Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018



Holmes County, Florida

Principal Officers

Board of County Commissioners

Bobby Sasnett Mickey Locke Phillip Music – Vice-Chairman Danny Powell – Chairman Clint Erickson		District 1 District 2 District 3 District 4 District 5
Tax Collector Harry B. Bell, III	<u>Sheriff</u> John Tate	
Property Appraiser Bryan A. Bell	Supervisor of Ele Debbie Wilcox-M	

<u>Clerk of the Circuit Court</u> Kyle Hudson

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INDEPENDENT AUDITORS' REPORT

Honorable Members of the Board of County Commissioners Holmes County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the fiduciary fund type of Holmes County, Florida (the "County"), 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary fund types of the County, as of September 30, 2018, and the changes in financial position and the respective budgetary comparison for the General, County Transportation Trust, and SHIP funds thereof 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 and Note 11 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which results in an effect of (\$302,771) on the September 30, 2017 net position of governmental activities. Our opinions are 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 management's discussion and analysis, on pages 4 through 12, schedule of changes in net OPEB liability and related ratios, Florida Retirement System Pension Plan schedule of employer's proportionate share of net pension liability and schedule of employer contributions, and the Health Insurance Subsidy Program schedule of employer's proportionate share of net pension liability and schedule of employer contributions, on pages 59 through 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and combining and individual statement of fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic

financial statements. The accompanying 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards* and Chapter 10.550, Local Governmental Entity Audits, *Rules of the Auditor General* State of Florida, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, combining and individual statement of fiduciary net position 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 our opinion, the combining and individual nonmajor fund financial statements, combining and individual statement of fiduciary net position and the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

May 14, 2019

The County's management discussion and analysis presents an overview of the financial activities for the fiscal year ended September 30, 2018 as compared to September 30, 2017. Our intent is to provide a brief, objective, and easily readable analysis of the County's financial performance for the year and its financial position at September 30, 2018. To obtain a complete picture of the County's financial condition, this document should be read in conjunction with the accompanying financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at September 30, 2018 by \$55,753,856 (net position).
- Governmental Fund balances increased \$460,593 to \$9,351,379.
- The General Fund balance decreased \$625,566 to \$1,850,197.
- General Fund revenues increased by \$412,692 or 3.9%.
- The County's outstanding capital leases and bonded debt decreased \$905,364 or 21.73%. Additional equipment capital leases of \$717,500 were incurred during this fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. It focuses on both the gross and net cost of various activities which are provided by general taxes and other revenues. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused paid time off/vacation leave).

The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, health and social services, culture/recreation, and other community services.

The government-wide financial statements include not only the County itself (known as the primary government) but also the Holmes County Development Commission, which is a legally separate component unit. The Development Commission was formed to assist with sound planning, development, and economic growth of the County. The financial statements also include a blended component unit, the Holmes County Tourist Development Council. The Tourist Development Council was formed to promote and advertise tourism, enhance, clean up or restore inland lakes and rivers and repair and maintain fishing piers, support special events within the local communities of the county, and provide for additional historical or heritage opportunities as a means of attracting additional tourists.

The government-wide financial statements can be found on pages 13-15.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into either governmental or fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflow* and *outflow of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. This is similar to the manner in which the budget is developed. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the general fund, county transportation fund and SHIP fund, which are considered major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section.

The County adopts an annual appropriated budget for each of its major governmental funds and most non-major funds. A budgetary comparison statement has been provided for the major funds to demonstrate budgetary compliance in the basic financial statements.

The governmental funds financial statements can be found on pages 16-22.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,753,856 at September 30, 2018, an increase of \$3,643,079. This increase was primarily due to the purchase of 58 acres of property located on Deacon Road and additional equipment for the Transportation department.

Holmes County's Net Position – Governmental Activities

As of September 30,	2017	2018
Assets		
Current and other assets	\$ 12,257,320	\$ 14,796,045
Capital assets, net	54,828,592	58,028,691
Total assets	67.095.013	72 024 726
TOTAL ASSETS	67,085,912	72,824,736
Deferred Outflows of Resources	4,961,057	4,878,413
Liabilities		
Long-term liabilities outstanding	14,248,495	14,220,821
Other liabilities	4,711,752	6,486,986
Total liabilities	18,960,247	20,707,807
Deferred Inflows of Resources	793,337	1,241,486
Net Position		
Net investment in capital assets	50,662,883	54,768,346
Restricted	6,780,487	7,872,327
Unrestricted (deficit)	(5,149,985)	(6,886,817)
Net position – beginning	50,539,667	52,293,385
Prior period adjustment	-	(182,608)
Net position – beginning, as restated	50,539,667	52,110,777
Non. Non	23,223,001	,,
Net position - ending	\$ 52,293,385	\$ 55,753,856

At September 30, 2018, \$54,768,346 or 98.2% of the County's net position reflect its investment in capital assets (e.g. land, buildings, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. This percentage reflects a 1.3% increase of net investment in capital

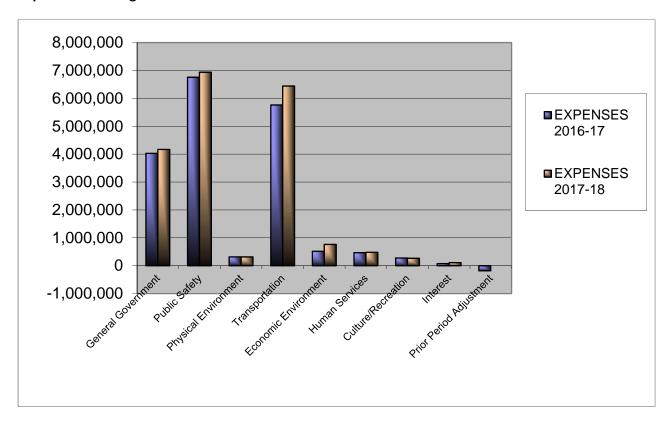
assets from the prior year. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional 14% or \$7,872,327 of the County's net position represents resources that are dedicated or subject to restrictions on how they may be used. Unrestricted net deficit of \$6,886,817 reflects a \$1,736,832 increase. \$10,901,291 of the deficit is due to the unfunded pension liability.

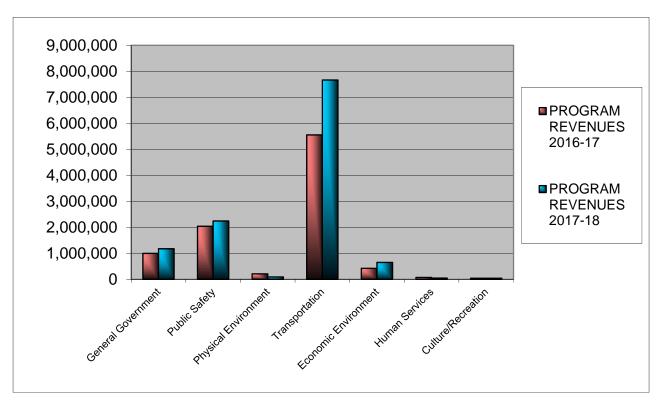
Governmental Activities increased the County's net position by \$3,643,079 compared to an increase of \$1,753,718 in the prior year.

