

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2018

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HAMILTON COUNTY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2018

Board of County Commissioners

District I

District II

District III

District IV

District V

Beth Burnam

Josh Smith

Robert E. Brown

Randy Ogburn, Sr.

William Mitchell

County Attorney

Clifford L. Adams

Clerk of the Circuit Court

Greg Godwin

Property Appraiser

David H. Goolsby, Jr.

Sheriff

J. Harrell Reid

Supervisor of Elections

Laura Hutto

Tax Collector

Mary Sue Adams

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HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

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**INDEPENDENT
AUDITOR'S
REPORT**

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hamilton County, Florida, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in the 2017-18 fiscal year, the County adopted new accounting guidance *GASBS No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis in Section I, analysis and budgetary comparison information in Section II pages 45-48, pension trend information on pages 49 - 52, and OPEB trend information on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamilton County, Florida's basic financial statements. The combining nonmajor fund financial statements, combining agency fund financial statement, and nonmajor budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Section 215.97 *Florida Statutes*, and is also not a required part of the basic financial statements.

The combining non-major fund financial statements, combining agency fund financial statement, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor fund financial statements, combining agency fund financial statement, and schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2019, on my consideration of the Hamilton County, Florida's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamilton County, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

HAMILTON COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2018

Our discussion and analysis of Hamilton County, Florida's (the County), financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the County's financial statements, which begin in Section II - page 1.

FINANCIAL HIGHLIGHTS

With assistance from the Florida Department of Transportation (DOT), the County continues the process of upgrading and improving its roads. Approximately \$4.92 million was expended in the fiscal year ending September 30, 2018, on County road projects. Road projects completed were as follows: Love's Connection Road, SW 79th Drive, and NW 23rd Blvd. Ongoing projects are identified as follows: SW 107th Ave, SW 55th Ave, 1st Street in White Springs, SE 141st Blvd, CR 137, CR 152 Oak Street, NW 35th Dr, NW 103rd Place, Chan Bridge Road, and NW 104th Ave.

With FEMA assistance in the amount of \$534,000, the County removed debris and repaired infrastructure due to the damage caused by Hurricane Irma.

The County closed out its federal housing grant on July 3, 2018. Housing expenditures under the grant exceeded \$560,000.

USING THIS ANNUAL REPORT

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

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

Reporting the County as a Whole

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

These two statements also report the County's net position and changes in it. The County's net position, the difference between assets and liabilities, is one way to measure the County's financial health. Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors such as changes in the County's property tax base and the condition of the County's capital assets should also be considered in assessing its overall health.

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

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

Reporting the County’s Most Significant Funds

The analysis of the County’s major funds begins in Section I, page 5. The fund financial statements begin in Section II page 4 and provide detailed information about the most significant funds not the County as a whole. Some funds are required to be established by State law. However, the Board of County Commissioners establishes other funds to help it control and manage money for particular purposes (Transportation Trust, Local Housing Assistance, and Tourist Development) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (911 Communications, Emergency Management and CDBG Grant Funds). The County’s two kinds of funds, governmental and proprietary, use different accounting approaches.

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

The County as Trustee

The County is the agent, or fiduciary, for certain payments it receives. All of the County’s fiduciary activities are reported in separate Statement of Fiduciary Assets and Liabilities in Section II page 12.

We exclude these activities from the County’s other financial statements because the County cannot use these assets to finance its operations. The County is responsible for disbursing the assets reported in these funds.

The County as a Whole

The County's governmental Net Position increased by \$6.4 million, largely the result of grant funded road projects as indicated above.

The County's business-type activities Net Position decreased approximately \$413,000. This decrease was largely due to depreciation on the water/wastewater treatment facility.

Overall the County's Net Position increased by approximately \$6 million, again, largely the result of the road construction grants.

Other liabilities within the Governmental Activities increased due to the purchase of three, 3000-gallon tanker trucks near year end in the amount of \$700,000.

Long-term liabilities increased in the Business-type Activities by approximately \$104,000. The increase was the result of the County's adjustment to the Landfill's closure and post-closure liability.

A summary of the County's Net Position follows:

Table 1
Net Position
(In Millions)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Primary Government</u> | |
|---|--------------------------------|-------------|---------------------------------|-------------|---------------------------------|-------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Statement of Net Position | | | | | | |
| Current and other assets | \$ 19.34 | \$ 17.83 | \$ 2.24 | \$ 2.17 | \$ 21.58 | \$ 20.00 |
| Capital assets | 45.19 | 39.08 | 5.06 | 5.44 | 50.25 | 44.52 |
| Total assets | 64.53 | 56.91 | 7.30 | 7.61 | 71.83 | 64.52 |
| Deferred outflows of resources | 6.71 | 6.87 | - | - | 6.71 | 6.87 |
| Total assets & deferred outflows of resources | \$ 71.24 | \$ 63.78 | \$ 7.30 | \$ 7.61 | \$ 78.54 | \$ 71.39 |
| Other liabilities | \$ 2.49 | \$ 1.87 | \$ 0.05 | \$ 0.06 | \$ 2.54 | \$ 1.93 |
| Long term liabilities | 12.19 | 12.40 | 2.08 | 1.98 | 14.27 | 14.38 |
| Total liabilities | 14.68 | 14.27 | 2.13 | 2.04 | 16.81 | 16.31 |
| Deferred inflows of resources | 3.63 | 2.97 | - | - | 3.63 | 2.97 |
| Net position: | | | | | | |
| Invested in Cap Assets | 44.46 | 38.26 | 5.06 | 5.44 | 49.52 | 43.70 |
| Restricted | 6.02 | 5.51 | - | - | 6.02 | 5.51 |
| Unrestricted | 2.45 | 2.77 | 0.11 | 0.13 | 2.56 | 2.90 |
| Total net position | 52.93 | 46.54 | 5.17 | 5.57 | 58.10 | 52.11 |
| Total liabilities, deferred inflows, and net position | \$ 71.24 | \$ 63.78 | \$ 7.30 | \$ 7.61 | \$ 78.54 | \$ 71.39 |

Governmental Activities

Revenues increased \$5.30 million. As indicated above in the financial highlights, significant road projects, largely grant funded, were either completed or ongoing resulting in revenues of \$9.43 million (vs \$4.54 in the prior year). Public safety revenues increased due to grants from the Florida Department of Management Services to the County's 911 Emergency Communications Department for the purchase and maintenance of a 911 Call System (Solacom Guardian Geodiverse). Economic environment revenues increased due to the assistance from FEMA indicated in the financial highlights for cleanup from Hurricane Irma. Local option fuel taxes decreased

approximately \$500,000 due to the placement of a Love's Truck Stop at the I75/US441 exit in Columbia County, FL.

Economic environment expenditures decreased due to the purchase of land for industrial development in the prior year - \$203,899. Human services expenditures decreased approximately \$100,000 due to prior year assistance for the expansion of the local nursing center.

Business-type Activities

Solid waste revenue increased slightly due to increased debris (tonnage) at the County's landfill from Hurricane Irma cleanup.

A summary of the changes in Net Position is below:

Table 2
Changes in Net Position
(In Millions)

| Statement of Activities | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|------------------------------|-------------------------|--------------|--------------------------|-------------|--------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Program revenues | | | | | | |
| General government | \$ 2.80 | \$ 2.84 | \$ - | \$ - | \$ 2.80 | \$ 2.84 |
| Public safety | 1.70 | 1.65 | - | - | 1.70 | 1.65 |
| Physical environment | - | 0.06 | - | - | - | 0.06 |
| Transportation | 9.43 | 4.54 | - | - | 9.43 | 4.54 |
| Economic environment | 0.93 | 0.42 | - | - | 0.93 | 0.42 |
| Human services | 0.27 | 0.24 | - | - | 0.27 | 0.24 |
| Culture/recreation | 0.41 | 0.39 | - | - | 0.41 | 0.39 |
| Court related | 0.40 | 0.35 | - | - | 0.40 | 0.35 |
| Garbage/solid waste | - | - | 0.33 | 0.24 | 0.33 | 0.24 |
| Water/wastewater | - | - | 0.14 | 0.13 | 0.14 | 0.13 |
| General revenues | | | | | | |
| Taxes | | | - | - | | |
| Ad valorem | 7.72 | 7.60 | - | - | 7.72 | 7.60 |
| Tourist development | 0.03 | 0.03 | - | - | 0.03 | 0.03 |
| Fuel - voted | 0.40 | 0.41 | - | - | 0.40 | 0.41 |
| Fuel - local option | 2.02 | 2.50 | - | - | 2.02 | 2.50 |
| Discretionary sales | 0.97 | 0.84 | - | - | 0.97 | 0.84 |
| Commx services | 0.01 | 0.02 | - | - | 0.01 | 0.02 |
| Interest | 0.04 | 0.04 | - | - | 0.04 | 0.04 |
| Miscellaneous | 0.42 | 0.32 | - | - | 0.42 | 0.32 |
| Total revenues | <u>27.55</u> | <u>22.25</u> | <u>0.47</u> | <u>0.37</u> | <u>28.02</u> | <u>22.62</u> |
| Program expenses | | | | | | |
| General government | 3.50 | 3.48 | - | - | 3.50 | 3.48 |
| Public safety | 8.40 | 7.82 | - | - | 8.40 | 7.82 |
| Physical environment | 0.18 | 0.19 | - | - | 0.18 | 0.19 |
| Transportation | 5.70 | 5.28 | - | - | 5.70 | 5.28 |
| Economic environment | 0.44 | 0.60 | - | - | 0.44 | 0.60 |
| Human services | 0.64 | 0.74 | - | - | 0.64 | 0.74 |
| Culture/recreation | 1.18 | 1.07 | - | - | 1.18 | 1.07 |
| Court related | 0.72 | 0.77 | - | - | 0.72 | 0.77 |
| Interest on long term debt | 0.02 | 0.03 | - | - | 0.02 | 0.03 |
| Garbage/solid waste | - | - | 0.63 | 0.60 | 0.63 | 0.60 |
| Water/wastewater combination | - | - | 0.40 | 0.42 | 0.40 | 0.42 |
| Total expenses | <u>20.78</u> | <u>19.98</u> | <u>1.03</u> | <u>1.02</u> | <u>21.81</u> | <u>21.00</u> |

(Table 2 continued)

| | | | | | | |
|--|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| Excess (deficiency) before extraordinary and special items and transfers | 6.77 | 2.27 | (0.56) | (0.65) | 6.21 | 1.62 |
| Special and extraordinary items and transfers | | | | | | |
| Extraordinary item | - | - | - | - | - | - |
| Special items | - | 0.11 | - | - | - | 0.11 |
| Transfers | <u>(0.15)</u> | <u>(0.20)</u> | <u>0.15</u> | <u>0.20</u> | <u>-</u> | <u>-</u> |
| Total special items and transfers | <u>(0.15)</u> | <u>(0.09)</u> | <u>0.15</u> | <u>0.20</u> | <u>-</u> | <u>0.11</u> |
| Change in net position | 6.62 | 2.18 | (0.41) | (0.45) | 6.21 | 1.73 |
| Beginning net position * | <u>46.31</u> | <u>44.36</u> | <u>5.57</u> | <u>6.02</u> | <u>51.88</u> | <u>50.38</u> |
| Ending net position | <u>\$ 52.93</u> | <u>\$ 46.54</u> | <u>\$ 5.16</u> | <u>\$ 5.57</u> | <u>\$ 58.09</u> | <u>\$ 52.11</u> |

* as adjusted

The County's Funds

The County's General Fund's Fund Balance increased approximately \$600,000. Revenue increases of \$120,000 in ad valorem taxes, FEMA grant funding of \$500,000, and increased sales tax distributions (approximately \$125,000 increase over the prior year) were largely responsible. Expenditures increased \$920,000 due to capital outlay expenditures – tanker trucks.

The Transportation Trust Fund's fund balance increased by \$331,000 even with a decrease in fuel taxes but further assisted by a decrease in debt service of \$120,000.

Overall, the governmental funds' fund balance increased \$1.1 million virtually the same as in the prior year.

The County's Enterprise Funds' Net Position decreased approximately \$449,000, the result of a \$375,000 in depreciation of plant and equipment. The landfill required additional funding from the County's General Fund in the amount of \$147,000.

See the detail below.

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

| <u>Governmental Funds</u> | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>Percent Change</u> |
|--------------------------------|-------------|-------------|------------------|-----------------------|
| Total fund balances | \$ 17.06 | \$ 15.95 | \$ 1.11 | 7.0% |
| <u>Unreserved Fund Balance</u> | | | | |
| <u>Major Funds</u> | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>Percent Change</u> |
| General | \$ 11.04 | \$ 10.44 | \$ 0.60 | 5.7% |
| Transportation Trust | 4.82 | 4.49 | 0.33 | 7.3% |

(Table 3 continued)

| Landfill Enterprise Fund Change in Net Assets: Invested in Capital Assets | | | | |
|---|-------------|-------------|------------------|-----------------------|
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>Percent Change</u> |
| \$ | 1.38 | \$ 1.47 | \$ (0.09) | -6.1% |
| Unrestricted | | | | |
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>Percent Change</u> |
| \$ | (0.48) | \$ (0.41) | \$ (0.07) | 217.1% |
| 175/SR6 Utility Fund Change in Net Assets: Invested in Capital Assets | | | | |
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>Percent Change</u> |
| \$ | 3.68 | \$ 3.97 | \$ (0.29) | -7.3% |
| Unrestricted | | | | |
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>Percent Change</u> |
| \$ | 0.58 | \$ 0.54 | \$ 0.04 | 7.4% |

GENERAL FUND BUDGETARY HIGHLIGHTS

Detailed budget reviews by the Board of County Commissioners continued in fiscal year 2017-18 to ensure that the budgeted amounts are realistic and expenditures are incurred as budgeted. Post year-end, the budget was amended to reflect unexpected revenue sources and funding needs.

General Fund's final budget exceeded the original by approximately \$295,000 due to the recognition of unanticipated receipts largely within the Sheriff's Office. The actual amounts expended were \$6.45 million less than the appropriated amounts due to budgeted reserves.

Actual receipts and balances exceeded the budgeted by \$4.59 million due to taxes (\$587,000 greater than budgeted) and budgetary fund balance (\$4.22 million greater than budgeted). Appropriations were under budget by approximately \$6.45 million due to a contingency of approximately \$6.2 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in the table below, the County has approximately \$80 million invested in capital assets such as land (including road right-of-ways), buildings, recreation facilities, landfill disposal facilities, roads, bridges, boat ramps, water/waste water facilities, and equipment. The above amount represents a net increase of \$9.33 million (additions \$9.6 million, deletions \$.25 million) over the previous year's total.

Fiscal year 2018's major additions included the following (in millions):

| | |
|--|--------|
| County Roads and recreation facilities | \$7.89 |
| Equipment (vehicles, and other) | 1.71 |

**Table 4
Capital Assets (in Millions)**

| | Governmental | | Business-type | | Totals | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 1.74 | \$ 1.74 | \$ 0.27 | \$ 0.27 | \$ 2.01 | \$ 2.01 |
| Construction in progress | 3.75 | 2.20 | - | - | 3.75 | 2.20 |
| Buildings | 9.48 | 9.42 | - | - | 9.48 | 9.42 |
| Improvements other than buildings | 53.95 | 47.61 | 9.75 | 9.75 | 63.70 | 57.36 |
| Equipment, furniture, and vehicles | <u>10.80</u> | <u>9.42</u> | <u>0.89</u> | <u>0.89</u> | <u>11.69</u> | <u>10.31</u> |
| Totals | <u>\$ 79.72</u> | <u>\$ 70.39</u> | <u>\$ 10.91</u> | <u>\$ 10.91</u> | <u>\$ 90.63</u> | <u>\$ 81.30</u> |

Capital asset additions budgeted for fiscal year 2017-18 is approximately \$500,000 (fire equipment and recreation facilities) in the General Fund and \$10.6 million in the Transportation Trust Fund (roads and equipment).

Debt

The County increased its outstanding debt slightly, even with the adoption of GASB 75's OPEB liability, due to reductions to its pension liability under GASB 68, capital leases, and compensated absences.

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

| | Governmental | | Business-type | | Totals | |
|----------------------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Est. liability for closure | \$ - | \$ - | \$ 2.08 | \$ 1.98 | \$ 2.08 | \$ 1.98 |
| Compensated absences | 0.60 | 0.71 | 0.02 | 0.02 | 0.62 | 0.73 |
| OPEB liability | 0.23 | - | - | - | 0.23 | - |
| Capital leases | 0.73 | 0.83 | - | - | 0.73 | 0.83 |
| Pension liability | <u>11.12</u> | <u>11.17</u> | <u>-</u> | <u>-</u> | <u>11.12</u> | <u>11.17</u> |
| Totals | <u>\$ 12.68</u> | <u>\$ 12.71</u> | <u>\$ 2.10</u> | <u>\$ 2.00</u> | <u>\$ 14.78</u> | <u>\$ 14.71</u> |

2017-18 BUDGET AND CURRENTLY KNOWN FACTS

2018 Budget

A summary of the County's 2018-19 budget is as follows:

General Fund – The Board of County Commissioners budgeted a cash balance forward of \$7.92 million and revenues of \$13 million. Appropriations total \$21.68 million with budgeted reserves of \$7.8 million.

Transportation Trust Fund – A cash balance forward of \$3.97 million and revenues of \$14.2 million, fund appropriations of \$18.23 million with a budgeted reserve of \$4.5 million.

Enterprise Fund – Tipping fees for landfill waste are budgeted at \$203,000. The State’s Consolidated Waste Grant is budgeted at \$90,900.

I75/SR6 Water/Wastewater Fund – utility revenues are budgeted at \$123,000 and expenses of \$114,000.

Currently Known Facts

The Board of County Commissioners is currently in the process of evaluating health care availability to promote the economic and social well-being of its residents.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

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



Josh Smith
Chairman, Hamilton County Board of County Commissioners



Greg Godwin
Clerk of the Circuit Court, Hamilton County

**BASIC
FINANCIAL STATEMENTS**

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HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2018

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> | <u>Total</u> |
|--|-----------------------------------|------------------------------------|----------------------|
| Assets | | | |
| Cash | \$ 15,653,960 | \$ 599,414 | \$ 16,253,374 |
| Accounts receivable | 492,112 | 35,398 | 527,510 |
| Allowance for doubtful accounts | (226,668) | - | (226,668) |
| Due from other governmental units | 3,347,740 | 90,909 | 3,438,649 |
| Prepaid item | 80,000 | - | 80,000 |
| Restricted assets | | | |
| Cash | - | 1,513,024 | 1,513,024 |
| Capital assets | | | |
| Land and construction in progress | 5,495,678 | 267,366 | 5,763,044 |
| Other capital assets, net of depreciation | <u>39,691,499</u> | <u>4,793,297</u> | <u>44,484,796</u> |
| Total capital assets | <u>45,187,177</u> | <u>5,060,663</u> | <u>50,247,840</u> |
| Total assets | 64,534,321 | 7,299,408 | 71,833,729 |
| Deferred outflows of resources | | | |
| Pensions | <u>6,707,786</u> | <u>-</u> | <u>6,707,786</u> |
| Total assets and deferred outflows of resources | <u>\$ 71,242,107</u> | <u>\$ 7,299,408</u> | <u>\$ 78,541,515</u> |
| Liabilities, deferred inflows of resources, and net position | | | |
| Liabilities | | | |
| Accounts payable | \$ 1,178,838 | \$ 31,327 | \$ 1,210,165 |
| Contracts payable | 746,139 | - | 746,139 |
| Due to other governmental units | 56,228 | - | 56,228 |
| Payroll withholding/taxes | 450 | - | 450 |
| Deposits | - | 1,800 | 1,800 |
| Other current liabilities | 8,135 | - | 8,135 |
| Long-term liabilities | | | |
| Due within one year | | | |
| Compensated absences | 169,540 | 21,337 | 190,877 |
| Capital leases | 326,144 | - | 326,144 |
| Due within more than one year | | | |
| Estimated liability for landfill post-closure | - | 2,083,900 | 2,083,900 |
| Compensated absences | 433,388 | - | 433,388 |
| OPEB liability | 234,081 | - | 234,081 |
| Capital leases | 402,929 | - | 402,929 |
| Pension liability | <u>11,119,529</u> | <u>-</u> | <u>11,119,529</u> |
| Total liabilities | <u>14,675,401</u> | <u>2,138,364</u> | <u>16,813,765</u> |

(Continued)

See notes to financial statements.

