's Office | 71.026 | G1618 | 99,471 |
| Total Florida Department of Law Enforcement | | | 99,471 |
| Florida Department of Management Services | | | |
| Technology Program | | | |
| Wireless 911 Emergency Telephone System Rural County Grant | | | |
| Program - 911 MAINTENANCE | 72.001 | 17-11-03 | 4,167 |
| Wireless 911 Emergency Telephone System Rural County Grant | | | |
| Program - 911 MAINTENANCE | 72.001 | 18-05-04 | 32,192 |
| Total Florida Department of Management Services | | | 36,359 |
| Florida Department Of Agriculture and Consumer Services Consumer Protection Program Mosquito Control Total Florida Department of Agriculture and Consumer Services | 42.003 | 24752 | 32,468 32,46 8 |
| Total Horida Department of Agriculture and Consumer Services | | | 32,400 |
| Florida Department Of Highway Safety and Motor Vehicles | | | |
| Motorist Services Program | | | |
| Florida Arts License Plates Project | 76.041 | n/a | 18 |
| Total Florida Department of Highway Safety and Motor Vehicles | | | 18 |
| Florida State Court System | | | |
| Administered Funds - Judicial Program | | | |
| Small County Courthouse Facilities - County Article V Trust Account | 22.004 | n/a | 13,034 |
| Total Florida State Court System | | | 13,034 |
| Total State Financial Assistance | | | 4,879,151 |
| Total Federal Awards and State Financial Assistance | | | \$ 6,437,048 |

Note: There were no federal awards or state financial assistance passed through to subrecipients.

Calhoun County, Florida
Notes to Schedule of Expenditures of Federal Awards
And State Financial Assistance
For the year ended September 30, 2018

NOTE 1 - BASIS OF ACCOUNTING

The supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance includes the grant activity of Calhoun County, Florida (the County). Federal and state expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - REPORTING ENTITY

The County for purposes of the supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

NOTE 3 - PASS-THROUGH AWARDS

The County receives certain federal awards from pass-through awards of the State. The total amount of such pass-through awards is included on the supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 4 - INDIRECT COST

The County has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 – OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property or free rent received or included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Calhoun County, Florida Schedule of Findings and Questioned Costs For the year ended September 30, 2018

A. SUMMARY OF AUDIT RESULTS

- 1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Calhoun County, Florida.
- Significant deficiencies disclosed during the audit of the financial statements are reported in the "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." We believe the significant deficiency listed as PA2018-001 and SOE2018-001 to be a material weaknesses. In addition, the findings listed at SOE2004-001 and SH2004-002 are significant deficiencies.
- 3. No instances of noncompliance material to the financial statements of Calhoun County, Florida were disclosed during the audit.
- 4. No significant deficiencies relating to the audit of the major federal award programs and state financial assistance projects are reported in the "Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General."
- 5. The "Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General" for Calhoun County, Florida expresses an unmodified opinion.
- 6. No audit findings relative to the major federal award programs and state financial assistance for Calhoun County, Florida are reported in this schedule.
- 7. The programs/projects tested as major programs/projects included the following:

| Federal Programs U.S. Department of Housing and Urban Development, | CFDA No. |
|---|----------|
| Community Development Block Grants States Program | 14.228 |
| State Projects Florida Department of Transportation, | CSFA No. |
| Small County Outreach Program Florida Department of Transportation, | 55.009 |
| County Incentive Grants Program (CIGP) | 55.008 |

Calhoun County, Florida Schedule of Findings and Questioned Costs For the year ended September 30, 2018

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

- 8. The threshold for distinguishing Type A and Type B programs/projects was \$750,000 for major federal award programs and \$300,000 for major state financial assistance projects.
- 9. Calhoun County, Florida did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

PROPERTY APPRAISER

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, FINDING PA 2018-001

CRITERIA: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

CONDITION: Beginning fund balance was overstated by \$16,115 due to errors in posting prior year adjustments. Additionally, a monthly appropriation from the Board of County Commissioners was misclassified causing revenue and the year-end liability Due to Board of County Commissioners to be misstated by \$60,055.

CAUSE: Staff did not detect errors in financial reports or individual account balances.

EFFECT: Fund balance, board appropriations and Due to Board of County Commissioners were misstated.

RECOMMENDATION: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party with the necessary financial expertise assist and review all adjusting entries and year end reports for accuracy, when needed.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan beginning on page 76.

SUPERVISOR OF ELECTIONS

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, SOE 2018-001

CRITERIA: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

CONDITION: Audit adjustments were made to correct misclassification of grant related revenues and expenditures between funds, to correct fund balance and related deferred revenue.

Calhoun County, Florida Schedule of Findings and Questioned Costs For the year ended September 30, 2018

CAUSE: Staff were not aware of financial reporting requirements and did not detect errors in financial reports or individual account balances.

EFFECT: Grant revenue and expenditures were not accurately reported. Balances in fund balance and deferred revenue were misstated.

RECOMMENDATION: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party with the necessary financial expertise assist and review all adjusting entries and year end reports for accuracy, when needed.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan beginning on page 76.

SHERIFF

NEED FOR SEGREGATION OF DUTIES, FINDING SH 2004-002

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. We also recommend the Sheriff log in to the bank's website and review the original bank statement.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan beginning on page 76.

SUPERVISOR OF ELECTIONS

NEED FOR SEGREGATION OF DUTIES, FINDING SOE 2004-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

Calhoun County, Florida Schedule of Findings and Questioned Costs For the year ended September 30, 2018

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Supervisor of Elections' assets.

CAUSE: The Supervisor of Elections' has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Supervisor of Elections' staff it is difficult to achieve ideal separation of duties. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weakness and to provide check and balances.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan beginning on page 76.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There were no current year audit findings.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

There were no current year audit findings.

Calhoun County, Florida Summary Schedule of Prior Audit Findings For the year ended September 30, 2018

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

SHERIFF

INMATE TRUST, FINDING 2017-001, RESOLVED

CRITERIA: The internal control environment should include controls over the safeguarding of assets including proper segregation of duties and reconciliations necessary to provide accountability for assets.

CONDITION: It was noted that collections at the jail facility related to Inmate Trust funds were not being reconciled to the underlying reports and cash collections were not being deposited in a timely manner.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommend that inmate trust fund deposits be made on a regular and timely basis and reconciled to the supporting documentation. Proper segregation of duties should be maintained between those having custody of the funds and those performing the reconciliation.

STATUS: This condition was resolved.

BOARD OF COUNTY COMMISSIONERS

INDUSTRIAL DEVELOPMENT AUTHORITY FUEL INVENTORY, FINDING 2017-002, RESOLVED

CRITERIA: All material assets should be reported on the financial statements.

CONDITION: Aviation fuel inventory was not recorded.

CAUSE: Inventory balances have not been material in previous years so it was overlooked.

EFFECT: Assets were understated.

RECOMMENDATION: Aviation fuel inventory balances should be recorded and adjusted to actual each year.

STATUS: This condition was resolved.



Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

Mailing Address: P.O. Box 1606 Marianna, FL 32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Board of County Commissioners of Calhoun County, Florida Blountstown, Florida

Report on the Financial Statements

We have audited the financial statements of Calhoun County, Florida (the "County") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 19, 2019.

Auditors' Responsibility

We conducted our 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 Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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;* Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' 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 and schedule, which are dated June 19, 2019 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except the items noted in the "Schedule of Findings and Questioned Costs."

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County, Florida Blountstown, Florida

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determinations as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we have no recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts and 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County, Florida Blountstown, Florida

Can, Rigge & Ingram, L.L.C.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida June 19, 2019



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

Mailing Address: P.O. Box 1606 Marianna Fl_32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

To the Honorable Board of County Commissioners and Constitutional Officers of Calhoun County, Florida Blountstown, Florida

Can, Rigge & Ingram, L.L.C.

We have examined Calhoun County, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Calhoun County, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Calhoun County, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Calhoun County, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Calhoun County, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Calhoun County, Florida's compliance with specified requirements.

In our opinion, the Calhoun County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

June 19, 2019

Calhoun County, Florida Management's Response



Glenn H. Kimbrel

Calhoun County

State of Florida Auditor General P.O. Box 1735 Tallahassee, FL 32303

RE: Fiscal Year Audit Report 2017/2018, Management Letter Comments & Findings

Dear Sir or Madam:

Calhoun County Sheriff's Office would like to address the following audit findings:

FINDING 2004-002 - NEED FOR SEGREGATION OF DUTIES:

COMMENT:

There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets.

RECOMMENDATION:

We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. We also recommend the Sheriff log in to the bank's website and review the original bank statement.

CALHOUN CO. SHERIFF'S OFFICE RESPONSE:

Calhoun County Sheriff's Office is a very small agency (consisting of approximately 35 employees). There is one financial officer whose duties include administration assistant duties, human resources, grant writing and administration, and all of the accounting duties (budgeting, payroll, accounts payable, etc). Limited funding prohibits the hiring of additional staff to strengthen internal controls. However, the finance officer/administrative assistant is supervised directly by the sheriff. Sheriff Kimbrel will continue to monitor the finances and review bank statements each month in order to provide a measure of assurance of proper accountability and handling of the Calhoun County Sheriff's Office finances.

Please contact me if you have additional questions or concerns.

Sincerely,

Short Gloop Kimbrol

20776 Central Avenue East, Suite #2 ★ Blountstown, Florida 32424 ★ www.calhounsheriff.com
Office: (850) 674-5049 / (850) 674-4275 ★ Fax (850) 674-5586

Calhoun County, Florida Management's Response



Carla T. Peacock, CFA Calhoun County Property Appraiser

June 7, 2019

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, Florida 32446

I have read and understand the issue presented to me in the annual audit of the Property Appraiser's 2017-18 budget. The following is a response to the current year findings and recommendations.

Finding 2018-001: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

Recommendation: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party assist and review all adjusting entries and year end reports for accuracy, when needed.

I agree with the auditor's findings and recommendation. I have employed a local CPA firm with over 30 years' experience in government accounting to review all financials on a monthly basis and to review all adjusting entries and year end reports to ensure accuracy and to detect any errors.

Sincerely,

Carla T. Peacock, CFA

Calhoun County Property Appraiser

20859 Central Ave. East, Room 112 • Blountstown, FL 32424 Telephone 850-674-5636 • Fax 850-674-2419 • carla@calhounpa.net

Calhoun County, Florida Management's Response



Sharon Chason Calhoun County Supervisor of Elections

June 17, 2019

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

The following is a response to the current year findings and recommendations.

Finding 2018 -001: Grant revenue and expenditures were not accurately reported. Balances in fund balance and unearned revenue were misstated.

Recommendation: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party assist and review all adjusting entries and year end reports for accuracy, when needed.

Response: The Grant Fund now has its own general ledger. Additionally, I will employ a third party to assist and review all adjusting entries and year end reports for accuracy.

Finding 2004-001: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

Recommendation: The Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weakness and to provide checks and balances.

Response: The staff of the Calhoun County Supervisor of Elections Office is limited to only the Supervisor and one employee, complete segregation of bookkeeping tasks is not possible. The supervisor and assistant supervisor verify invoices and checks as they are written confirming the totals on both the invoices and the checks. A copy each check is attached to the invoice and kept in a folder by each month.

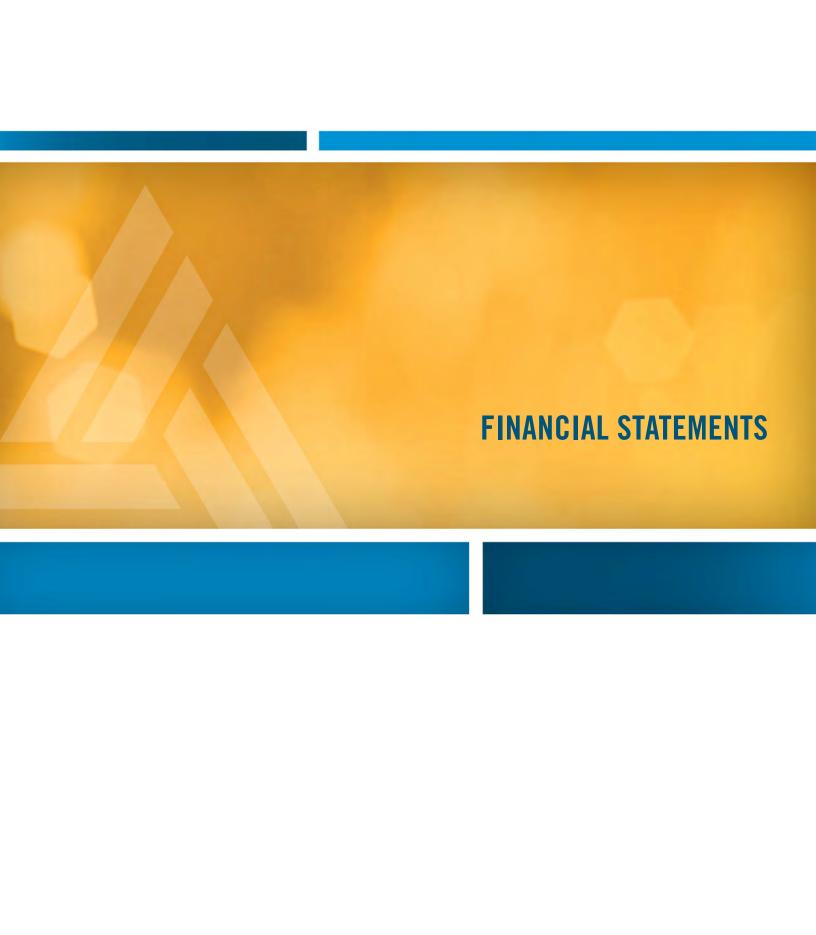
Sincerely,

Sharon Chason

Supervisor of Elections

Calhoun County

20859 Central Avenue East, Room 117, Blountstown, Florida 32424
Phone (850) 674-8568 ★ Fax (850) 674-2449 ★ E-mail soe@votecalhoun.com ★ Web Site: www.votecalhoun.com