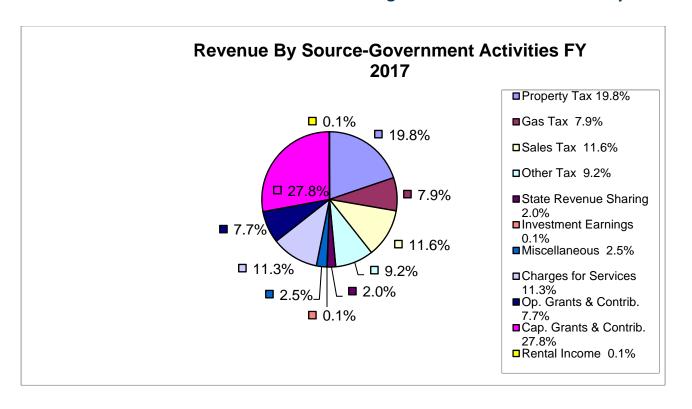
Holmes County's Changes in Net Position – Governmental Activities

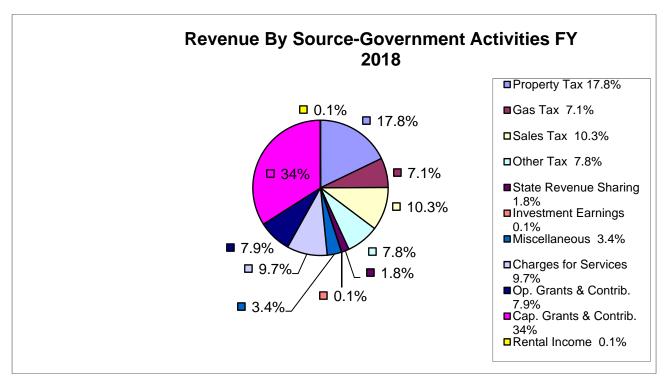
Fiscal year ended September 30,	2017	2018
Revenues:		
Program revenues:		
Charges for services	\$ 2,256,171	\$ 2,234,630
Operating grants and contributions	1,530,933	1,829,333
Capital grants and contributions	5,550,931	7,846,283
General revenues:		
Property taxes	3,951,421	4,126,778
Other taxes	5,734,935	5,841,425
Other	931,493	1,248,573
Total revenues	19,955,884	23,127,022
Expenses:		
General government	4,028,360	4 ,168,705
Public safety	6,757,729	6,937,475
Physical environment	316,639	315,667
Transportation	5,762,502	6,442,923
Economic environment	517,633	762,650
Human services	467,794	480,143
Culture/Recreation	276,501	266,698
Interest	75,008	109,682
Total expenses	18,202,166	19,483,943
Change in net position	1,753,718	3,643,079
Net position – beginning	50,539,667	52,293,385
Prior period adjustment	-	(182,608)
Net position – beginning, as restated	50,539,667	52,110,777
Net position - ending	\$ 52,293,385	\$ 55,753,856

Expenses and Program Revenue-Governmental Activities









Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Fund balances, as detailed in Note 1 to the financial statements, are classified as nonspendable, restricted, committed, assigned and unassigned, based on the "relative strength of the constraints that control how specific amounts can be spent."

The County's governmental funds reported combined ending fund balances of \$9,351,379, an \$460,593 increase over the prior year. There were no unassigned balances at September 30, 2018. Fund balances were nonspendable, restricted, committed or assigned to indicate that they are either restricted in what they can be used for or have been designated for particular purposes and therefore not available for spending.

The general fund is the chief operating fund of the County. At September 30, 2018, \$1,850,197 of the general fund was restricted or assigned to reflect budget commitments and judicially controlled funds, a decrease of \$625,566 or 25.24% from the prior year. This decrease was primarily due to increased expenditures for public safety and the purchase of 58 acres of property on Deacon Road.

The transportation trust fund accounts for motor fuel taxes and various grant funds designated to finance road and bridge construction and maintenance. The use of this fund is restricted by state statute or the grantor for these designated purposes. The fund had a balance of \$5,891,848 at fiscal year-end. This was an increase of \$994,920 and was due primarily to FEMA grants.

The SHIP fund accounts for activity related to a state grant to improve housing. The use of this fund is restricted by the grant agreement for these designated purposes. For fiscal year 2018, the County expended \$325,546 for program services which is an increase of \$105,015 from fiscal year 2017.

Major Fund Information

	County Transportation				
	General Fund Trust			SHIP	
Fiscal Year 2018					
Revenues and other sources	\$	11,046,593 \$	13,193,875	\$	325,546
Expenditures and other uses		11,672,159	12,198,955		325,546
Increase (decrease) in fund balance	\$	(625,566) \$	994,920	\$	

Fiscal	Year	201	7
--------	-------------	-----	---

Revenues and other sources Expenditures and other uses	\$ 10,910,170 \$ 11,003,547	10,327,301 9,394,579	\$ 220,531 220,531
Increase (decrease) in fund balance	\$ (93,377) \$	932,722	\$ -

General Fund Budgetary Highlights

Budget and actual information for the major governmental funds is presented as part of the basic financial statements, beginning on page 20. The County adopted a Supplemental Budget and amended the budget two times during the year. The supplemental budget and amendments generally were to adjust for actual beginning balances and carryovers after closing the prior fiscal year, new grant sources, equipment auction proceeds and line item adjustments within departments.

The difference between the original and amended general fund budgeted expenditures was an increase of \$76,608 or 0.7%, with estimated revenues increasing by the same amount primarily from additional grant revenue.

Capital Asset and Debt Administration

The County's investment in capital assets for its governmental activities was \$58,028,691 at September 30, 2018 compared to \$54,948,755 for the prior year (net of accumulated depreciation).

This investment in capital assets includes land, buildings, equipment, infrastructure, and construction in progress, net of depreciation.

Capital Assets, Net of Depreciation

September 30,	2017	2018
Land	\$ 5,686,147	\$ 5,939,431
Construction in progress	2,719,735	1,162,298
Buildings	10,135,356	10,306,670
Infrastructure	56,768,293	62,519,146
Equipment	11,333,696	10,961,895
Less: Accumulated Depreciation	(31,694,472)	(32,860,749)
Total	\$ 54,948,755	\$ 58,028,691

Additional information on the County's capital assets can be found in Note 7 beginning on page 41.

Long-Term Debt

The County had a total bonded debt of \$2,216,547 at fiscal year-end, a reduction of \$159,755 from the prior year. Total outstanding bonded debt is for series 2012 public improvement revenue bonds to finance the cost of the acquisition and construction of improvements to the County Jail and County Library.