Section II - Page 1

HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2018

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> | <u>Total</u> |
|---|-----------------------------------|------------------------------------|----------------------|
| Deferred inflows of resources | | | |
| Deferred grant proceeds | \$ 126,816 | \$ - | \$ 126,816 |
| Pensions | <u>3,507,937</u> | <u>-</u> | <u>3,507,937</u> |
| Total deferred inflows of resources | <u>3,634,753</u> | <u>-</u> | <u>3,634,753</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 44,458,104 | 5,060,663 | 49,518,767 |
| Restricted | | | |
| Transportation | 4,825,247 | - | 4,825,247 |
| Other purposes | 1,194,754 | - | 1,194,754 |
| Unrestricted | <u>2,453,848</u> | <u>100,381</u> | <u>2,554,229</u> |
| Total net position | <u>52,931,953</u> | <u>5,161,044</u> | <u>58,092,997</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 71,242,107</u> | <u>\$ 7,299,408</u> | <u>\$ 78,541,515</u> |

HAMILTON COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities | | | | | | | |
| General government | \$ 3,503,353 | \$ 312,669 | \$ 2,486,370 | \$ 3,800 | \$ (700,514) | \$ - | \$ (700,514) |
| Public safety | 8,396,414 | 1,134,311 | 567,976 | - | (6,694,127) | - | (6,694,127) |
| Physical environment | 182,059 | - | - | - | (182,059) | - | (182,059) |
| Transportation | 5,699,246 | 11,399 | 1,715,268 | 7,698,535 | 3,725,956 | - | 3,725,956 |
| Economic environment | 437,802 | - | 926,462 | - | 488,660 | - | 488,660 |
| Human services | 640,450 | - | 272,584 | - | (367,866) | - | (367,866) |
| Culture/recreation | 1,181,119 | 62,599 | 348,122 | - | (770,398) | - | (770,398) |
| Court related | 718,593 | 361,851 | 39,708 | - | (317,034) | - | (317,034) |
| Interest on long term debt | <u>22,859</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(22,859)</u> | <u>-</u> | <u>(22,859)</u> |
| Total governmental activities | <u>20,781,895</u> | <u>1,882,829</u> | <u>6,356,490</u> | <u>7,702,335</u> | <u>(4,840,241)</u> | <u>-</u> | <u>(4,840,241)</u> |
| Business type activities | | | | | | | |
| Garbage/solid waste services | 633,950 | 242,683 | 90,909 | - | - | (300,358) | (300,358) |
| Water/wastewater combination services | <u>405,479</u> | <u>142,133</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(263,346)</u> | <u>(263,346)</u> |
| | <u>1,039,429</u> | <u>384,816</u> | <u>90,909</u> | <u>-</u> | <u>-</u> | <u>(563,704)</u> | <u>(563,704)</u> |
| Total government | <u>\$ 21,821,324</u> | <u>\$ 2,267,645</u> | <u>\$ 6,447,399</u> | <u>\$ 7,702,335</u> | <u>(4,840,241)</u> | <u>(563,704)</u> | <u>(5,403,945)</u> |
| General revenues | | | | | | | |
| Taxes | | | | | | | |
| Ad valorem | | | | | 7,721,641 | - | 7,721,641 |
| Tourist development | | | | | 29,822 | - | 29,822 |
| Fuel - voted | | | | | 399,172 | - | 399,172 |
| Fuel - local option | | | | | 2,019,870 | - | 2,019,870 |
| Discretionary sales surtax | | | | | 966,805 | - | 966,805 |
| Communications services | | | | | 14,488 | - | 14,488 |
| Interest earnings | | | | | 39,159 | 3,937 | 43,096 |
| Miscellaneous | | | | | 420,482 | - | 420,482 |
| Transfers | | | | | <u>(146,619)</u> | <u>146,619</u> | <u>-</u> |
| Total general revenues and transfers | | | | | <u>11,464,820</u> | <u>150,556</u> | <u>11,615,376</u> |
| Change in net position | | | | | <u>6,624,579</u> | <u>(413,148)</u> | <u>6,211,431</u> |
| Net position - beginning | | | | | 46,541,544 | 5,574,192 | 52,115,736 |
| Adjustment to beginning net position (Note 1.F) | | | | | <u>(234,170)</u> | <u>-</u> | <u>(234,170)</u> |
| Net position - beginning as restated | | | | | <u>46,307,374</u> | <u>5,574,192</u> | <u>51,881,566</u> |
| Net position - ending | | | | | <u>\$ 52,931,953</u> | <u>\$ 5,161,044</u> | <u>\$ 58,092,997</u> |

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2018

| | General Fund | County Transportation Trust Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--|--------------------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 11,385,429 | \$ 3,009,479 | \$ 1,253,882 | \$ 15,648,790 |
| Accounts receivable | 480,415 | 7,358 | 4,339 | 492,112 |
| Allowance for doubtful accounts | (226,668) | - | - | (226,668) |
| Interfund receivables | 42,192 | - | 3,354 | 45,546 |
| Due from other governmental units | 564,802 | 2,747,094 | 35,843 | 3,347,739 |
| Prepaid item | <u>80,000</u> | <u>-</u> | <u>-</u> | <u>80,000</u> |
| Total assets and other debits | <u>\$ 12,326,170</u> | <u>\$ 5,763,931</u> | <u>\$ 1,297,418</u> | <u>\$ 19,387,519</u> |
| | | | | |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,025,621 | \$ 147,115 | \$ 6,101 | \$ 1,178,837 |
| Contracts payable | - | 746,140 | - | 746,140 |
| Interfund payables | - | - | 40,375 | 40,375 |
| Due to other governmental units | 378 | - | 55,850 | 56,228 |
| Compensated absences | 126,310 | 43,229 | - | 169,539 |
| Payroll taxes and other withholding | 450 | - | - | 450 |
| Other current liabilities | <u>5,605</u> | <u>2,200</u> | <u>338</u> | <u>8,143</u> |
| Total liabilities | <u>1,158,364</u> | <u>938,684</u> | <u>102,664</u> | <u>2,199,712</u> |
| | | | | |
| Deferred inflows of resources | | | | |
| Deferred grant proceeds | <u>126,816</u> | <u>-</u> | <u>-</u> | <u>126,816</u> |
| | | | | |
| Fund balances | | | | |
| Nonspendable - prepaid item | 80,000 | - | - | 80,000 |
| Restricted for: | | | | |
| Transportation | - | 4,825,247 | - | 4,825,247 |
| Other purposes | - | - | 1,194,754 | 1,194,754 |
| Assigned | 112,338 | - | - | 112,338 |
| Unassigned | <u>10,848,652</u> | <u>-</u> | <u>-</u> | <u>10,848,652</u> |
| Total fund balances | <u>11,040,990</u> | <u>4,825,247</u> | <u>1,194,754</u> | <u>17,060,991</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 12,326,170</u> | <u>\$ 5,763,931</u> | <u>\$ 1,297,418</u> | <u>\$ 19,387,519</u> |

HAMILTON COUNTY, FLORIDA

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

September 30, 2018

Total fund balances for governmental funds \$ 17,060,991

Total net assets reported for governmental activities in the statement of net assets is different because of the following:

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

| | |
|--|--------------------|
| Land | 1,743,330 |
| Construction in progress | 3,752,348 |
| Buildings | 9,487,696 |
| Accumulated depreciation - buildings | (3,825,465) |
| Improvements other than buildings (infrastructure) | 53,945,628 |
| Accumulated depreciation - improvements other than buildings | (22,945,394) |
| Equipment | 10,795,997 |
| Accumulated depreciation - equipment | <u>(7,766,963)</u> |
| Total capital assets (See note 4.) | <u>45,187,177</u> |

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

| | |
|---------------------------------------|-------------|
| Deferred outflows related to pensions | 6,707,786 |
| Deferred inflows related to pensions | (3,507,937) |

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

All liabilities - both current and long-term - are reported in the statement of net assets.

Balances at September 30, 2018, are as follows:

| | |
|---|----------------------|
| Capital leases - current | (326,144) |
| Compensated absences - long-term | (433,381) |
| Capital leases - long-term | (402,929) |
| OPEB liability - long-term | (234,081) |
| Pension liability - long-term | <u>(11,119,529)</u> |
| Total long-term debt | <u>(12,516,064)</u> |
| Total net assets of governmental activities | <u>\$ 52,931,953</u> |

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2018

| | General Fund | County Transportation Trust Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|--|--------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 8,665,098 | \$ 2,419,041 | \$ 29,822 | \$ 11,113,961 |
| Licenses and permits | 83,938 | - | - | 83,938 |
| Intergovernmental revenues | 3,712,929 | 9,413,593 | 784,866 | 13,911,388 |
| Charges for services | 1,224,633 | 11,399 | 364,674 | 1,600,706 |
| Fines and forfeitures | 60,045 | - | 223,862 | 283,907 |
| Interest | 26,151 | 10,580 | 2,429 | 39,160 |
| Miscellaneous | <u>505,264</u> | <u>662</u> | <u>15,824</u> | <u>521,750</u> |
| Total revenues | <u>14,278,058</u> | <u>11,855,275</u> | <u>1,421,477</u> | <u>27,554,810</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 3,156,708 | - | 9,140 | 3,165,848 |
| Public safety | 7,210,220 | - | 408,092 | 7,618,312 |
| Physical environment | 182,059 | - | - | 182,059 |
| Transportation | 148,441 | 2,752,198 | - | 2,900,639 |
| Economic environment | - | - | 282,474 | 282,474 |
| Human services | 634,257 | - | - | 634,257 |
| Culture/recreation | 1,079,691 | - | - | 1,079,691 |
| Court related | 290,126 | - | 428,467 | 718,593 |
| Capital outlay | 1,108,311 | 8,307,089 | 182,187 | 9,597,587 |
| Debt service | | | | |
| Principal | 14,066 | 84,142 | - | 98,208 |
| Interest | <u>-</u> | <u>22,859</u> | <u>-</u> | <u>22,859</u> |
| Total expenditures | <u>13,823,879</u> | <u>11,166,288</u> | <u>1,310,360</u> | <u>26,300,527</u> |
| Excess (deficiency) of revenues over expenditures | <u>454,179</u> | <u>688,987</u> | <u>111,117</u> | <u>1,254,283</u> |

(Continued)

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2018

| | General <u>Fund</u> | County Transportation <u>Trust Fund</u> | Other Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|--------------------------------------|------------------------|---|---------------------------------------|---------------------------------------|
| Other financing sources (uses) | | | | |
| Capital lease proceeds | \$ - | \$ - | \$ - | \$ - |
| Interfund transfers in | 396,652 | - | 100,776 | 497,428 |
| Interfund transfers out | <u>(247,395)</u> | <u>(357,467)</u> | <u>(39,185)</u> | <u>(644,047)</u> |
| Total other financing sources (uses) | <u>149,257</u> | <u>(357,467)</u> | <u>61,591</u> | <u>(146,619)</u> |
| Net change in fund balances | 603,436 | 331,520 | 172,708 | 1,107,664 |
| Fund balances at beginning of year | <u>10,437,554</u> | <u>4,493,727</u> | <u>1,022,046</u> | <u>15,953,327</u> |
| Fund balances at end of year | <u>\$ 11,040,990</u> | <u>\$ 4,825,247</u> | <u>\$ 1,194,754</u> | <u>\$ 17,060,991</u> |

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds \$ 1,107,664

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

Capital outlay 9,597,587

Depreciation (3,494,618)

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

Principal reductions 98,208

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

Loss on disposal of assets (1,716)

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

FRS Pension/HIS Expense (740,866)

In governmental funds, the long-term portion of accrued annual leave and future employee benefits that will likely be paid in the future are not recorded under the modified accrual basis of accounting.

However, in the statement of net assets, the adjustment is made to salaries or the OPEB liability based on the increase or (decrease) in the liability.

OPEB benefits 89

Adjustment to accrued annual leave 58,231

Change in net position of governmental activities \$ 6,624,579

HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2018

| | <u>Landfill Enterprise</u> | <u>I75/SR6 Utility</u> | <u>Total</u> |
|---|--------------------------------|----------------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash | \$ 21,935 | \$ 577,479 | \$ 599,414 |
| Accounts receivable | 21,006 | 14,392 | 35,398 |
| Due from other governments | <u>90,909</u> | <u>-</u> | <u>90,909</u> |
| Total current assets | <u>133,850</u> | <u>591,871</u> | <u>725,721</u> |
| Noncurrent assets | | | |
| Restricted assets - expendable | | | |
| Cash | <u>1,513,024</u> | <u>-</u> | <u>1,513,024</u> |
| Capital assets | | | |
| Land | 110,391 | 156,975 | 267,366 |
| Buildings and improvements | 3,882,537 | 7,780 | 3,890,317 |
| Infrastructure | - | 5,856,702 | 5,856,702 |
| Equipment | 891,708 | - | 891,708 |
| Accumulated depreciation | <u>(3,500,869)</u> | <u>(2,344,561)</u> | <u>(5,845,430)</u> |
| Net capital assets | <u>1,383,767</u> | <u>3,676,896</u> | <u>5,060,663</u> |
| Total noncurrent assets | <u>2,896,791</u> | <u>3,676,896</u> | <u>6,573,687</u> |
| Total assets | <u>\$ 3,030,641</u> | <u>\$ 4,268,767</u> | <u>\$ 7,299,408</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 20,067 | \$ 11,260 | \$ 31,327 |
| Compensated absences | 21,337 | - | 21,337 |
| Deposits | <u>-</u> | <u>1,800</u> | <u>1,800</u> |
| Total current liabilities | 41,404 | 13,060 | 54,464 |
| Noncurrent liabilities | | | |
| Estimated liability for landfill post-closure | <u>2,083,900</u> | <u>-</u> | <u>2,083,900</u> |
| Total liabilities | <u>2,125,304</u> | <u>13,060</u> | <u>2,138,364</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 1,383,767 | 3,676,896 | 5,060,663 |
| Unrestricted | <u>(478,430)</u> | <u>578,811</u> | <u>100,381</u> |
| Total net position | <u>905,337</u> | <u>4,255,707</u> | <u>5,161,044</u> |
| Total liabilities and net position | <u>\$ 3,030,641</u> | <u>\$ 4,268,767</u> | <u>\$ 7,299,408</u> |

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2018

| | <u>Landfill Enterprise</u> | <u>I75/SR6 Utility</u> | <u>Total</u> |
|---|--------------------------------|----------------------------|---------------------|
| Operating Revenues | | | |
| Physical environment | | | |
| Garbage/solid waste revenue | \$ 242,683 | \$ - | \$ 242,683 |
| Service charges - water/waste water utilities | <u>-</u> | <u>142,133</u> | <u>142,133</u> |
| Total operating revenues | <u>242,683</u> | <u>142,133</u> | <u>384,816</u> |
| Operating Expenses | | | |
| Garbage/solid waste services | | | |
| Personal services | 240,728 | - | 240,728 |
| Operating expenses | <u>393,222</u> | <u>-</u> | <u>393,222</u> |
| Total garbage and solid waste services | <u>633,950</u> | <u>-</u> | <u>633,950</u> |
| Water-sewer Combination Services | | | |
| Operating expenses | <u>-</u> | <u>405,479</u> | <u>405,479</u> |
| Total operating expenses | <u>633,950</u> | <u>405,479</u> | <u>1,039,429</u> |
| Operating income (loss) | <u>(391,267)</u> | <u>(263,346)</u> | <u>(654,613)</u> |
| Nonoperating revenues (expenses) | | | |
| Intergovernmental revenue | | | |
| Small County Consolidated Grant | 90,909 | - | 90,909 |
| Interest revenue | <u>2,533</u> | <u>1,404</u> | <u>3,937</u> |
| Total nonoperating revenues (expenses) | <u>93,442</u> | <u>1,404</u> | <u>94,846</u> |
| Income (loss) before transfers | (297,825) | (261,942) | (559,767) |
| Transfers in | | | |
| General Fund | <u>146,619</u> | <u>-</u> | <u>146,619</u> |
| Change in net position | (151,206) | (261,942) | (413,148) |
| Net position - beginning | <u>1,056,543</u> | <u>4,517,649</u> | <u>5,574,192</u> |
| Net position - ending | <u>\$ 905,337</u> | <u>\$ 4,255,707</u> | <u>\$ 5,161,044</u> |

HAMILTON COUNTY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2018

| | <u>Landfill Enterprise</u> | <u>I75/SR6 Utility</u> | <u>Total</u> |
|--|--------------------------------|----------------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 237,707 | \$ 130,057 | \$ 367,764 |
| Cash paid to employees/employee benefits | (241,551) | - | (241,551) |
| Cash paid to suppliers/others | <u>(212,923)</u> | <u>(107,712)</u> | <u>(320,635)</u> |
| Net cash provided (used) by operating activities | <u>(216,767)</u> | <u>22,345</u> | <u>(194,422)</u> |
| Cash flows from non-capital financing activities | | | |
| State grants received | 90,909 | - | 90,909 |
| Interfund transfers | <u>146,619</u> | <u>-</u> | <u>146,619</u> |
| Cash provided by non-capital financing activities | <u>237,528</u> | <u>-</u> | <u>237,528</u> |
| Cash flows from capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities | | | |
| Purchases of certificates of deposit | (2,245) | - | (2,245) |
| Interest received | <u>2,533</u> | <u>1,404</u> | <u>3,937</u> |
| Cash provided (used) by investing activities | <u>288</u> | <u>1,404</u> | <u>1,692</u> |
| Net increase (decrease) in cash and cash equivalents | 21,049 | 23,749 | 44,798 |
| Cash and cash equivalents, beginning | <u>16,219</u> | <u>553,730</u> | <u>569,949</u> |
| Cash and cash equivalents, ending (see below) | <u>\$ 37,268</u> | <u>\$ 577,479</u> | <u>\$ 614,747</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | |
| Operating income (loss) | <u>\$ (391,267)</u> | <u>\$ (263,346)</u> | <u>\$ (654,613)</u> |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | | |
| Depreciation | 82,282 | 293,224 | 375,506 |
| (Increase) decrease in current assets | | | |
| Accounts receivable | (4,976) | (12,176) | (17,152) |
| Increase (decrease) in current liabilities | | | |
| Accounts payable | (5,441) | 4,543 | (898) |
| Accrued compensated absences | (823) | - | (823) |
| Customer deposits | - | 100 | 100 |
| Landfill closure liability | <u>103,458</u> | <u>-</u> | <u>103,458</u> |
| Total adjustments | <u>174,500</u> | <u>285,691</u> | <u>460,191</u> |
| Net cash provided (used) by operating activities | <u>\$ (216,767)</u> | <u>\$ 22,345</u> | <u>\$ (194,422)</u> |
| Cash per statement of net position | | | |
| Cash operating | \$ 21,935 | \$ 577,479 | \$ 599,414 |
| Cash restricted | <u>1,513,024</u> | <u>-</u> | <u>1,513,024</u> |
| Total cash per statement of net position | 1,534,959 | 577,479 | 2,112,438 |
| Less: Certificate of deposit | <u>(1,497,691)</u> | <u>-</u> | <u>(1,497,691)</u> |
| Cash per the statement of cash flows | <u>\$ 37,268</u> | <u>\$ 577,479</u> | <u>\$ 614,747</u> |
| Noncash transactions | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

HAMILTON COUNTY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2018

| | <u>Agency Funds</u> |
|---------------------------|---------------------|
| Assets | |
| Cash | \$ 634,409 |
| Due from State of FL | 59,362 |
| Due from others | <u>3,155</u> |
| Total assets | <u>696,926</u> |
| Liabilities | |
| Interfund payables | 5,171 |
| Due to other govt. units | 360,872 |
| Other current liabilities | |
| Due to others | <u>330,883</u> |
| Total liabilities | <u>696,926</u> |
| Net position | <u>\$ -</u> |

HAMILTON COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The entities listed below are excluded from the reporting entity:

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

B. Basis of Presentation, Basis of Accounting

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund type:

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

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Financial Statements:

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds

to be available if they are collected within six months after the end of the current fiscal period, except for property taxes, for which the period is sixty days. Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenues and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Restricted and unrestricted resources:

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

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

Cash and cash equivalents

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

Inventories

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

Capital Assets

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

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

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

Pensions

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

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

Other post-employment benefits (OPEB)

Florida Statutes 112.0801 requires that "any state agency, county, municipality, special district, community college, or district school board that provides life, health, accident, hospitalization, or annuity insurance, or all of any kinds of such insurance, for its officers and employees and their dependents upon a group insurance plan or self-insurance plan shall allow all former personnel who retired before October 1, 1987, as well as those who retire on or after such date, and their eligible dependents, the option of continuing to participate in the group insurance plan or self-insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation may be paid by the employer or by the retired employees."

As a result of the above, the County incurs an implicit cost in the provision of its health care to employees. This cost is recognized as an OPEB liability/expense.

The County's OPEB amounts are reported in a subsequent note.

Long-term Liabilities

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

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

Compensated Absences

The County accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for

governmental funds is maintained separately and represents a reconciling item between the fund and government wide presentations.

A summary of the County's policy with regards to compensated absences is as follows: full time employees are granted vacation benefits in varying amounts ranging from twelve to twenty days per year depending on length of service. Sick leave accrues to full-time, permanent employees at a rate of one day per month. Generally, after one year of service, employees are entitled to a percentage of their sick leave and accrued vacation subject to limitation.

The maximum amount of vacation leave that may be carried over annually is 240 hours. Employees who accumulate amounts in excess of the 240 hours must take time off or forfeit it. The County allows unlimited accumulation of sick leave.

Deferred Outflows/Inflows of Resources

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

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

Interfund Activity

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

Governmental Funds - Fund Balances

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

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

When restricted, assigned, and unassigned funds are available for use, the County's procedures are to use the restricted funds first, followed by the assigned funds, and then the unassigned funds.

Property Tax Calendar

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

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

Restricted Assets

The Enterprise Fund is required by Florida law to establish and maintain prescribed amounts of resources (consisting of deposits with the State Board of Administration and a certificate of deposit with First Federal Savings Bank of Florida) that can only be used to pay for post closure expenses and closure costs of its landfill. At September 30, 2018, the County had deposits of \$1,513,024 restricted for this purpose.

Estimates

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

Revenues

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

D. Restricted Net position

The government-wide statement of net position reports \$6,020,001 of restricted net position, none of which is restricted by enabling legislation.

E. Accounting Changes

Governmental Accounting Standards Board Statement (GASB) No. 75: The County implemented GASB 75 which requires employers who provide other post-employment benefits (potential insurance coverage to retirees under *Florida Statutes* 112.0801) to retirees to record the estimated cost currently. In implementing GASB 75, the County's governmental activities net position was reduced by \$234,170. See E below.

F. Prior Period Adjustment

Due to the implementation of GASB 75, the County's beginning net position was reduced as follows:

| | Governmental <u>Activities</u> | Business-type Activities |
|--|-----------------------------------|-----------------------------|
| Prior period adjustment - net position reduction | \$ 46,541,544 | \$ - |
| Beginning net position | (234,170) | - |
| Prior period adjustment | <u>46,307,374</u> | <u>-</u> |
| Adjusted beginning net position | <u>\$ 46,307,374</u> | <u>\$ -</u> |

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions - The County's cash at September 30, 2018, consists of legally authorized demand deposits in institutions, which are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, the County's deposits at September 30, 2018, are insured through the Federal Deposit Insurance Corporation and Bureau of Collateral Management, Florida Department of Financial Services.

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

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

During the year ended September 30, 2018, the County complied with the above requirements.

The County's cash deposits/investments at September 30, 2018, consisted of the following:

| <u>Deposits/investments</u> | <u>Balance</u> |
|-------------------------------------|----------------------|
| Board of County Commissioners (BCC) | \$ 16,866,657 |
| Clerk of Circuit Court | 549,719 |
| Property Appraiser | 78,814 |
| Sheriff | 671,336 |
| Supervisor of Elections | 63,443 |
| Tax Collector | <u>165,667</u> |
| Total deposits | <u>\$ 18,395,636</u> |

Chapter 218 *Florida Statutes* governs funds invested in Florida PRIME, the state's investment service for public funds. The County's deposits in Florida PRIME, a Securities and Exchange Commission Rule 2a7-like external investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value (account balance) which is amortized cost.

As of September 30, 2018, the County discloses the following relating to its investment in Florida PRIME:

| | |
|--|----------------|
| Florida Prime rating | AAAm |
| Interest rate risk disclosure | |
| Dollar weighted average days to maturity | 33 days |
| Weighted average life | 72 days |
| Foreign Currency Risk | N/A |
| Securities Lending | N/A |
| Fair value hierarchy | amortized cost |
| Fair value/amortized cost | \$20,369 |

Limitations or Restrictions on Withdrawals

Redemption Gates

Chapter 218.409(8)(a), *Florida Statutes*, states “the principal, and any part thereof, of each accounting constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for forty-eight hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility . . .”