Calhoun County, Florida Clerk of the Circuit Court

Financial Statements

September 30, 2018



Calhoun County, Florida Clerk of the Circuit Court Table of Contents September 30, 2018

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Independent Auditors' Management Letter





INDEPENDENT AUDITORS' REPORT

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

Mailing Address: P.O. Box 1606 Marianna, FL 32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Calhoun County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the remaining aggregate fund information of the Clerk as of September 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund 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, where applicable, of each major fund, and the aggregate remaining fund information, only for that portion of each major fund, and the aggregate remaining fund information, of Calhoun County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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 our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

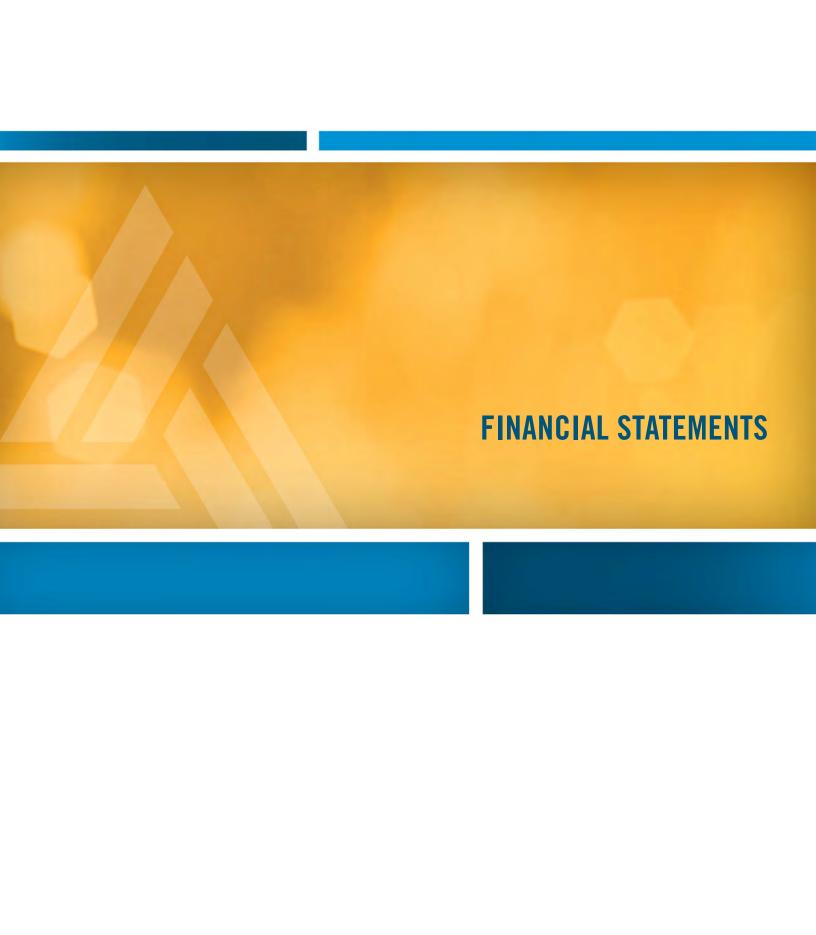
Other Reporting Required by Government Auditing Standards

Can, Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019, on our consideration of the Clerk's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Clerk's internal control over financial reporting and compliance.

Marianna, Florida

June 4, 2019



Calhoun County, Florida Clerk of the Circuit Court Balance Sheet Governmental Funds

September 30, 2018

| | Majoı | Fun | ds | Non-major Fund | | | |
|---------------------------------------|-------------------------------------|-----|--------------|----------------|--------|----|---------|
| | General Court Fund Article V | | Modernizatio | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 202,514 | \$ | 75,605 | \$ | 7,607 | \$ | 285,726 |
| Due from other funds | 2,416 | | 13,731 | | 2,528 | | 18,675 |
| Due from other governmental units | 12,172 | | - | | - | | 12,172 |
| Total assets | \$ 217,102 | \$ | 89,336 | \$ | 10,135 | \$ | 316,573 |
| | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ 15,491 | \$ | 12,472 | \$ | - | \$ | 27,963 |
| Due to other funds | - | | 1,441 | | - | | 1,441 |
| Due to Board of County Commissioners | 81,983 | | - | | - | | 81,983 |
| Due to other governmental units | - | | 75,423 | | - | | 75,423 |
| Unearned revenue | 1,488 | | - | | - | | 1,488 |
| Total liabilities | 98,962 | | 89,336 | | - | | 188,298 |
| Fund balances | | | | | | | |
| Restricted | - | | - | | 10,135 | | 10,135 |
| Unassigned | 118,140 | | - | | - | | 118,140 |
| Total fund balances | 118,140 | | - | | 10,135 | | 128,275 |
| Total liabilities and fund balances | \$ 217,102 | \$ | 89,336 | \$ | 10,135 | \$ | 316,573 |

Calhoun County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

| For the year ended September 30, 2018 | | Major | Fund | s | Non | -major Fund | | | | |
|---|----|------------------------------|------|-----------|-----|-------------|----|--------------------------------|--|--|
| | | General Cour Fund Article | | | | | | Total Governmental Funds | | |
| Revenues | | | | | | | | | | |
| Charges for services | \$ | 38,816 | \$ | 122,011 | \$ | 15,189 | \$ | 176,016 | | |
| Fines and forfeitures | | - | | 65,469 | | - | | 65,469 | | |
| Grants | | 100,009 | | - | | - | | 100,009 | | |
| Investment earnings | | 79,061 | | 65 | | 26 | | 79,152 | | |
| Other fees and miscellaneous | | 2,556 | | - | | - | | 2,556 | | |
| Total revenues | | 220,442 | | 187,545 | | 15,215 | | 423,202 | | |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government: | | | | | | | | | | |
| Personal services | | 328,264 | | - | | - | | 328,264 | | |
| Operating expenses | | 60,773 | | - | | - | | 60,773 | | |
| Court-related: | | | | | | | | | | |
| Personal services | | 51,231 | | 343,033 | | - | | 394,264 | | |
| Operating expenses | | 5,013 | | 34,280 | | 14,714 | | 54,007 | | |
| Total expenditures | | 445,281 | | 377,313 | | 14,714 | | 837,308 | | |
| Excess (deficiency) of revenues over (under) expenditures | | (224,839) | | (189,768) | | 501 | | (414,106) | | |
| Other financing sources (uses) | | | | | | | | | | |
| Appropriations from Board of County Commissioners | | 331,800 | | - | | - | | 331,800 | | |
| Reversion to Board of County Commissioners | | (91,082) | | - | | - | | (91,082) | | |
| Transfer from State of Florida | | - | | 240,882 | | - | | 240,882 | | |
| Transfer to State of Florida | | - | | (51,114) | | - | | (51,114) | | |
| Net other financing sources (uses) | | 240,718 | | 189,768 | | - | | 430,486 | | |
| Net change in fund balances | | 15,879 | | - | | 501 | | 16,380 | | |
| Fund balances - beginning | | 102,261 | | - | | 9,634 | | 111,895 | | |
| Fund balances - ending | \$ | 118,140 | \$ | | \$ | 10,135 | \$ | 128,275 | | |

Calhoun County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund

| | Original Budget | Final Budget | | Actual Amounts | | iance with aal Budget avorable favorable) |
|---|--------------------|-----------------|----|---------------------|----|--|
| Revenues | | | | | | |
| Charges for services | \$ 38,000 | \$ 38,000 | \$ | 38,816 | \$ | 816 |
| Grants | 60,000 | 60,000 | | 100,009 | | 40,009 |
| Investment earnings | 15,400 | 15,400 | | 79,061 | | 63,661 |
| Other fees and miscellaneous | - | 2,600 | | 2,556 | | (44) |
| Total revenues | 113,400 | 116,000 | | 220,442 | | 104,442 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Personal services | 340,475 | 335,475 | | 328,264 | | 7,211 |
| Operating expenses | 76,400 | 76,400 | | 60,773 | | 15,627 |
| Court-related: | , | , | | • | | , |
| Personal services | 59,325 | 64,325 | | 51,231 | | 13,094 |
| Operating expenses | 3,100 | 5,700 | | 5,013 | | 687 |
| Capital outlay | | | | | | |
| General government | 62,000 | 62,000 | | - | | 62,000 |
| Reserve for Contingency | 6,000 | 6,000 | | - | | 6,000 |
| Total expenditures | 547,300 | 549,900 | | 445,281 | | 104,619 |
| Excess (deficiency) of revenues over (under) expenditures | (433,900) | (433,900) | | (224,839) | | 209,061 |
| Other financing sources (uses) Appropriations from Board of County Commissioners Reversion to Board of County Commissioners | 331,800 | 331,800 - | | 331,800 (91,082) | | - (91,082) |
| Net other financing sources (uses) | 331,800 | 331,800 | | 240,718 | | (91,082) |
| Net change in fund balance | (102,100) | (102,100) | | 15,879 | | 117,979 |
| Fund balance - beginning | 102,100 | 102,100 | | 102,261 | | 161 |
| Fund balance - ending | \$ | \$ | \$ | 118,140 | \$ | 118,140 |

Calhoun County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Court Article V Fund

| | Original Budget | Final Budget | | Actual Amounts | | ance with al Budget avorable favorable) |
|---|--------------------|-----------------|----|-------------------|----|--|
| Revenues | | | | | | |
| Charges for services | \$ 101,420 | \$ 101,420 | \$ | 122,011 | \$ | 20,591 |
| Fines and forfeitures | 59,425 | 59,425 | | 65,469 | | 6,044 |
| Investment earnings | 50 | 50 | | 65 | | 15 |
| Total revenues | 160,895 | 160,895 | | 187,545 | | 26,650 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Court-related: | | | | | | |
| Personal services | 349,536 | 349,536 | | 343,033 | | 6,503 |
| Operating expenses | 50,966 | 50,966 | | 34,280 | | 16,686 |
| Total expenditures | 400,502 | 400,502 | | 377,313 | | 23,189 |
| Excess (deficiency) of revenues over (under) expenditures | (239,607) | (239,607) | | (189,768) | | 49,839 |
| Other financing sources (uses) | | | | | | |
| Transfers from State of Florida | 239,607 | 239,607 | | 240,882 | | 1,275 |
| Transfers to State of Florida | - | - | | (51,114) | | (51,114) |
| Net other financing sources (uses) | 239,607 | 239,607 | | 189,768 | | (49,839) |
| Net change in fund balance | - | - | | - | | - |
| Fund balance - beginning | _ | - | | | | |
| Fund balance - ending | \$ - | \$ - | \$ | - | \$ | |

Calhoun County, Florida Clerk of the Circuit Court Statement of Fiduciary Net Position Agency Funds

September 30, 2018

| | Agency Funds |
|--------------------------------------|-----------------|
| Assets | |
| Cash and cash equivalents | \$ 115,073 |
| Due from other funds | 42 |
| Due from individuals | 10 |
| Total assets | \$ 115,125 |
| | |
| Liabilities | |
| Due to other funds | \$ 17,276 |
| Due to Board of County Commissioners | 15,850 |
| Due to other governmental units | 25,410 |
| Due to individuals | 56,589 |
| Total liabilities | \$ 115,125 |

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Calhoun County, Florida Clerk of the Circuit Court Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County, Florida, Clerk of the Circuit Court (the "Clerk") conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

The Calhoun County Clerk of Circuit Court (Clerk) is an integral part of Calhoun County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Clerk are included in Calhoun County, Florida's basic financial statements. The Clerk operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year. The Clerk receives appropriated funds from the State of Florida to fund court-related activities. The receipts from the State are recorded as other financing sources on the Clerk's financial statements. The Clerk's financial statements do not purport to reflect the financial position or the results of operations of Calhoun County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Clerk's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is reported as part of the primary government of Calhoun County, Florida.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of Calhoun County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Clerk.

Under the budgetary system, a portion of the operations of the Clerk are funded by the Board. The receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year-end except for budgeted excess federal financial participation payments and support incentive payments from the State's Title IV-D agency and other Board approved special projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Clerk's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Clerk has not presented reconciliations to the government-wide financial statements, management's discussion and analysis, or the pension or the other post-employment benefit related required supplementary information. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements. 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 each major fund, and the aggregate remaining fund information, of Calhoun County, Florida, that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

In preparing these financial statements the following are reported as major governmental funds:

General Fund - The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Court Article V Fund - Special Revenue Fund that accounts for all court related functions in accordance with Florida Statutes Section 28.

In addition, the Clerk has reported the following non-major governmental fund:

Modernization Trust Fund - The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Clerk also reported the following fund type:

Agency Funds - Agency funds are custodial in nature and account for assets held in a trust capacity or as agent for individuals, other governmental units and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations. The Clerk reports the General Trust, Child Support and Jury and Witness as Agency Funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until due. Charges for services and investment revenue are recorded as earned.

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as needed.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirements

Government fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Clerk of the Circuit Court, functioning in the capacity as the Clerk of the Circuit and County Courts and as the Clerk of the Board of County Commissioners, prepares a budget in two parts:

The budget for funds necessary to perform court-related functions as provided in Florida Statutes 28.36 is filed with the Florida Clerks of Court Operations Corporation; and

The budget for funds necessary to perform those duties of Clerk of the Board of County Commissioners, County Auditor, and Custodian of all county funds and other county-related duties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Departments within the Clerk's office that deal primarily or exclusively with the County are budgeted with appropriations from the Board. The fees generated by the various non-court activities of the Clerk are used to pay operating expenditures of that department. The Clerk's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level.

Cash and Cash Equivalents

Cash and cash equivalents includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government. Cash equivalents include investments placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Capital Assets

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Clerk are capitalized at cost in the capital asset accounts of the County. The Clerk's assets are reported in the statement of net position in the County's financial statements. The Clerk maintains custodial responsibility for the capital assets used by her office.