Long-Term Debt – Governmental Activities

September 30,	2017	2018
Series 2012 Revenue bonds Capital leases	\$ 2,376,302 1,789,409	\$ 2,216,547 1,043,800
Total	\$ 4,165,711	\$ 3,260,347

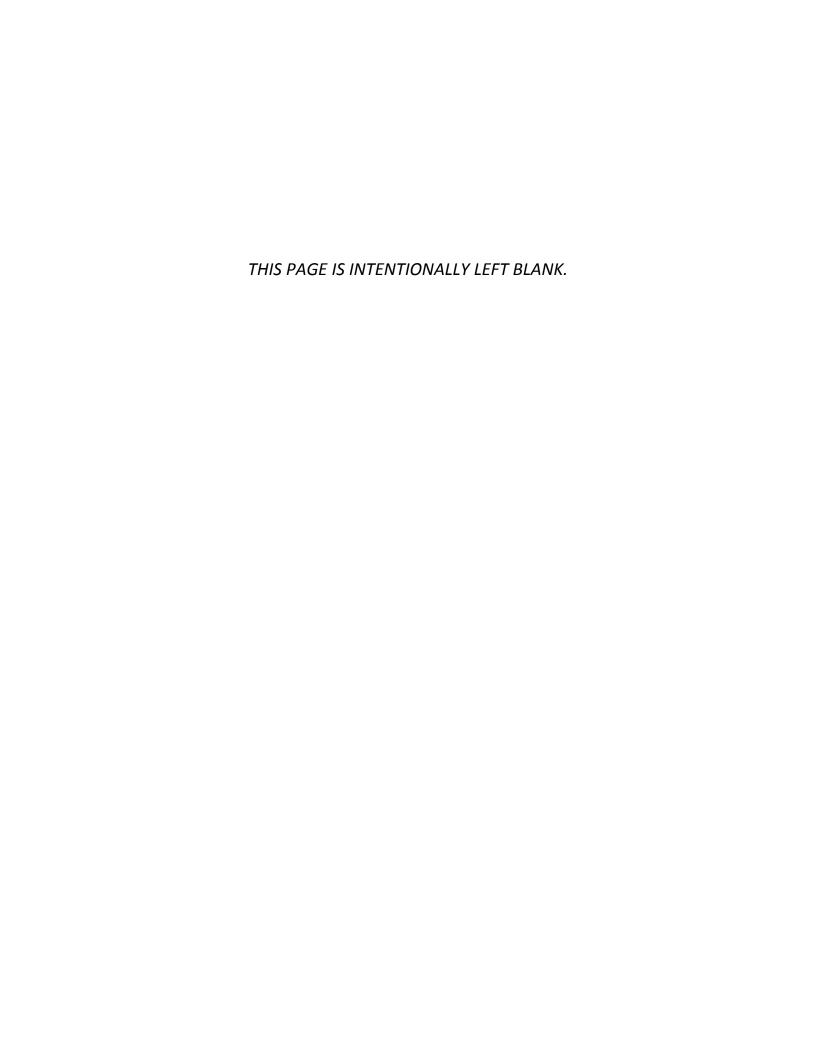
Additional information on the County's debt can be found in Note 9 beginning on page 43.

Economic Factors and Next Year's Budget and Rates

- * The unemployment rate for the County at fiscal year-end 2018 decreased from 4.2% to 3.4%.
- * The ad valorem tax millage rate is 9.4916 mills for the 2018-19 fiscal year.

Request For Information

This financial report is designed to provide a general overview of the Holmes County Board of County Commissioners. Questions concerning any information provided in this report or requests for additional information should be addressed to the office of the Clerk of the Circuit Court at 201 North Oklahoma Street, Bonifay, Florida 32425.





Holmes County, Florida Statement of Net Position September 30, 2018

	G	Primary overnment	Co	Component Unit	
	G	overnmental	De	velopment	
		Activities		mmission	
Assets					
Cash and cash equivalents	\$	11,902,319	\$	118,043	
Investments	•	7,833	•	1,694,273	
Receivables, net		1,306,461		17,170	
Prepaid items		900		-	
Due from other governments		1,346,342		-	
Inventories		86,039		-	
Restricted assets:		,			
Cash and cash equivalents		78,095		-	
Investments		68,056		1,250,000	
Land and other nondepreciable assets		7,101,729		1,094,105	
Capital assets, net of depreciation		50,926,962		206,128	
Total assets		72,824,736		4,379,719	
Deferred Outflows of Resources					
Deferred outflows related to pension liability		4,878,413		-	
Total assets and deferred outflows of resources		77,703,149		4,379,719	
Liabilities					
Accounts payable		1,186,286		13	
Accrued liabilities		181,328		777	
Unearned revenue		4,058,390		-	
Due to other governments		16,438		7,974	
Deposits		1,324		-	
Accrued interest payable		21,796		-	
Noncurrent liabilities					
Due within one year		510,722		-	
Due in more than one year		3,319,530		1,250,000	
Net pension liability		10,901,291		-	
Other post-employment benefit obligation		510,702		-	
Total liabilities		20,707,807		1,258,764	
Deferred Inflows of Resources					
Deferred inflows related to pension liability		1,241,486		-	
Total liabilities and deferred inflows of resources		21,949,293		1,258,764	

-Continued-

Holmes County, Florida Statement of Net Position (Continued) September 30, 2018

	Primary Government	omponent Unit		
	Governmental Activities	evelopment Commission		
Net Position				
Net investment in capital assets	54,768,346	50,233		
Restricted for:				
Debt service	146,151	-		
Capital projects	576,203	-		
General government	1,100,901	-		
Transportation	5,805,809	-		
Public safety	243,263	-		
Unrestricted (deficit)	(6,886,817)	3,070,722		
Total net position	\$ 55,753,856	\$ 3,120,955		

Holmes County, Florida Statement of Activities For the Year Ended September 30, 2018

						Program	
Functions/Programs		Expenses	C	Charges for Services	Operating Grants and Contributions		
Primary Government							
Governmental Activities:							
General government	\$	4,168,705	\$	860,458	\$	294,258	
Public safety	*	6,937,475	7	1,364,894	*	717,763	
Physical environment		315,667				90,909	
Transportation		6,442,923		_		-	
Economic environment		762,650		_		650,082	
Human services		480,143		9,278		36,586	
Culture and recreation		266,698		-		39,735	
Interest		109,682		-		-	
Total primary government	\$	19,483,943	\$	2,234,630	\$	1,829,333	
Component Unit							
Holmes County Development Commission	\$	191,428	\$	-	\$	_	
	General Revenues Property taxes Sales taxes Gasoline taxes Other taxes State revenue sharing Rental income Investment earnings Gain on disposition of assets Miscellaneous						
		Total gene	ral r	evenues			
	<u>C</u>	hange in net	pos	ition			
	Ne	t Position - b	egin	ining			
				f change in ac period adjus		•	
				ning, as resta			