Liquidity Fees

Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

Redemption Fees

As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to one hundred percent of their account value.

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

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

| | Board of County <u>Commissioners</u> | Clerk of <u>Courts</u> | Property <u>Appraiser</u> | <u>Sheriff</u> | Supervisor <u>of Elections</u> | Tax <u>Collector</u> | <u>Totals</u> |
|---------------------------------------|---|---------------------------|------------------------------|-------------------|-----------------------------------|-------------------------|----------------------|
| Deposits (including cert. of deposit) | \$ 16,846,288 | \$ 549,719 | \$ 78,814 | \$ 671,336 | \$ 63,443 | \$ 165,667 | \$ 18,375,267 |
| Florida Prime | <u>20,369</u> | = | = | = | = | = | <u>20,369</u> |
| Total | <u>\$ 16,866,657</u> | <u>\$ 549,719</u> | <u>\$ 78,814</u> | <u>\$ 671,336</u> | <u>\$ 63,443</u> | <u>\$ 165,667</u> | <u>\$ 18,395,636</u> |

NOTE 3. RECEIVABLES

Accounts receivable at September 30, 2018, consist of the following:

| <u>Activity</u> | <u>Miscellaneous Amounts</u> | <u>Billed Accounts</u> | <u>Totals</u> |
|-----------------|----------------------------------|----------------------------|-------------------|
| Governmental | | | |
| General | \$ 29,155 | \$ 451,260 | \$ 480,415 |
| Special Revenue | 11,697 | - | 11,697 |
| Business-type | | | |
| Enterprise | <u>-</u> | <u>35,398</u> | <u>35,398</u> |
| Totals | <u>\$ 40,852</u> | <u>\$ 486,658</u> | <u>\$ 527,510</u> |

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

| | |
|---------------------------------|-------------------|
| EMS Patient Billings | \$ 451,260 |
| Allowance for doubtful accounts | <u>(226,668)</u> |
| Net EMS receivables | <u>\$ 224,592</u> |

Due from other government units at September 30, 2018, consists of the following:

| <u>Activity</u> | <u>State of Florida</u> | <u>Hamilton County Hospital Authority</u> | <u>Total</u> |
|---|-------------------------|---|---------------------|
| Governmental | | | |
| General | \$ 506,600 | \$ 58,202 | \$ 564,802 |
| Special Revenue | 2,782,938 | - | 2,782,938 |
| Business - type | | | |
| Landfill Enterprise | <u>90,909</u> | <u>-</u> | <u>90,909</u> |
| Total governmental and Business - type | 3,380,447 | 58,202 | 3,438,649 |
| Agency | <u>59,363</u> | <u>-</u> | <u>59,363</u> |
| Totals - all | <u>\$ 3,439,810</u> | <u>\$ 58,202</u> | <u>\$ 3,498,012</u> |

NOTE 4. CAPITAL ASSETS

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

| | <u>Balance 10/1/2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 9/30/2018</u> |
|---|--------------------------|----------------------|---------------------|--------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,743,330 | \$ - | \$ - | \$ 1,743,330 |
| Construction in progress | <u>2,198,878</u> | <u>7,902,707</u> | <u>6,349,237</u> | <u>3,752,348</u> |
| Total capital assets not being depreciated | <u>3,942,208</u> | <u>7,902,707</u> | <u>6,349,237</u> | <u>5,495,678</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 9,422,505 | 65,190 | - | 9,487,695 |
| Improvements other than buildings | | | | |
| Fences | 13,126 | - | - | 13,126 |
| Industrial parks - infrastructure | 2,218,744 | - | - | 2,218,744 |
| Recreational facilities | 1,134,571 | - | - | 1,134,571 |
| Roads and bridges | 44,208,880 | 6,340,307 | - | 50,549,187 |
| Sidewalks & Canopies - Annex | 30,000 | - | - | 30,000 |
| Machinery, furniture, equipment, and vehicles | | | | |
| Board of County Commissioners | 6,945,549 | 1,378,363 | - | 8,323,912 |
| Sheriff (See Note 5.) | <u>2,473,445</u> | <u>260,257</u> | <u>261,617</u> | <u>2,472,085</u> |
| Total capital assets being depreciated | <u>66,446,820</u> | <u>8,044,117</u> | <u>261,617</u> | <u>74,229,320</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,672,843 | 152,623 | - | 3,825,466 |
| Improvements other than buildings | | | | |
| Fences | 13,157 | - | - | 13,157 |
| Industrial park - infrastructure | 546,760 | 44,375 | - | 591,135 |
| Recreational facilities | 308,221 | 68,444 | - | 376,665 |
| Roads | 19,780,581 | 2,162,855 | - | 21,943,436 |
| Sidewalks & Canopies - Annex | 19,500 | 1,500 | - | 21,000 |
| Machinery, furniture, equipment, and vehicles | | | | |
| Board of County Commissioners | 4,822,561 | 861,172 | - | 5,683,733 |
| Sheriff | <u>2,139,482</u> | <u>203,648</u> | <u>259,902</u> | <u>2,083,228</u> |
| Total accumulated depreciation | <u>31,303,105</u> | <u>3,494,617</u> | <u>259,902</u> | <u>34,537,820</u> |
| Total capital assets being depreciated net | <u>35,143,714</u> | <u>4,549,500</u> | <u>1,715</u> | <u>39,691,499</u> |
| Governmental activity capital assets, net | <u>\$ 39,085,922</u> | <u>\$ 12,452,207</u> | <u>\$ 6,350,952</u> | <u>\$ 45,187,177</u> |

| | Balance <u>10/1/2017</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>9/30/2018</u> |
|---|-----------------------------|---------------------|------------------|-----------------------------|
| Business-type activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 267,366 | \$ - | \$ - | \$ 267,366 |
| Capital assets being depreciated | | | | |
| Buildings and landfill improvements | 3,882,537 | - | - | 3,882,537 |
| Water/wastewater plant | 5,864,482 | - | - | 5,864,482 |
| Equipment | <u>891,708</u> | - | - | <u>891,708</u> |
| Total capital assets being depreciated | <u>10,638,727</u> | <u>-</u> | <u>-</u> | <u>10,638,727</u> |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 2,518,776 | 75,958 | - | 2,594,734 |
| Water/wastewater plant | 2,051,338 | 293,224 | - | 2,344,562 |
| Machinery, equipment, furniture, and vehicles | <u>899,810</u> | <u>6,323</u> | - | <u>906,133</u> |
| Total accumulated depreciation | <u>5,469,924</u> | <u>375,505</u> | <u>-</u> | <u>5,845,429</u> |
| Total capital assets being depreciated, net | <u>5,168,803</u> | <u>(375,505)</u> | <u>-</u> | <u>4,793,298</u> |
| Total business-type assets, net | <u>\$ 5,436,169</u> | <u>\$ (375,505)</u> | <u>\$ -</u> | <u>\$ 5,060,664</u> |

Depreciation expense was charged to functions as follows:

Governmental activities

Function

General Government

| | |
|----------------------------|---------------|
| Legislative | \$ 2,330 |
| Executive | 286 |
| Financial & administrative | 34,184 |
| Other general government | <u>90,732</u> |

Total general government

127,532

Public safety

| | |
|-------------------------------|---------------|
| Law enforcement | 141,230 |
| Fire control | 32,540 |
| Corrections | 59,328 |
| Protective inspections | 48 |
| Emergency and disaster relief | 44,775 |
| Ambulance and rescue services | <u>93,059</u> |

Total public safety

370,980

Transportation

| | |
|-----------------|------------------|
| Road and street | <u>2,881,598</u> |
|-----------------|------------------|

Economic environment

| | |
|----------------------|---------------|
| Industry development | <u>11,690</u> |
|----------------------|---------------|

Human services

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

Total human services

6,192

Culture/recreation

| | |
|----------------------|--------------|
| Libraries | 12,751 |
| Parks and recreation | 79,335 |
| Cultural services | <u>4,539</u> |

Total culture/recreation

96,625

Totals

\$ 3,494,617

Business-type activities

Function

Physical environment

| | |
|--------------------------------------|----------------|
| Garbage/solid waste control services | \$ 82,281 |
| Water/sewer combination services | <u>293,224</u> |

Total physical environment

\$ 375,505

NOTE 5. LONG-TERM OBLIGATIONS

CAPITAL LEASES

The County leases equipment with a historical cost and accumulated depreciation of \$1,117,922 and \$925,042, respectively. The amounts are included in the County's capital asset depreciation. Information on the County's capital leases is as follows:

Governmental Activities

- A. The Board has an installment payment agreement with Ring Investments, LLC for the purchase of two road graders. The agreements call for five annual payments of \$17,239 and a final payment of \$130,000 for each of the graders. All payments include interest of 2.8
- B. The Board has an installment payment agreement with Bancorp South Equipment Finance for the purchase of a Volvo G930c Motor Grader with a Rockland Sloper. The financing agreement requires six annual payments (for each): five in the amount of \$29,417 and a final payment of \$120,000. The payments include interest of 2.49%.
- C. The Board has an installment payment agreement with Caterpillar Financial Services Corporation for the purchase of a Caterpillar 120M road grader. The agreement requires five payments of \$15,229 and a final payment of \$125,000. The payments include interest of 3.20%.
- D. The Board has an equipment lease purchase agreement with Nationwide Capital, LLC for the purchase of twelve Model DS200 Precinct Scanners with plastic ballot box and steel door and e-Bin and 4gb jump drives. The agreement requires five payments of \$14,066. The payments do not include interest (no interest is charged).
- E. The Board has an installment payment agreement with Ring Investments, LLC for the purchase of a Caterpillar 120M2 road grader. The agreement requires five payments of \$21,113 and a final payment of \$120,000. The payments include interest of 3.20%.
- F. The Board has an installment payment agreement with Ring Investments, LLC for the purchase of a Caterpillar 120M2 road grader with scarifier. The agreement requires five payments of \$21,993 and a final payment of \$125,000. The payments include interest of 3.20%.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at September 30, 2018:

| <u>Year Ending</u> <u>September 30,</u> | <u>Governmental</u> <u>Activities</u> |
|---|--|
| 2019 | \$ 346,589 |
| 2020 | 177,172 |
| 2021 | <u>245,000</u> |
| Total minimum lease payments | 768,761 |
| Less: amount representing interest | <u>(39,688)</u> |
| Present value of future minimum lease payments | <u>\$ 729,073</u> |

Changes in Long-Term Obligations

During the year ended September 30, 2018, the following changes occurred in the County's long-term obligations:

| Governmental Activities <u>Long-term Obligations</u> | Balance | | | Balance | Amounts |
|---|----------------------|---------------------|---------------------|----------------------|-------------------|
| | October 1, | <u>Additions</u> | <u>Deletions</u> | September 30, | Due Within |
| | <u>2017</u> | | | <u>2018</u> | <u>One Year</u> |
| Capital leases | \$ 827,281 | \$ - | \$ 98,208 | \$ 729,073 | \$ 326,144 |
| Compensated absences | 683,937 | 508,842 | 589,851 | 602,928 | 169,540 |
| OPEB liability* | 234,170 | - | 89 | 234,081 | - |
| Net pension liability | <u>11,178,125</u> | <u>1,002,605</u> | <u>1,061,201</u> | <u>11,119,529</u> | <u>-</u> |
| Totals | <u>\$ 12,923,513</u> | <u>\$ 1,511,447</u> | <u>\$ 1,749,349</u> | <u>\$ 12,685,611</u> | <u>\$ 495,684</u> |

* beginning balance established via prior period adjustment

| Business-type <u>Obligations</u> | Balance | | | Balance | Amounts |
|---|---------------------|-------------------|------------------|---------------------|------------------|
| | October 1, | <u>Additions</u> | <u>Deletions</u> | September 30, | Due Within |
| | <u>2017</u> | | | <u>2018</u> | <u>One Year</u> |
| Estimated liability for landfill closure | \$ 1,980,442 | \$ 103,458 | \$ - | \$ 2,083,900 | \$ - |
| Compensated absences | <u>22,160</u> | <u>17,376</u> | <u>18,199</u> | <u>21,337</u> | <u>21,337</u> |
| | <u>\$ 2,002,602</u> | <u>\$ 120,834</u> | <u>\$ 18,199</u> | <u>\$ 2,105,237</u> | <u>\$ 21,337</u> |

NOTE 6. INTERFUND ACTIVITIES

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

| <u>Major Funds</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-----------------------------|----------------------------------|-------------------------------|
| General | \$ 42,192 | \$ - |
| Transportation Trust | <u>-</u> | <u>-</u> |
| Total major funds | <u>42,192</u> | <u>-</u> |
| <u>Nonmajor Funds</u> | | |
| Fine and Forfeiture (BCC) | 3,354 | - |
| Emergency Management Fund | - | - |
| 911 Communications Fund | - | 33,109 |
| CDBG | - | 7,266 |
| Fine and Forfeiture (Clerk) | <u>-</u> | <u>-</u> |
| Total nonmajor funds | <u>3,354</u> | <u>40,375</u> |
| <u>Agency Funds</u> | <u>-</u> | <u>5,171</u> |
| Total all funds | <u>\$ 45,546</u> | <u>\$ 45,546</u> |

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

Interfund transfers made during the year ended September 30, 2018, were as follows:

| <u>Major Funds</u> | <u>Interfund Transfer In</u> | <u>Interfund Transfers Out</u> |
|---------------------------|----------------------------------|------------------------------------|
| General | \$ 396,652 | \$ 247,395 |
| Transportation Trust | - | 357,467 |
| Landfill Enterprise | 146,619 | - |
| Total major funds | <u>543,271</u> | <u>604,862</u> |
| <u>Nonmajor Funds</u> | | |
| Fine and Forfeiture (BCC) | - | 39,185 |
| CDBG | 37,076 | - |
| Emergency Management | 63,700 | - |
| Total nonmajor funds | <u>100,776</u> | <u>39,185</u> |
| Total all funds | <u>\$ 644,047</u> | <u>\$ 644,047</u> |

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

NOTE 7. INTERFUND ELIMINATIONS

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

| | <u>Interfund</u> | |
|-------------------------|-------------------|--------------------|
| | <u>Payables</u> | <u>Receivables</u> |
| HCBC | \$ - | \$ 314,676 |
| Clerk of Courts | 104,757 | - |
| Property Appraiser | 78,814 | - |
| Sheriff | 87,536 | - |
| Supervisor of Elections | 174 | - |
| Tax Collector | 43,395 | - |
| Totals | <u>\$ 314,676</u> | <u>\$ 314,676</u> |

| | <u>Interfund</u> | |
|-------------------------|---------------------|----------------------|
| | <u>Transfers in</u> | <u>Transfers out</u> |
| HCBC | \$ - | \$ 6,189,339 |
| Clerk of Courts | 218,846 | - |
| Property Appraiser | 664,327 | - |
| Sheriff | 5,011,212 | - |
| Supervisor of Elections | 283,924 | - |
| Tax Collector | 11,030 | - |
| Totals | <u>\$ 6,189,339</u> | <u>\$ 6,189,339</u> |

NOTE 8. LANDFILL CLOSURE AND POSTCLOSURE COST

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

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

At September 30, 2018, \$1,620,689 is reported as the landfill closure and post-closure care liability based on 100% of the Landfill's North and South Cells' capacity having been used at September 30, 2018, and recognition of \$249,348 in closure costs (29.33% of capacity filled) and \$213,865 post-closure costs of the County's Class III cell.

For the South Cell (North Cell is no longer required to escrow funds for next year's expenses), the amount of \$1,620,687 represents the total cumulative liability including an annual adjustment for inflation – no additional amounts remain to be recognized except for annual inflation adjustments.

For the Class III Cell, closure costs of \$600,877 and post-closure costs of \$515,369 are yet to be recognized. The estimated remaining life of the Class III landfill is thirty-four years. The estimated amounts are based on what it would cost to perform all closure and annual post-closure care in 2018. Actual costs of post-closure care and closure may be higher because of inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to an escrow account to finance closure. The County is in compliance with these requirements, and at September 30, 2018, restricted deposits of \$1,513,024 were held for this purpose. The deposits are reported as restricted assets on the Proprietary Funds' Statement of Net position.

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

NOTE 9. FUND BALANCE REPORTING

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

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

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

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

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

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

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

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

Nonspendable

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

Spendable

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

In accordance with GASB 54, the Board of County Commissioners has assigned fund balance in an amount equivalent to the excess of expected expenditures over expected revenues in the County’s General Fund budget for the 2018-19 fiscal year. See below.

At September 30, 2018, the unassigned general fund balance was \$10,848,652 or seventy-eight percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2018, is as follows:

| Description | General Fund | Transportation Trust Fund | Other Governmental Funds | Total Governmental Funds | Restriction/Purpose |
|-----------------------------|----------------------|------------------------------|--------------------------------|--------------------------------|---|
| Fund balances: | | | | | |
| Nonspendable | | | | | |
| Prepaid item | \$ 80,000 | \$ - | \$ - | \$ 80,000 | GASBS No. 54 |
| Restricted for: | | | | | |
| Transportation | - | 4,825,247 | - | 4,825,247 | Florida Statutes Chapters 206 and 207 |
| Other purposes: | | | | | |
| Fine & Forfeiture | - | - | 349,005 | 349,005 | Florida Statutes 938.15, 932.704, 775.083 |
| SHIP | - | - | 195,894 | 195,894 | Florida Statutes 420.9072 |
| Tourist Development | - | - | 15,877 | 15,877 | Florida Statutes 125.0104 |
| Public Record Modernization | - | - | 15,397 | 15,397 | Florida Statutes 28.24 |
| Inmate Welfare | - | - | 57,362 | 57,362 | Florida Statutes 951.23 |
| 911 Communications | - | - | 561,219 | 561,219 | Florida Statutes 365.172 |
| Assigned | 112,338 | - | - | 112,338 | GASBS No. 54 |
| Unassigned | <u>10,848,652</u> | <u>-</u> | <u>-</u> | <u>10,848,652</u> | - |
| Total fund balance | <u>\$ 11,040,990</u> | <u>\$ 4,825,247</u> | <u>\$ 1,194,754</u> | <u>\$ 17,060,991</u> | |

NOTE 10. CONTINGENT LIABILITIES

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

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

NOTE 11. RISK MANAGEMENT

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

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

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

NOTE 12. FLORIDA RETIREMENT SYSTEM (FRS) - DEFINED BENEFIT PENSION PLAN

General Information

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

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans

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

The County's pension expense, FRS \$688,909 and HIS \$51,956 totaled \$740,865, for the fiscal year ended September 30, 2018.

FRS Pension Plan:

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

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

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

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

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

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

All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk that are eligible for normal retirement benefits at age 60 or at any age after 30 years of service.

Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a

percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment.

The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

| Class | <u>Percent of Gross Salary</u> | | <u>Total</u> |
|---|--------------------------------|---------------------|--------------------------|
| | <u>Employee</u> | <u>Employer (1)</u> | <u>Contribution Rate</u> |
| FRS, Regular | 3.00% | 6.20% | 9.20% |
| FRS, Elected County Officers | 3.00% | 43.78% | 46.78% |
| FRS, Senior Management Service | 3.00% | 20.99% | 23.99% |
| FRS, Special Risk Regular | 3.00% | 21.55% | 24.55% |
| FRS, Special Risk Administrative | 3.00% | 32.91% | 35.91% |
| DROP - Applicable to member from all of the above classes | 0.00% | 11.60% | 11.60% |

Notes

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

The County's contributions, including employee contributions, to the Plan totaled \$878,381 for the fiscal year ended September 30, 2018, and were as follows:

| | FRS | | |
|-------------------------------|-------------------|-------------------|-------------------|
| | <u>Employer</u> | <u>Employee</u> | <u>Total</u> |
| Board of County Commissioners | \$ 249,052 | \$ 69,957 | \$ 319,009 |
| Clerk of Courts | 80,673 | 11,803 | 92,476 |
| Property Appraiser | 32,497 | 4,598 | 37,095 |
| Sheriff | 303,866 | 44,681 | 348,547 |
| Supervisor of Elections | 46,756 | 4,076 | 50,832 |
| Tax Collector | 26,852 | 3,570 | 30,422 |
| | <u>\$ 739,696</u> | <u>\$ 138,685</u> | <u>\$ 878,381</u> |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2018, the County reported a liability of \$8,903,739 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportionate shares and increases from its proportionate shares measured as of June 30, 2017, were as follows:

| Hamilton County | <u>End 06-30-17</u> | <u>End 06-30-18</u> | <u>Increase/(Decrease)</u> |
|-------------------------------|---------------------|---------------------|----------------------------|
| Clerk of the Circuit Court | 0.003234135% | 0.003086540% | -0.000147594% |
| Board of County Commissioners | 0.010517618% | 0.010366971% | -0.000150646% |
| Property Appraiser | 0.001076078% | 0.001096695% | 0.000020618% |
| Tax Collector | 0.001891213% | 0.000950645% | -0.000940568% |
| Sheriff | 0.012667529% | 0.012477670% | -0.000189859% |
| Supervisor of Elections | 0.000855265% | 0.001592007% | 0.000736742% |

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$688,909. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| FRS <u>Description</u> | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ (66,427) | \$ 22,166 |
| Changes in assumptions | (95,955) | - |
| Investments | - | (466,471) |
| Employer specific changes in proportion | (247) | (142,737) |
| County FRS contributions subsequent to the measurement date | 19,155 | - |
| Total | <u>\$ (143,474)</u> | <u>\$ (587,042)</u> |

The deferred outflows of resources related to pensions, totaling \$219,363, resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred

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

| Hamilton County | Fiscal year ending September 30, | | | | | |
|-------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>Thereafter</u> |
| Clerk of Courts | \$ (4,112) | \$ (4,112) | \$ (4,112) | \$ (4,112) | \$ (4,112) | \$ (1,645) |
| Board of County Commissioners | (4,197) | (4,197) | (4,197) | (4,197) | (4,197) | (1,679) |
| Property Appraiser | 574 | 574 | 574 | 574 | 574 | 230 |
| Tax Collector | (26,205) | (26,205) | (26,205) | (26,205) | (26,205) | (10,482) |
| Sheriff | (5,290) | (5,290) | (5,290) | (5,290) | (5,290) | (2,116) |
| Supervisor of Elections | 20,526 | 20,526 | 20,526 | 20,526 | 20,526 | 8,211 |

Actuarial Assumptions: The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.60 percent |
| Salary increases | 3.25 percent, average, including inflation |
| Investment rate of return | 7.00 percent |

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

The actuarial assumptions used were developed as of a June 30, 2018, measurement date and are based on an actuarial valuation date of June 30, 2018. Valuations are performed annually.