Unearned Revenues

Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

Accumulated Compensated Absences

Permanent full-time employees of the Clerk are entitled to accrue sick leave hours based on pay periods worked, with a limit on total hours accrued being 280 hours at calendar year end. Vacation time is earned depending on the length of employment. Upon separation from employment, employees can be paid for unused annual and sick leave in accordance with personnel policy.

The Clerk's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Fund Balance Reporting and Governmental Fund-Type Definitions

The Clerk follows GASB Statement No. 54, Fund Balance Reporting and Governmental Type Definitions which clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 9.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Risk Management

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Calhoun County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

Real and Personal Property Damage Public Employees' Bond Workers' Compensation General and Automobile Liability

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Interfund Loans and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2018, the Clerk adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 had no impact on the Clerk's governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable splitinterest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Clerk's financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Clerk's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Clerk's financial statements as a result of the implementation of GASB 86.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Clerk upon implementation. Management has not yet evaluated the effect of implementation of these standards.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| GASB Statement No. | GASB Accounting Standard | Effective Fiscal Year |
|-----------------------|---|--------------------------|
| <u>otatement nor</u> | and necounting standard | Tibear rear |
| 83 | Certain Asset Retirement Obligations | 2019 |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 88 | Certain Disclosures Related to Debt, including Direct | |
| | Borrowings and Direct Placements | 2019 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest an amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |

NOTE 2 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the Clerk's deposits was \$400,799 and the bank balance was \$413,034. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The Clerk's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Clerk's invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2018, the market value and carrying value of these funds totaled \$46,821. The funds are carried as a cash equivalent on the balance sheet at September 30, 2018 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

The Florida PRIME Fund is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the County owns a share of the respective pool, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the County's investment in the Florida PRIME Fund is at amortized cost.

There are no restrictions or limitations on withdrawals, however, Florida PRIME may on the occurrence of an event that has a material impact on liquidity or operations, impose restrictions on withdrawals for up to 48 hours.

CREDIT RISK

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the Clerk's investments are not evidenced by specific, identifiable investment securities.

As of September 30, 2018, the Clerk's investment in the Florida PRIME Fund is rated by Standard and Poors and the current rating is AAAm.

INTEREST RATE RISK

The weighted average days to maturity (WAM) of the Florida PRIME Fund at September 30, 2018, is 33 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME Fund at September 30, 2018 is 72 days.

CUSTODIAL CREDIT RISK

At September 30, 2018, the Clerk did not hold any deposits or investments that were considered to have custodial risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2018, the Clerk did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - EMPLOYEE PENSION PLAN

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding method and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

| | 10/01/17 | 07/01/18 |
|---------------------------------|-----------------|----------|
| | Through | Through |
| | <u>06/30/18</u> | 09/30/18 |
| Regular employees | 7.92% | 8.26% |
| Senior management | 22.71% | 24.06% |
| Elected county officials' class | 45.50% | 48.70% |
| DROP participants | 13.26% | 14.03% |

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the year October 1, 2017 through September 30, 2018, the total payroll for all covered employees was \$511,396. The retirement contributions for all employees' covered by the System for the years ended September 30, 2018, 2017 and 2016 were \$89,192, \$83,197 and \$78,973, which were the required contributions. For the year ended September 30, 2018, retirement contributions represent 17.44% of covered payroll.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Calhoun County, Florida Clerk's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Clerk are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - COOPERATIVE AGREEMENT

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all of the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$100,009.

NOTE 6 - EXCESS FEES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. The Clerk remitted excess fees of \$91,082 to the Board of County Commissioners.

NOTE 7 - COURT RELATED FEES

Based on the legal opinion provided by the Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governmental Units. As of September 30, 2018, excess court-related funds were \$75,423.

NOTE 8 - BALANCES DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at September 30, 2018, consist of the following:

| Receivable Fund | Payable Fund | Amo | unt |
|--------------------------|----------------------|-----|--------|
| Governmental Funds | | | |
| General Fund | Agency Fund | \$ | 2,416 |
| Court Article V Fund | Agency Fund | Ψ | 13,731 |
| Modernization Trust Fund | Court Article V Fund | | 1,441 |
| Modernization Trust Fund | Agency Fund | | 1,087 |
| | | | |
| Total governmental funds | | \$ | 18,675 |

Balances due are for general operating activity. All amounts will be repaid within one year. The remaining balances were generally used to meet cash demands on allowable Clerk expenditures that will be repaid within one year.

NOTE 9 - FUND BALANCE

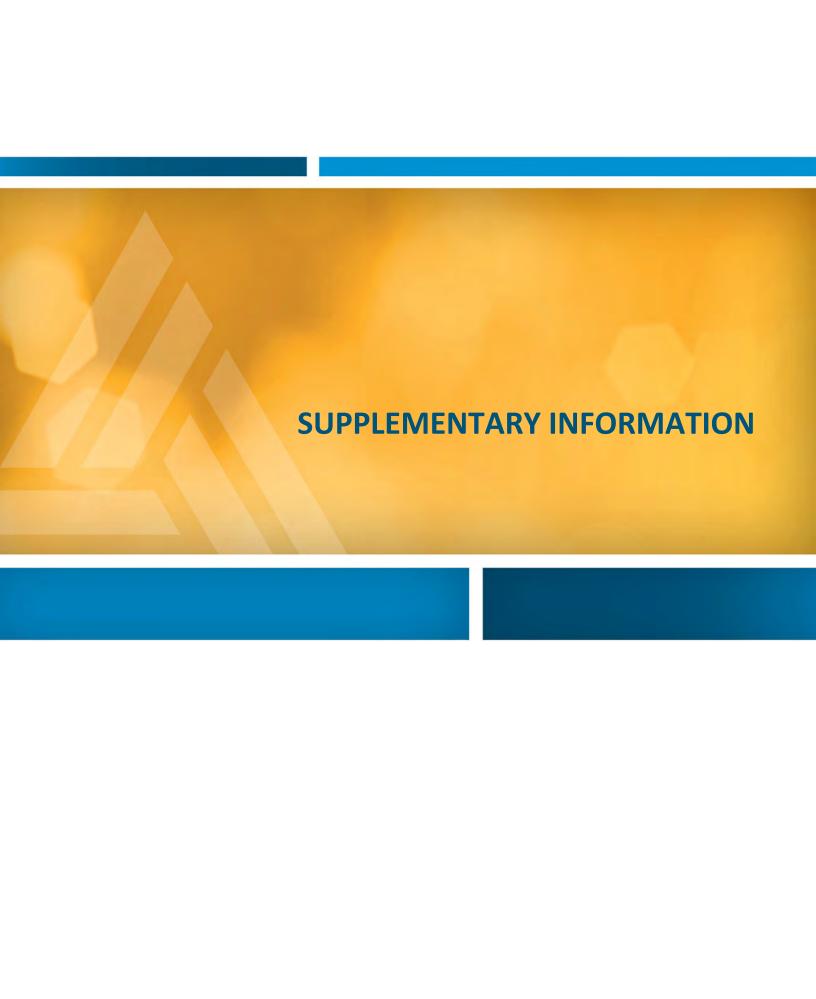
Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk had no non-spendable fund balances at September 30, 2018.

NOTE 9 - FUND BALANCE (CONTINUED)

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2018, the Clerk reports fund balance as restricted and unassigned. Restricted fund balances have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

Restricted fund balance shows amounts that are legally restricted for specific uses. The purpose for each is indicated as follows:

| Funds | Purpose | |
|-------------|---------------------------------|--------------|
| Special Rev | enue Fund | |
| | Funding for: | |
| | Modernization of Public Records | \$ 10,135 |
| | | |
| | Total restricted fund balance | \$ 10,135 |



Calhoun County, Florida Clerk of the Circuit Court Combining Statement of Fiduciary Net Position Agency Funds

September 30, 2018

| | (| General Trust | | Child Support | lury and Witness | Total | |
|--|----|--------------------------------------|----|------------------------|---------------------------|--|--|
| Assets Cash and cash equivalents | \$ | 109,894 | \$ | 1,139 | \$ 4,040 | \$ 115,073 | |
| Due from other funds Due from individuals | | 42 10 | | <u>-</u> | <u>-</u> | 42 10 | |
| Total assets | \$ | 109,946 | \$ | 1,139 | \$ 4,040 | \$ 115,125 | |
| Liabilities | | | | | | | |
| Due to other funds Due to Board of County Commissioners Due to other governmental units Due to individuals | \$ | 17,234 13,758 22,365 56,589 | \$ | 42 1,042 55 - | \$ 1,050 2,990 - | \$ 17,276 15,850 25,410 56,589 | |
| Total liabilities | \$ | 109,946 | \$ | 1,139 | \$ 4,040 | \$ 115,125 | |





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INDEPENDENT AUDITORS' 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

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

We 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 each major fund and the aggregate remaining fund information of the Calhoun County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements and have issued our report thereon dated June 4, 2019.

Internal Control Over Financial Reporting

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

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk'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.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

We have examined Calhoun County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 28.35, FLORIDA STATUTES, FLORIDA CLERKS OF COURT OPERATIONS CORPORATION, AND SECTION 28.36, FLORIDA STATUTES, BUDGET PROCEDURE

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

We have examined the office of the Calhoun County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES, DEPOSITORY FOR ALIMONY TRANSACTIONS, SUPPORT, MAINTENANCE AND SUPPORT PAYMENTS; FEES

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

We have examined the office of the Calhoun County, Florida Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees* during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

Report on the Financial Statements

We have audited the financial statements of the Calhoun County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2018, and have issued our report thereon dated June 4, 2019.

Auditors' Responsibility

We conducted our 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 Reporting Requirements

We have issued our Independent Auditors' 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;* 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 4, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Honorable Carla A. Hand Clerk of Circuit Court Calhoun County, Florida

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 the management letter, unless disclosed in the notes to the financial statements. The Calhoun County, Florida, Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Calhoun County, Florida, Clerk of the Circuit Court.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us 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 our audit, we 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, and the Calhoun County, Florida, Clerk and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna. Florida

Can, Rigge & Ingram, L.L.C.

Calhoun County, Florida Sheriff

Financial Statements

September 30, 2018



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Management's Response





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INDEPENDENT AUDITORS' REPORT

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Calhoun County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2018, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund, Emergency 911 Fund, Investigative Resource Fund and Inmate Welfare Fund 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, where applicable, of each major fund, and the aggregate remaining fund information, only for that portion of each major fund, and the aggregate remaining fund information, of Calhoun County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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 our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

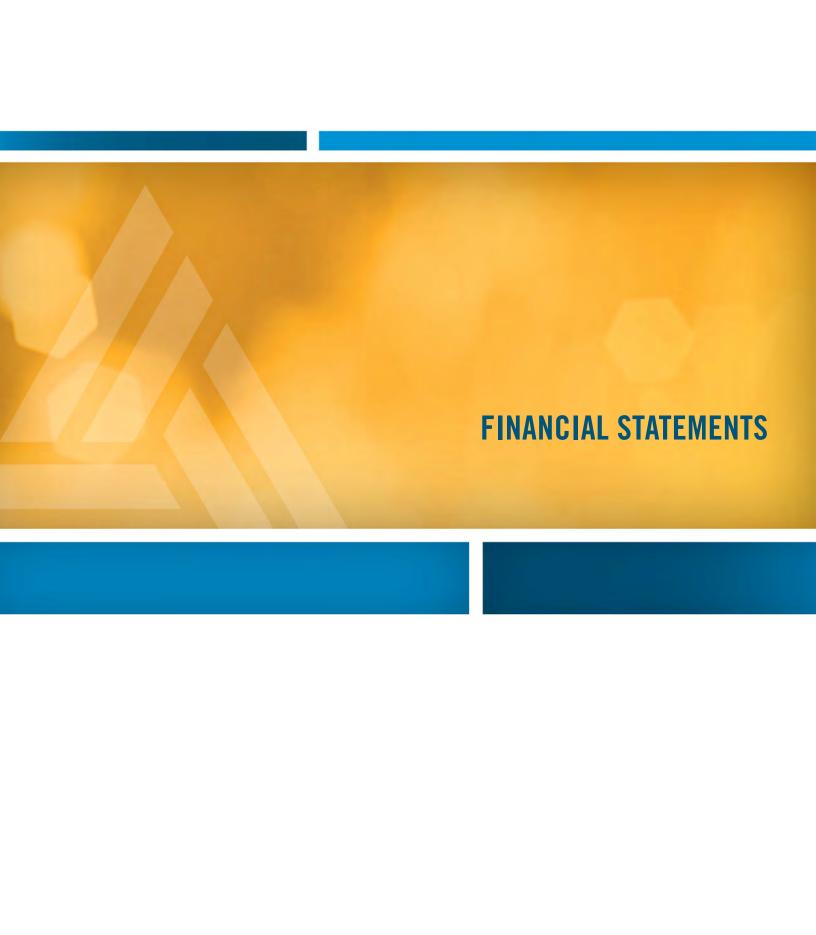
Other Reporting Required by Government Auditing Standards

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2019, on our consideration of the Sheriff's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Sheriff's internal control over financial reporting and compliance.