D		Net (Expense) Revenue and Change				
Keve	enues		in Net P Primary	Component		
	Capital	G	overnment	Unit		
G	Grants and	Go	overnmental	Development		
Co	ntributions		Activities	Commission		
	_					
\$	21,476	\$	(2,992,513)	\$ -		
Ą	159,718	Ą	(4,695,100)	- -		
	139,716		(4,093,100)	-		
	7,665,089		1,222,166	_		
	7,003,083		(112,568)	_		
	_		(434,279)	_		
	_		(226,963)	_		
	-		(109,682)	_		
<u>\$</u>	7,846,283		(7,573,697)	-		
\$	-	=	-	(191,428)		
			4.406.770			
			4,126,778	-		
			2,392,178	-		
			1,637,924	-		
			1,811,323	-		
			418,043	- 2F 2F0		
			21,699	35,250		
			14,042 415,282	25,068		
			379,507	12,420		
			373,307	12,420		
			11,216,776	72,738		
			3,643,079	(118,690)		
			52,293,385	3,239,645		
			(182,608)	-		
			52,110,777	3,239,645		
			3-,0,	2,23,013		

\$ 55,753,856 \$

3,120,955

Holmes County, Florida Balance Sheet Governmental Funds September 30, 2018

	Ge	eneral Fund	Tr	County ansportation Trust		SHIP
Assets	,	4 507 547	,	0.407.500	,	600 470
Cash and cash equivalents	\$	1,587,517	\$	8,197,509	\$	680,479
Investments Receivables, net		111,558		7,833 1,192,719		-
Due from other governments		538,886		664,353		_
Due from other funds		62,794		2,237		_
Inventory		-		86,039		_
Restricted assets:				55,555		
Cash and cash equivalents		-		-		-
Investments		-		_		-
Total assets	\$	2,300,755	\$	10,150,690	\$	680,479
Liabilities			_		_	
Accounts payable	\$	273,046	\$	873,653	\$	5,658
Accrued liabilities		130,757		49,549		-
Unearned revenue		19,148		3,320,798		674,821
Due to other governments Due to other funds		15,542 12,065		14,842		-
Due to other fullus		12,065		14,042		
Total liabilities		450,558		4,258,842		680,479
Fund Balance						
Nonspendable		-		86,039		-
Restricted		497,362		5,805,809		-
Assigned		1,352,835		-		-
Total fund balance		1,850,197		5,891,848		-

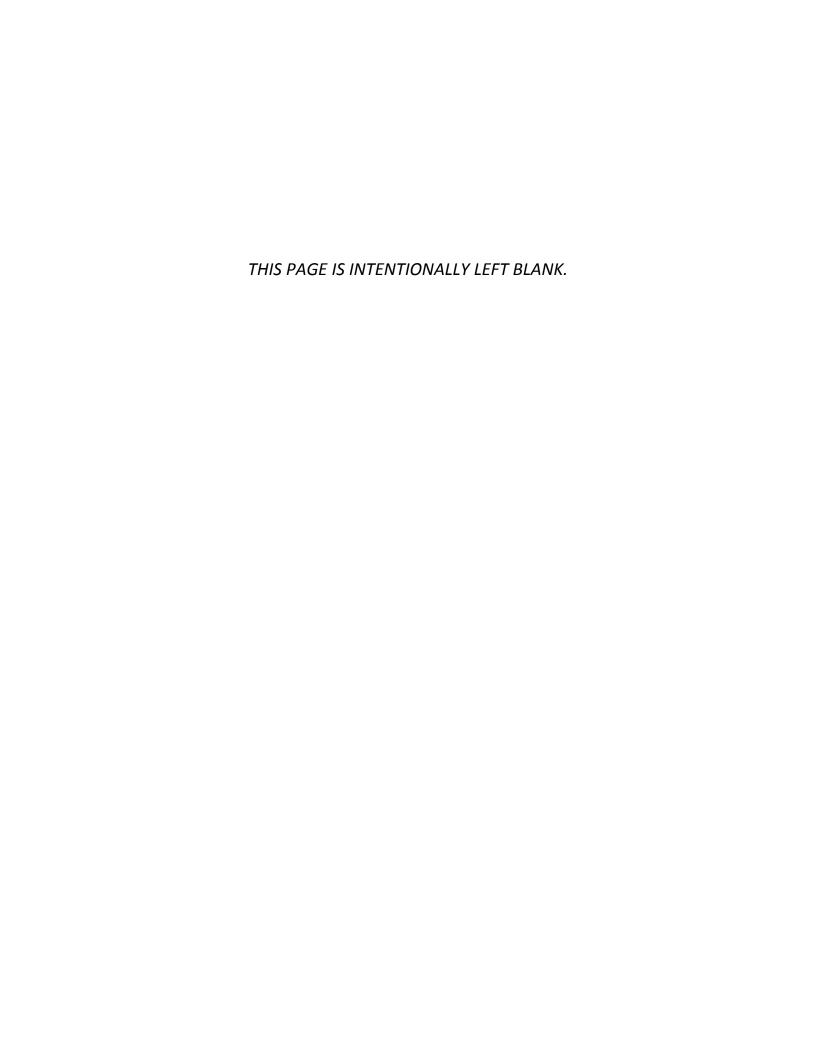
2,300,755 \$

10,150,690

680,479

Total liabilities and fund balance

Go	Other vernmental Funds	Total Governmental Funds				
\$	1,436,814	\$	11,902,319 7,833			
	2,184		1,306,461			
	143,103		1,346,342			
	14,135		79,166			
	-		86,039			
	78,095		78,095			
	68,056		68,056			
\$	1,742,387	\$	14,874,311			
\$	33,929	\$	1,186,286			
	1,022		181,328			
	44,947		4,059,714			
	896		16,438			
	52,259		79,166			
	133,053		5,522,932			
	-		86,039			
	1,569,156		7,872,327			
	40,178		1,393,013			
	1,609,334		9,351,379			
\$	1,742,387	\$	14,874,311			



Holmes County, Florida Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2018

Differences in amounts reported for governmental activities in the Statement of Net Position:

Fund balance - total governmental funds	\$ 9,351,379
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net	
Position.	58,028,691
Prepaid items are recorded as an expenditure in governmental funds when	
paid rather than as an asset.	900
Long-term liabilities are not due and payable with current financial resources and therefore are not reported in the fund financial statements:	
Deferred outflows related to pension liabilities	4,878,413
Deferred inflows related to pension liabilities	(1,241,486)
Other post-employment benefit obligation	(510,702)
Accrued interest	(21,796)
Long-term liabilities	 (14,731,543)
Net position of governmental activities	\$ 55,753,856

Holmes County, Florida Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2018

				County		
			Tr	ansportation		
	Ge	eneral Fund		Trust		SHIP
Revenues						
Taxes	\$	8,330,279	\$	1,637,924	\$	_
Intergovernmental	Ψ.	1,007,775	Ψ	7,665,089	*	325,546
Fines and forfeitures		14,573		-		-
Licenses and permits		120,235		-		_
Charges for services		1,170,335		-		-
Investment earnings		19		13,570		-
Miscellaneous		355,312		16,351		-
Total revenues		10,998,528		9,332,934		325,546
Expenditures						
Current						
General government		2,926,548		-		-
Public safety		5,606,055		-		-
Economic environment		159,661		-		325,546
Physical environment		273,924		-		-
Human services		409,906		-		-
Culture and recreation		230,557		-		-
Transportation		500		4,269,188		-
Debt service						
Principal		65,554		1,397,555		-
Interest		7,086		35,236		-
Capital outlay		481,423		6,482,169		-
Total expenditures		10,161,214		12,184,148		325,546
Excess of revenues over (under)						
expenditures		837,314		(2,851,214)		-
Other Financing Sources (Uses)						
Proceeds from issuance of capital leases		-		717,500		-
Proceeds from sale of capital assets		7,800		1,902,946		-
Transfers in		40,265		1,240,495		-
Transfers out		(1,510,945)		(14,807)		-
Reversion to State of Florida		-		-		-
Total other financing sources (uses)		(1,462,880)		3,846,134		-
Net change in fund balance		(625,566)		994,920		-
Fund Balance - beginning		2,475,763		4,896,928	_	
Fund Balance - ending	\$	1,850,197	\$	5,891,848	\$	