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

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

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

Discount Rate: The discount rate used to measure the total pension liability was 7.00 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of

the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease <u>6.00%</u> | Current Discount <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---|-----------------------------|----------------------------------|-----------------------------|
| County's proportionate share of the net pension liability | <u>\$16,249,697.12</u> | <u>\$ 8,903,739</u> | <u>\$ 2,802,486.50</u> |

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

Payables to the Pension Plan: At September 30, 2018, the County and Constitutional Officers reported no amounts owed for contributions to the Plan required for the fiscal year ended September 30, 2018.

HIS Pension Plan

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

Benefits Provided: For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$113,229 for the fiscal year ended September 30, 2018, and were as follows:

| | HIS | | |
|-------------------------------|---------------|---------------|----------------|
| | <u>FRS</u> | <u>Inv</u> | <u>Total</u> |
| Hamilton County, FL | | | |
| Board of County Commissioners | \$ 40,664 | \$ 7,045 | \$ 47,709 |
| Clerk of Courts | 7,346 | 1,866 | 9,212 |
| Property Appraiser | 5,324 | - | 5,324 |
| Sheriff | 34,191 | 10,350 | 44,541 |
| Supervisor of Elections | 2,256 | - | 2,256 |
| Tax Collector | <u>3,662</u> | <u>525</u> | <u>4,187</u> |
| Total HIS contributions | <u>93,443</u> | <u>19,786</u> | <u>113,229</u> |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, the County reported a net pension liability of \$2,215,790 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the June 30, 2018, fiscal year contributions of all participating members.

At June 30, 2018, the County's proportionate shares and increases from its proportionate shares measured as of June 30, 2017, were as follows:

| Hamilton County | <u>End 06-30-17</u> | <u>End 06-30-18</u> | <u>Increase/(Decrease)</u> |
|-------------------------------|---------------------|---------------------|----------------------------|
| Clerk of the Circuit Court | 0.001819038% | 0.001702053% | (0.00000117) |
| Board of County Commissioners | 0.008546309% | 0.008764667% | 0.00000218 |
| Property Appraiser | 0.001045558% | 0.000981181% | (0.00000064) |
| Tax Collector | 0.000766299% | 0.000766974% | 0.00000001 |
| Sheriff | 0.008413340% | 0.008309492% | (0.00000104) |
| Supervisor of Elections | 0.000291215% | 0.000410657% | 0.00000119 |

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$51,956. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>HIS</u> <u>Description</u> | <u>Deferred outflows</u> <u>of resources</u> | <u>Deferred inflows</u> <u>of resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 33,923 | \$ 885 |
| Changes in assumptions | (67,428) | (41,200) |
| Investments | 98 | - |
| Employer specific changes in proportion | 14,706 | (9,944) |
| County FRS contributions subsequent to the measurement date | 14 | - |
| Total | <u>\$ (18,687)</u> | <u>\$ (50,259)</u> |

The deferred outflows of resources, totaling \$28,319 was related to pensions resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Hamilton County | Fiscal year ending September 30, | | | | | |
|-------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>Thereafter</u> |
| Clerk of the Circuit Court | \$ (1,646) | \$ (1,646) | \$ (1,646) | \$ (1,646) | \$ (1,646) | \$ (1,975) |
| Board of County Commissioners | 3,072 | 3,072 | 3,072 | 3,072 | 3,072 | 3,687 |
| Property Appraiser | (906) | (906) | (906) | (906) | (906) | (1,087) |
| Tax Collector | 9 | 9 | 9 | 9 | 9 | 11 |
| Sheriff | (1,461) | (1,461) | (1,461) | (1,461) | (1,461) | (1,753) |
| Supervisor of Elections | 1,681 | 1,681 | 1,681 | 1,681 | 1,681 | 2,017 |

Actuarial Assumptions The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|--|
| Inflation | 2.60 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Municipal Bond Rate | 3.87 percent |

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation was developed as of a June 30, 2018, measurement date, based on an actuarial of June 30, 2018. HIS plan valuations occur on a biennial basis.

Discount Rate The discount rate used to measure the total pension liability was 3.87 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87 percent) or 1 percentage-point higher (4.87 percent) than the current rate:

| | 1% Decrease <u>2.87%</u> | Current Discount <u>3.87%</u> | 1% Increase <u>4.87%</u> |
|---|-----------------------------|----------------------------------|-----------------------------|
| County's proportionate share of the net pension liability | <u>\$ 2,543,004.45</u> | <u>\$ 2,232,779</u> | <u>\$ 1,974,188.11</u> |

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

Payables to the Pension Plan at September 30, 2018, the County reported a payable of \$0 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan.

Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms,

including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The County's Investment Plan pension expense totaled \$225,526 for the fiscal year ended September 30, 2018, and was as follows:

| | <u>Inv</u> | | | |
|-------------------------------|-------------------|------------------|---------------|-------------------|
| | <u>Retirement</u> | <u>HIS</u> | <u>PEORP</u> | <u>Total</u> |
| Hamilton County, FL | | | | |
| Board of County Commissioners | \$ 79,986 | \$ 7,045 | \$ 255 | \$ 87,286 |
| Clerk of Courts | 12,623 | 1,866 | 67 | 14,556 |
| Property Appraiser | - | - | - | - |
| Sheriff | 110,426 | 10,350 | 374 | 121,150 |
| Supervisor of Elections | - | - | - | - |
| Tax Collector | 1,990 | 525 | 19 | 2,534 |
| Total HIS contributions | <u>\$ 205,025</u> | <u>\$ 19,786</u> | <u>\$ 715</u> | <u>\$ 225,526</u> |

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information

Plan description

Hamilton County, Florida, sponsors and administers the single-employer OPEB unfunded plan. The plan covers 142 active employees, five inactive employees and beneficiaries currently receiving benefits, and no inactive employees entitled to and not yet receiving benefits. The County's retirees' contribution requirement is an amount determined periodically by the County equal to one hundred percent of the applicable health insurance premium charged by the insurance carrier. There are no minimum required employer contributions. No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4 to pay for related benefits.

Benefits provided

Benefits are provided to regular, full-time employees of the County. Benefits provided are post-retirement medical benefits. The plan provides for post-retirement medical coverage to eligible employees under the same fully-insured plan that covers active employees. No explicit subsidy is provided to retirees. *Florida Statutes* 112.0801 requires the County to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage. There were no changes in benefit terms from the prior measurement date.

Total OPEB Liability

The County's total OPEB liability of \$234,081, was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the September 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Discount rate | 3.64% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date. |
| Salary increases | 3.00% per annum |
| Cost of living increases | Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates. |
| Healthcare cost trend rates | Increases in healthcare costs are assumed to be 8.00% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years. |
| Age related morbidity | Healthcare costs are assumed to increase at the rate of 3.50% for each year of age. |
| Implied subsidy | Because the insurance carrier charges the same monthly rate for health insurance regardless of age an implied monthly subsidy of \$350.00 per individual has been assumed at age 62 for the 2017/18 fiscal year. At other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65. |
| Mortality basis | Sex-distinct rates set forth in the RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table |

| | |
|------------------------|---|
| Retirement | For general employees, retirement is assumed to occur at age 62. For firefighters and police officers, retirement is assumed to occur at age 55. |
| Other decrements | Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers). |
| Covered election | 50% of eligible employees are assumed to elect medical coverage upon retirement or disability, with one-third of electing retirees also covering their spouse. |
| Spouses and dependents | Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children. |
| COBRA | Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period. |
| Changes | No assumptions were changed since the prior measurement date |

Net OPEB liability at September 30, 2018:

| | | |
|-----------------------------|----|----------------|
| Total OPEB liability * | \$ | 234,081 |
| Less fiduciary net position | | <u>-</u> |
| Net OPEB liability ** | \$ | <u>234,081</u> |

* rolled forward from October 1, 2017

** recognized as follows:

| | | |
|---|----|----------------|
| Long-term obligations governmental activities | \$ | <u>234,081</u> |
|---|----|----------------|

OPEB expense for Year Ending September 30, 2018

| | | |
|---|----|-------------|
| Service cost | \$ | 8,313 |
| Other recognized changes in net pension | | |
| Expected interest growth | | 8,521 |
| Investment gain/loss | | - |
| Demographic gain/loss | | - |
| Employee contributions | | - |
| Benefit payments & refunds | | (16,923) |
| Administrative expenses | | - |
| Changes in benefit terms | | - |
| Assumption changes | | <u>-</u> |
| OPEB expense * | \$ | <u>(89)</u> |

* expense recognized as follows:

| | | |
|--|----|-------------|
| Statement of Activities - governmental | \$ | <u>(89)</u> |
|--|----|-------------|

Deferred Inflows of Resources and Deferred Inflows of Resources Related to OPEB

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|----------------------------------|---|--|
| Balance as of September 30, 2017 | \$ - | \$ - |
| Change due to: | | |
| Amortization payments | - | - |
| Investment gain/loss | - | - |
| Demographic gain/loss | - | - |
| Assumption changes | - | - |
| Total change | - | - |
| Balance as of September 30, 2018 | <u>\$ -</u> | <u>\$ -</u> |

There were no deferred outflows or inflows to be recorded in the County's financials due to the OPEB benefits.

Balance Equation

| | |
|--|-------------------|
| Net OPEB liability as of September 30, 2017 | \$ 234,170 |
| Plus OPEB expense for the year ending September 30, 2018 | (89) |
| Minus employer contribution for the year ending September 30, 2018 | - |
| Plus change in balance of deferred outflows of resources | - |
| Minus change in balance of deferred inflows of resources | - |
| Net OPEB liability as of September 30, 2018 | <u>\$ 234,081</u> |

| Changes in the net OPEB liability | <u>Total OPEB Liability</u> | <u>Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
|--|---------------------------------|-----------------------------------|-------------------------------|
| Balance as of September 30, 2017 | \$ 234,170 | \$ - | \$ 234,170 |
| Change due to: | | | |
| Service cost | 8,313 | - | 8,313 |
| Expected interest growth | 8,521 | - | 8,521 |
| Unexpected investment income | - | - | - |
| Demographic experience | - | - | - |
| Employer contributions | - | - | - |
| Employee contributions | - | - | - |
| Benefit payments & refunds | (16,923) | - | (16,923) |
| Administrative expenses | - | - | - |
| Changes in benefit terms | - | - | - |
| Assumption changes | - | - | - |
| Balance as of September 30, 2018 | <u>\$ 234,081</u> | <u>\$ -</u> | <u>\$ 234,081</u> |

Comparison of net OPEB liability using alternative discount rates

| | <u>Discount Rate minus 1.00%</u> | <u>3.64% Discount Rate</u> | <u>Discount Rate plus 1.00%</u> |
|-----------------------------|----------------------------------|----------------------------|---------------------------------|
| Total OPEB liability | \$ 251,298 | \$ 234,081 | \$ 218,597 |
| Less fiduciary net position | - | - | - |
| Net OPEB liability | <u>\$ 251,298</u> | <u>\$ 234,081</u> | <u>\$ 218,597</u> |

Comparison of net OPEB liability using Alternative Healthcare Cost Trend Rates

| | <u>Trend rates minus 1.00%</u> | <u>8.00% graded down to 5.00%</u> | <u>Trend rates plus 1.00%</u> |
|-----------------------------|--------------------------------|---------------------------------------|-------------------------------|
| Total OPEB liability | \$ 214,692 | \$ 234,081 | \$ 256,312 |
| Less fiduciary net position | - | - | - |
| Net OPEB liability | <u>\$ 114,582</u> | <u>\$ 128,302</u> | <u>\$ 145,064</u> |

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. COMMITMENTS

At September 30, 2018, the County had the following construction related commitments:

| <u>Construction Contractor</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Paid through September 30, 2018</u> | <u>Remaining Balance</u> |
|--|-------------------------|------------------------|--|------------------------------|
| Anderson Columbia | CR 152 | \$ 2,222,240 | \$ 202,570 | \$ 2,019,670 |
| Anderson Columbia | SE 141st Blvd | 978,785 | - | 978,785 |
| Anderson Columbia | CR 137 | 2,456,808 | 2,332,331 | 124,477 |
| Anderson Columbia | SW 107th Ave | 429,064 | 414,103 | 14,961 |
| The Scruggs Company | Oak Street | 355,051 | - | 355,051 |
| Anderson Columbia | SW 55th | 1,276,926 | - | 1,276,926 |
| Gray Construction | Courthouse Improvements | 129,887 | - | 129,887 |
| | | | | |
| <u>Administrative & Engineering Services</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Paid through September 30, 2018</u> | <u>Remaining Balance</u> |
| North Florida Professional Services, Inc. | SW 55th Dr | 158,052 | 149,052 | 9,000 |
| Eisman & Russo CEI Services | SW 55th Dr | 88,705 | - | 88,705 |
| North Florida Professional Services, Inc. | SE 141st Blvd | 88,000 | 79,000 | 9,000 |
| North Florida Professional Services, Inc. | 104th Ave | 31,111 | 20,740 | 10,371 |
| North Florida Professional Services, Inc. | Oak St | 44,444 | 22,222 | 22,222 |
| | | | | |
| <u>Retail Recruitment</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Paid through September 30, 2018</u> | <u>Remaining Balance</u> |
| Retail Strategies, LLC | business development | \$ 120,000 | \$ 80,000 | \$ 40,000 |

Retail Recruitment

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

Rural Health Clinic

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

The County agrees to provide certain insurance coverage and subsidize losses up to the amount of \$160,000 on an annual basis.

NOTE 16. CURRENT/FUTURE ACCOUNTING PRONOUNCEMENTS

The following statements of the Governmental Accounting Standards Board were effective for the County's 2017-18 fiscal year:

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

No. 85, Omnibus 2017

No. 86, Certain Debt Extinguishment Issues

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

The following statements will be effective for the County's 2018-19 fiscal year (and beyond):

No. 83, Certain Asset Retirement Obligations

No. 84, Fiduciary Activities

No. 87, Leases

No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

No. 90, Majority Equity Interests

The County is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2019.

NOTE 17. SUBSEQUENT EVENTS

Grants awarded post year-end:

| <u>Grantor</u> | <u>Grant identification number</u> | | <u>Grant Amount</u> | <u>Award Date</u> |
|---|------------------------------------|----|---------------------|-------------------|
| State of Florida Department of Economic Opportunity | 436455-1-54-01 | \$ | 700,000 | 12/10/2018 |

Construction contracts awarded:

| <u>Contractor</u> | <u>Project</u> | | <u>Contract Amount</u> | <u>Award Date</u> |
|----------------------------------|-------------------------|----|------------------------|-------------------|
| Gray Construction Services, Inc. | Courthouse Improvements | \$ | 129,887 | 11/30/2018 |

Administration contracts awarded:

| <u>Firm</u> | <u>Project</u> | | <u>Contract Amount</u> | <u>Award Date</u> |
|---|---------------------------|----|------------------------|-------------------|
| In Touch Consulting Group, Incorporated | CDBG Grant Administration | \$ | 87,500 | 2/7/2019 |

Significant purchases:

| <u>Equipment description</u> | <u>Source</u> | | <u>Amount</u> | <u>Purchase Date</u> |
|-----------------------------------|---------------------|----|---------------|----------------------|
| John Deere 620G Motor Graders (2) | Beard Equipment Co. | \$ | 497,702 | 3/30/2019 |

County management has evaluated the subsequent events through the date of the audit report – June 5, 2019.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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HAMILTON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018

| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Variance with Final Budget Positive <u>(Negative)</u> |
|---------------------------------------|---------------------------|------------------------|----------------------|--|
| Budgetary fund balance | \$ 6,218,122 | \$ 6,218,122 | \$ 10,437,554 | \$ 4,219,432 |
| Estimated receipts | | | | |
| Taxes | 8,078,103 | 8,078,103 | 8,665,098 | 586,995 |
| Licenses and permits | 65,625 | 65,625 | 83,938 | 18,313 |
| Intergovernmental revenues | 3,309,437 | 3,309,437 | 3,712,929 | 403,492 |
| Charges for services | 1,387,564 | 1,387,564 | 1,224,633 | (162,931) |
| Judgments, fines, and forfeits | 7,802 | 7,802 | 60,045 | 52,243 |
| Miscellaneous revenues | 115,284 | 410,636 | 531,415 | 120,779 |
| Other sources | <u>1,042,859</u> | <u>1,042,859</u> | <u>396,652</u> | <u>(646,207)</u> |
| Total estimated receipts and balances | <u>20,224,796</u> | <u>20,520,148</u> | <u>25,112,264</u> | <u>4,592,116</u> |
| Appropriations | | | | |
| General government | 4,038,382 | 4,038,382 | 3,284,652 | (753,730) |
| Public safety | 8,003,398 | 8,345,780 | 8,177,290 | (168,490) |
| Physical environment | 182,338 | 182,338 | 182,059 | (279) |
| Economic environment | 98,188 | 98,188 | 171,001 | 72,813 |
| Human services | 871,352 | 871,352 | 634,257 | (237,095) |
| Culture/recreation | 972,556 | 972,556 | 1,084,494 | 111,938 |
| Other uses | 5,793,092 | 5,751,130 | 247,395 | (5,503,735) |
| Court related | <u>265,490</u> | <u>260,422</u> | <u>290,126</u> | <u>29,704</u> |
| Total appropriations | <u>20,224,796</u> | <u>20,520,148</u> | <u>14,071,274</u> | <u>(6,448,874)</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,040,990</u> | <u>\$ 11,040,990</u> |

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND**

For the Year Ended September 30, 2018

| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|---------------------------|------------------------|---------------------|---|
| Budgetary fund balance | \$ 2,337,986 | \$ 2,337,986 | \$ 4,493,727 | \$ 2,155,741 |
| Estimated receipts | | | | |
| Taxes | 2,765,831 | 2,765,831 | 2,419,041 | (346,790) |
| Intergovernmental revenue | 13,323,096 | 13,323,096 | 9,413,593 | (3,909,503) |
| Charges for services | 1,000 | 1,000 | 11,399 | 10,399 |
| Miscellaneous revenues | 13,000 | 13,000 | 11,242 | (1,758) |
| Other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total estimated receipts and balances | <u>18,440,913</u> | <u>18,440,913</u> | <u>16,349,002</u> | <u>(2,091,911)</u> |
| Appropriations | | | | |
| Transportation | | | | |
| Roads and bridges | | | | |
| Personal services | 1,959,408 | 1,959,408 | 2,058,024 | (98,616) |
| Operating expenditures | 551,261 | 551,261 | 681,290 | (130,029) |
| Capital outlay | 13,326,870 | 13,326,870 | 8,307,089 | 5,019,781 |
| Debt service | 121,067 | 121,067 | 107,001 | 14,066 |
| Grants & Aids | 13,199 | 13,199 | 12,884 | 315 |
| Other uses | <u>2,469,108</u> | <u>2,469,108</u> | <u>357,467</u> | <u>2,111,641</u> |
| Total transportation | 18,440,913 | 18,440,913 | 11,523,755 | 6,917,158 |
| Reserves | | | | |
| Reserve for contingencies | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total appropriations | <u>18,440,913</u> | <u>18,440,913</u> | <u>11,523,755</u> | <u>6,917,158</u> |
| Budgetary fund balance at year end | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,825,247</u> | <u>\$ 4,825,247</u> |

HAMILTON COUNTY, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2018

NOTE 1. LEGAL COMPLIANCE - BUDGETS

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

1. Prior to July 15, the Clerk of the Circuit Court, serving as Budget Officer, submits to the Board of County Commissioners a tentative budget for the fiscal year commencing October 1.
2. Public hearings are conducted by the Board of County Commissioners to obtain taxpayer comments.
3. Prior to September 30, the Board of County Commissioners legally enacts the budget through passage of a resolution.
4. The Board of County Commissioners is authorized to amend fixed appropriations by motion to the extent that appropriations do not exceed the total approved budget of the fund; or appropriate for the special purpose intended, reserves or unanticipated receipts. Appropriations lapse at year end. No supplemental appropriations were necessary during the year. One amendment was made post year-end.
5. Formal budgetary integration is employed as a management control device in all governmental funds.
6. The legally amended budgetary data presented in the accompanying financial statements for the fiscal year ending September 30, 2018, are shown on the County's budgetary basis of accounting. Notes to the major fund budgetary comparison schedules reconcile GAAP basis revenues and expenditures to the budgeted amounts.
7. The County's annual operating budget serves as legal authorization for expenditures and the proposed means of financing them. For the Board of County Commissioners, the legal level of budgetary control is the fund level. Budgetary information is integrated into the accounting system and appropriations are controlled at the account level within each fund for management control purposes.