Marianna, Florida

June 3, 2019



Calhoun County, Florida Sheriff Balance Sheet Governmental Funds

September 30, 2018

| | (| General Fund | Emergency 911 | | Investigative Resource | | • | | Inmate Welfare Fund | | Other Governmental Funds | | Total Governmenta Funds | |
|--|----|-----------------|------------------|---------|---------------------------|---------|----|--------|---------------------------|-------|--------------------------------|---------|-------------------------------|--|
| Assets | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ | 66,801 | \$ | 101,957 | \$ | 99,330 | \$ | 72,312 | \$ | 4,499 | \$ | 344,899 | | |
| Accounts receivable | | - | | - | | - | | 4,792 | | - | | 4,792 | | |
| Due from other funds | | 11,511 | | - | | 490 | | - | | - | | 12,001 | | |
| Due from Board of County Commissioners | | 349 | | - | | - | | - | | - | | 349 | | |
| Due from other governmental units | | 20,280 | | 56,954 | | 34,461 | | - | | - | | 111,695 | | |
| Total assets | \$ | 98,941 | \$ | 158,911 | \$ | 134,281 | \$ | 77,104 | \$ | 4,499 | \$ | 473,736 | | |
| Liabilities | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ | 98,551 | \$ | 9,320 | \$ | 9,947 | Ś | 2,436 | \$ | - | Ś | 120,254 | | |
| Due to other funds | | 390 | | | • | | | 11,511 | | 100 | | 12,001 | | |
| Total liabilities | | 98,941 | | 9,320 | | 9,947 | | 13,947 | | 100 | | 132,255 | | |
| Fund balances | | | | | | | | | | | | | | |
| Restricted | | - | | 149,591 | | 124,334 | | 63,157 | | 4,399 | | 341,481 | | |
| Total fund balances | | - | | 149,591 | | 124,334 | | 63,157 | | 4,399 | | 341,481 | | |
| Total liabilities and fund balances | \$ | 98,941 | \$ | 158,911 | \$ | 134,281 | \$ | 77,104 | \$ | 4,499 | \$ | 473,736 | | |

Calhoun County, Florida Sheriff Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

| | General Fund | ı | Emergency 911 | estigative esource | Inmate Welfare Fund | Gove | ther rnmental unds | Go | Total vernmental Funds |
|---|-----------------|----|------------------|-----------------------|---------------------------|------|--------------------------|----|------------------------------|
| Revenues | | | | | | | | | |
| Intergovernmental | \$ 106,438 | | 95,263 | \$ - | \$ - | \$ | - | \$ | 201,701 |
| Charges for services | 14,944 | | - | 15,995 | 41,017 | | - | | 71,956 |
| Grants | 45,042 | | 36,359 | 99,471 | - | | - | | 180,872 |
| Investment earnings | - | | 103 | - | - | | - | | 103 |
| Contributions and donations | 100 | | - | - | - | | 14,865 | | 14,965 |
| Other fees and miscellaneous | 3,820 | | - | 1,967 | - | | - | | 5,787 |
| Total revenues | 170,344 | | 131,725 | 117,433 | 41,017 | | 14,865 | | 475,384 |
| Expenditures | | | | | | | | | |
| Current: | | | | | | | | | |
| Public health and safety: | | | | | | | | | |
| Law enforcement | | | | | | | | | |
| Personal services | 1,106,610 | | - | _ | - | | _ | | 1,106,610 |
| Operating expenses | 314,453 | | _ | 6,039 | _ | | _ | | 320,492 |
| Corrections and detention | , | | | -, | | | | | , |
| Personal services | 335,038 | | _ | _ | 11,511 | | _ | | 346,549 |
| Operating expenses | 144,608 | | _ | _ | 14,185 | | _ | | 158,793 |
| Other public health and safety | 21.,000 | | | | 2 1,200 | | | | 150,750 |
| Personal services | 136.444 | | 199,852 | _ | _ | | _ | | 336,296 |
| Operating expenses | 4,732 | | 85,776 | _ | _ | | 16,397 | | 106,905 |
| Capital Outlay | ., | | | | | | , | | |
| Law enforcement | 77,607 | | _ | 126,042 | _ | | _ | | 203,649 |
| Other public health and safety | | | 900 | - | 12,432 | | _ | | 13,332 |
| | 2 4 4 2 4 2 2 | | 205 520 | 400.004 | 22.122 | | 46.00= | | 2.502.606 |
| Total expenditures | 2,119,492 | | 286,528 | 132,081 | 38,128 | | 16,397 | | 2,592,626 |
| Excess (deficiency) of revenues over (under) expenditures | (1,949,148 |) | (154,803) | (14,648) | 2,889 | | (1,532) | | (2,117,242) |
| Other financing sources (uses) | | | | | | | | | |
| Appropriations from Board of County Commissioners | 1,943,148 | | 177,007 | - | - | | - | | 2,120,155 |
| Net other financing sources (uses) | 1,943,148 | | 177,007 | - | - | | - | | 2,120,155 |
| Net change in fund balances | (6,000 |) | 22,204 | (14,648) | 2,889 | | (1,532) | | 2,913 |
| Fund balances - beginning | 6,000 | | 127,387 | 138,982 | 60,268 | | 5,931 | | 338,568 |
| Fund balances - ending | \$ - | \$ | 149,591 | \$ 124,334 | \$ 63,157 | \$ | 4,399 | \$ | 341,481 |

Calhoun County, Florida Sheriff Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund

| | Original Budget | Final Budget | | | Actual Amounts | Variance witl Final Budget Favorable (Unfavorable | | |
|--|--------------------|-----------------|---------------|----|-------------------|--|---------|--|
| Revenues | 05.000 | | 106 100 | | 106 100 | _ | | |
| Intergovernmental | \$ 85,069 | \$ | 106,438 | \$ | 106,438 | \$ | - | |
| Charges for services Contributions and donations | 14,000 | | 14,000 100 | | 14,944 | | 944 | |
| Other fees and miscellaneous | - | | | | 100 | | (200) | |
| | 45 452 | | 4,210 | | 3,820 | | (390) | |
| Grant revenue | 45,453 | | 47,203 | | 45,042 | | (2,161) | |
| Total revenues | 144,522 | | 171,951 | | 170,344 | | (1,607) | |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Public health and safety: | | | | | | | | |
| Law enforcement | | | | | | | | |
| Personal services | 1,161,004 | | 1,107,752 | | 1,106,610 | | 1,142 | |
| Operating expenses | 280,016 | | 313,394 | | 314,453 | | (1,059) | |
| Corrections and detention | • | | · | | · | | | |
| Personal services | 369,352 | | 333,976 | | 335,038 | | (1,062) | |
| Operating expenses | 101,400 | | 144,691 | | 144,608 | | 83 | |
| Other public health and safety | | | | | | | | |
| Personal services | 139,048 | | 136,610 | | 136,444 | | 166 | |
| Operating expenses | 8,850 | | 4,792 | | 4,732 | | 60 | |
| Capital Outlay | | | | | | | | |
| Law enforcement | 25,000 | | 77,607 | | 77,607 | | - | |
| Courthouse security | 3,000 | | 2,277 | | - | | 2,277 | |
| Total expenditures | 2,087,670 | | 2,121,099 | | 2,119,492 | | 1,607 | |
| Excess (deficiency) of revenues over | | | | | | | | |
| (under) expenditures | (1,943,148) | | (1,949,148) | | (1,949,148) | | - | |
| Other financing sources (uses) Appropriations from Board of County Commissioners | 1,943,148 | | 1,943,148 | | 1,943,148 | | - | |
| Total other financing sources (uses) | 1,943,148 | | 1,943,148 | | 1,943,148 | | | |
| Net change in fund balance | \$ - | \$ | (6,000) | \$ | (6,000) | \$ | _ | |

Calhoun County, Florida Sheriff Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Emergency 911

| | | Original Budget | | Final Budget | | Actual Amounts | | iance with al Budget avorable favorable) |
|---|----|--------------------|----------|-----------------|----|-------------------|----|---|
| Revenues | ć | 00.000 | <u>۲</u> | 00.000 | ۲. | 05.262 | ¢ | (2.727) |
| Intergovernmental | \$ | 98,000 | \$ | 98,000 | \$ | 95,263 103 | \$ | (2,737) 103 |
| Investment earnings | | | | 26.260 | | | | |
| Grant revenue | | 36,360 | | 36,360 | | 36,359 | | (1) |
| Total revenues | | 134,360 | | 134,360 | | 131,725 | | (2,635) |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Public health and safety: | | | | | | | | |
| Other public health and safety | | | | | | | | |
| Personal services | | 211,661 | | 217,661 | | 199,852 | | 17,809 |
| Operating expenses | | 152,524 | | 146,524 | | 85,776 | | 60,748 |
| Capital Outlay | | , | | , | | , | | , |
| Other public health and safety | | 25,000 | | 25,000 | | 900 | | 24,100 |
| Total expenditures | | 389,185 | | 389,185 | | 286,528 | | 102,657 |
| Excess (deficiency) of revenues over | | | | | | | | |
| (under) expenditures | | (254,825) | | (254,825) | | (154,803) | | 100,022 |
| Other financing sources (uses) Appropriations from Board of | | | | | | | | |
| County Commissioners | | 177,007 | | 177,007 | | 177,007 | | _ |
| County Commissioners | | 1//,00/ | | 177,007 | | 177,007 | | |
| Total other financing sources (uses) | | 177,007 | | 177,007 | | 177,007 | | - |
| Net change in fund balance | \$ | (77,818) | \$ | (77,818) | \$ | 22,204 | \$ | 100,022 |

Calhoun County, Florida Sheriff Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Investigative Resource

| | | Original Budget | | Final Budget | , | Actual Amounts | Fina Fa | ance with al Budget vorable avorable) |
|---|----------|--------------------|----|-----------------|----------|-------------------|------------|--|
| Revenues | . | 24.007 | , | 24.007 | <u>۲</u> | 15.005 | ¢ | (0.003) |
| Charges for services Other fees and miscellaneous | \$ | 24,987 | \$ | 24,987 | \$ | 15,995 | \$ | (8,992) |
| | | 99,471 | | 99,471 | | 1,967 99,471 | | 1,967 |
| Grant revenue | | 99,471 | | 99,471 | | 99,471 | | |
| Total revenues | | 124,458 | | 124,458 | | 117,433 | | (7,025) |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Public health and safety: | | | | | | | | |
| Law enforcement | | | | | | | | |
| Operating expenses | | 6,800 | | 6,800 | | 6,039 | | 761 |
| Capital Outlay | | | | | | | | |
| Law enforcement | | 157,658 | | 157,658 | | 126,042 | | 31,616 |
| Total expenditures | | 164,458 | | 164,458 | | 132,081 | | 32,377 |
| Francisco Valencia valencia | | · | | | | | | |
| Excess (deficiency) of revenues over | | (40.000) | | (40.000) | | (4.4.6.45) | | 25.252 |
| (under) expenditures | | (40,000) | | (40,000) | | (14,648) | | 25,352 |
| Total other financing sources (uses) | | - | | - | | - | | |
| Net change in fund balance | \$ | (40,000) | \$ | (40,000) | \$ | (14,648) | \$ | 25,352 |

Calhoun County, Florida Sheriff Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Inmate Welfare

For the year ended September 30, 2018

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) | | |
|--------------------------------------|--------------------|-----------------|-------------------|---|-------|--|
| Revenues | 44 504 | 44 504 | 44.047 | | (507) | |
| Charges for services | \$ 41,524 | \$ 41,524 | \$ 41,017 | \$ | (507) | |
| Total revenues | 41,524 | 41,524 | 41,017 | | (507) | |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public health and safety: | | | | | | |
| Corrections and detention | | | | | | |
| Personal services | 12,700 | 12,700 | 11,511 | | 1,189 | |
| Operating expenses | 14,475 | 14,475 | 14,185 | | 290 | |
| Capital Outlay | | | | | | |
| Corrections and detention | 14,349 | 14,349 | 12,432 | | 1,917 | |
| Total expenditures | 41,524 | 41,524 | 38,128 | | 3,396 | |
| Excess (deficiency) of revenues over | | | | | | |
| (under) expenditures | - | - | 2,889 | | 2,889 | |
| Total other financing sources (uses) | - | - | - | | - | |
| Net change in fund balance | \$ - | \$ - | \$ 2,889 | \$ | 2,889 | |

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Calhoun County, Florida Sheriff Statement of Fiduciary Net Position Agency Fund

September 30, 2018

| | Inma | ate Trust |
|---------------------------|------|-----------|
| Assets | | |
| Cash and cash equivalents | \$ | 6,667 |
| Total assets | \$ | 6,667 |
| Liabilities | | |
| Due to individuals | | 6,667 |
| Total liabilities | \$ | 6,667 |

Calhoun County, Florida Sheriff Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County, Florida, Sheriff (the "Sheriff") conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

The Calhoun County, Florida, Sheriff (the "Sheriff") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Sheriff's financial statements do not purport to reflect the financial position or the results of operations of Calhoun County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Sheriff's office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is reported as part of the primary government of Calhoun County, Florida.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of Calhoun County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

The Sheriff's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Sheriff has not presented reconciliations to the government-wide financial statements, management's discussion and analysis, or the pension or the other post-employment benefit related required supplementary information. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements. 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 each major fund, and the aggregate remaining fund information, of Calhoun County, Florida, that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In preparing these financial statements the following are reported as major governmental funds:

General Fund - The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

Emergency 911 – This special revenue fund accounts for the operation of the emergency 911 system of Calhoun County.

Investigative Resource Fund – This special revenue fund accounts for revenues and expenditures relating to various forfeitures, investigative fees and restitution.

Inmate Welfare Fund – This special revenue fund accounts for the activities related to operation of the inmate commissary.

In addition, the Sheriff reported the following non-major governmental funds:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title "Other Governmental Funds."

Drug Enforcement Fund - Accounts for revenues and expenses of the Calhoun County Sheriff's office drug enforcement program.

Contribution Fund - Accounts for revenues and expenditures relating to public donations to assist the less fortunate.

The Sheriff also reported the following fund type:

Agency Funds - The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The governmental fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as needed.

Budgetary Requirements

Florida Statutes, Chapter 30.49 and 129.03(2), details the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for his office, which displays the revenues available to the office and the functions for which the money is to be expended. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Sheriff's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year end.

Cash and Cash Equivalents

Cash and cash equivalents includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Sheriff are capitalized at cost in the capital asset accounts of the County. The Sheriff's assets are reported in the statement of net assets in the County's financial statements. The Sheriff maintains custodial responsibility for the capital assets used by his office.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting and Governmental Fund-Type Definitions

The Sheriff adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Type Definitions (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 10.