	Other		Total				
Gov	ernmental	Gove	ernmental				
	Funds		Funds				
\$	_	\$	9,968,203				
τ	1,095,249		10,093,659				
	392,161		406,734				
	-		120,235				
	537,326		1,707,661				
	452		14,041				
	31,781		403,444				
	2,056,969		22,713,977				
	689,088		3,615,636				
	624,434		6,230,489				
	-		485,207				
	3,802		277,726				
	39,245		449,151				
	327,694		558,251				
	-		4,269,688				
	159,755		1,622,864				
	68,931		111,253				
	268,467		7,232,059				
	2,181,416	,	24,852,324				
	(124,447)		(2 120 247)				
	(124,447)		(2,138,347)				
			717 500				
	-		717,500				
	- 296,787		1,910,746 1,577,547				
	(51,795)		(1,577,547)				
	(29,306)		(29,306)				
	215,686		2,598,940				
	91,239		460,593				
	1,518,095		8,890,786				
\$	1,609,334	\$	9,351,379				

Holmes County, Florida Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2018

Differences in amounts reported for governmental activities in the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 460,593
Governmental funds report outlays for capital assets as expenditures in the year of purchase. In contrast, the Statement of Activities allocates the outlay over the assets' estimated useful lives as depreciation expense.	7,232,055
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(2,654,415)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold.	(1,497,704)
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. Accrued landfill closure/post-closure costs do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Repayment of debt Landfill closure and post-closure costs Debt proceeds	1,622,864 41,457 (717,500)
Changes in deferred outflows related to pension liability, deferred inflows related to pension liability and net pension liability do not require the use of current financial resources and therefore are not reported as expenditures in	
the governmental funds.	(849,937)
Accrued other post-employment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(41,931)
Compensated absences, accrued interest and prepaid items reported in the Statement of Activities do not require the use of current financial resources and	(.1,551)
therefore are not reported as expenditures in governmental funds.	47,597
Change in net position of governmental activities	\$ 3,643,079

Holmes County, Florida General Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended September 30, 2018

	Budgeted	Amounts		Variance	
	Original		Budgetary	with Final	
	Budget	Final Budget	Basis Actual	Budget	
Revenues					
Taxes	\$ 8,124,966	\$ 8,124,966	\$ 8,330,279	\$ 205,313	
Intergovernmental	683,548	760,156	771,217	11,061	
Fines and forfeitures	33,819	33,819	14,573	(19,246)	
Licenses and permits	138,411	138,411	120,235	(18,176)	
Charges for services	1,112,503	1,112,503	1,170,335	57,832	
Investment earnings	10	10	19	9	
Miscellaneous	222,904	222,904	225,013	2,109	
Total revenues	10,316,161	10,392,769	10,631,671	238,902	
Expenditures					
Current					
General government	3,160,996	3,160,823	2,926,548	234,275	
Public safety	5,473,843	5,434,448	5,239,198	195,250	
Economic environment	315,705	317,765	159,661	158,104	
Physical environment	421,930	421,930	273,924	148,006	
Human services	529,263	464,543	409,906	54,637	
Culture and recreation	252,755	252,755	230,557	22,198	
Transportation	500	500	500	-	
Debt service					
Principal	-	-	65,554	(65,554)	
Interest	-	-	7,086	(7,086)	
Capital outlay	839,311	1,018,147	481,423	536,724	
Total expenditures	10,994,303	11,070,911	9,794,357	1,276,554	
Excess Revenues Over					
(Under) Expenditures	(678,142)	(678,142)	837,314	1,515,456	
	(0,0,1,12)	(070)112)	037,511	1,313,130	
Other Financing Sources (Uses)			7.000	7.000	
Proceeds from sale of capital assets	-	-	7,800	7,800	
Transfers in Transfers out	- (1 510 045)	- (1 510 045)	40,265	40,265	
	(1,510,945)	(1,510,945)	(1,510,945)		
Total other financing					
sources (uses)	(1,510,945)	(1,510,945)	(1,462,880)	48,065	
Net change in fund balance	(2,189,087)	(2,189,087)	(625,566)	1,563,521	
Fund Balance - beginning	2,189,087	2,189,087	2,475,763	286,676	
Fund Balance - ending	\$ -	\$ -	\$ 1,850,197	\$ 1,850,197	

Holmes County, Florida County Transportation Trust Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended September 30, 2018

	Budgeted Amounts				. 1	Budgetary Basis	Variance with Final		
	Original Budget		Fi	nal Budget		Actual	Budget		
Revenues									
Taxes	\$	1,456,089	\$	1,456,089	\$	1,637,924	\$	181,835	
Intergovernmental	•	3,150,000	•	3,948,713	•	7,665,089	•	3,716,376	
Investment earnings		1,435		1,435		13,570		12,135	
Miscellaneous		11,938		11,938		16,351		4,413	
Total revenues		4,619,462		5,418,175		9,332,934		3,914,759	
Expenditures									
Transportation		7,079,476		7,076,031		4,269,188		2,806,843	
Debt service									
Principal		183,255		183,255		183,255		-	
Interest		20,566		20,566		20,566		-	
Capital outlay		4,818,180		5,620,338		5,090,693		529,645	
Total expenditures		12,101,477		12,900,190		9,563,702		3,336,488	
Excess Revenues Over (Under)									
Expenditures		(7,482,015)		(7,482,015)		(230,768)		7,251,247	
Other Financing Sources (Uses)									
Transfers in		1,240,495		1,240,495		1,240,495		-	
Transfers out		-		-		(14,807)		(14,807)	
Total other financing									
sources (uses)		1,240,495		1,240,495		1,225,688		(14,807)	
Net change in fund balance		(6,241,520)		(6,241,520)		994,920		7,236,440	
Fund Balance - beginning		6,241,520		6,241,520		4,896,928		(1,344,592)	
Fund Balance - ending	\$	-	\$	-	\$	5,891,848	\$	5,891,848	

Holmes County, Florida SHIP Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended September 30, 2018

	Budgeted Amounts				Budgetary	Variance	
		Original			Basis	with Final	
		Budget	Fi	nal Budget	Actual	Budget	
Revenues Intergovernmental	\$	350,000	\$	350,000	\$ 325,546	\$	(24,454)
Expenditures Current							
Economic environment		914,610		914,610	325,546		589,064
Excess Revenues Over (Under)							_
Expenditures		(564,610)		(564,610)	-		564,610
Fund Balance - beginning		564,610		564,610	-		(564,610)
Fund Balance - ending	\$	-	\$	-	\$ -	\$	_