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

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

| | General <u>Fund</u> | County Transportation <u>Trust Fund</u> |
|--|------------------------|---|
| Sources/inflows of resources | | |
| Financial statement major funds | | |
| Actual amount (budgetary basis) of the estimated receipts and balances from the budgetary comparison schedules | \$ 25,112,264 | \$ 16,349,002 |
| Adjustments | | |
| Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting | (10,437,554) | (4,493,727) |
| Transfers in are available for appropriation but are not revenues for GAAP reporting | <u>(396,652)</u> | <u>-</u> |
| Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 14,278,058</u> | <u>\$ 11,855,275</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules | \$ 14,071,274 | \$ 11,523,755 |
| Transfers out are appropriations for budgeting purposes but are not expenditures for GAAP reporting | <u>(247,395)</u> | <u>(357,467)</u> |
| Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 13,823,879</u> | <u>\$ 11,166,288</u> |

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Hamilton County, Florida's proportion of the net pension liability (asset) | | | | | |
| Board of County Commissioners | 0.010367% | 0.010518% | 0.010512% | 0.010343% | 0.010106% |
| Clerk of Courts | 0.003087% | 0.003234% | 0.003138% | 0.003311% | 0.002595% |
| Property Appraiser | 0.001097% | 0.001076% | 0.001118% | 0.001124% | 0.001218% |
| Sheriff | 0.012478% | 0.012668% | 0.013374% | 0.012594% | 0.013073% |
| Supervisor of Elections | 0.001592% | 0.000855% | 0.000442% | 0.000438% | 0.000473% |
| Tax Collector | <u>0.000951%</u> | <u>0.001891%</u> | <u>0.002175%</u> | <u>0.002238%</u> | <u>0.001883%</u> |
| Total Hamilton County, Florida's proportion of the net pension liability (asset) | <u>0.029571%</u> | <u>0.030242%</u> | <u>0.030759%</u> | <u>0.030047%</u> | <u>0.029348%</u> |
| Hamilton County, Florida's proportionate share of the net pension liability (asset) | | | | | |
| Board of County Commissioners | \$ 3,119,528 | \$ 3,111,042 | \$ 2,654,379 | \$ 1,335,887 | \$ 616,604 |
| Clerk of Courts | 929,682 | 956,635 | 792,307 | 427,621 | 154,336 |
| Property Appraiser | 330,330 | 318,297 | 282,419 | 145,132 | 74,307 |
| Sheriff | 3,758,339 | 3,746,971 | 3,376,832 | 1,626,735 | 797,620 |
| Supervisor of Elections | 479,521 | 252,984 | 111,606 | 56,602 | 28,862 |
| Tax Collector | <u>286,339</u> | <u>559,409</u> | <u>549,078</u> | <u>289,024</u> | <u>114,919</u> |
| Total Hamilton County, Florida's proportionate share of the net pension liability (asset) | <u>\$ 8,903,739</u> | <u>\$ 8,945,338</u> | <u>\$ 7,766,621</u> | <u>\$ 3,881,001</u> | <u>\$ 1,786,648</u> |
| Hamilton County, Florida's covered-employee payroll | | | | | |
| Board of County Commissioners | \$ 2,874,047 | \$ 2,868,004 | \$ 2,755,213 | \$ 2,479,332 | \$ 2,365,929 |
| Clerk of Courts | 554,936 | 563,159 | 537,991 | 546,589 | 574,229 |
| Property Appraiser | 338,606 | 348,671 | 328,070 | 321,473 | 321,325 |
| Sheriff | 2,683,182 | 2,834,688 | 2,646,264 | 2,775,732 | 2,683,352 |
| Supervisor of Elections | 135,878 | 138,603 | 118,771 | 111,594 | 110,701 |
| Tax Collector | <u>252,234</u> | <u>245,318</u> | <u>241,082</u> | <u>236,843</u> | <u>236,695</u> |
| Total Hamilton County, Florida's covered-employee payroll | <u>\$ 6,838,883</u> | <u>\$ 6,998,443</u> | <u>\$ 6,627,391</u> | <u>\$ 6,471,563</u> | <u>\$ 6,292,231</u> |
| Hamilton County, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 130.19% | 127.82% | 117.19% | 59.97% | 28.39% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

* Information is presented for those years available

Notes to Schedule

Note 1. Measurement Date

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

Note 2. Covered Employees

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

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | | | | | |
| Board of County Commissioners | \$ 377,002 | \$ 301,339 | \$ 285,252 | \$ 271,033 | \$ 253,693 |
| Clerk of Courts | 102,576 | 85,654 | 79,641 | 83,273 | 65,886 |
| Property Appraiser | 40,612 | 26,686 | 27,597 | 27,671 | 27,812 |
| Sheriff | 459,208 | 379,805 | 350,577 | 355,910 | 351,889 |
| Supervisor of Elections | 49,012 | 31,712 | 10,350 | 10,776 | 10,882 |
| Tax Collector | <u>33,048</u> | <u>43,458</u> | <u>54,365</u> | <u>55,629</u> | <u>47,008</u> |
| Total Hamilton County, Florida, contractually required contribution | <u>1,061,457</u> | <u>868,654</u> | <u>807,782</u> | <u>804,292</u> | <u>757,170</u> |
| Contributions in relation to the contractually required contribution | | | | | |
| Board of County Commissioners | 377,002 | 301,339 | 285,252 | 271,033 | 253,693 |
| Clerk of Courts | 102,576 | 85,654 | 79,641 | 83,273 | 65,886 |
| Property Appraiser | 40,612 | 26,686 | 27,597 | 27,671 | 27,812 |
| Sheriff | 459,208 | 379,805 | 350,577 | 355,910 | 351,889 |
| Supervisor of Elections | 49,012 | 31,712 | 10,350 | 10,776 | 10,882 |
| Tax Collector | <u>33,048</u> | <u>43,458</u> | <u>54,365</u> | <u>55,629</u> | <u>47,008</u> |
| Total Hamilton County, Florida, contractually required contribution | <u>1,061,457</u> | <u>868,654</u> | <u>807,782</u> | <u>804,292</u> | <u>757,170</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Hamilton County, Florida's covered-employee payroll | <u>\$ 6,838,883</u> | <u>\$ 6,998,443</u> | <u>\$ 6,627,391</u> | <u>\$ 6,471,563</u> | <u>\$ 6,292,231</u> |
| Contributions as a percentage of covered-employee payroll | 15.52% | 12.41% | 12.19% | 12.43% | 12.03% |

* Information is presented for those years available

Note 1. Covered Employees

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

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Hamilton County, Florida's proportion of the net pension liability (asset) | | | | | |
| Board of County Commissioners | 0.008765% | 0.008546% | 0.008443% | 0.008105% | 0.008030% |
| Clerk of Courts | 0.001702% | 0.001819% | 0.001735% | 0.001837% | 0.001929% |
| Property Appraiser | 0.000981% | 0.001046% | 0.001058% | 0.001059% | 0.001073% |
| Sheriff | 0.008309% | 0.008413% | 0.008869% | 0.009033% | 0.008869% |
| Supervisor of Elections | 0.000411% | 0.000291% | 0.000371% | 0.000371% | 0.000362% |
| Tax Collector | <u>0.000767%</u> | <u>0.000766%</u> | <u>0.000778%</u> | <u>0.000781%</u> | <u>0.000789%</u> |
| Total Hamilton County, Florida's proportion of the net pension liability (asset) | <u>0.020935%</u> | <u>0.020882%</u> | <u>0.021253%</u> | <u>0.021186%</u> | <u>0.021052%</u> |
| Hamilton County, Florida's proportionate share of the net pension liability (asset) | | | | | |
| Board of County Commissioners | \$ 927,667 | \$ 913,810 | \$ 983,995 | \$ 826,570 | \$ 750,791 |
| Clerk of Courts | 180,147 | 194,501 | 202,204 | 187,364 | 180,320 |
| Property Appraiser | 103,849 | 111,796 | 123,274 | 108,015 | 100,367 |
| Sheriff | 879,486 | 899,592 | 1,033,669 | 921,252 | 829,254 |
| Supervisor of Elections | 43,464 | 43,203 | 43,203 | 37,803 | 33,870 |
| Tax Collector | <u>81,177</u> | <u>81,936</u> | <u>90,614</u> | <u>79,605</u> | <u>73,809</u> |
| Total Hamilton County, Florida's proportionate share of the net pension liability (asset) | <u>\$ 2,215,790</u> | <u>\$ 2,244,838</u> | <u>\$ 2,476,959</u> | <u>\$ 2,160,609</u> | <u>\$ 1,968,410</u> |
| Hamilton County, Florida's covered-employee payroll | | | | | |
| Board of County Commissioners | \$ 2,874,047 | \$ 2,868,004 | \$ 2,755,213 | \$ 2,479,332 | \$ 2,365,929 |
| Clerk of Courts | 554,936 | 563,159 | 537,991 | 546,589 | 574,229 |
| Property Appraiser | 338,606 | 348,671 | 328,070 | 321,473 | 321,325 |
| Sheriff | 2,683,182 | 2,834,688 | 2,646,264 | 2,775,732 | 2,683,352 |
| Supervisor of Elections | 135,878 | 138,603 | 118,771 | 111,594 | 110,701 |
| Tax Collector | <u>252,234</u> | <u>245,318</u> | <u>241,082</u> | <u>236,843</u> | <u>236,695</u> |
| Total Hamilton County, Florida's covered-employee payroll | <u>\$ 6,838,883</u> | <u>\$ 6,998,443</u> | <u>\$ 6,627,391</u> | <u>\$ 6,471,563</u> | <u>\$ 6,292,231</u> |
| Hamilton County, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 32.40% | 32.08% | 37.37% | 33.39% | 31.28% |
| Plan fiduciary net position as a percentage of the total pension liability | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

* Information is presented for those years available

Notes to Schedule

Note 1. Measurement Date

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

Note 2. Covered Employees

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

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | | | | | |
| Board of County Commissioners | \$ 47,709 | \$ 46,315 | \$ 45,107 | \$ 31,240 | \$ 28,391 |
| Clerk of Courts | 9,212 | 9,348 | 8,931 | 6,887 | 6,891 |
| Property Appraiser | 5,324 | 5,335 | 5,446 | 4,051 | 3,856 |
| Sheriff | 44,541 | 45,264 | 43,928 | 34,974 | 32,200 |
| Supervisor of Elections | 2,256 | 1,685 | 1,864 | 1,406 | 1,328 |
| Tax Collector | <u>4,187</u> | <u>4,072</u> | <u>4,002</u> | <u>2,984</u> | <u>2,840</u> |
| Total Hamilton County, Florida, contractually required contribution | <u>113,229</u> | <u>112,020</u> | <u>109,278</u> | <u>81,542</u> | <u>75,506</u> |
| Contributions in relation to the contractually required contribution | | | | | |
| Board of County Commissioners | 47,709 | 46,315 | 45,107 | 31,240 | 28,391 |
| Clerk of Courts | 9,212 | 9,348 | 8,931 | 6,887 | 6,891 |
| Property Appraiser | 5,324 | 5,335 | 5,446 | 4,051 | 3,856 |
| Sheriff | 44,541 | 45,264 | 43,928 | 34,974 | 32,200 |
| Supervisor of Elections | 2,256 | 1,685 | 1,864 | 1,406 | 1,328 |
| Tax Collector | <u>4,187</u> | <u>4,072</u> | <u>4,002</u> | <u>2,984</u> | <u>2,840</u> |
| Total Hamilton County, Florida, contractually required contribution | <u>113,229</u> | <u>112,020</u> | <u>109,278</u> | <u>81,542</u> | <u>75,506</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Hamilton County, Florida's covered-employee payroll | <u>\$ 6,838,883</u> | <u>\$ 6,998,443</u> | <u>\$ 6,627,391</u> | <u>\$ 6,471,563</u> | <u>\$ 6,292,231</u> |
| Contributions as a percentage of covered-employee payroll | 1.66% | 1.60% | 1.65% | 1.26% | 1.20% |

* Information is presented for those years available

Note 1. Covered Employees

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

**HAMILTON COUNTY, FLORIDA
SCHEDULES OF OPEB LIABILITY AND COVERED PAYROLL
LAST TEN FISCAL YEARS ***

| <u>Measurement Date</u> | <u>Total OPEB Liability</u> | <u>Fiduciary Net Position</u> | <u>Net OPEB Liability</u> | <u>Funded Percentage</u> | <u>Covered Payroll</u> | <u>Net OPEB Liability as a % of Covered Payroll</u> |
|-------------------------|-----------------------------|-------------------------------|---------------------------|--------------------------|------------------------|---|
| 9/30/2018 | \$ 234,081 | \$ - | \$ 234,081 | \$ - | \$ 5,670,706 | 4.13% |
| 9/30/2017 | 234,170 | - | 234,170 | - | 5,670,706 | 4.13% |

* Information is presented for those years available

**HAMILTON COUNTY, FLORIDA
SCHEDULE OF CHANGES IN THE OPEB LIABILITY BY SOURCE
LAST TEN FISCAL YEARS ***

| <u>Fiscal Year</u> | <u>Service Cost</u> | <u>Expected Interest Growth</u> | <u>Unexpected Investment Income</u> | <u>Demographic Experience</u> | <u>Employer Contribution</u> | <u>Employee Contribution</u> | <u>Benefit Payments & Refunds</u> | <u>Administrative Expenses</u> | <u>Changes in Benefit Terms</u> | <u>Assumption Changes</u> |
|--------------------|---------------------|---------------------------------|-------------------------------------|-------------------------------|------------------------------|------------------------------|---------------------------------------|--------------------------------|---------------------------------|---------------------------|
| 9/30/2018 | \$ 8,313 | \$ 8,521 | \$ - | \$ - | \$ - | 0.00% | \$ (16,923) | \$ - | \$ - | \$ - |

* Information is presented for those years available

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SUPPLEMENTARY INFORMATION

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HAMILTON COUNTY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2018

| | Fine & Forfeiture | CDBG | Local Housing (SHIP) Fund | Tourist Development | Public Records Modernization | Clerk's Fine & Forfeiture | Sheriff's Emerg. Mgt. | Sheriff's Inmate Welfare | Sheriff's 911 Commx | Total Nonmajor Special Revenue Funds |
|---|--------------------------|------------------------|---------------------------------|-------------------------|------------------------------------|---------------------------------|-----------------------------|--------------------------------|---------------------------|--|
| Assets | | | | | | | | | | |
| Cash | \$ 345,651 | \$ 7,266 | \$ 200,754 | \$ 12,868 | \$ 15,397 | \$ 55,867 | \$ - | \$ 54,860 | \$ 561,219 | \$ 1,253,882 |
| Accounts receivable | - | - | - | 1,500 | - | - | - | 2,839 | - | 4,339 |
| Interfund receivables | 3,354 | - | - | - | - | - | - | - | - | 3,354 |
| Due from other governmental units | - | - | - | 2,733 | - | - | 33,110 | - | - | 35,843 |
| Total assets | <u>\$ 349,005</u> | <u>\$ 7,266</u> | <u>\$ 200,754</u> | <u>\$ 17,101</u> | <u>\$ 15,397</u> | <u>\$ 55,867</u> | <u>\$ 33,110</u> | <u>\$ 57,699</u> | <u>\$ 561,219</u> | <u>\$ 1,297,418</u> |
| Liabilities and fund balances | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 4,860 | \$ 1,224 | \$ - | \$ 17 | \$ - | \$ - | \$ - | \$ 6,101 |
| Interfund payables | - | 7,266 | - | - | - | - | 33,109 | - | - | 40,375 |
| Due to other governmental units | - | - | - | - | - | 55,850 | - | - | - | 55,850 |
| Other current liabilities | - | - | - | - | - | - | 1 | 337 | - | 338 |
| Total liabilities | <u>-</u> | <u>7,266</u> | <u>4,860</u> | <u>1,224</u> | <u>-</u> | <u>55,867</u> | <u>33,110</u> | <u>337</u> | <u>-</u> | <u>102,664</u> |
| Fund balances | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Other purposes | <u>349,005</u> | <u>-</u> | <u>195,894</u> | <u>15,877</u> | <u>15,397</u> | <u>-</u> | <u>-</u> | <u>57,362</u> | <u>561,219</u> | <u>1,194,754</u> |
| Total liabilities and fund balance | <u>\$ 349,005</u> | <u>\$ 7,266</u> | <u>\$ 200,754</u> | <u>\$ 17,101</u> | <u>\$ 15,397</u> | <u>\$ 55,867</u> | <u>\$ 33,110</u> | <u>\$ 57,699</u> | <u>\$ 561,219</u> | <u>\$ 1,297,418</u> |

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2018

| | <u>Fine & Forfeiture</u> | <u>CDBG</u> | <u>Local Housing (SHIP) Fund</u> | <u>Tourist Development</u> | <u>Public Records Modernization</u> | <u>Clerk's Fine & Forfeiture</u> | <u>Sheriff's Emerg. Mgt.</u> | <u>Sheriff's Inmate Welfare</u> | <u>Sheriff's 911 Commx</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|----------------------------|----------------------------------|---------------|--|--------------------------------|---|--|--------------------------------------|---|------------------------------------|---|
| Revenues | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 29,822 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,822 |
| Intergovernmental revenues | - | 6,046 | 350,000 | - | - | 39,708 | 151,786 | - | 237,326 | 784,866 |
| Charges for services | - | - | - | - | 17,326 | 208,050 | - | 29,479 | 109,819 | 364,674 |
| Fines and forfeitures | 43,355 | - | - | - | - | 180,507 | - | - | - | 223,862 |
| Interest | 873 | - | 558 | 33 | - | 201 | - | 96 | 668 | 2,429 |
| Miscellaneous | - | - | 15,823 | - | - | 1 | - | - | - | 15,824 |
| Total revenues | <u>44,228</u> | <u>6,046</u> | <u>366,381</u> | <u>29,855</u> | <u>17,326</u> | <u>428,467</u> | <u>151,786</u> | <u>29,575</u> | <u>347,813</u> | <u>1,421,477</u> |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | - | - | - | - | 9,140 | - | - | - | - | 9,140 |
| Public safety | - | - | - | - | - | - | 208,753 | 45,744 | 153,595 | 408,092 |
| Economic environment | - | 61,553 | 195,158 | 25,763 | - | - | - | - | - | 282,474 |
| Court related | - | - | - | - | - | 428,467 | - | - | - | 428,467 |
| Capital outlay | - | - | - | - | - | - | 6,733 | 13,579 | 161,875 | 182,187 |
| Debt service | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>61,553</u> | <u>195,158</u> | <u>25,763</u> | <u>9,140</u> | <u>428,467</u> | <u>215,486</u> | <u>59,323</u> | <u>315,470</u> | <u>1,310,360</u> |

(Continued)
See notes to financial statements.

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

For the Year Ended September 30, 2018

| | Fine & Forfeiture | CDBG | Local Housing (SHIP) Fund | Tourist Development | Public Records Modernization | Clerk's Fine & Forfeiture | Sheriff's Emerg. Mgt. | Sheriff's Inmate Welfare | Sheriff's 911 Commx | Total Nonmajor Special Revenue Funds |
|--|----------------------|--------------------|---------------------------------|------------------------|------------------------------------|---------------------------------|-----------------------------|--------------------------------|---------------------------|--|
| Excess (deficiency) of revenues over expenditures | <u>\$ 44,228</u> | <u>\$ (55,507)</u> | <u>\$ 171,223</u> | <u>\$ 4,092</u> | <u>\$ 8,186</u> | <u>\$ -</u> | <u>\$ (63,700)</u> | <u>\$ (29,748)</u> | <u>\$ 32,343</u> | <u>\$ 111,117</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Interfund transfers in | - | 37,076 | - | - | - | - | 63,700 | - | - | 100,776 |
| Interfund transfers out | - | - | - | - | - | - | - | - | - | - |
| Transfers out to Constitutional Officers | <u>(39,185)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(39,185)</u> |
| Total other financing sources (uses) | <u>(39,185)</u> | <u>37,076</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>63,700</u> | <u>-</u> | <u>-</u> | <u>61,591</u> |
| Net change in fund balances | 5,043 | (18,431) | 171,223 | 4,092 | 8,186 | - | - | (29,748) | 32,343 | 172,708 |
| Fund balances at beginning of year | <u>343,962</u> | <u>18,431</u> | <u>24,671</u> | <u>11,785</u> | <u>7,211</u> | <u>-</u> | <u>-</u> | <u>87,110</u> | <u>528,876</u> | <u>1,022,046</u> |
| Fund balances at end of year | <u>\$ 349,005</u> | <u>\$ -</u> | <u>\$ 195,894</u> | <u>\$ 15,877</u> | <u>\$ 15,397</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 57,362</u> | <u>\$ 561,219</u> | <u>\$ 1,194,754</u> |

HAMILTON COUNTY, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

September 30, 2018

| | Agency Funds | | | | | | | | | | | Totals |
|---------------------------|------------------|----------------------------|----------------------------|--------------------|------------------|----------------|---------------|-----------------|--------------|-----------------------|--------------------|----------------|
| | Fair Association | Crossroads Fire Department | Belleville Fire Department | Registry of Courts | Bond Estreatures | Clerk's Trust | Child Support | Sheriff's Trust | Inmate Trust | Tax Collector's Trust | Supervisor's Trust | |
| Assets | | | | | | | | | | | | |
| Cash | \$ 39,938 | \$ 32,108 | \$ 13,657 | \$ 53,103 | \$ 148,263 | \$ 218,780 | \$ - | \$ 5,400 | \$ - | \$ 123,150 | \$ 10 | \$ 634,409 |
| Due from State of FL | - | - | - | - | - | 59,362 | - | - | - | - | - | 59,362 |
| Due from others | - | - | - | - | - | - | 1,440 | - | 1,281 | 434 | - | 3,155 |
| Total assets | <u>39,938</u> | <u>32,108</u> | <u>13,657</u> | <u>53,103</u> | <u>148,263</u> | <u>278,142</u> | <u>1,440</u> | <u>5,400</u> | <u>1,281</u> | <u>123,584</u> | <u>10</u> | <u>696,926</u> |
| Liabilities | | | | | | | | | | | | |
| Interfund payables | - | - | - | - | - | 4,283 | - | - | - | 878 | 10 | 5,171 |
| Due to other govt. units | - | - | - | - | - | 243,227 | - | - | - | 117,645 | - | 360,872 |
| Other current liabilities | | | | | | | | | | | | |
| Due to others | 39,938 | 32,108 | 13,657 | 53,103 | 148,263 | 30,632 | 1,440 | 5,400 | 1,281 | 5,061 | - | 330,883 |
| Total liabilities | <u>39,938</u> | <u>32,108</u> | <u>13,657</u> | <u>53,103</u> | <u>148,263</u> | <u>278,142</u> | <u>1,440</u> | <u>5,400</u> | <u>1,281</u> | <u>123,584</u> | <u>10</u> | <u>696,926</u> |
| Net position | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND**

For the Year Ended September 30, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|-------------------|---|
| Budgetary/actual fund balance | \$ 303,760 | \$ 303,760 | \$ 343,962 | \$ 40,202 |
| Estimated receipts | | | | |
| Fines and forfeits | | | | |
| Judgments and fines | 66,934 | 66,934 | 9,927 | (57,007) |
| Other fines and/or forfeits | - | - | 33,428 | 33,428 |
| Miscellaneous revenues | | | | |
| Interest | <u>1,000</u> | <u>1,000</u> | <u>873</u> | <u>(127)</u> |
| Total estimated receipts and balances | <u>371,694</u> | <u>371,694</u> | <u>388,190</u> | <u>16,496</u> |
| Appropriations | | | | |
| Other financing uses | | | | |
| Interfund transfers out | - | - | 39,185 | (39,185) |
| Reserves | <u>371,694</u> | <u>371,694</u> | <u>-</u> | <u>371,694</u> |
| Total appropriations | <u>371,694</u> | <u>371,694</u> | <u>39,185</u> | <u>332,509</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 349,005</u> | <u>\$ 349,005</u> |

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CDBG HOUSING CONSTRUCTION FUND**