Accumulated Compensated Absences

Permanent full-time employees of the Sheriff are entitled to accrue up to 360 hours of sick leave and up to 240 hours of vacation time depending on the length of employment. Upon separation of employment, employees can be paid their vacation time and up to 25% of unused sick time, with the payment of unused sick time being subject to various criteria.

The Sheriff's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Due to Others

This account is used to account for assets held by the Sheriff in a trustee capacity for other governmental agencies or individuals.

Risk Management and Insurance

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs includes:

General Liability
Public Employees Blanket Bond
Automobiles
Money and Securities Coverage

The Sheriff provides for workers' compensation coverage through the Board. A separate insurance policy is carried for aircraft. In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Interfund Loans and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2018, the Sheriff adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 had no impact on the Sheriff's governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Sheriff's financial statement as a result of the implementation of GASB 81.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Sheriff's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Sheriff's financial statements as a result of the implementation of GASB 86.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Sheriff upon implementation. Management has not yet evaluated the effect of implementation of these standards.

| GASB | | Effective |
|---------------|---|-------------|
| Statement No. | GASB Accounting Standard | Fiscal Year |
| 0.2 | Cortain Assat Batiromant Obligations | 2010 |
| 83 | Certain Asset Retirement Obligations | 2019 |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 88 | Certain Disclosures Related to Debt, including Direct | |
| | Borrowings and Direct Placements | 2019 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest an amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2018, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$351,566 and the bank balance was \$398,341. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Sheriff to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Sheriff to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2018, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2018, the Sheriff did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2018, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2018, the Sheriff did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2018, are as follows:

Due to/from Other Funds:

| Receivable Fund | Payable Fund | |
|------------------------|-----------------------|--------------|
| General Fund | Inmate Welfare | \$ 11,511 |
| Investigative Resource | General Fund | \$ 390 |
| Investigative Resource | Drug Enforcement Fund | \$ 100 |

The balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made. Amounts are generally repaid during the next fiscal year.

NOTE 4 - EMPLOYEE PENSION PLAN

The Sheriff participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

| | 10/01/17 | 07/01/18 |
|--------------------------|-----------------|----------|
| | Through | Through |
| | <u>06/30/18</u> | 09/30/18 |
| Regular employees | 7.92% | 8.26% |
| Senior management | 22.71% | 24.06% |
| Elected county officials | 45.50% | 48.70% |
| Special risk employees | 23.27% | 24.50% |
| DROP participants | 13.26% | 14.03% |

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the year October 1, 2017 through September 30, 2018, the total payroll for all covered employees was \$1,264,249. The retirement contributions for all employees covered by the System for the years ended September 30, 2018, 2017, 2016 were \$237,452, \$215,091, and \$199,656, respectively, which were the required contributions. For the year ended September 30, 2018, retirement contributions represented 18.78% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

The adoption of Statement No. 68 has no impact on the Calhoun County, Florida Sheriff's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 5, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Sheriff are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 6 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as fees paid by the governmental unit bear to the total fee income of the Sheriff." Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a reversion to Board of County Commissioners. The Sheriff's general fund ended this year with no excess fees.

NOTE 7 - GRANTS

The Sheriff participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2018, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

NOTE 8 - COMMON EXPENDITURES

The Calhoun County Board of County Commissioners expended approximately \$97,071 in housing for inmates incarcerated in other counties' jail facilities and healthcare costs. Housing expenditures resulted from lack of adequate inmate housing facilities at the local jail. These costs are not included in the Sheriff's accompanying statement of revenues, expenditures and changes in fund balance as they were Board expenditures.

NOTE 9 - LITIGATION AND CONTINGENT LIABILITIES

The Sheriff is involved in various litigations arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Sheriff's financial position.

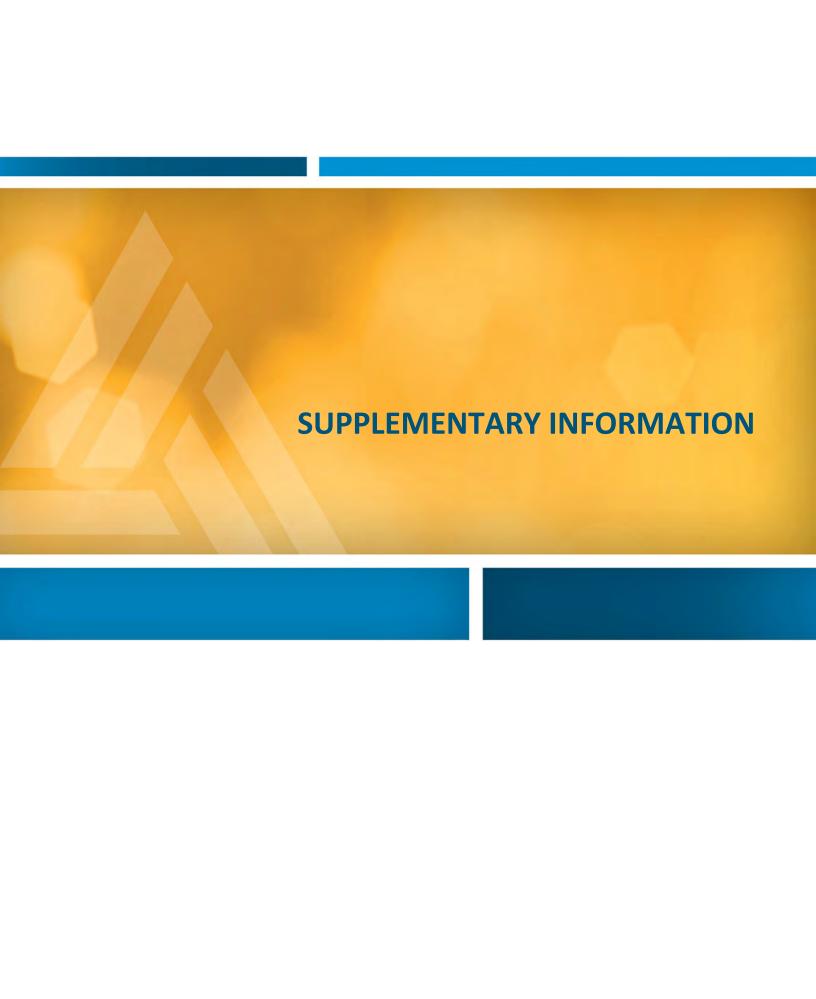
NOTE 10 - FUND BALANCE

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Sheriff had no non-spendable fund balances at September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. Restricted fund balance have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned fund balance has constraints placed on the use of resources by the Sheriff's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. For the year ended September 30, 2018, the Sheriff reported \$341,481 in restricted fund balance.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent to year end, the County, including the Sheriff's office, sustained damages to property, equipment and infrastructure as a result of Hurricane Michael. The total loss sustained is still unknown. While the Sheriff is insured, there will be uninsured losses particularly related to infrastructure. The County is seeking assistance from disaster related federal and state agencies, including the Federal Emergency Management Agency (FEMA).



Calhoun County, Florida Sheriff Combining Balance Sheet Nonmajor Governmental Funds

September 30, 2018

| | Enfo | Drug Enforcement Fund | | Contribution Fund | | Total Nonmajor Governmental Funds | |
|-------------------------------------|------|-----------------------------|----|----------------------|----|--|--|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ | 100 | \$ | 4,399 | \$ | 4,499 | |
| Total assets | \$ | 100 | \$ | 4,399 | \$ | 4,499 | |
| Liabilities | | | | | | | |
| Due to other funds | \$ | 100 | \$ | - | \$ | 100 | |
| Total liabilities | | 100 | | - | | 100 | |
| Fund balances - restricted | | - | | 4,399 | | 4,399 | |
| Total liabilities and fund balances | \$ | 100 | \$ | 4,399 | \$ | 4,499 | |

Calhoun County, Florida Sheriff Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

For the year ended September 30, 2018

| | D | * | | | | Total |
|---|-------|----------------------|----------------------|---------|-----|-------------------------------|
| | Enfor | rug cement ınd | Contribution Fund | | Gov | onmajor ernmental Funds |
| Revenues | | | | | | |
| Contributions and donations | \$ | - | \$ | 14,865 | \$ | 14,865 |
| Total revenues | | - | | 14,865 | | 14,865 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public health and safety: | | | | | | |
| Other public heath and safety | | | | | | |
| Operating expenses | | - | | 16,397 | | 16,397 |
| Total expenditures | | - | | 16,397 | | 16,397 |
| Excess of revenues (under) expenditures | | - | | (1,532) | | (1,532) |
| Net change in fund balances | | - | | (1,532) | | (1,532) |
| Fund balances - beginning | | - | | 5,931 | | 5,931 |
| Fund balances - ending | \$ | - | - \$ 4,399 | | \$ | 4,399 |





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INDEPENDENT AUDITORS' 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

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

We 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 each major fund and the aggregate remaining fund information of the Calhoun County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated June 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described below as finding 2004-002 that we consider to be a significant deficiency.

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

NEED FOR SEGREGATION OF DUTIES 2004-002

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. We also recommend the Sheriff log in to the bank's website and review the original bank statement.

STATUS: This condition continues to exist.

INMATE TRUST 2017-001 - RESOLVED

CRITERIA: The internal control environment should include controls over the safeguarding of assets including proper segregation of duties and reconciliations necessary to provide accountability for assets.

CONDITION: It was noted that collections at the jail facility related to Inmate Trust funds were not being reconciled to the underlying reports and cash collections were not being deposited in a timely manner.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommend that inmate trust fund deposits be made on a regular and timely basis and reconciled to the supporting documentation. Proper segregation of duties should be maintained between those who have custody of the funds and those performing the reconciliation.

STATUS: This condition has been resolved.

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County, Florida, Sheriff's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sheriff's Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying letter. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marianna, Florida

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

We have examined Calhoun County, Florida Sheriff (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.



INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

Mailing Address: P.O. Box 1606 Marianna, FL 32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

We have examined Calhoun County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2018. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.



INDEPENDENT AUDITORS' MANAGEMENT LETTER

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

Mailing Address: P.O. Box 1606 Marianna, FL 32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Calhoun County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2018, and have issued our report thereon dated June 3, 2019.

Auditors' Responsibility

We conducted our 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 Reporting Requirements

We have issued our Independent Auditors' 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 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 3, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant 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 except as noted under the heading Prior Year Findings and Recommendations.

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 the management letter, unless disclosed in the notes to the financial statements. The Calhoun County, Florida, Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Calhoun County, Florida Sheriff.

Honorable Glenn H. Kimbrel Sheriff Calhoun County, Florida

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us 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 our audit, we 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, and the Calhoun County, Florida Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

Calhoun County, Florida Sheriff Management's Response



Glenn H. Kimbrel

Calhoun County

State of Florida Auditor General P.O. Box 1735 Tallahassee, FL 32303

RE: Fiscal Year Audit Report 2017/2018, Management Letter Comments & Findings

Dear Sir or Madam:

Calhoun County Sheriff's Office would like to address the following audit findings:

FINDING 2004-002 - NEED FOR SEGREGATION OF DUTIES:

COMMENT:

There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets.

RECOMMENDATION:

We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. We also recommend the Sheriff log in to the bank's website and review the original bank statement.

CALHOUN CO. SHERIFF'S OFFICE RESPONSE:

Calhoun County Sheriff's Office is a very small agency (consisting of approximately 35 employees). There is one financial officer whose duties include administration assistant duties, human resources, grant writing and administration, and all of the accounting duties (budgeting, payroll, accounts payable, etc). Limited funding prohibits the hiring of additional staff to strengthen internal controls. However, the finance officer/administrative assistant is supervised directly by the sheriff. Sheriff Kimbrel will continue to monitor the finances and review bank statements each month in order to provide a measure of assurance of proper accountability and handling of the Calhoun County Sheriff's Office finances.

Please contact me if you have additional questions or concerns.

Sincerely,

20776 Central Avenue East, Suite #2 ★ Blountstown, Florida 32424 ★ www.calhounsheriff.com
Office: (850) 674-5049 / (850) 674-4275 ★ Fax (850) 674-5586

Calhoun County, Florida Property Appraiser

Financial Statements

September 30, 2018



Calhoun County, Florida Property Appraiser Table of Contents September 30, 2018

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INDEPENDENT AUDITORS' REPORT

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

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(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

Property Appraiser Calhoun County, Florida

Honorable Carla Peacock

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Calhoun County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Property Appraiser as of September 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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, where applicable, of the major fund, only for that portion of the major fund of Calhoun County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

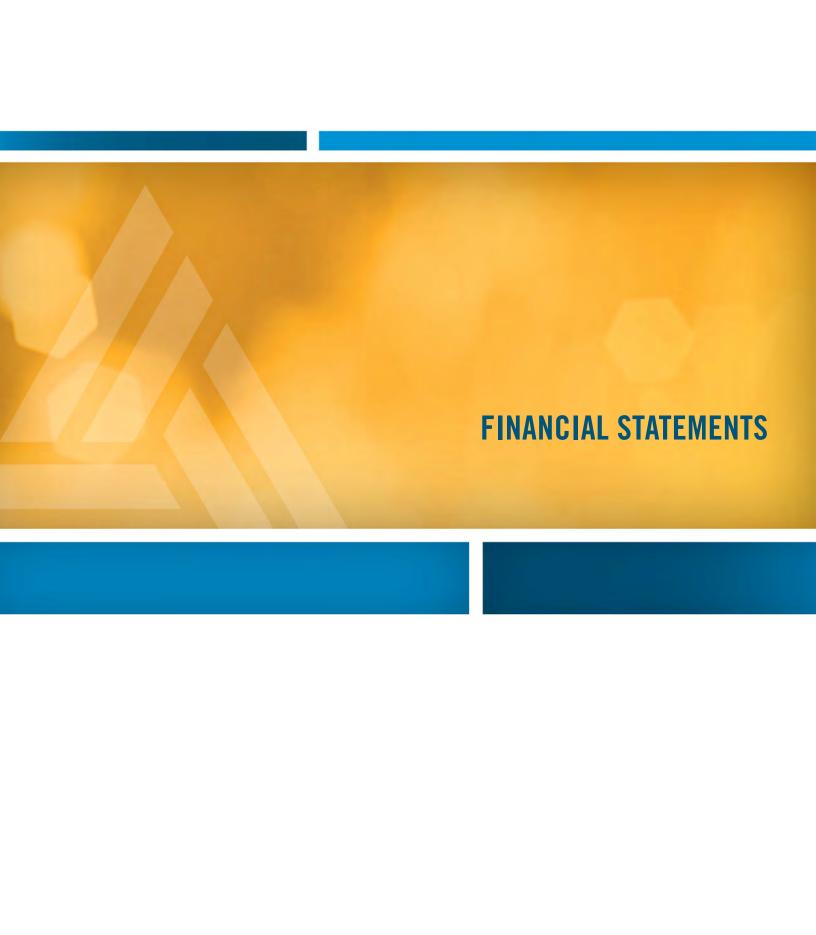
Other Reporting Required by Government Auditing Standards

Can, Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019 on our consideration of the Property Appraiser's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Property Appraiser's internal control over financial reporting and compliance.