Holmes County, Florida Statement of Fiduciary Net Position September 30, 2018

	Agency Funds	
Assets		
Cash and cash equivalents	\$	383,751
Receivables		933
Total assets	\$	384,684
Liabilities		
Accounts payable	\$	63,246
Due to other governments		216,875
Due to individuals		64,913
Deposits		39,650
Total liabilities	\$	384,684

Holmes County, Florida Notes to Financial Statements

NOTE

- 1. Summary of Significant Accounting Policies
- 2. Stewardship, Compliance, and Accountability
- 3. Cash, Cash Equivalents and Investments
- 4. Receivables
- 5. Interfund Balances
- 6. Interfund Transfers
- 7. Capital Assets
- 8. Unearned Revenue
- 9. Long-Term Debt
- 10. Employee Retirement Plan
- 11. Post-Employment Benefits Other Than Pension
- 12. Net Position and Fund Balance
- 13. Tax Abatements
- 14. Commitments and Contingencies
- 15. Risk Management
- 16. Litigation
- 17. Restatement of Beginning Balances
- 18. Subsequent Events

Holmes County, Florida Notes to Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County is a political subdivision of the State of Florida created pursuant to Article VIII of the State Constitution with its geographical boundaries established in Florida Statutes Chapter 7.30. It is guided by an elected Board of County Commissioners (the "Board") which is governed by state statutes. In addition to the members of the Board, there are five elected Constitutional Officers: Tax Collector, Property Appraiser, Clerk of the Circuit Court, Sheriff, and Supervisor of Elections. The operations of the County as a whole, including the constitutional officers, have been combined in these financial statements.

The financial reporting entity consists of the County and its component unit, which is a legally separate organization for which the County is financially accountable. The County is financially accountable for legally separate organizations if County officials appoint a voting majority of an organization's governing body and either the County is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burden on, the County. The County may also be financially accountable for organizations that are fiscally dependent on the County if there is a potential for the organization to provide specific financial benefits to the County or impose specific financial burdens on the County, regardless of whether the organizations have separate elected governing boards, governing boards appointed by higher levels of government, or jointly appointed boards.

A discretely presented component unit is reported in a separate column in the financial statements to emphasize it is legally separate from the government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with that of the primary government. Component unites of Holmes County are noted below.

Discretely Presented Component Unit

The Holmes County Development Commission (the "Development Commission") was created by an act of the Florida Legislature (LF 61-2270; HB 1593) on July 1, 1962 for the purpose of "performing such acts as shall be necessary for the sound planning for and development of Holmes County". The Development Commission has a September 30 year end and consists of a single proprietary fund. Complete financial statements of the Development Commission can be obtained from the Development Commission at 106 East Byrd Avenue, Bonifay, Florida 32425.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit

The Tourist Development Council was created by a resolution of the County pursuant to Florida Statute 125.0104(4) (Resolution No. 04-10) on August 25, 2004 for the purpose of enabling the County to "promote and advertise tourism, enhance, clean up or restore inland lakes and rivers and repair and maintain fishing piers, support special events within the local communities of the County, and provide for additional historical or heritage opportunities as a means of attracting additional tourists". The Tourist Development Council activity is reported within the General Fund of the County.

Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole, both the primary government and its component unit, and provide a consolidated financial picture of the government. As part of the consolidation process, inter-fund activities are eliminated to avoid distorted financial results. Fiduciary funds of the government are eliminated from this presentation since these resources are not available for general government funding purposes. The Statement of Net Position reports all financial and capital resources of the County's governmental activities. It is presented in a net position format (assets plus deferred outflows of resources less liabilities less deferred inflows of resources equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. The Statement of Activities reports functional categories of programs provided by the County and demonstrates how and to what degree those programs are supported by specific revenue.

Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contribute to the change in the net position for the fiscal year.

The fund financial statements follow and report additional and detailed information about the County's operations for major funds individually and nonmajor funds in the aggregate for governmental and fiduciary funds. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations. The preparation of financial statements in conformity with GAAP, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue upon completion of the grant requirements.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue.

Expenditures are recorded when the related fund liabilities are incurred. Exceptions to this general rule include: (1) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due. Budgets for governmental funds are also prepared on the modified accrual basis.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings and most fines and forfeitures are recorded as earned since they are measurable and available.

The accounting policies and the presentation of the financial report of the County have been designed to conform to GAAP as applicable to governmental units, in accordance with GASB.

The following are reported as major governmental funds:

General Fund – To account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

County Transportation Trust – To account for motor fuel taxes and various grant funds designated to finance highway and road construction and maintenance.

SHIP – To account for state grant to improve housing.

The County also reports the following fiduciary fund type:

Agency Funds – To account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units and/or funds. Agency funds are custodial in nature and do not involve measurement of results of operations. These funds are accounted for on an accrual basis of accounting.

Budgetary Accounting

Basis of Budgetary Accounting - Annual budgets for governmental fund types that are legally required to prepare an annual budget are adopted on a basis of accounting that differs from GAAP. The major differences are recognition of unanticipated; capital assets and related debt activity, grant and intergovernmental revenues and related expenditures. The financial statements present budget information for only the major funds and all appropriations lapse at year-end.

Board of County Commissioners - Pursuant to Chapter 129, Florida Statues, General Budget Policies, the following procedures are followed by the Board in establishing, adopting and maintaining the operating budget:

Prior to August 15, the Clerk of the Circuit Court, as ex-officio Clerk of the Board, submits to the Board a tentative budget for the fiscal year commencing the following October 1.

Taxpayers are informed of the proposed budget and tentative millage rates through legal advertising. Public hearings are held to elicit taxpayer comments.

Prior to September 30, the budget is legally adopted through passage of a resolution for the fiscal year beginning October 1.

The Board, at any time within a fiscal year, may amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board, however, has established procedures by which the designated budget officer and heads of departments may authorize certain interdepartmental budget amendments, provided that the total appropriations of the department are not changed.

Florida Statute 129, Section 7, as amended in 1978, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Board acts on all budget changes between departments, the lower of fund or department becomes the level of control.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expenditure in the same fund, or to create an appropriation in the fund for any lawful purpose, but no expenditures shall be charged directly to the reserve for contingencies.

A receipt of a nature or from a source not anticipated in the budget and received for a particular purpose, including but not limited to grants, donations, gifts, or reimbursements for damages, may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget of the proper fund.

Supplemental appropriations funded from sources not described above require public hearings and action by the Board in the same manner as adopting the original budget.