For the Year Ended September 30, 2018

| | <u>Original</u> <u>Budget</u> | <u>Final</u> <u>Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|-------------------------------------|----------------------------------|-------------------------------|---------------|---|
| Budgetary fund balance | \$ - | \$ - | \$ 18,431 | \$ 18,431 |
| Estimated receipts | | | | |
| Intergovernmental revenue | | | | |
| Federal grants | | | | |
| Federal housing | 700,000 | 700,000 | 6,046 | (693,954) |
| Other financing sources | | | | |
| Interfund transfer in | <u>-</u> | <u>-</u> | <u>37,076</u> | <u>37,076</u> |
| Total revenues | <u>700,000</u> | <u>700,000</u> | <u>61,553</u> | <u>(638,447)</u> |
| Appropriations | | | | |
| Economic environment | | | | |
| Housing and urban development | | | | |
| Operating expenditures | 83,100 | 83,100 | 24,453 | 58,647 |
| Grants and aids | <u>616,900</u> | <u>616,900</u> | <u>37,100</u> | <u>579,800</u> |
| Total housing and urban development | <u>700,000</u> | <u>700,000</u> | <u>61,553</u> | <u>638,447</u> |
| Other financing sources (uses) | | | | |
| Interfund transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total appropriations | <u>700,000</u> | <u>700,000</u> | <u>61,553</u> | <u>638,447</u> |
| Budgetary fund balance at year end | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2018

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive <u>(Negative)</u> |
|---------------------------------------|-----------------|----------------|-------------------|--|
| Budgetary fund balance | \$ - | \$ - | \$ 24,671 | \$ 24,671 |
| Estimated receipts | | | | |
| Intergovernmental revenue | | | | |
| Local Housing Assistance Program | 350,000 | 350,000 | 350,000 | - |
| Miscellaneous revenues | | | | |
| Interest | 100 | 100 | 558 | 458 |
| Miscellaneous | - | - | 15,823 | 15,823 |
| Other financing sources | | | | |
| Interfund transfer in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total estimated receipts and balances | <u>350,100</u> | <u>350,100</u> | <u>391,052</u> | <u>40,952</u> |
| Appropriations | | | | |
| Economic environment | | | | |
| Housing and urban development | | | | |
| Operating expenditures | <u>350,100</u> | <u>350,100</u> | <u>195,158</u> | <u>154,942</u> |
| Other financing uses | | | | |
| Interfund transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total appropriations | <u>350,100</u> | <u>350,100</u> | <u>195,158</u> | <u>154,942</u> |
| Budgetary fund balance at year end | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 195,894</u> | <u>\$ 195,894</u> |

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
TOURIST DEVELOPMENT FUND**

For the Year Ended September 30, 2018

| | <u>Original</u> <u>Budget</u> | <u>Final</u> <u>Budget</u> | <u>Actual</u> | Variance with Final Budget Positive <u>(Negative)</u> |
|---------------------------------------|----------------------------------|-------------------------------|------------------|--|
| Budgetary fund balance | \$ 13,753 | \$ 13,753 | \$ 11,785 | \$ (1,968) |
| Estimated receipts | | | | |
| Taxes | | | | |
| Local option tourist development tax | 29,800 | 29,800 | 29,822 | 22 |
| Miscellaneous revenues | | | | |
| Interest | 45 | 45 | 33 | (12) |
| Other miscellaneous revenues | <u>21,944</u> | <u>21,944</u> | <u>-</u> | <u>(21,944)</u> |
| Total estimated receipts and balances | <u>65,542</u> | <u>65,542</u> | <u>41,640</u> | <u>(23,902)</u> |
| Appropriations | | | | |
| Economic environment | | | | |
| Industry development | | | | |
| Personal services | - | - | 9,212 | (9,212) |
| Operating expenditures | 63,542 | 63,542 | 16,551 | 46,991 |
| Capital outlay | 2,000 | 2,000 | - | 2,000 |
| Grants and aids | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total industry development | <u>65,542</u> | <u>65,542</u> | <u>25,763</u> | <u>39,779</u> |
| Budgetary fund balance at year end | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,877</u> | <u>\$ 15,877</u> |

COMPLIANCE SECTION

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

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hamilton County, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County, Florida's basic financial statements, and have issued my report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2018

| Federal/State Agency Pass through Entity <u>Federal Program/State Project</u> | CFDA / CSFA <u>Number</u> | Grant/Contract <u>Number</u> | Award <u>Amount</u> | Beginning Balance <u>10/1/2017</u> | <u>Revenue</u> | <u>Expenditures</u> | Transfers to Subrecipients | Ending Balance <u>9/30/2018</u> |
|---|---------------------------------|---------------------------------|------------------------|--|----------------|---------------------|-------------------------------|---------------------------------------|
| Federal Financial Assistance | | | | | | | | |
| Department of Homeland Security | | | | | | | | |
| Florida Division of Emergency Management | | | | | | | | |
| Disaster Grants - Public Assistance | 97.036 | Z0201 | \$ 501,891 | \$ - | \$ 501,891 | \$ 501,891 | \$ - | \$ - |
| Department of Transportation | | | | | | | | |
| Florida Department of Transportation | | | | | | | | |
| Highway Planning and Construction | 20.205 | 436009-1-58-01/GOT56 | 3,694,889 | - | 202,688 | 202,688 | - | - |
| Department of Housing and Urban Development | | | | | | | | |
| Florida Department of Economic Opportunity | | | | | | | | |
| Community Development Block Grant | 14.228 | 15DB-OJ-03-34-01-H16 | 700,000 | - | 6,045 | 6,045 | - | - |
| Department of Homeland Security | | | | | | | | |
| Florida Division of Emergency Management | | | | | | | | |
| Emergency Management Performance Grants | 97.042 | 18-FG-7A-03-34-01-047 | 43,712 | - | 43,712 | 43,712 | - | - |
| Florida Division of Emergency Management | | | | | | | | |
| Emergency Management Performance Grants | 97.042 | 19-FG-AF-03-34-01-149 | 43,769 | - | 14,042 | 14,042 | - | - |
| Total Emergency Management Performance Grants | 97.042 | | 87,481 | - | 57,754 | 57,754 | - | - |
| United States Department of Health and Human Services | | | | | | | | |
| Florida Department of Revenue | | | | | | | | |
| Child Support Enforcement | 93.563 | COC24 | 272,584 | - | 272,584 | 272,584 | - | - |
| Election Assistance Commission | | | | | | | | |
| Florida Department of State | | | | | | | | |
| Help America Vote Act | 90.401 | 2016-2017-0002, E8E000 | 89,634 | 4,837 | 60,554 | 60,554 | - | 33,917 |
| Total federal assistance | | | 5,346,479 | 4,837 | 1,101,516 | 1,101,516 | - | 33,917 |
| State Financial Assistance | | | | | | | | |
| Executive Office of the Governor | | | | | | | | |
| Division of Emergency Management | | | | | | | | |
| Emergency Management Programs | 31.063 | 18-BG-W9-03-34-01-070 | 105,806 | - | 74,964 | 74,964 | - | - |
| Emergency Management Programs | 31.063 | 19-BG-21-03-34-01-026 | 105,806 | - | 19,068 | 19,068 | - | - |
| Total Emergency Management Programs | 31.063 | | 211,612 | - | 94,032 | 94,032 | - | - |
| Office of the State Courts Administrator | | | | | | | | |
| Facilities Grant In Aid | 22.004 | Specific Appropriation 3247A | - | 96,698 | 3,800 | 3,800 | - | 92,898 |
| Department of Health | | | | | | | | |
| Emergency Medical Services Matching Awards | 64.003 | R6060 | 37,048 | - | 37,048 | 37,048 | - | - |

(Continued)
See notes to schedule.

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2018

| Federal/State Agency Pass through Entity Federal Program/State Project | CFDA / CSFA Number | Grant/Contract Number | Award Amount | Beginning Balance 10/1/2017 | Revenue | Expenditures | Transfers to Subrecipients | Ending Balance 9/30/2018 |
|--|--------------------------|--------------------------|-----------------|-----------------------------------|--------------|--------------|-------------------------------|--------------------------------|
| Florida Department of Transportation | | | | | | | | |
| County Incentive Grant Program | 55.008 | 434595-1-54-01/GOE30 | \$ 1,021,609 | \$ - | \$ 88,470 | \$ 88,470 | \$ - | \$ - |
| Vendor Agreement | - | 436995-1-54-01 | 2,135,000 | - | 747,432 | 747,432 | - | - |
| Small County Outreach Program | 55.009 | 434570-1-58-01/GO605 | 1,554,000 | - | 1,026,662 | 1,026,662 | - | - |
| Small County Outreach Program | 55.009 | 430697-1-58-01/AR081 | 3,780,965 | - | 2,769,683 | 2,769,683 | - | - |
| Small County Outreach Program | 55.009 | 435327-1-54-01/GOK79 | 700,000 | - | 47,300 | 47,300 | - | - |
| Small County Outreach Program | 55.009 | 440007-1-54-01 | 600,000 | - | 22,222 | 22,222 | - | - |
| Small County Outreach Program | 55.009 | 436455-1-54-01/GOR47 | 420,000 | - | 20,740 | 20,740 | - | - |
| Total Small County Outreach Program | 55.009 | | 7,054,965 | - | 3,886,607 | 3,886,607 | - | - |
| Small County Road Assistance Program (SCRAP) | 55.016 | 432766-1-54-01/GO868 | 445,530 | - | 418,103 | 418,103 | - | - |
| Small County Road Assistance Program (SCRAP) | 55.016 | 434585-1-54-01/GOI89 | 2,710,200 | - | 2,355,235 | 2,355,235 | - | - |
| Total Small County Road Assistance Program (SCRAP) | 55.016 | | 3,155,730 | - | 2,773,338 | 2,773,338 | - | - |
| Florida Division of Emergency Management | | | | | | | | |
| Disaster Grants - Public Assistance | - | Z0201 | 31,977 | - | 31,997 | 31,997 | - | - |
| Florida Housing Finance Corporation | | | | | | | | |
| State Housing Initiatives Partnership (SHIP) Program | 40.901 | - | 350,000 | 24,671 | 350,000 | 195,158 | - | 179,513 |
| Florida Department of Management Services | | | | | | | | |
| Wireless 911 Emergency Telephone System | 72.001 | 18-04-12 | 7,000 | - | 7,000 | 7,000 | - | - |
| Wireless 911 Emergency Telephone System | 72.001 | 17-11-09 | 36,442 | - | 36,442 | 36,442 | - | - |
| Total Wireless 911 Emergency Telephone System | 72.001 | | 43,442 | - | 43,442 | 43,442 | - | - |
| Florida Department of Management Services | | | | | | | | |
| Wireless 911 Emergency Telephone System | 72.002 | S9-16-12-03 | 193,884 | - | 193,884 | 193,884 | - | - |
| Florida Department of Environmental Protection | | | | | | | | |
| Small County Consolidated Grants | 37.012 | SC813 | 90,909 | - | 90,909 | 90,909 | - | - |
| Florida Department of State and Secretary of State | | | | | | | | |
| State Aid to Libraries | 45.030 | 18-ST-80/8L139 | 274,360 | - | 274,360 | 274,360 | - | - |
| Total state financial assistance | | | 14,600,536 | 121,369 | 8,615,319 | 8,460,477 | - | 272,411 |
| Total financial assistance | | | \$ 19,947,015 | \$ 126,206 | \$ 9,716,835 | \$ 9,561,993 | \$ - | \$ 306,328 |

Notes to Schedule:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant award activity for Hamilton County, Florida, under the programs of the federal government and State of Florida for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of Hamilton County, Florida, it is not intended to and does not present the financial position, changes in net assets/position, or cash flows of Hamilton County, Florida.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for all governmental funds and accrual for the enterprise funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance (federal programs) wherein, certain types of expenditures are not allowable or are limited as to reimbursement. When applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures/expenses in prior years.

Note 3. Indirect Cost Rate

Hamilton County, Florida, did not elect to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 4. Noncash Assistance

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

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

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on Compliance for Each Major Federal Program and State Project

I have audited Hamilton County, Florida's 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 Hamilton County, Florida's major federal programs and state projects for the year ended September 30, 2018. Hamilton County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Hamilton County, Florida's major federal programs and state projects based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and Chapter 10.550 *Rules of the Auditor General*. Those standards, the *Uniform Guidance*, and Chapter 10.550 *Rules of the Auditor General* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Hamilton County, Florida's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In my opinion, Hamilton County, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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

For the Year Ended September 30, 2018

SUMMARY OF AUDITOR'S RESULTS

| | |
|---|--|
| <u>Financial Statements</u> | |
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: Material weakness(es) identified? Significant deficiency(ies) identified? | No None reported |
| Noncompliance material to financial statements noted? | No |
| <u>Federal Awards and State Projects</u> | |
| Internal control over major programs/projects: Material weakness(es) identified? Significant deficiency(ies) identified? | No None reported |
| Type of auditor's report issued on compliance for major programs/projects: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557? | No |
| Identification of major programs/projects: Federal Program Disaster Grants – Public Assistance State Projects State of Florida, Department of Transportation Small County Outreach Program Small County Road Assistance Program | Federal CFDA No. 97.036 State CSFA No. 55.009 55.016 |
| Dollar threshold used to distinguish between Type A and Type B programs – federal programs: Type A and Type B programs – state projects: | \$750,000 \$750,000 |
| Auditee qualified as low-risk pursuant to the Uniform Guidance (not applicable for State projects) | No |
| Findings – Financial Statements Finding Number None Findings and Questioned Costs – Major Federal Programs and State Projects Finding Number None | Finding - Finding - |

Other Issues

Summary Schedule of Prior Year Audit Findings

No Summary Schedule of Prior Audit Findings - Federal Programs and State Projects is required because there were no findings relating to federal programs or state projects required to be reported under the *Uniform Guidance* or *Rules of the Auditor General 10.557* in the prior year.

Corrective Action Plan

No Corrective Action Plan is required because there are no findings relating to federal programs or state projects required to be reported under the *Uniform Guidance* or *Rules of the Auditor General 10.557* in the current year.

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have examined Hamilton County, Florida's compliance with *Florida Statutes* 218.415 during the period October 1, 2017, to September 30, 2018. Management of Hamilton County is responsible for the County's compliance with the specified requirements. My responsibility is to express an opinion on Hamilton County, Florida's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County, Florida complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that my examination provides a reasonable basis for my opinion.

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

In my opinion, Hamilton County, Florida, complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have examined Hamilton County, Florida's compliance with *Florida Statutes* 365.172(10) and 365.173(2)(d) October 1, 2017, to September 30, 2018. Management of Hamilton County is responsible for the County's compliance with the specified requirements. My responsibility is to express an opinion on Hamilton County, Florida's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County, Florida complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that my examination provides a reasonable basis for my opinion.

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

In my opinion, Hamilton County, Florida, complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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MANAGEMENT LETTER

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of Hamilton County, Florida, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated June 5, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and Chapter 10.550 *Rules of the Auditor General*.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; and Independent Accountant's Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports and schedule, which is dated June 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year findings.

Current year audit findings

2018-001 Support for Grant Expenditures/Reimbursements

Criteria: Claims for reimbursement for grant related expenditures should be properly supported by auditable documentation.

Condition: Thirty-one instances were noted in which the operator's reports indicating the machine used and corresponding operator could not be located.

Context: Of the FEMA Grant reimbursements (federal and state) totaling \$553,888, two of the five draws were tested totaling \$345,922. Three hundred and thirty-nine (339) supporting documents were reviewed for support.

Effect: Of the above items tested, the questionable amounts claimed totaled (draw #1 \$5,511 and draw #2 \$1,523) \$7,034.

Cause: The lack of documentation improved significantly from the 1st to 2nd draws. Nonetheless, the volumes of supporting documentation, cross-use of machines and vehicles by different operators, and manual logs all contributed to the lack of documentation.

Recommendation: Ensure that supporting documents are retained for and agree to/support all reimbursement claims. Consider the use of applicable software to track operator and machinery usage.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1. The Hamilton County, Florida's financial statements included no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires me to apply appropriate procedures and communicate the results of my determination as to whether or not Hamilton County, Florida, has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with my audit, I determined that the Hamilton County, Florida, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor Hamilton County's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2018.

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special

district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b) *Florida Statutes*. (I determined that there were no applicable special district component units and, therefore, nothing to report.)

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings other than those indicated above.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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COUNTY'S RESPONSE TO AUDIT FINDINGS

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BETH BURNAM
District 1 - Jennings

JOSH SMITH
District 2 — Jasper

ROBERT E. BROWN
District 3 — Jasper

RANDY OGBURN
District 4 — White Springs

WILLIAM MITCHELL
District 5 - Jasper



GREG GODWIN
Clerk of Courts

CLIFFORD L ADAMS
County Attorney

207 Northeast First
Street Room 106
Jasper, Florida
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Office of
Board of County Commissioners

June 6, 2019

Kenneth M. Daniels, CPA
1072nd Ave SE
Jasper, FL 32052

In Re: 2018 Hamilton County Board of County Commissioners Audit Findings

Response Dear Mr. Daniels:

Please be assured that the goal of the Hamilton County Board of County Commissioners is to provide the citizens of Hamilton County, Florida with the level of accuracy and accountability warranted by the constituents of Hamilton County. All sectors of Management have reviewed the findings of the audit of the operations of Hamilton County Board of County Commissioners for the fiscal year ending September 30, 2018, and respond herein to the findings:

As to *Management Letter*, Section II Page 72, Current year audit findings, Finding Number 2018-001 Support for Grant Expenditures/Reimbursements

Hamilton County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2018.

Emergency Management will review Grant requests for expenditure reimbursements to ensure that all documentation to support the requests are complete and accurate. This will be performed prior to submission to the Agency providing the Grant. Hamilton County now has the ability to utilize WEB EOC for personnel and resource management tracking.

Sincerely
Josh Smith, Chairman
Hamilton County Board of County Commissioners

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

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INDEPENDENT AUDITOR'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Clerk of the Circuit Court's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information for the Hamilton County Clerk of the Circuit Court, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Clerk of the Circuit Court. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section III pages 12-16 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County Clerk of the Circuit Court's financial statements. The

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2019, on my consideration of the Hamilton County Clerk of the Circuit Court's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hamilton County Clerk of the Circuit Court's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

| | General <u>Fund</u> | Public Records Modernization <u>Trust Fund</u> | Fine & Forfeiture <u>Fund</u> | Total Governmental <u>Funds</u> |
|--|------------------------|--|-------------------------------------|---------------------------------------|
| Assets | | | | |
| Cash | \$ 62,592 | \$ 15,397 | \$ 55,867 | \$ 133,856 |
| Accounts receivable | 1,440 | - | - | 1,440 |
| Due from other governmental units | | | | |
| State of Florida | <u>44,421</u> | <u>-</u> | <u>-</u> | <u>44,421</u> |
| Total assets | <u>\$ 108,453</u> | <u>\$ 15,397</u> | <u>\$ 55,867</u> | <u>\$ 179,717</u> |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,560 | \$ - | \$ 17 | \$ 1,577 |
| Due to other governmental units | | | | |
| Due to HCBCC - General Fund | 104,757 | - | - | 104,757 |
| Due to State of Florida | - | - | 55,850 | 55,850 |
| Other current liabilities | <u>2,136</u> | <u>-</u> | <u>-</u> | <u>2,136</u> |
| Total liabilities | <u>108,453</u> | <u>-</u> | <u>55,867</u> | <u>164,320</u> |
| Fund balances | | | | |
| Restricted - public records modernization | <u>-</u> | <u>15,397</u> | <u>-</u> | <u>15,397</u> |
| Total liabilities and fund balances | <u>\$ 108,453</u> | <u>\$ 15,397</u> | <u>\$ 55,867</u> | <u>\$ 179,717</u> |

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

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> | <u>Public Records Modernization Trust Fund</u> | <u>Fine & Forfeiture Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--|---|---|
| Revenues | | | | |
| Intergovernmental revenue | | | | |
| Federal grant | \$ 272,584 | \$ - | \$ - | \$ 272,584 |
| State grant | - | - | 39,708 | 39,708 |
| Charges for services | | | | |
| General government | 34,356 | 17,326 | - | 51,682 |
| Court related | - | - | 208,050 | 208,050 |
| Fines and forfeits | | | | |
| Fines | - | - | 180,507 | 180,507 |
| Miscellaneous | | | | |
| Interest | 517 | - | 201 | 718 |
| Other miscellaneous | 9,907 | - | 1 | 9,908 |
| Total revenues | <u>317,364</u> | <u>17,326</u> | <u>428,467</u> | <u>763,157</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Financial and administrative | | | | |
| Personal services | 418,713 | - | - | 418,713 |
| Operating expenditures | 42,355 | - | - | 42,355 |
| Other general governmental services | | | | |
| Personal services | 56,841 | - | - | 56,841 |
| Operating expenditures | 16,876 | 9,140 | - | 26,016 |
| Court related expenditures | | | | |
| General administration | | | | |
| Clerk of Court administration (604) | | | | |
| Personal services | - | - | 104,841 | 104,841 |
| Operating expenditures | - | - | 28,267 | 28,267 |
| Jury management (608) | | | | |
| Personal services | - | - | 3,762 | 3,762 |
| Operating expenditures | - | - | 6,104 | 6,104 |
| Circuit Court - Criminal (614) | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 54,595 | 54,595 |
| Operating expenditures | - | - | 3,479 | 3,479 |
| Expert Witness Fees | | | | |
| Operating expenditures | - | - | 1,305 | 1,305 |
| Circuit Court - Civil | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 17,370 | 17,370 |
| Operating expenditures | - | - | 1,361 | 1,361 |
| Circuit Court - Family | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 31,386 | 31,386 |
| Operating expenditures | - | - | 1,900 | 1,900 |
| Circuit Court - Juvenile | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 34,417 | 34,417 |
| Operating expenditures | - | - | 2,056 | 2,056 |

(Continued)

See notes to financial statements.