Marianna, Florida

June 5, 2019



Calhoun County, Florida Property Appraiser Balance Sheet Governmental Funds

September 30, 2018

| | General Fund |
|---------------------------------------|-----------------|
| Assets | |
| Cash and cash equivalents | \$ 90,384 |
| Total assets | \$ 90,384 |
| | |
| Liabilities | |
| Accounts payable and accrued expenses | \$ 5,603 |
| Due to Board of County Commissioners | 84,781 |
| Total liabilities | 90,384 |
| | |
| Fund balance | |
| Total liabilities and fund balance | \$ 90,384 |

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Calhoun County, Florida Property Appraiser Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds

For the year ended September 30, 2018

| | General Fund |
|---|-----------------|
| Revenues | |
| Charge for services | \$ 900 |
| Investment earnings | 197 |
| Miscellaneous revenue | 30 |
| Total revenues | 1,127 |
| Expenditures | |
| Current: | |
| General government: | |
| Personal services | 333,534 |
| Operating expenses | 77,580 |
| <u>Capital outlay</u> | 27,586 |
| Total expenditures | 438,700 |
| Excess (deficiency) of revenues over (under) expenditures | (437,573) |
| Other financing sources (uses) | |
| Appropriations from Board of County Commissioners | 489,851 |
| Reversion to Board of County Commissioners | (84,781) |
| Net other financing sources (uses) | 405,070 |
| Net change in fund balance | (32,503) |
| Fund balance, beginning | 32,503 |
| Fund balance, ending | \$ - |

Calhoun County, Florida Property Appraiser Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund

For the year ended September 30, 2018

| | Original Budget | | Final Budget | | | | | | | Variance with Final Budget Favorable (Unfavorable | |
|---|--------------------|----|-----------------|----|-----------|----|----------|--|--|--|--|
| Revenues | | | | | | | | | | | |
| Charge for services | \$ - | \$ | - | \$ | 900 | \$ | 900 | | | | |
| Interest earnings | - | | - | | 197 | | 197 | | | | |
| Total revenues | - | | - | | 1,127 | | 1,127 | | | | |
| Expenditures | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government: | | | | | | | | | | | |
| Personal services | 398,290 | | 398,290 | | 333,534 | | 64,756 | | | | |
| Operating expenses | 88,265 | | 88,265 | | 77,580 | | 10,685 | | | | |
| Capital outlay | - | | - | | 27,586 | | (27,586) | | | | |
| Reserve for contingency | 3,296 | | 3,296 | | - | | 3,296 | | | | |
| Total expenditures | 489,851 | | 489,851 | | 438,700 | | 51,151 | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (489,851) | | (489,851) | | (437,573) | | 52,278 | | | | |
| Other financing sources (uses) | | | | | | | | | | | |
| Appropriations from Board of County Commissioners | 489,851 | | 489,851 | | 489,851 | | - | | | | |
| Reversion to Board of County Commissioners | - | | - | | (84,781) | | (84,781) | | | | |
| Net other financing sources (uses) | 489,851 | | 489,851 | | 405,070 | | (84,781) | | | | |
| Net change in fund balance | - | | - | | (32,503) | | (32,503) | | | | |
| Fund balance, beginning | 32,503 | | 32,503 | | 32,503 | | | | | | |
| Fund balance, ending | \$ 32,503 | \$ | 32,503 | \$ | - | \$ | (32,503) | | | | |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County, Florida, Property Appraiser (the "Property Appraiser") conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant principles and policies used in the preparation of these financial statements.

Reporting Entity

The Calhoun County, Florida, Property Appraiser (the "Property Appraiser") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Property Appraiser's financial statements do not purport to reflect the financial position or the results of operations of Calhoun County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Property Appraiser's office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Property Appraiser is reported as part of the primary government of Calhoun County, Florida.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of Calhoun County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the financial statements consist of only the fund level financial statements as defined in GASB No. 34, and do not include presentations of government-wide financial statements of the Property Appraiser.

The operations of the Property Appraiser are funded by the Board. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Property Appraiser's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Property Appraiser has not presented reconciliations to the government-wide financial statements, management's discussion and analysis, or the pension or the other post-employment benefit related required supplementary information. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements. 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, only for that portion of the major fund, of Calhoun County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

In preparing these financial statements, the following is reported as a major governmental fund:

General Fund - The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except those required to be accounted for in another fund.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurements made, regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to use restricted resources first, then unrestricted resources as needed.

Budgetary Requirements

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes Chapter 195.087. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments, approved by the Florida Department of Revenue and Board of County Commissioners. On or before June 1 of each year, the Property Appraiser shall submit to the Department of Revenue a budget for the operation of his office for the ensuing fiscal year. The Department of Revenue and Board of County Commissioners must approve the final budget.

Cash and Cash Equivalents

Cash and cash equivalents includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser's assets are reported in the statement of net position in the County's financial statements. The Property Appraiser maintains custodial responsibility for the capital assets used by her office.

Accumulated Compensated Absences

Permanent full-time employees of the Property Appraiser are entitled to earn sick leave and vacation time related to the length of employment with the Property Appraiser's office. The vacation time must be taken during the calendar year earned and employees with greater than ten years of service receive 25% of accrued sick leave pay upon termination.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Property Appraiser's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Fund Balance

Fund balances are classified based upon a hierarchy of the Property Appraiser's ability to control spending of these fund balances and can be classified in the following categories:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified as either restricted, committed, assigned or unassigned based on the hierarchy of the Property Appraiser's ability to control spending.

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2018, the Property Appraiser adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 had no impact on the Property Appraiser's governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Property Appraiser's financial statement as a result of the implementation of GASB 81.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Property Appraiser's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Property Appraiser's financial statements as a result of the implementation of GASB 86.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Property Appraiser upon implementation. Management has not yet evaluated the effect of implementation of these standards.

| GASB | | Effective |
|---------------|---|------------------|
| Statement No. | GASB Accounting Standard | Fiscal Year |
| | | |
| 83 | Certain Asset Retirement Obligations | 2019 |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 88 | Certain Disclosures Related to Debt, including Direct | |
| | Borrowings and Direct Placements | 2019 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest an amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

Real and Personal Property Damage Public Employees' Bond Workers' Compensation General and Automobile Liability

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2018, the carrying amount of the Property Appraiser's cash and cash equivalents was \$90,384 and the bank balance was \$107,364. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Florida Statutes authorize the Property Appraiser to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Property Appraiser to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2018, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2018, the Property Appraiser did not hold any investments.

CUSTODIAL CREDIT RISK

At September 30, 2018, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2018, the Property Appraiser did not hold any investments.

NOTE 3 - EMPLOYEE PENSION PLAN

The Property Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

| | 10/01/17 | 07/01/18 |
|---------------------------------|--------------------|---------------------|
| | Through 6/30/18 | Through 09/30/18 |
| Regular class | 7.92% | 8.26% |
| Senior management | 22.71% | 24.06% |
| Elected county officials' class | 45.50% | 48.70% |
| DROP participants | 13.26% | 14.03% |

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the year October 1, 2017 through September 30, 2018, the total payroll for all covered employees was \$233,238. The retirement contributions for all employees covered by the System for the years ended September 30, 2018, 2017 and 2016 were \$56,186, \$45,960, and \$27,812, which were the required contributions. For the year ended September 30, 2018, retirement contributions represent 24.09% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The adoption of Statement No. 68 has no impact on the Calhoun County, Florida Property Appraiser's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Property Appraiser are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the County general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures of \$84,781 are accrued and reported as a reversion to the Board of County Commissioners.





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INDEPENDENT AUDITORS' 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

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

We 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 major fund of the Calhoun County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements and have issued our report thereon dated June 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Our 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described as Finding 2018-001 that we consider to be a material weakness.

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, FINDING 2018-001

CRITERIA: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

CONDITION: Beginning fund balance was overstated by \$16,115 due to errors in posting prior year adjustments. Additionally, a monthly appropriation from the Board of County Commissioners was misclassified causing revenue and the year-end liability Due to Board of County Commissioners to be misstated by \$60,055.

CAUSE: Staff did not detect errors in financial reports or individual account balances.

EFFECT: Fund balance, board appropriations and Due to Board of County Commissioners were misstated.

RECOMMENDATION: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party assist and review all adjusting entries and year end reports for accuracy, when needed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County, Florida, Property Appraiser's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Property Appraiser's Response to Findings

The Property Appraiser's response to the findings identified in our audit is described in the accompanying letter. The Property Appraiser's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser'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.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

June 5, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

We have examined Calhoun County, Florida Property Appraiser (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

June 5, 2019



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Calhoun County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2018, and have issued our report thereon dated June 4, 2019.

Auditors' Responsibility

We conducted our 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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of 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 4, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant 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.

Honorable Carla Peacock Property Appraiser Calhoun County, Florida

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. The Calhoun County, Florida, Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Calhoun County, Florida, Property Appraiser.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we 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, and the Calhoun County, Florida Property Appraiser and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

June 5, 2019

Calhoun County, Florida Property Appraiser Management's Response



Carla T. Peacock, CFA Calhoun County Property Appraiser

June 7, 2019

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, Florida 32446

I have read and understand the issue presented to me in the annual audit of the Property Appraiser's 2017-18 budget. The following is a response to the current year findings and recommendations.

Finding 2018-001: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

Recommendation: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party assist and review all adjusting entries and year end reports for accuracy, when needed.

I agree with the auditor's findings and recommendation. I have employed a local CPA firm with over 30 years' experience in government accounting to review all financials on a monthly basis and to review all adjusting entries and year end reports to ensure accuracy and to detect any errors.

Sincerely,

Carla T. Peacock, CFA

Calhoun County Property Appraiser

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Calhoun County, Florida Supervisor of Elections

Financial Statements

September 30, 2018



Calhoun County, Florida Supervisor of Elections Table of Contents September 30, 2018

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INDEPENDENT AUDITORS' REPORT

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Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Calhoun County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Supervisor of Elections as of September 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Grant Fund 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, where applicable, of each major fund, only for that portion of each major fund, of Calhoun County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

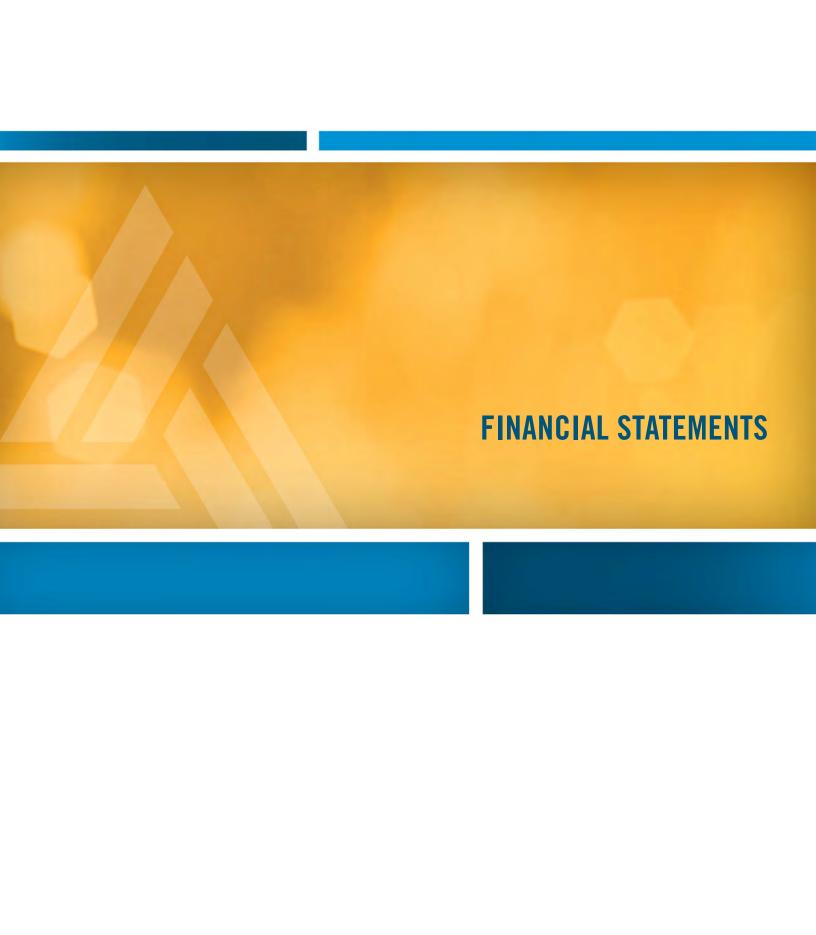
Other Reporting Required by Government Auditing Standards

Can, Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2019 on our consideration of the Supervisor of Elections' internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Supervisor of Elections' internal control over financial reporting and compliance.