The actual results of operations in the statements of revenues, expenditures and changes in fund balance – budget and actual – general fund and transportation fund are presented on a budgetary basis for budgetary accounting purposes. Adjustments to convert the results of operation of the general and transportation funds at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

General Fund	Ex	Total penditures	Total Revenue		
Budgetary basis	\$	9,794,357	\$ 10,631,671		
Non-budgeted revenues and expenditures					
Revenues:					
Intergovernmental			236,558		
Miscellaneous			130,299		
Expenditures:					
Public Safety		366,857	`		
GAAP basis	\$	10,161,214	\$ 10,998,528		

Transportation Fund	Total Expenditures	ther Financing ources (Uses)
Budgetary basis	\$ 9,563,702	\$ 1,225,688
Non-budgeted expenditures and other financing sources (uses)		
Expenditures:		
Debt service	1,228,970	
Capital outlay	1,391,476	-
Other financing sources:		
Proceeds from issuance of capital leases	-	717,500
Proceeds from sale of capital assets	-	1,902,946
GAAP basis	\$ 12,184,148	\$ 3,846,134

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Clerk of the Court – Florida Statutes Chapter 218.35 and 218.36 governs the preparation, adoption and administration of the Clerk of the Circuit Court's (the "Clerk") annual budget. The Clerk establishes an annual balanced budget which clearly reflects the revenues available to the office and the functions for which money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board. The budget is prepared on a basis consistent with GAAP.

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

The budget relating to the state court system (Circuit and County) is filed with the Florida Clerk of Courts Operations Corporation; and

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

The fees generated by the various non-court departments of the Clerk of Circuit Court are used to pay operating expenditures of that department. All excess fees are remitted to the Board at year-end.

Sheriff - Florida Statutes Chapter 30.49 and 129.03 govern the preparation, adoption and administration of the Sheriff's annual budget. By June 1 each year, the Sheriff shall certify to the Board a proposed budget of expenditures for carrying out the duties of his office for the ensuing fiscal year.

Tax Collector and Property Appraiser - Florida Statutes Chapter 195.087 govern the preparation, adoption and administration of the budgets of the Tax Collector and Property Appraiser. On or before a legally designated date each year, the Tax Collector and the Property Appraiser shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board. Final approval of the budgets is given by the Florida Department of Revenue.

Supervisor of Elections - The Supervisor of Elections works in cooperation with the Board to establish an annual budget for her office. Florida Statutes Chapter 129.201 and 129.03 govern the preparation, adoption and administration of her annual budget. The Supervisor of Elections' budget is funded from the Board's General Fund.

Investments

The County's investments are limited to investments authorized by State Statutes. Historically, the County has only invested in Florida Prime Certificates and money market accounts. As governed by Florida Statute 218.415, the County is authorized to invest available surplus funds in the following:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 1. The Local Government Surplus Funds Trust Fund (the SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute 163.01.
- 2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- 3. Interest-bearing time deposits or savings accounts in state qualified public depositories, as defined in Florida Statute 280.02.
- 4. Direct obligations of the U.S. Treasury.

Investments are stated at fair value. The reported value of the Local Government Surplus Funds Trust Fund Investment Pool's PRIME account ("Florida PRIME") is shown at share value as it meets the criteria to be "2A-7 Like" at September 30.

Florida PRIME is rated by Standard and Poor's as AAAm. At September 30, 2018, Florida PRIME's investments dollar weighted average days to maturity (WAM) was 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 72 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2017 through September 30, 2018. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the County's daily access to 100 percent of their account value.

Receivables

Governmental fund receivables include amounts due from ambulance service third-party payors and transports. A contractual and uncollectible allowance has been recorded based on contractual and historical experience. All other governmental fund receivables are considered collectible and, as such, no allowance for uncollectibles is reported, see Note 4.

Inventories and Prepaid Items

The County uses the consumption method to account for inventory with cost determined by the first-in, first-out method. Inventory is comprised primarily by equipment parts and bulk fuel reported in the Transportation Trust Fund.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. At the fund level, expenditures are recognized when the available finance resource is expended.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Loans and Transfers

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

Restricted Assets

Restricted assets are cash and investments restricted as to their use to comply with state and federal closure and post closure landfill requirements and bond covenants of the 2012 revenue bonds. The Development Commission has pledge and restricted investments against an outstanding line of credit.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, streets and sidewalks, and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. Additions to capital assets are recorded at cost at the time of purchase. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets inventory is maintained as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006.

Depreciation has been provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Asset	Years
Buildings	25 - 40
Building improvements	7 - 25
System infrastructure	20 - 40
Vehicles	5 - 10
Equipment	5 - 10
Improvements other than buildings	20 - 30

Compensated Absences

It is the County's policy to allow employees to accumulate unused paid time off. For the fiscal year ended September 30, 2018 for all governmental fund types, the liability relating to such vested unused paid time off to the extent of certain maximum hours is recorded in the accompanying government-wide financial statements. Expenditures for compensated absences in governmental

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Accumulated paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Lease Obligations

Capital lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease, discounted at the implicit rate of interest in the lease. In the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements in the statement of revenues, expenditures and changes in fund balances. Capital lease obligations of governmental activities in the government-wide financial statements and the cost of assets acquired are reflected in the accounts of those funds.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. In fund financial statements, the face amount of debt issued is reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had deferred outflows at year end related to various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations and retirement contribution payments made by the County after the valuation date of the Florida Retirement System's latest valuation but before the end of the County's fiscal year.

In addition to liabilities, the statement of net position will sometimes report 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 and so will not be recognized as an inflow of resources (revenue) until that time. The only such item at year end consists of various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations. These amounts are recognized as inflows of resources in the period that they become available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Equity

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted — Net positions that are not subject to externally imposed stipulations. Unrestricted net positions may be designated for specific purposes by action of the Board.

Fund equity is reported in the fund financial statement in two major categories: nonspendable and spendable.

The County classifies fund balances as follows:

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for purposes stipulated by external parties, constitutional provisions or enabling legislation.

Committed – Amounts constrained for a specific purpose by the Board.

Assigned – For the General Fund, amounts constrained for the intent to be used for a specific purpose by the Board. For all governmental funds other than the General Fund, any positive remaining amounts not classified as nonspendable, restricted or committed.

Unassigned – All accounts not included in other spendable classifications.

The authority to establish, modify or rescind a committed or assigned fund balance rests with the Board and these actions are accomplished through an adopted resolution. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to use committed funds first, then assigned, and finally unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes in the County are levied by the Board. The millage levies are determined on the basis of estimates of revenue needs and the total taxable valuations within the jurisdiction of the Board. No aggregate ad valorem tax millage in excess of 10 mills on the dollar is levied against property of the County as specified in Florida Statue 200.071.

Each year, the total taxable valuation is established by the Property Appraiser and the list of property assessments is submitted to the State Department of Revenue for approval. Taxes, assessed as of January 1 of each year, are due and payable on November 1 of each year or as soon thereafter as the assessment roll is opened for collection. Pursuant to Florida Law, all owners of property have the responsibility of ascertaining the amount due and paying it before April 1 of the year following the year in which the tax was assessed.