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

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

For the Year Ended September 30, 2018

| | General <u>Fund</u> | Public Records Modernization <u>Trust Fund</u> | Fine & Forfeiture <u>Fund</u> | Total Governmental <u>Funds</u> |
|--|------------------------|--|-------------------------------------|---------------------------------------|
| Expenditures - Court related (continued) | | | | |
| Circuit Court - Probate | | | | |
| Clerk of Court | | | | |
| Personal services | \$ - | \$ - | \$ 4,324 | \$ 4,324 |
| Operating expenditures | - | - | 315 | 315 |
| County Court - Criminal | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 36,098 | 36,098 |
| Operating expenditures | - | - | 2,056 | 2,056 |
| County Court - Civil | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 20,915 | 20,915 |
| Operating expenditures | - | - | 1,423 | 1,423 |
| County Court - Traffic | | | | |
| Clerk of Court | | | | |
| Personal services | - | - | 67,907 | 67,907 |
| Operating expenditures | - | - | 4,586 | 4,586 |
| Capital outlay | | | | |
| General government | | | | |
| Financial and administrative | <u>1,425</u> | <u>-</u> | <u>-</u> | <u>1,425</u> |
| Total expenditures | <u>536,210</u> | <u>9,140</u> | <u>428,467</u> | <u>973,817</u> |
| Excess (deficiency) of revenues | | | | |
| over expenditures | <u>(218,846)</u> | <u>8,186</u> | <u>-</u> | <u>(210,660)</u> |
| Other financing sources in (out) | | | | |
| Interfund transfer HCBCC | 218,846 | - | - | 218,846 |
| Interfund transfer Clerk's F&F | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net other financing sources in (out) | <u>218,846</u> | <u>-</u> | <u>-</u> | <u>218,846</u> |
| Net change in fund balances | - | 8,186 | - | 8,186 |
| Fund balances at beginning of year | <u>-</u> | <u>7,211</u> | <u>-</u> | <u>7,211</u> |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ 15,397</u> | <u>\$ -</u> | <u>\$ 15,397</u> |

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

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2018

| | |
|---------------------------------|----------------|
| Assets | |
| Cash | \$ 420,146 |
| Due from State of Florida | 59,362 |
| Due from others | <u>1,440</u> |
| Total assets | <u>480,948</u> |
| Liabilities and net position | |
| Due to other governmental units | |
| HCBCC | 4,283 |
| State of Florida | 240,814 |
| Municipalities | 1,448 |
| Hamilton County School Board | 965 |
| Due to others | |
| Deposits | 22,310 |
| Due to individuals/others | 62,737 |
| Interest payable | 128 |
| Cash bond liability | <u>148,263</u> |
| Total liabilities | <u>480,948</u> |
| Net position | <u>\$ -</u> |

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. THE REPORTING ENTITY

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

The Clerk reports the following major funds:

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

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

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

The Clerk reports the following fund types:

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

The following Agency Funds are maintained:

- Child Support Fund
- Registry of Court
- Bond Estreatures Fund
- Trust Fund

B. Measurement Focus and Basis of Accounting

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

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

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$4,283 of cash held in the Clerk’s Agency funds was reclassified from interfund payables into cash at the government-wide financial statements.

D. Receivables/Due from other governments

At September 30, 2018, the Clerk was owed the following amounts:

| <u>Fund</u> | State of <u>Florida</u> | <u>Description</u> |
|-------------|----------------------------|---------------------------------|
| General | \$ 44,421 | Child Support Enforcement Grant |

E. Inventories

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

F. Capital Assets

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

G. Due to Other Governments

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

At September 30, 2018, this balance was \$55,850 and is reported in the Clerk's Fine and Forfeiture Fund.

H. Compensated Absences

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

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

NOTE 2. FLORIDA RETIREMENT SYSTEM (FRS) - DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. INTERFUND BALANCES AND TRANSFERS

Transfers from the Hamilton County Board of County Commissioners at September 30, 2018, into the Clerk's General Fund are as follows:

Interfund balances and Activity

Budgetary transfers from BCC

General Fund

\$ 218,846 Budgeted transfers

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive <u>(Negative)</u> |
| Revenues | | | | |
| Intergovernmental revenue | | | | |
| Federal grant | \$ 180,000 | \$ 180,000 | \$ 272,584 | \$ 92,584 |
| Charges for services | | | | |
| General government | 35,000 | 35,000 | 34,356 | (644) |
| Miscellaneous | | | | |
| Interest | 300 | 300 | 517 | 217 |
| Other miscellaneous | <u>13,500</u> | <u>13,500</u> | <u>9,907</u> | <u>(3,593)</u> |
| Total revenues | <u>228,800</u> | <u>228,800</u> | <u>317,364</u> | <u>88,564</u> |
| Expenditures | | | | |
| General government | | | | |
| Financial and administrative | | | | |
| Personal services | 376,135 | 376,135 | 418,713 | (42,578) |
| Operating expenditures | 38,100 | 38,100 | 42,355 | (4,255) |
| Capital outlay | <u>1,200</u> | <u>1,200</u> | <u>1,425</u> | <u>(225)</u> |
| Total financial and administrative | <u>415,435</u> | <u>415,435</u> | <u>462,493</u> | <u>(47,058)</u> |
| Other general government services | | | | |
| Personal services | 52,293 | 52,293 | 56,841 | (4,548) |
| Operating expenditures | 31,635 | 31,635 | 16,876 | 14,759 |
| Capital outlay | - | - | - | - |
| Other uses | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>50,000</u> |
| Total financial and administrative | <u>133,928</u> | <u>133,928</u> | <u>73,717</u> | <u>60,211</u> |
| Total expenditures | <u>549,363</u> | <u>549,363</u> | <u>536,210</u> | <u>13,153</u> |
| Excess (deficiency) of revenues over expenditures | <u>(320,563)</u> | <u>(320,563)</u> | <u>(218,846)</u> | <u>101,717</u> |
| Other financing sources (uses) | | | | |
| Interfund transfer in - HCBCC | 320,563 | 320,563 | 218,846 | (101,717) |
| Interfund transfer out - Clerk's F&F | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>320,563</u> | <u>320,563</u> | <u>218,846</u> | <u>(101,717)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

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

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive <u>(Negative)</u> |
| Budgetary fund balance, beginning | \$ - | \$ - | \$ 7,211 | \$ 7,211 |
| Resources (inflows) | | | | |
| Charges for services | | | | |
| General government | <u>17,000</u> | <u>17,000</u> | <u>17,326</u> | <u>326</u> |
| Total amounts available for appropriation | <u>\$ 17,000</u> | <u>\$ 17,000</u> | <u>\$ 24,537</u> | <u>\$ 7,537</u> |
| Charges to appropriations (outflows) | | | | |
| General government | | | | |
| Operating expenditures | \$ 17,000 | \$ 17,000 | \$ 9,140 | \$ 7,860 |
| Other uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total general government | 17,000 | 17,000 | 9,140 | 7,860 |
| Budgeted/ending reserves | <u>-</u> | <u>-</u> | <u>15,397</u> | <u>(15,397)</u> |
| Total appropriations and reserves | <u>\$ 17,000</u> | <u>\$ 17,000</u> | <u>\$ 24,537</u> | <u>\$ (7,537)</u> |

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--------------------------------|-------------------------|----------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive <u>(Negative)</u> |
| Revenues | | | | |
| Intergovernmental revenue | | | | |
| General government | \$ 92,321 | \$ 92,321 | \$ 39,708 | \$ (52,613) |
| Charges for services | | | | |
| Court related | 210,407 | 210,407 | 208,050 | (2,357) |
| Judgments, fines, and forfeits | | | | |
| Fines | 124,939 | 124,939 | 180,507 | 55,568 |
| Miscellaneous | | | | |
| Interest | 800 | 800 | 201 | (599) |
| Other miscellaneous | - | - | 1 | 1 |
| Total revenues | <u>428,467</u> | <u>428,467</u> | <u>428,467</u> | <u>-</u> |
| Expenditures | | | | |
| Court related expenditures | | | | |
| General administration | | | | |
| Clerk of Court administration | | | | |
| Personal services | 145,701 | 145,701 | 104,841 | 40,860 |
| Operating expenditures | 1,430 | 1,430 | 28,267 | (26,837) |
| Capital outlay | - | - | - | - |
| Jury management | | | | |
| Personal services | 3,703 | 3,703 | 3,762 | (59) |
| Operating expenditures | 7,882 | 7,882 | 6,104 | 1,778 |
| Circuit Court - Criminal | | | | |
| Clerk of Court | | | | |
| Personal services | 54,502 | 54,502 | 54,595 | (93) |
| Operating expenditures | 500 | 500 | 3,480 | (2,980) |
| Expert Witness Fees | | | | |
| Operating expenditures | - | - | 1,305 | (1,305) |
| Circuit Court - Civil | | | | |
| Clerk of Court | | | | |
| Personal services | 17,455 | 17,455 | 17,370 | 85 |
| Operating expenditures | 500 | 500 | 1,361 | (861) |
| Circuit Court - Family | | | | |
| Clerk of Court | | | | |
| Personal services | 31,486 | 31,486 | 31,386 | 100 |
| Operating expenditures | 300 | 300 | 1,900 | (1,600) |
| Circuit Court - Juvenile | | | | |
| Clerk of Court | | | | |
| Personal services | 34,761 | 34,761 | 34,417 | 344 |
| Operating expenditures | 300 | 300 | 2,056 | (1,756) |
| Circuit Court - Probate | | | | |
| Clerk of Court | | | | |
| Personal services | 4,384 | 4,384 | 4,324 | 60 |
| Operating expenditures | 500 | 500 | 315 | 185 |

(Continued)

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

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive <u>(Negative)</u> |
|--|-------------------------|----------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures - Court related (continued) | | | | |
| County Court - Criminal | | | | |
| Clerk of Court | | | | |
| Personal services | \$ 36,045 | \$ 36,045 | \$ 36,098 | \$ (53) |
| Operating expenditures | 500 | 500 | 2,056 | (1,556) |
| County Court - Civil | | | | |
| Clerk of Court | | | | |
| Personal services | 21,178 | 21,178 | 20,915 | 263 |
| Operating expenditures | 500 | 500 | 1,423 | (923) |
| County Court - Traffic | | | | |
| Clerk of Court | | | | |
| Personal services | 66,340 | 66,340 | 67,907 | (1,567) |
| Operating expenditures | 500 | 500 | 4,585 | (4,085) |
| Total expenditures | <u>428,467</u> | <u>428,467</u> | <u>428,467</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Interfund transfer in | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balances at beginning of year | - | - | - | - |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2018

NOTE 1. BUDGET

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

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

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

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

For the Fine & Forfeiture and Public Records Modernization Funds (court-related), the fund level is the legal level of budgetary control.

The Clerk of the Circuit Court made no supplemental budgetary appropriations during the year ended September 30, 2018.

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

| | | Public Records Modernization Fund |
|---|----|---|
| Sources/inflows of resources | | |
| Financial statement major funds | | |
| Total amounts available for appropriation | \$ | 24,537 |
| Adjustments | | |
| Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting | | (7,211) |
| Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | \$ | 17,326 |

NOTE 3. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Clerk’s General Fund’s expenditures exceeded its appropriations at the legal level of budgetary control; however, the budget was not exceeded in total.

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SUPPLEMENTARY INFORMATION

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

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

September 30, 2018

| | Agency Funds | | | | <u>Totals</u> |
|-------------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------|----------------|
| | <u>Registry of Courts</u> | <u>Bond Estreatures</u> | <u>Clerk's Trust</u> | <u>Child Support</u> | |
| Assets | | | | | |
| Cash | \$ 53,103 | \$ 148,263 | \$ 218,780 | \$ - | \$ 420,146 |
| Due from State of Florida | - | - | 59,362 | - | 59,362 |
| Due from others | - | - | - | 1,440 | 1,440 |
| Total assets | <u>53,103</u> | <u>148,263</u> | <u>278,142</u> | <u>1,440</u> | <u>480,948</u> |
| Liabilities and net position | | | | | |
| Due to other governmental units | | | | | |
| HCBC | - | - | 4,283 | - | 4,283 |
| State of Florida | - | - | 240,814 | - | 240,814 |
| Municipalities | - | - | 1,448 | - | 1,448 |
| Hamilton County School Board | - | - | 965 | - | 965 |
| Due to others | | | | | |
| Deposits | - | - | 22,310 | - | 22,310 |
| Due to individuals/others | 52,975 | - | 8,322 | 1,440 | 62,737 |
| Interest payable | 128 | - | - | - | 128 |
| Cash bond liability | - | 148,263 | - | - | 148,263 |
| Total liabilities | <u>53,103</u> | <u>148,263</u> | <u>278,142</u> | <u>1,440</u> | <u>480,948</u> |
| Net position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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COMPLIANCE SECTION

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Clerk of the Circuit Court's financial statements, and have issued my report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 218.415 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Clerk of the Circuit Court is responsible for the Clerk of the Circuit Court's compliance with the specified requirements. My responsibility is to express an opinion on the Hamilton County Clerk of the Circuit Court's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Clerk of the Circuit Court complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 28.35 and 28.36 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Clerk of the Circuit Court is responsible for the Clerk of the Circuit Court's compliance with the specified requirements. My responsibility is to express an opinion on the Hamilton County Clerk of the Circuit Court's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Clerk of the Circuit Court complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 61.181 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Clerk of the Circuit is responsible for the Clerk of the Circuit Court's compliance with the specified requirements. My responsibility is to express an opinion on the Hamilton County Clerk of the Circuit Court's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Clerk of the Circuit Court complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated June 5, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Reports on examinations conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the

reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II. The Hamilton County Clerk of the Circuit Court's financial statements included no component units.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not note any such findings.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund for the Hamilton County Property Appraiser, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section IV pages 10-11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2019, on my consideration of the Hamilton County Property Appraiser's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations,

contracts, grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hamilton County Property Appraiser's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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FINANCIAL STATEMENTS

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**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

| | <u>General Fund</u> |
|---|------------------------------------|
| Assets | |
| Cash | <u>\$ 78,814</u> |
| Liabilities and fund balance | |
| Liabilities | |
| Due to other governmental units | |
| Hamilton County Board of County Commissioners | 78,814 |
| Fund balance - unassigned | <u> -</u> |
| Total liabilities and fund balance | <u>\$ 78,814</u> |

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> |
|---|---------------------|
| Expenditures | |
| General Government Services | |
| Personal services | |
| Executive salaries | \$ 101,575 |
| Regular salaries | 202,786 |
| Other salaries and wages | 19,939 |
| FICA taxes | 23,497 |
| Retirement - official | 12,544 |
| Retirement employees | 11,615 |
| Retirement SMS/SES | 5,107 |
| Retirement DROP | 11,647 |
| Life and health insurance | <u>61,902</u> |
| Total personal services | <u>450,612</u> |
| Operating expenditures | |
| Professional services | 60,173 |
| Professional services - legal | 3,463 |
| Professional services - appraisals | 12,000 |
| Professional services - appraisals | 25,355 |
| Travel | 4,541 |
| Communications | 5,009 |
| Postage | 4,211 |
| Rentals and leases | 2,279 |
| Repair and maintenance | 38,856 |
| Repair and maintenance - vehicle | 1,916 |
| Repair and maintenance - office equipment | 7,755 |
| Other current charges | 3,238 |
| Other current charges - ads | 772 |

(Continued)

See notes to financial statements.

Section IV - Page 5

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> |
|---|---------------------|
| (Operating expenditures continued) | |
| Office supplies | \$ 12,694 |
| Data processing | 9,800 |
| Books and memberships | 3,407 |
| Association dues | 4,776 |
| Total operating expenditures | <u>200,245</u> |
| Capital outlay | |
| Equipment | <u>13,470</u> |
| Total expenditures | <u>664,327</u> |
| Excess (deficiency) of revenues over expenditures | <u>(664,327)</u> |
| Other financing sources (uses) | |
| Interfund transfers - HCBCC | <u>664,327</u> |
| Net change in fund balance | - |
| Fund balance at beginning of year | <u>-</u> |
| Fund balance at end of year | <u><u>\$ -</u></u> |

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. THE REPORTING ENTITY

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

The Property Appraiser reports the following major fund:

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

B. Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this

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

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

C. Deposits

See Note 2 at Section II.

D. Inventories

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

E. Capital Assets

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

F. Compensated Absences

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

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

NOTE 2. FLORIDA RETIRMENT SYSTEM (FRS) - DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. INTERFUND ACTIVITY

Transfers from the Hamilton County Board of County Commissioners at September 30, 2018, were as follows:

| | |
|------------------|---------------------|
| <u>\$664,327</u> | Budgetary transfers |
|------------------|---------------------|

**REQUIRED SUPPLEMENTARY
INFORMATION**

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**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for services | | | | |
| County officer fees | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| General Government Services | | | | |
| Personal services | 501,321 | 492,321 | 450,612 | 41,709 |
| Operating expenditures | 217,493 | 212,293 | 200,245 | 12,048 |
| Capital Outlay | - | 14,200 | 13,470 | 730 |
| Other uses | <u>8,000</u> | <u>8,000</u> | <u>-</u> | <u>8,000</u> |
| Total expenditures | <u>726,814</u> | <u>726,814</u> | <u>664,327</u> | <u>62,487</u> |
| Excess (deficiency) of revenues over expenditures | <u>(726,814)</u> | <u>(726,814)</u> | <u>(664,327)</u> | <u>62,487</u> |
| Other financing sources (uses) | | | | |
| Transfers from HCBCC General Fund | <u>726,814</u> | <u>726,814</u> | <u>664,327</u> | <u>(62,487)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2018

NOTE 1. BUDGET

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

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

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

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

The Property Appraiser made one supplemental budgetary amendment during the year ended September 30, 2018.

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

COMPLIANCE SECTION

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

To the Honorable Property Appraiser
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Property Appraiser's financial statements, and have issued my report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

I have examined the Hamilton County Property Appraiser's compliance with *Florida Statutes* 218.415 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Property Appraiser is responsible for the Property Appraiser's compliance with the specified requirements. My responsibility is to express an opinion on Hamilton County Property Appraiser's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Property Appraiser complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Property Appraiser complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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MANAGEMENT LETTER

The Honorable Property Appraiser
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Property Appraiser, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated June 5, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 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 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See

Note 1 in Section II. The Hamilton County Property Appraiser's financial statements included no component units.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not note any such findings.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Honorable Sheriff
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hamilton County Sheriff, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information for the Hamilton County Sheriff, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Sheriff. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section V pages 12-17 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2019, on my consideration of the Hamilton County Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hamilton County Sheriff's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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FINANCIAL STATEMENTS

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**HAMILTON COUNTY, FLORIDA
SHERIFF**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

| | General <u>Fund</u> | Emergency Management <u>Fund</u> | Inmate Welfare <u>Fund</u> | 911 Communications <u>Fund</u> | Total Governmental <u>Funds</u> |
|--|--------------------------|--|----------------------------------|--------------------------------------|---------------------------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash | \$ 49,856 | \$ - | \$ 54,860 | \$ 561,219 | \$ 665,935 |
| Accounts receivable | 979 | - | 2,839 | - | 3,818 |
| Interfund receivables | 29,009 | - | - | - | 29,009 |
| Due from other governmental units | | | | | |
| HCBCC | - | - | - | - | - |
| State of Florida | - | 33,110 | - | - | 33,110 |
| Prepaid items | <u>80,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>80,000</u> |
| Total assets | <u><u>\$ 159,844</u></u> | <u><u>\$ 33,110</u></u> | <u><u>\$ 57,699</u></u> | <u><u>\$ 561,219</u></u> | <u><u>\$ 811,872</u></u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 71,721 | \$ - | \$ - | \$ - | \$ 71,721 |
| Payroll withholding | 19 | - | - | - | 19 |
| Interfund payables | - | 29,009 | - | - | 29,009 |
| Due to other governmental units | | | | | |
| HCBCC - General Fund | 87,536 | 4,100 | - | - | 91,636 |
| Other current liabilities | <u>568</u> | <u>1</u> | <u>337</u> | <u>-</u> | <u>906</u> |
| Total liabilities | <u><u>159,844</u></u> | <u><u>33,110</u></u> | <u><u>337</u></u> | <u><u>-</u></u> | <u><u>193,291</u></u> |
| Fund balances | | | | | |
| Restricted for: | | | | | |
| Other purposes | <u>-</u> | <u>-</u> | <u>57,362</u> | <u>561,219</u> | <u>618,581</u> |
| Total liabilities and fund balances | <u><u>\$ 159,844</u></u> | <u><u>\$ 33,110</u></u> | <u><u>\$ 57,699</u></u> | <u><u>\$ 561,219</u></u> | <u><u>\$ 811,872</u></u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> | <u>Emergency Management Fund</u> | <u>Inmate Welfare Fund</u> | <u>911 Communications Fund</u> | <u>Total Governmental Funds</u> |
|------------------------------------|-------------------------|--|------------------------------------|--|---|
| Revenues | | | | | |
| Intergovernmental | \$ - | \$ 151,786 | \$ - | \$ 237,326 | \$ 389,112 |
| Charges for services | - | - | 29,479 | 109,819 | 139,298 |
| Fines and forfeits | - | - | - | - | - |
| Interest | - | - | 96 | 668 | 764 |
| Miscellaneous revenues | <u>295,353</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>295,353</u> |
| Total revenues | <u>295,353</u> | <u>151,786</u> | <u>29,575</u> | <u>347,813</u> | <u>824,527</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Public safety | | | | | |
| Law enforcement | | | | | |
| Personal services | 1,768,681 | - | - | - | 1,768,681 |
| Operating expenditures | 503,449 | - | - | - | 503,449 |
| Corrections | | | | | |
| Personal services | 1,695,987 | - | - | - | 1,695,987 |
| Operating expenditures | 756,254 | - | 45,744 | - | 801,998 |
| Emergency services | | | | | |
| Emergency management | | | | | |
| Personal services | - | 116,040 | - | - | 116,040 |
| Operating expenditures | - | 56,212 | - | - | 56,212 |
| 911 Mapping | | | | | |
| Personal services | - | 25,280 | - | - | 25,280 |
| Operating expenditures | - | 11,221 | - | - | 11,221 |
| Emergency communications | | | | | |
| Personal services | 495,649 | - | - | - | 495,649 |
| Operating expenditures | 22,666 | - | - | 153,595 | 176,261 |
| Courts - General Operations | | | | | |
| Courthouse security | | | | | |
| Personal services | 25,368 | - | - | - | 25,368 |
| Operating expenditures | 2,401 | - | - | - | 2,401 |
| Capital outlay | | | | | |
| Public safety | | | | | |
| Law enforcement | | | | | |
| Capital outlay | 64,820 | - | - | - | 64,820 |
| Corrections | | | | | |
| Capital outlay | 1,656 | - | 13,579 | - | 15,235 |

(Continued)

See notes to financial statements.