Marianna, Florida

June 4, 2019



Calhoun County, Florida Supervisor of Elections Balance Sheet Governmental Funds

September 30, 2018

| | General | | | Grant Fund | Total Governmental Funds | | |
|---------------------------------------|---------|--------|----|---------------|--------------------------------|--------|--|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ | 18,848 | | 43,152 | \$ | 62,000 | |
| Total assets | \$ | 18,848 | \$ | 43,152 | \$ | 62,000 | |
| | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ | 4,501 | \$ | - | \$ | 4,501 | |
| Due to Board of County Commissioners | | 14,347 | | - | | 14,347 | |
| Unearned revenue | | - | | 42,949 | | 42,949 | |
| Total liabilities | | 18,848 | | 42,949 | | 61,797 | |
| Fund balances | | | | | | | |
| Restricted | | - | | 203 | | 203 | |
| Total fund balances | | - | | 203 | | 203 | |
| Total liabilities and fund balances | \$ | 18,848 | \$ | 43,152 | \$ | 62,000 | |

-3-

Calhoun County, Florida Supervisor of Elections Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the year ended September 30, 2018

| | General Fund | | | Grant Fund | Go | Total vernmental Funds |
|---|-----------------|-----------|----|---------------|----|------------------------------|
| Revenues | | | | | | |
| Grants | \$ | - | \$ | 34,681 | \$ | 34,681 |
| Interest income | | 136 | | 25 | | 161 |
| Other fees and miscellaneous | | - | | 200 | | 200 |
| Total revenues | | 136 | | 34,906 | | 35,042 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Personal services | | 229,620 | | - | | 229,620 |
| Operating expenses | | 72,099 | | 10,360 | | 82,459 |
| Capital outlay | | 18,900 | | 24,654 | | 43,554 |
| Total expenditures | | 320,619 | | 35,014 | | 355,633 |
| Excess (deficiency) of revenues over (under) expenditures | | (320,483) | | (108) | | (320,591) |
| Other financing sources (uses) | | | | | | |
| Appropriations from Board of County Commissioners | | 306,235 | | - | | 306,235 |
| Reversion to Board of County Commissioners | | (14,347) | | - | | (14,347) |
| Net other financing sources (uses) | | 291,888 | | - | | 291,888 |
| Net change in fund balance | | (28,595) | | (108) | | (28,703) |
| Fund balance, beginning | | 28,595 | | 311 | | 28,906 |
| Fund balance, ending | \$ | - | \$ | 203 | \$ | 203 |

Calhoun County, Florida Supervisor of Elections Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund

For the year ended September 30, 2018

| | Original Budget | Final Budget | , | Actual Amounts | Fun Fa | ance with d Budget avorable favorable) |
|---|--------------------|-----------------|----|-------------------|-----------|---|
| Revenues | | | | | | |
| Investment earnings | \$ - | \$ - | \$ | 136 | \$ | 136 |
| Total revenues | - | - | | 136 | | 136 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Personal services | 230,970 | 230,970 | | 229,620 | | 1,350 |
| Operating expenses | 70,265 | 70,265 | | 72,099 | | (1,834) |
| Capital outlay | 33,595 | 33,595 | | 18,900 | | 14,695 |
| Total expenditures | 334,830 | 334,830 | | 320,619 | | 14,211 |
| Excess (deficiency) of revenues over (under) expenditures | (334,830) | (334,830) | | (320,483) | | 14,347 |
| Other financing sources (uses) | | | | | | |
| Appropriations from Board of County Commissioners | 306,235 | 306,235 | | 306,235 | | _ |
| Reversion to Board of County Commissioners | - | - | | (14,347) | | (14,347) |
| Net other financing sources (uses) | 306,235 | 306,235 | | 291,888 | | (14,347) |
| Net change in fund balance | (28,595) | (28,595) | | (28,595) | | - |
| Fund balance - beginning | 28,595 | 28,595 | | 28,595 | | |
| Fund balance - ending | \$ | \$ - | \$ | | \$ | |

Calhoun County, Florida Supervisor of Elections Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Grant Fund

For the year ended September 30, 2018

| | Original Budget | Final Budget | | | | Fur Fa | ance with nd Budget avorable favorable) |
|---|--------------------|-----------------|---------|----|--------|-----------|--|
| Revenues | | | | | | | |
| Grants | \$ 59,370 | \$ | 59,370 | \$ | 34,681 | \$ | (24,689) |
| Investment earnings | - | | - | | 25 | | 25 |
| Other fees and miscellaneous | 200 | | 200 | | 200 | | - |
| Total revenues | 59,570 | | 59,570 | | 34,906 | | (24,664) |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government: | | | | | | | |
| Operating expenses | 10,200 | | 10,200 | | 10,360 | | (160) |
| Capital Outlay | 49,170 | | 49,170 | | 24,654 | | 24,516 |
| Total expenditures | 59,370 | | 59,370 | | 35,014 | | 24,356 |
| Excess (deficiency) of revenues over (under) expenditures | 200 | | 200 | | (108) | | (308) |
| Other financing sources (uses) | | | | | | | |
| Transfer Out | (2,830) | | (2,830) | | - | | (2,830) |
| Net other financing sources (uses) | (2,830) | | (2,830) | | - | | (2,830) |
| Net change in fund balance | (2,630) | | (2,630) | | (108) | | (3,138) |
| Fund balance - beginning | 2,830 | | 2,830 | | 311 | | |
| Fund balance - ending | \$ 200 | \$ | 200 | \$ | 203 | \$ | (3,138) |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County, Florida, Supervisor of Elections (the "Supervisor of Elections") conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

The Calhoun County, Florida, Supervisor of Elections (the "Supervisor of Elections") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Supervisor of Elections' financial statements do not purport to reflect the financial position or the results of operations of Calhoun County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Supervisor of Elections' office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections is reported as part of the primary government of Calhoun County, Florida.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of Calhoun County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Supervisor of Elections' financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Supervisor of Elections has not presented reconciliations to the government-wide financial statements, management's discussion and analysis, or the pension or the other post-employment benefit related required supplementary information. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements. 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, only for that portion of each major fund, of Calhoun County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

In preparing these financial statements, the following are reported as major governmental funds:

General Fund - The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in another fund.

Grant Fund – Special revenue fund that accounts for the grant funds received to educate the voters of Calhoun County.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurement made, regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

When both restricted and unrestricted resources are available for use, it is the Supervisor of Elections' policy to use restricted resources first, then unrestricted resources as needed.

Budgetary Requirements

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections' assets are reported in the statement of net position in the County's financial statements. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

Unearned Revenues

Unearned revenues reported in the governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

Permanent full-time employees of the Supervisor of Elections are entitled to accrue unlimited hours of sick leave based upon pay periods worked. Upon termination, employees with five years or more of service can be paid up to 30 days of unused sick time. Permanent full-time employees of the Supervisor of Elections are entitled to accrue up to a maximum of 30 days of vacation leave. Upon termination, employees can be paid up to 30 days of unused vacation time.

The Supervisor of Elections' accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Fund Balance Reporting and Governmental Fund-Type Definitions

The Supervisor of Elections follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-Type Definitions which clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 6.

Risk Management

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Supervisor of Elections participates in the risk management program through the Calhoun County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

Real and Personal Property Damage Public Employees' Bond Workers' Compensation General and Automobile Liability

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2018, the Supervisor of Elections' adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 had no impact on the Supervisor of Elections' governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Supervisor of Elections' financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Supervisor of Elections' current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Supervisor of Elections' financial statements as a result of the implementation of GASB 86.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Clerk upon implementation. Management has not yet evaluated the effect of implementation of these standards.

| GASB Statement No. | GASB Accounting Standard | Effective Fiscal Year |
|-----------------------|---|--------------------------|
| Statement No. | GASD Accounting Standard | Tiscai i cai |
| 83 | Certain Asset Retirement Obligations | 2019 |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 88 | Certain Disclosures Related to Debt, including Direct | |
| | Borrowings and Direct Placements | 2019 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest an amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2018, the carrying amount of the Supervisor of Elections' cash and cash equivalents was \$62,000 and the bank balance was \$74,020. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Supervisor of Elections to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Supervisor of Elections to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

CREDIT RISK

At September 30, 2018, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2018, the Supervisor of Elections did not hold any investments.

CUSTODIAL CREDIT RISK

At September 30, 2018, the Supervisor of Elections did not hold any deposits or investments that were considered to have custodial risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2018, the Supervisor of Elections did not hold any investments.

NOTE 3 - EMPLOYEE PENSION PLAN

The Supervisor of Election participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that both the employer and employee pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

| | 10/01/17 | 07/01/18 |
|--------------------------|----------|----------|
| | Through | Through |
| | 06/30/18 | 09/30/18 |
| Regular employees | 7.52% | 8.26% |
| Senior management | 22.71% | 24.06% |
| Elected county officials | 45.50% | 48.70% |

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2017 through September 30, 2018, the total payroll for all employees covered by the System was \$149,744. The retirement contributions for all employees' covered by the FRS for the years ended September 30, 2018, 2017 and 2016 were \$49,601, \$38,845 and \$15,255, respectively, which were the required contributions. For the year ended September 30, 2018 retirement contributions represent 33.12% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The adoption of Statement No. 68 has no impact on the Calhoun County, Florida Supervisor of Elections' governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Supervisor of Election are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the County general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures of \$14,347 are accrued and reported as a reversion to Board of County Commissioners.

NOTE 6 - FUND BALANCES

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Supervisor of Elections had no non-spendable fund balances at September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Supervisor of Election's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. Restricted fund balances have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned fund balances have constraints placed on the use of resources by the Supervisor of Election's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. For the year ended September 30, 2018, the Supervisor of Election's grant fund reports \$203 in restricted fund balance for a voter education grant.





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INDEPENDENT AUDITORS' 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

Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

We 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 each major fund of the office of the Calhoun County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements and have issued our report thereon dated June 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below as 2018-001 to be a material weakness.

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. We consider the deficiency described below as 2004-001 to be a significant deficiency.

Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

CURRENT YEAR FINDING AND RECOMMENDATION:

Preparation of GAAP-based Financial Statements, 2018-001

CRITERIA: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

CONDITION: Audit adjustments were made to correct misclassification of grant related revenues and expenditures between funds, to correct fund balance and related unearned revenue.

CAUSE: Staff were not aware of financial reporting requirements and did not detect errors in financial reports or individual account balances.

EFFECT: Grant revenue and expenditures were not accurately reported. Balances in fund balance and unearned revenue were misstated.

RECOMMENDATION: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party assist and review all adjusting entries and year end reports for accuracy, when needed.

PRIOR YEAR FINDING AND RECOMMENDATION:

Need for Segregation of Duties, 2004-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of Supervisor of Elections' assets.

CAUSE: The Supervisor of Elections' has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Supervisor of Elections' staff it is difficult to achieve ideal separation of duties. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weakness and to provide checks and balances.

STATUS: This condition continues to exist.

Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County, Florida, Supervisor of Elections' financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Supervisor of Elections' Response to Findings

Can, Rigge & Ingram, L.L.C.

The Supervisor of Elections' response to the findings identified in our audit is described in the accompanying letter. The Supervisor of Elections' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Supervisor of Elections' 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.

Marianna, Florida

June 4, 2019



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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

We have examined Calhoun County, Florida, Supervisor of Elections' (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections' complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections' complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

June 4, 2019



INDEPENDENT AUDITORS' MANAGEMENT LETTER

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Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Calhoun County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 4, 2019.

Auditors' Responsibility

We conducted our 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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of 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 May 4, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we 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 not been taken to address findings and recommendations made in the preceding annual financial audit report.

Honorable Sharon Chason Supervisor of Elections Calhoun County, Florida

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. The Calhoun County, Florida Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Calhoun County, Florida Supervisor of Elections.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us 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 our audit, we 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, and the Calhoun County, Florida Supervisor of Elections and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

June 4, 2019

Calhoun County, Florida Supervisor of Elections Management's Response



Sharon Chason Calhoun County Supervisor of Elections

June 17, 2019

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

The following is a response to the current year findings and recommendations.

Finding 2018 -001: Grant revenue and expenditures were not accurately reported. Balances in fund balance and unearned revenue were misstated.

Recommendation: All financial reports should be carefully reviewed for accuracy. Additionally, it is recommended that a third party assist and review all adjusting entries and year end reports for accuracy, when needed.

Response: The Grant Fund now has its own general ledger. Additionally, I will employ a third party to assist and review all adjusting entries and year end reports for accuracy.

Finding 2004-001: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

Recommendation: The Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weakness and to provide checks and balances.

Response: The staff of the Calhoun County Supervisor of Elections Office is limited to only the Supervisor and one employee, complete segregation of bookkeeping tasks is not possible. The supervisor and assistant supervisor verify invoices and checks as they are written confirming the totals on both the invoices and the checks. A copy each check is attached to the invoice and kept in a folder by each month.

Sincerely,

Sharon Chason

Supervisor of Elections

Calhoun County

20859 Central Avenue East, Room 117, Blountstown, Florida 32424
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Calhoun County, Florida Tax Collector

Financial Statements

September 30, 2018



Calhoun County, Florida Tax Collector Table of Contents September 30, 2018

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INDEPENDENT AUDITORS' REPORT

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Calhoun County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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, where applicable, of the major fund, and the aggregate remaining fund information, only for that portion of the major fund, and the aggregate remaining fund information, of Calhoun County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tax Collector's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

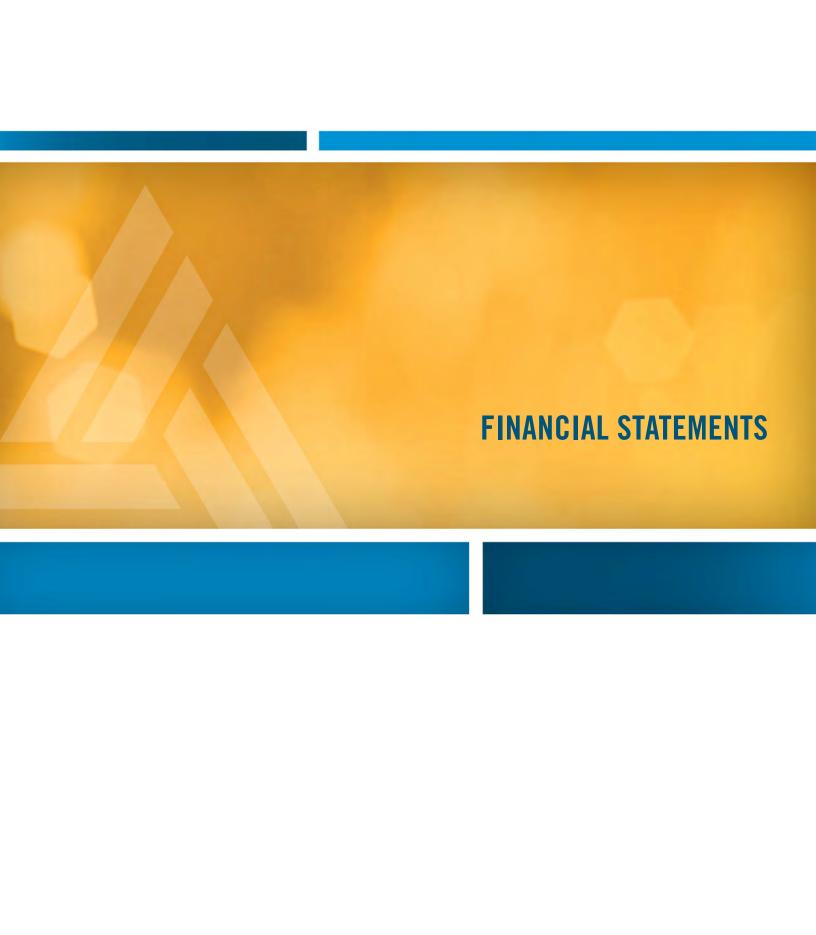
Other Reporting Required by Government Auditing Standards

Can, Rigge & Ingram, L.L.C.

In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2019 on our consideration of the Tax Collector's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Tax Collector's internal control over financial reporting and compliance.

Marianna, Florida

June 5, 2019



Calhoun County, Florida Tax Collector Balance Sheet Governmental Funds

September 30, 2018

| | General Fund | |
|--------------------------------------|-----------------|--|
| Assets | | |
| Cash and cash equivalents | \$ 59,355 | |
| Total assets | \$ 59,355 | |
| Liabilities | | |
| Accounts payable | \$ 76 | |
| Due to Board of County Commissioners | 59,279 | |
| Total liabilities | 59,355 | |
| Fund balance | - | |
| Total liabilities and fund balance | \$ 59,355 | |

Calhoun County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds

For the year ended September 30, 2018

| | • | General Fund | | | |
|---|----|-----------------|--|--|--|
| Revenues | | _ | | | |
| Miscellaneous | \$ | - | | | |
| Total revenues | | - | | | |
| Expenditures | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Personal services | | 372,806 | | | |
| Operating expenses | | 79,279 | | | |
| Total expenditures | | 452,085 | | | |
| Excess (deficiency) of revenues over (under) expenditures | | (452,085) | | | |
| Other financing sources (uses) | | | | | |
| Appropriations from Board of County Commissioners | | 470,086 | | | |
| Reversion to Board of County Commissioners | | (59,279) | | | |
| Net other financing sources (uses) | | 410,807 | | | |
| Net change in fund balance | | (41,278) | | | |
| Fund balance - beginning | | 41,278 | | | |
| Fund balance - ending | \$ | | | | |

Calhoun County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund

For the year ended September 30, 2018

| | | Original Budget | | Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) | |
|---|---|--------------------|---------|-----------------|-------------------|---|----------|
| Revenues Miscellaneous | \$ | _ | Ś | _ (| . - | Ś | _ |
| iviiscellatieous | ڔ | | ڔ | | - | ې | |
| Total revenues | | - | | - | - | | |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government: | | | | | | | |
| Personal services | | 368,944 | | 368,944 | 372,806 | | (3,862) |
| Operating expenses | | 116,142 | | 116,142 | 79,279 | | 36,863 |
| Total expenditures | | 485,086 | | 485,086 | 452,085 | | 33,001 |
| Excess (deficiency) of revenues over (under) expenditures | | (485,086) | | (485,086) | (452,085) | | 33,001 |
| Other financing sources (uses) | | | | | | | |
| Appropriations from Board of County Commissioners | propriations from Board of County Commissioners 470,086 470,086 470,0 | | 470,086 | | - | | |
| Reversion to Board of County Commissioners | | | | (59,279) | | (59,279) | |
| Net other financing sources (uses) | | 470,086 | | 470,086 | 410,807 | | (59,279) |
| Net change in fund balance | | (15,000) | | (15,000) | (41,278) | | (26,278) |
| Fund balance - beginning | | - | | - | 41,278 | | 41,278 |
| Fund balance - ending | \$ | (15,000) | \$ | (15,000) | - | \$ | 15,000 |

Calhoun County, Florida Tax Collector Statement of Fiduciary Net Position Agency Funds

September 30, 2018

| | | Agency Funds | |
|--------------------------------------|----|-----------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ | 235,557 | |
| Due from other funds | | 4 | |
| Accounts receivable | | 3,254 | |
| Total assets | \$ | 238,815 | |
| Liabilities | | | |
| Due to other funds | \$ | 4 | |
| Due to Board of County Commissioners | | 7,414 | |
| Due to other governmental units | | 231,397 | |
| Total liabilities | \$ | 238,815 | |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County, Florida, Tax Collector (the "Tax Collector") conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

The Calhoun County, Florida Tax Collector (the "Tax Collector") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Tax Collector's financial statements do not purport to reflect the financial position or the results of operations of Calhoun County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Tax Collector's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Tax Collector is reported as part of the primary government of Calhoun County, Florida.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of Calhoun County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Tax Collector.

The operations of the Tax Collector are funded by the Board. The receipts from the Board are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Tax Collector's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Tax Collector has not presented reconciliations to the governmentwide financial statements, management's discussion and analysis, or the pension or the other post-employment benefit related required supplementary information. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements. 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 fund, and the aggregate remaining fund information, of Calhoun County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Calhoun County, Florida, as of September 30, 2018, and the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

In preparing these financial statements the following is reported as a major governmental fund:

General Fund - The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Tax Collector also reported the following fund type:

Agency Funds - The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position. The Tax Collector reports the Tag and Tax as Agency funds.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Tax Collector's policy to use restricted resources first, then unrestricted resources as needed.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 195.087, detail the preparation, adoption and administration of the Tax Collectors' annual budget. The Tax Collector establishes an annual balanced budget for her office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department of Revenue and the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in capital asset accounts of the County. The Tax Collector's assets are reported in the statement of net position in the County's financial statements. The Tax Collector maintains custodial responsibility for the capital assets used by her office.

Accumulated Compensated Absences

Permanent full-time employees of the Tax Collector accrue sick leave hours based on pay periods worked with no limit on total hours accrued. Vacation time is earned depending on the length of employment and up to 120 hours may be carried forward to future years. Upon separation from employment, employees can be paid for unused sick leave and annual leave in accordance with personnel policy.

The Tax Collector's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Tax Collector participates in the risk management program through the Calhoun County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

Real and Personal Property Damage Public Employees' Bond Workers' Compensation General and Automobile Liability

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2018, the Tax Collector adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 had no impact on the Tax Collector's governmental fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 81 requires that a government that receives resources pursuant to an irrevocable splitinterest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Tax Collector's financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Tax Collector's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for insubstance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Tax Collector's financial statements as a result of the implementation of GASB 86.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Tax Collector upon implementation. Management has not yet evaluated the effect of implementation of these standards.

| GASB | | Effective |
|-------------|---|-------------|
| Statement N | o. GASB Accounting Standard | Fiscal Year |
| 0.2 | | 2010 |
| 83 | Certain Asset Retirement Obligations | 2019 |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 88 | Certain Disclosures Related to Debt, including Direct | |
| | Borrowings and Direct Placements | 2019 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest an amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

Current Taxes

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes - Sale of Tax Certificates

The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

Tax Deeds

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Court administers these sales.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Due to Others

This account is used to account for assets held by the Tax Collector in a trustee capacity for other governmental agencies or individuals.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2018, the carrying amount of the Tax Collector's cash and cash equivalents was \$294,912 and the bank balance was \$389,625. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Tax Collector to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Tax Collector to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2018, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2018, the Tax Collector did not hold any investments.

CUSTODIAL CREDIT RISK

At September 30, 2018, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2018, the Tax Collector did not hold any investments.

NOTE 3 - EMPLOYEE PENSION PLAN

The Tax Collector participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

| | 10/01/17 | 07/01/18 |
|---------------------------------|-----------------|----------|
| | Through | Through |
| | <u>06/30/18</u> | 09/30/18 |
| Regular employees | 7.92% | 8.26% |
| Senior management | 22.71% | 24.06% |
| Elected county officials' class | 45.50% | 48.70% |

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Tax Collector employees covered by the Florida Retirement System was \$256,128 for the year ended September 30, 2018. The Tax Collector's contribution to the plan for the year ended September 30, 2018, 2017, and 2016 totaled \$61,111, \$51,890 and \$49,817. These contributions represented 23.90% of covered payroll for the year ended September 30, 2018.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Calhoun County, Florida Tax Collector's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

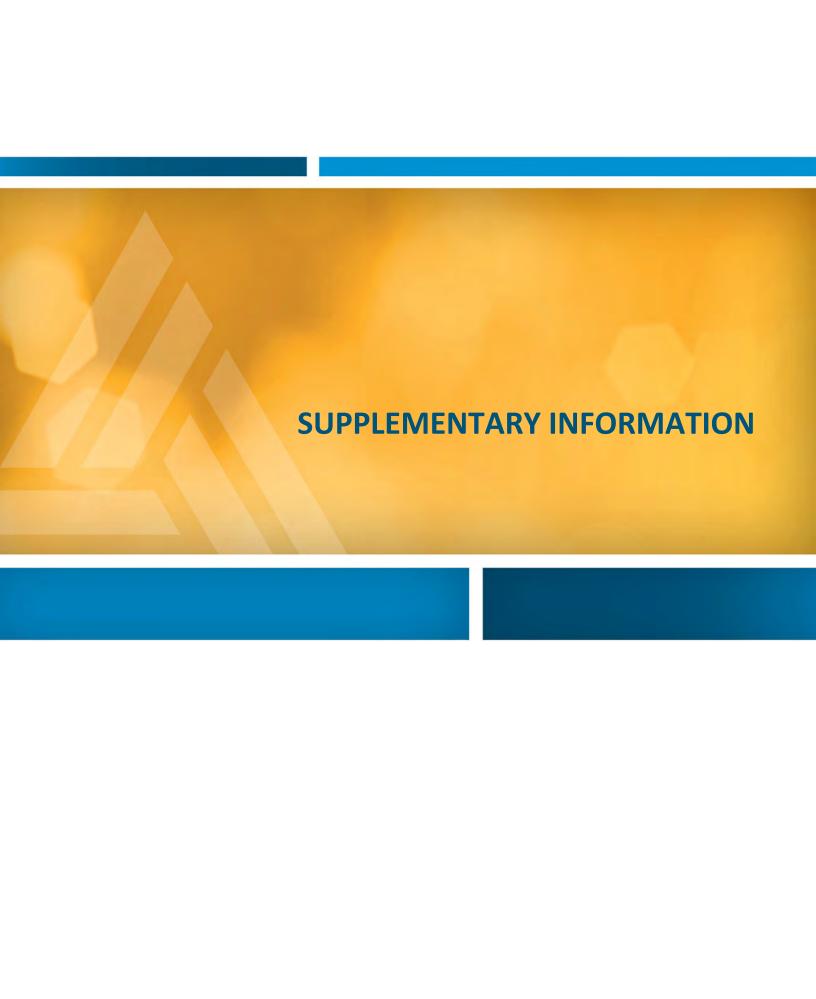
In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Tax Collector are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ended September 30, 2018, excess revenues over expenditures of \$59,279 are accrued and reported as a reversion to Board of County Commissioners.

NOTE 6 – LITIGATION AND CONTINGENT LIABILITIES

The Tax Collector is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Tax Collector's financial position.



Calhoun County, Florida Tax Collector Combining Statement of Fiduciary Net Position Agency Funds

September 30, 2018

| | | Tag | | Тах | | Total |
|--------------------------------------|----|--------|----|---------|----|---------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 41,857 | \$ | 193,700 | \$ | 235,557 |
| Due from other funds | | - | | 4 | | 4 |
| Accounts receivable | | 798 | | 2,456 | | 3,254 |
| Total assets | \$ | 42,655 | \$ | 196,160 | \$ | 238,815 |
| Liabilities | | | | | | |
| Due to other funds | \$ | 1 | \$ | | \$ | 4 |
| Due to Board of County Commissioners | ڔ | 7,251 | ٦ | 163 | ٦ | 7,414 |
| Due to other governmental units | | 35,400 | | 195,997 | | 231,397 |
| Total liabilities | \$ | 42,655 | \$ | 196,160 | \$ | 238,815 |





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INDEPENDENT AUDITORS' 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

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

We 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 major fund and aggregate remaining fund information of the Calhoun County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements and have issued our report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County, Florida, Tax Collector's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector'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.

Marianna, Florida June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

We have examined Calhoun County, Florida, Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2018. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

Report on the Financial Statements

We have audited the financial statements of the Calhoun County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2018, and have issued our report thereon dated June 5, 2019.

Auditor's Responsibility

We conducted our 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 Reporting Requirements

We have issued our 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 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 5, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Honorable Becky Trickey-Smith Tax Collector Calhoun County, Florida

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 the management letter, unless disclosed in the notes to the financial statements. The Calhoun County, Florida, Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Calhoun County, Florida, Tax Collector.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us 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 our audit, we 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, and the Calhoun County Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida

Can, Rigge & Ingram, L.L.C.

June 5, 2019