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> | <u>Emergency Management Fund</u> | <u>Inmate Welfare Fund</u> | <u>911 Communications Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--|------------------------------------|--|---|
| Expenditures (continued) | | | | | |
| Emergency services | | | | | |
| Emergency Management | | | | | |
| Capital outlay | \$ - | \$ 6,733 | \$ - | \$ - | \$ 6,733 |
| Emergency commx | | | | | |
| Capital outlay | <u>11,595</u> | <u>-</u> | <u>-</u> | <u>161,875</u> | <u>173,470</u> |
| Total expenditures | <u>5,348,526</u> | <u>215,486</u> | <u>59,323</u> | <u>315,470</u> | <u>5,938,805</u> |
| Excess (deficiency) of revenues over expenditures | (5,053,173) | (63,700) | (29,748) | 32,343 | (5,114,278) |
| Other financing sources (uses) | | | | | |
| Transfers - Sheriff Operating | - | - | - | - | - |
| Transfers in HCBC | <u>5,053,173</u> | <u>63,700</u> | <u>-</u> | <u>-</u> | <u>5,116,873</u> |
| Total other financing sources (uses) | <u>5,053,173</u> | <u>63,700</u> | <u>-</u> | <u>-</u> | <u>5,116,873</u> |
| Net change in fund balances | - | - | (29,748) | 32,343 | 2,595 |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>87,110</u> | <u>528,876</u> | <u>615,986</u> |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 57,362</u> | <u>\$ 561,219</u> | <u>\$ 618,581</u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2018

| | <u>Agency Funds</u> |
|---------------------------|---------------------|
| Assets | |
| Cash | \$ 5,400 |
| Due from others | <u>1,281</u> |
| Total assets | <u>6,681</u> |
| Liabilities | |
| Other current liabilities | |
| Due to individuals/others | <u>6,681</u> |
| Total liabilities | <u>6,681</u> |
| Net position | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. THE REPORTING ENTITY

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

The Sheriff reports the following major funds:

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

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

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

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

The Sheriff reports the following fund types:

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

The Sheriff maintains the following Agency Funds:

- Bond Trust Fund
- Inmate Trust Fund

B. Measurement Focus and Basis of Accounting

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

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

C. Deposits

See Note 2 at Section II.

D. Receivables/Due from other governments

At September 30, 2018, the Sheriff was owed the following amounts:

| | General Fund | Emergency Management Fund | Inmate Welfare Fund | 911 Communications Fund | Total |
|-------------------------------------|-----------------|---------------------------------|---------------------------|-------------------------------|------------------|
| Accounts receivable - miscellaneous | \$ 979 | \$ - | \$ 2,839 | \$ - | \$ 3,818 |
| State of Florida - grant payments | <u>-</u> | <u>33,110</u> | <u>-</u> | <u>-</u> | <u>33,110</u> |
| Totals | <u>\$ 979</u> | <u>\$ 33,110</u> | <u>\$ 2,839</u> | <u>\$ -</u> | <u>\$ 36,928</u> |

E. Prepaid items

Prepaid items consist of fuel purchased in advance by the Sheriff and not consumed by fiscal year end. The balance at September 30, 2018, was \$80,000.

F. Inventories

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

G. Capital Assets

The Sheriff reports purchased assets at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. The Sheriff's fixed asset purchases, in excess of \$1,000, are capitalized and reported at the county wide financial statement level. Details of the Sheriff's capital assets (equipment) including estimated useful lives are at Note 4 in Section II.

H. Compensated Absences

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

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

NOTE 2. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PLAN

See Note 12 at Section II.

NOTE 3. CONTINGENT LIABILITIES

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

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

NOTE 4. RISK MANAGEMENT

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

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

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

NOTE 5. INTERFUND BALANCES AND ACTIVITY

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

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> | <u>Purpose</u> |
|---------------------------|---------------------------------|------------------------------|---|
| Major Funds | | | |
| Sheriff’s General Fund | \$ 29,009 | \$ - | Interfund loan to fund grant expenditures |
| Emergency Management Fund | <u>-</u> | <u>29,009</u> | Interfund loan to fund grant expenditures |
| Totals | <u>\$ 29,009</u> | <u>\$ 29,009</u> | |

During the year ended September 30, 2018, the Hamilton County Board of County Commissioners made budgetary transfers (which include budgeted transfers of grant reimbursements) of \$5,053,173 to the Sheriff’s General Fund and \$63,700 to the Emergency Management Fund for grant match and 911 Mapping.

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

NOTE 6. COMMITMENTS

The Sheriff has entered into the following agreements:

Food Service

The Sheriff has an agreement with Eagle Food Service, Inc., for the food services at the Hamilton County Jail. In March 2018, the Sheriff renewed the agreement (until notice is given).

Inmate Telephone Services

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

Inmate Medical Care

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous revenues | - | <u>295,352</u> | <u>295,353</u> | <u>1</u> |
| Total revenues | <u>-</u> | <u>295,352</u> | <u>295,353</u> | <u>1</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Law enforcement | | | | |
| Personal services | 1,762,199 | 1,768,681 | 1,768,681 | - |
| Operating expenditures | 485,947 | 503,449 | 503,449 | - |
| Capital outlay | - | 66,320 | 64,820 | 1,500 |
| Grants and aids | - | - | - | - |
| Other uses | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total law enforcement | <u>2,258,146</u> | <u>2,338,450</u> | <u>2,336,950</u> | <u>1,500</u> |
| Corrections | | | | |
| Personal services | 1,746,227 | 1,695,988 | 1,695,987 | 1 |
| Operating expenditures | 398,710 | 756,254 | 756,254 | - |
| Capital outlay | - | 3,153 | 1,656 | 1,497 |
| Other uses | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total corrections | <u>2,154,937</u> | <u>2,455,395</u> | <u>2,453,897</u> | <u>1,498</u> |
| Emergency communications | | | | |
| Personal services | 553,184 | 495,649 | 495,649 | - |
| Operating expenditures | 15,000 | 22,667 | 22,666 | 1 |
| Capital outlay | <u>2,500</u> | <u>13,988</u> | <u>11,595</u> | <u>2,393</u> |
| Total emergency communications | <u>570,684</u> | <u>532,304</u> | <u>529,910</u> | <u>2,394</u> |
| Total public safety | <u>4,983,767</u> | <u>5,326,149</u> | <u>5,320,757</u> | <u>5,392</u> |
| Courts - General Operations | | | | |
| Courthouse security | | | | |
| Personal services | 31,089 | 25,369 | 25,368 | 1 |
| Operating expenditures | 1,750 | 2,402 | 2,401 | 1 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total courthouse security | <u>32,839</u> | <u>27,771</u> | <u>27,769</u> | <u>2</u> |
| Total expenditures | <u>5,016,606</u> | <u>5,353,920</u> | <u>5,348,526</u> | <u>5,394</u> |

(Continued)

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

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive <u>(Negative)</u> |
|--|-------------------------|------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Excess (deficiency) of revenues over expenditures | \$ (5,016,606) | \$ (5,058,568) | \$ (5,053,173) | \$ 5,395 |
| Other financing sources (uses) | | | | |
| Interfund transfers - Emerg Mgt. | - | - | - | - |
| Interfund transfers - HCBCC | <u>5,016,606</u> | <u>5,058,568</u> | <u>5,053,173</u> | <u>(5,395)</u> |
| Total other financing sources | <u>5,016,606</u> | <u>5,058,568</u> | <u>5,053,173</u> | <u>(5,395)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - INMATE WELFARE FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive <u>(Negative)</u> |
|---|-------------------------|---------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Budgetary fund balance, beginning | \$ 70,000 | \$ 34,748 | \$ 87,110 | \$ 52,362 |
| Revenues (inflows) | | | | |
| Charges for services | 26,500 | 29,479 | 29,479 | - |
| Fines and forfeits | - | - | - | - |
| Interest | 100 | 96 | 96 | - |
| Miscellaneous revenues | - | - | - | - |
| Total amounts available for appropriation | <u>96,600</u> | <u>64,323</u> | <u>116,685</u> | <u>52,362</u> |
| Charges to appropriation (outflows) | | | | |
| Corrections | | | | |
| Operating expenditures | 46,500 | 45,744 | 45,744 | - |
| Capital outlay | 20,000 | 13,579 | 13,579 | - |
| Grants and aids | 3,000 | - | - | - |
| Other uses | <u>27,100</u> | <u>5,000</u> | - | <u>5,000</u> |
| Total charges to appropriations | <u>96,600</u> | <u>64,323</u> | <u>59,323</u> | <u>5,000</u> |
| Budgeted reserves | - | - | - | - |
| Total appropriations and reserves | <u>96,600</u> | <u>64,323</u> | <u>59,323</u> | <u>5,000</u> |
| Budgetary fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 57,362</u> | <u>\$ 57,362</u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - 911 COMMUNICATIONS

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | | Variance with |
|---|-------------------------|----------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Budgetary fund balance, beginning | \$ 100,000 | \$ 20,000 | \$ 528,876 | \$ 508,876 |
| Resources (inflows) | | | | |
| Intergovernmental | 44,250 | 237,326 | 237,326 | - |
| Charges for services | 46,760 | 109,819 | 109,819 | - |
| Interest | <u>2,500</u> | <u>668</u> | <u>668</u> | <u>-</u> |
| Total amounts available for appropriation | <u>193,510</u> | <u>367,813</u> | <u>876,689</u> | <u>508,876</u> |
| Charges to appropriations (outflows) | | | | |
| Emergency communications | | | | |
| Operating expenditures | 65,500 | 153,594 | 153,595 | (1) |
| Capital outlay | 28,000 | 161,875 | 161,875 | - |
| Other uses | <u>-</u> | <u>52,344</u> | <u>-</u> | <u>52,344</u> |
| Total charges to appropriations | <u>93,500</u> | <u>367,813</u> | <u>315,470</u> | <u>52,343</u> |
| Budgeted reserves | <u>100,010</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total appropriations and reserves | <u>193,510</u> | <u>367,813</u> | <u>315,470</u> | <u>52,343</u> |
| Budgetary fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 561,219</u> | <u>\$ 561,219</u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - EMERGENCY MANAGEMENT FUND

For the Year Ended September 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|-----------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Intergovernmental | \$ 149,289 | \$ 151,787 | \$ 151,786 | \$ (1) |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total amounts available for appropriation | <u>149,289</u> | <u>151,787</u> | <u>151,786</u> | <u>(1)</u> |
| Expenditures | | | | |
| Emergency services | | | | |
| Emergency management | | | | |
| Personal services | 122,479 | 116,042 | 116,040 | 2 |
| Operating expenditures | 44,381 | 57,181 | 56,212 | 969 |
| Capital outlay | <u>9,629</u> | <u>8,732</u> | <u>6,733</u> | <u>1,999</u> |
| Total emergency management | <u>176,489</u> | <u>181,955</u> | <u>178,985</u> | <u>2,970</u> |
| 911 Mapping | | | | |
| Personal services | 27,500 | 25,280 | 25,280 | - |
| Operating expenditures | 9,000 | 11,221 | 11,221 | - |
| Capital outlay | <u>4,100</u> | <u>1,131</u> | <u>-</u> | <u>1,131</u> |
| Total 911 mapping | <u>40,600</u> | <u>37,632</u> | <u>36,501</u> | <u>1,131</u> |
| Total expenditures | <u>217,089</u> | <u>219,587</u> | <u>215,486</u> | <u>4,101</u> |
| Excess (deficiency) of revenues over expenditures | <u>(67,800)</u> | <u>(67,800)</u> | <u>(63,700)</u> | <u>4,100</u> |
| Other financing sources | | | | |
| Interfund transfer in - HCBCC | 67,800 | 67,800 | 63,700 | (4,100) |
| Interfund transfer out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources | <u>67,800</u> | <u>67,800</u> | <u>63,700</u> | <u>(4,100)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2018

NOTE 1. BUDGET

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

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

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

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

| | Inmate Welfare <u>Fund</u> | 911 Communications <u>Fund</u> |
|--|----------------------------------|--------------------------------------|
| Sources/inflows of resources | | |
| Financial statement major funds | | |
| Total amounts available for appropriation | \$ 116,685 | \$ 876,689 |
| Adjustments | | |
| Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting | <u>(87,110)</u> | <u>(528,876)</u> |
| Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 29,575</u> | <u>\$ 347,813</u> |

**SUPPLEMENTARY
INFORMATION**

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**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

September 30, 2018

| | Agency Funds | | |
|---------------------------|---------------|-----------------|----------|
| | Bond Trust | Inmate Trust | Totals |
| Assets | | | |
| Cash | \$ 5,400 | \$ - | \$ 5,400 |
| Due from others | - | 1,281 | 1,281 |
| Total assets | 5,400 | 1,281 | 6,681 |
| Liabilities | | | |
| Other current liabilities | | | |
| Due to individuals/others | 5,400 | 1,281 | 6,681 |
| Total liabilities | 5,400 | 1,281 | 6,681 |
| Net position | \$ - | \$ - | \$ - |

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COMPLIANCE SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

To the Honorable Sheriff
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Sheriff, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Sheriff's financial statements, and have issued my report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Sheriff
Hamilton County, Florida

I have examined the Hamilton County Sheriff's compliance with *Florida Statutes* 218.415 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Sheriff is responsible for the Sheriff's compliance with the specified requirements. My responsibility is to express an opinion on Hamilton County Sheriff's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Sheriff complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Sheriff complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

KENNETH M. DANIELS
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MANAGEMENT LETTER

To the Honorable Sheriff
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Sheriff, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated June 5, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards 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 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II. The Hamilton County Sheriff's financial statements included no component units.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not note any such findings.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor of Elections
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Supervisor of Elections' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information for the Hamilton County Supervisor of Elections, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section VI pages 10-11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2019, on my consideration of the Hamilton County Supervisor of Elections' internal control over

financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hamilton County Supervisor of Elections' internal control over financial reporting and compliance.

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

Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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FINANCIAL STATEMENTS

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**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

| | <u>General Fund</u> |
|--|----------------------------------|
| Assets | |
| Cash | <u>\$ 63,443</u> |
| Liabilities, deferred inflows of resources, and fund balance | |
| Liabilities | |
| Accounts payable | \$ 29,351 |
| Due to other governmental units | |
| Hamilton County Board of County Commissioners (HCBCC) | <u> 175</u> |
| Total liabilities | <u> 29,526</u> |
| Deferred inflows of resources | |
| Deferred voter grant | <u> 33,917</u> |
| Fund balance | |
| Unassigned | <u> -</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 63,443</u> |

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> |
|---|---------------------|
| Revenues | |
| Federal grants | |
| General government - voter education | \$ 60,554 |
| Charges for services | |
| County Officer fees | - |
| Total revenues | <u>60,554</u> |
| Expenditures | |
| General Government Services | |
| Personal services | |
| Executive salaries | 99,575 |
| Regular salaries | 36,313 |
| Other salaries and wages - poll workers | 5,945 |
| Overtime | 898 |
| FICA taxes | 10,365 |
| Retirement | 49,053 |
| Life and health insurance | 23,564 |
| Total personal services | <u>225,713</u> |
| Operating expenditures | |
| Travel | 1,993 |
| Communications | 4,830 |
| Other current charges | 2,756 |
| Other current charges | 8,553 |
| Other current charges | 4,506 |
| Other current charges | 2,839 |
| Other current charges | 13,822 |
| Other current charges | 8,222 |
| Office supplies | 1,881 |
| Dues | 2,005 |
| Total operating expenditures | <u>51,407</u> |
| Capital outlay | |
| Machinery and equipment | <u>39,226</u> |
| Total expenditures | <u>316,346</u> |
| Excess (deficiency) of revenues over expenditures | (255,792) |
| Other financing sources (uses) | |
| Interfund transfers HCBCC | 269,858 |
| Interfund transfers HCBCC | <u>(14,066)</u> |
| Total other financing sources (uses) | <u>255,792</u> |
| Net change in fund balance | - |
| Fund balance at beginning of year | <u>-</u> |

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2018

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

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. THE REPORTING ENTITY

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

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

The Supervisor reports the following major fund:

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

The Supervisor reports the following fund types:

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

B. Measurement Focus and Basis of Accounting

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

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

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$10 of the Supervisor's Trust Fund's cash was reclassified into the County's at the County-wide Financial Statement Level.

D. Inventories

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

E. Capital Assets

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

F. Compensated Absences

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

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

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

NOTE 2. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PLAN

See Note 12 at Section II.

NOTE 3. DEFERRED INFLOWS OF RESOURCES

The Supervisor's balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The deferred inflow of resources is for revenue (voters' grant) that is not considered available at September 30, 2018, due to the prepayment of the amount prior to being earned.

The deferred inflow of resources amount at September 30, 2018, was \$33,917.

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

NOTE 4. INTERFUND TRANSFERS

Transfers were made from the Hamilton County Board of County Commissioners' General Fund into the Supervisor of Elections' General Fund in the amount of \$269,858. The budgeted transfers were made in accordance with *Florida Statutes* 129.201.

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

| | Budgeted Amounts | | <u>Actual</u> | Variance with |
|---|------------------|------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Federal grants | | | | |
| General government - voter education | \$ - | \$ - | \$ 60,554 | \$ 60,554 |
| Expenditures | | | | |
| General Government Services | | | | |
| Personal services | 220,029 | 225,714 | 225,713 | 1 |
| Operating expenditures | 52,000 | 46,315 | 51,407 | (5,092) |
| Capital outlay | - | - | 39,226 | (39,226) |
| Other uses | <u>1,500</u> | <u>1,500</u> | - | <u>1,500</u> |
| Total expenditures | <u>273,529</u> | <u>273,529</u> | <u>316,346</u> | <u>(42,817)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(273,529)</u> | <u>(273,529)</u> | <u>(255,792)</u> | <u>17,737</u> |
| Other financing sources (uses) | | | | |
| Interfund transfers - HCBCC | 273,529 | 273,529 | 269,858 | (3,671) |
| Interfund transfers - HCBCC | <u>-</u> | <u>-</u> | <u>(14,066)</u> | <u>(14,066)</u> |
| Total other financing sources (uses) | <u>273,529</u> | <u>273,529</u> | <u>255,792</u> | <u>(17,737)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2018

NOTE 1. Budget

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

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

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

The legal level of budgetary control is the object level classification. The Supervisor of Elections made one supplemental budgetary appropriation for the year ended September 30, 2018.

NOTE 2. Budget Overexpenditure

Contrary to the legal level of budgetary control, the Supervisor expended \$42,817 greater than budgeted amount.

COMPLIANCE SECTION

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

To the Honorable Supervisor of Elections
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Supervisor of Elections' financial statements, and have issued my report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Supervisor of Elections
Hamilton County, Florida

I have examined the Hamilton County Supervisor of Elections' compliance with *Florida Statutes* 218.415 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. My responsibility is to express an opinion on Hamilton County Supervisor of Elections' compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Supervisor of Elections complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Supervisor of Elections complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Supervisor of Elections complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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MANAGEMENT LETTER

The Honorable Supervisor of Elections
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Supervisor of Elections, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated June 5, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards 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 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be

disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II. The Hamilton County Supervisor of Elections' financial statements included no component units.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not note any such findings.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Tax Collector
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Tax Collector, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Tax Collector's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information for the Hamilton County Tax Collector, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Tax Collector. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section VII pages 10-11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2019, on my consideration of the Hamilton County Tax Collector's internal control over financial

reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hamilton County Tax Collector's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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FINANCIAL STATEMENTS

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**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

| | <u>General Fund</u> |
|---|---------------------|
| Assets | |
| Cash | \$ <u>43,395</u> |
| Liabilities and fund balance | |
| Liabilities | |
| Due to other governmental units | |
| Hamilton County Board of County Commissioners (HCBCC) | \$ 43,395 |
| Fund balance - unassigned | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 43,395</u> |

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

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

For the Year Ended September 30, 2018

| | <u>General Fund</u> |
|--|---------------------|
| Revenues | |
| Charges for services | |
| General government | \$ 412,563 |
| Miscellaneous revenues | |
| Interest | 127 |
| Total revenues | <u>412,690</u> |
| Expenditures | |
| Current | |
| General government services | |
| Financial and administrative | |
| Personal services | 351,460 |
| Operating expenditures | 72,260 |
| Capital outlay | |
| General government services | |
| Financial and administrative | - |
| Total expenditures | <u>423,720</u> |
| Excess (deficiency) of revenues over expenditures | (11,030) |
| Other financing sources | |
| Interfund transfers in (out) - HCBCC | <u>11,030</u> |
| Net change in fund balance | - |
| Fund balance at beginning of year | - |
| Fund balance at end of year | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2018

| Assets | <u>Balance</u> |
|--|-------------------|
| Cash | \$ 123,150 |
| Due from others | <u>434</u> |
| Total assets | <u>\$ 123,584</u> |
| | |
| Liabilities | |
| Due to other governments: | |
| Hamilton County Board of County Commissioners | \$ 878 |
| Others | 117,645 |
| Other current liabilities | |
| Interest payable | 189 |
| Due to individuals | <u>4,872</u> |
| Total liabilities | <u>123,584</u> |
| Net position | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. THE REPORTING ENTITY

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

The Tax Collector reports the following major fund:

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

The Tax Collector reports the following fund types:

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

B. Measurement Focus and Basis of Accounting

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

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

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$878 of the Tax Collector’s Trust Fund’s cash was reclassified into the County’s at the County-wide Financial Statement Level.

D. Inventories

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

E. Capital Assets

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

F. Compensated Absences

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

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

NOTE 2. INTERFUND TRANSFERS

Transfers were made from the Hamilton County Board of County Commissioners' General Fund into the Tax Collector's General Fund in the amount of \$11,030. The budgeted transfers were made in accordance with *Florida Statutes* 145.141.

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

See Note 12 at Section II.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

| | Budgeted Amounts | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for services | \$ 409,457 | \$ 409,457 | \$ 412,563 | \$ 3,106 |
| Miscellaneous revenues | | | | |
| Interest | <u>100</u> | <u>100</u> | <u>127</u> | <u>27</u> |
| Total revenues | <u>409,557</u> | <u>409,557</u> | <u>412,690</u> | <u>3,133</u> |
| Expenditures | | | | |
| General government services | | | | |
| Personal services | 353,066 | 353,066 | 351,460 | 1,606 |
| Operating expenditures | 110,916 | 110,916 | 72,260 | 38,656 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>463,982</u> | <u>463,982</u> | <u>423,720</u> | <u>40,262</u> |
| Excess (deficiency) of revenues over expenditures | (54,425) | (54,425) | (11,030) | 43,395 |
| Other financing sources | | | | |
| Interfund transfers in (out) - HCBCC | <u>54,425</u> | <u>54,425</u> | <u>11,030</u> | <u>(43,395)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2018

NOTE 1. BUDGET

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

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

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

The Tax Collector made no supplemental budgetary appropriations during the year ended September 30, 2018.

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

COMPLIANCE SECTION

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

To the Honorable Tax Collector
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Tax Collector, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Hamilton County Tax Collector's financial statements, and have issued my report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Tax Collector
Hamilton County, Florida

I have examined the Hamilton County Tax Collector's compliance with *Florida Statutes* 218.415 during the period October 1, 2017, to September 30, 2018. Management of the Hamilton County Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. My responsibility is to express an opinion on Hamilton County Tax Collector's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Tax Collector complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Hamilton County Tax Collector complied in all material respects, with the specified requirements indicated above during the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019

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MANAGEMENT LETTER

To the Honorable Tax Collector
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Tax Collector, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated June 5, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 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 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See

Note 1 in Section II. The Hamilton County Tax Collector's financial statements included no component units.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not note any such findings.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 5, 2019