2018 Property tax calendar:

Lien date - January 1, 2017 Levy date - November 1, 2017 Tax bills mailed - November 1, 2017

Collection dates - November 30, 2017: 4% discount

Through January 2, 2018: 3% discountThrough January 31, 2018: 2% discountThrough February 28, 2018: 1% discount

Delinquent date - April 1, 2018

Tax sale - 2017 delinquent property taxes - on or before June 1, 2018

Pensions

The County participates in The Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Other Post-Employment Benefits ("OPEB")

In addition to the pension benefit noted above, the County offers certain OPEB. For purposes of measuring total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the economic resources measurement focus and full accrual basis of accounting are utilized. Benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

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

Impact of Recently Issued Accounting Pronouncements

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

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

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the County's governmental fund financial statements. However, the adoption has resulted in the restatement of the County's fiscal year 2017 government-wide financial statements to reflect the reporting of total OPEB liabilities, deferred inflows of resources, deferred outflows of resources and the recognition of OPEB expense in accordance with the provisions of the Statement. Refer to Note 17 for more information regarding the prior period adjustment.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Pronouncements Issued But Not Yet Effective

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

During fiscal year 2018, there were general fund supplemental budget appropriations of \$76,608 or 0.68% of the original budget. The following items represent the major additional appropriations:

General Fund

Various federal and state grants \$ 76,608

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents represent cash on hand as well as demand deposits and certificates of deposit with original maturities of three months or less. This policy applies to the primary government and its component units. Investments include deposits with the SBA and certificates of deposit with original maturities of three months or greater.

Investments

Investments are comprised of the following, at amortized cost.

Certificates of deposit	\$ 68,056
Florida PRIME Money Market fund (SBA)	7,833
Total investments, at amortized cost	\$ 75,889

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The County's current investments are limited to certificates of deposit and deposits in the SBA PRIME account. Neither represents significant custodial risk.

Demand and time deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

The County maintains deposits only with "Qualified Public Depositories" as defined by Chapter 280, Florida Statutes. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments among "Qualified Public Depositories".

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% have reportable credit risk. The certificates of deposit are with one financial institution. All certificate of deposit balances in excess of FDIC coverage, when applicable, are covered by the multiple financial institutions' collateral pool in accordance with Florida Statutes Chapter 280.

Investment Rate Risk

Investment rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The County recognizes that the longer a maturity of an investment, the greater its price volatility. The County has limited its risk by requiring all investments to have a maturity of two years or less from the date of purchase.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment Type	0 - 1 Year
Certificates of deposit	\$ 68,056

The County's investments are recorded at amortized cost and are excluded from the fair value hierarchy required to be reported by GASB 72.

Development Commission

The Development Commission maintains cash balances at various banks which are "Qualified Public Depositories" as defined by Chapter 280, Florida Statues. Cash accounts are also insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. All certificates of deposit held by the Development Commission are insured by the FDIC.

The Development Commission's investments at September 30, 2018 were comprised of the following, reported at fair value:

			Investment Maturity							
		Total						More Than		
Investment Type	l	Fair Value	0	0-1 Year		1-5 Year	5-10 Years	10 Years		
U.S. Government and agency securities Corporate bonds Mortgage-backed securities	\$	493,831 1,336,643 641,595	\$	- 77,161 -	\$	63,395 745,279 -	\$ 102,487 360,531 99,083	\$ 327,949 153,672 542,512		
Common stock		2,472,069 472,204	\$	77,161	\$	808,674	\$ 562,101	\$ 1,024,133		
Total investments	\$	2,944,273								

Fair Value Measurement

GASB Statement No. 72, Fair Value Measurement and Application, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

• Level 1 – Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Level 2 Level 2 inputs are other than quoted prices included within Level 1 that are observable for the financial assets or liability, either directly or indirectly; and
- Level 3 Level 3 inputs are unobservable inputs for the financial asset or liability

The level is the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the Development Commission's financial assets carried at fair value by level within the valuation hierarchy:

	Level 1		Level 2		Level 3		Total
U.S. Government and agency							
securities	\$	493,831	\$	-	\$	-	\$ 493,831
Corporate bonds		-		1,336,643		-	1,336,643
Mortgage-backed securities		-		641,595		-	641,595
Common stock		472,204		-		-	472,204
Total investments at fair value	\$	966,035	\$	1,978,238	\$	-	\$ 2,944,273

NOTE 4 – RECEIVABLES

Accounts Receivable consists primarily of uncollected proceeds from the sale of equipment and ambulance billings. Uncollected proceeds from the sale of equipment had a balance of \$1,187,091 at September 30, 2018. Ambulance billings had a balance of \$766,125 and an allowance of \$663,201 at September 30, 2018. All receivables are considered collectible and no allowance for uncollectibles is deemed necessary, except for ambulance billings.

Due From Other Governments is comprised of various grants reimbursements, revenue sharing and taxes collected by the state for the County of \$1,346,342.

NOTE 5 – INTERFUND BALANCES

Due to/from other funds consists of the following:

Receivable Fund Payable Fund		Α	mount	
Nonmajor governmental fund	Nonmajor governmental fund	\$	4,126	
General fund	Nonmajor governmental fund		47,997	
Nonmajor governmental fund	General fund		9,964	
Transportation fund	Nonmajor governmental fund		136	
Transportation fund	General fund		2,101	
General fund	Transportation fund		14,797	
Nonmajor governmental fund	Transportation fund		45	
Total		\$	79,166	

All amounts due will be paid within one year of the financial statement date.

NOTE 6 – INTERFUND TRANSFERS

Transfers to/from other funds consist of the following:

Transfer from	Transfer to	Amount			
(1) Nonmajor governmental funds	General Fund	\$	25,458		
(2) General Fund	Nonmajor governmental funds		228,696		
(3) General Fund	Transportation Trust		1,240,495		
(4) Transportation Trust	General Fund		14,807		
(5) General Fund	Nonmajor governmental funds		41,754		
(6) Nonmajor governmental funds	Nonmajor governmental funds		26,337		
Total		\$	1,577,547		

- (1) To reimburse for eligible expenditures.
- (2) Transfers from General Fund to cover annual debt service requirements and for budgeted appropriations to nonmajor funds.
- (3) To transfer money for budgeted appropriations to Transportation Trust.
- (4) Transfers from Transportation Trust to cover budgeted infrastructure expenditures.
- (5) To transfer budgeted funds for grant matching requirements.
- (6) Transfers to cover budgeted capital expenditures.

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the fiscal year is as follows:

		Restated						
		October 1,					Se	ptember 30,
		2017	Additions	D	eductions	Transfers		2018
Capital assets not being depreciat	ed							
Land	\$	5,686,147	\$ 253,284	\$	-	\$ -	\$	5,939,431
Construction in progress		2,719,735	4,135,410		-	(5,692,847)		1,162,298
Total non-depreciable assets	\$	8,405,882	\$ 4,388,694	\$	-	\$ (5,692,847)	\$	7,101,729
Capital assets being depreciated								
Buildings	\$	10,135,356	\$ 103,524	\$	1,387	\$ 69,177	\$	10,306,670
Infrastructure		56,768,293	58,006		-	5,692,847		62,519,146
Machinery and equipment		11,333,696	2,681,831		2,984,455	(69,177)		10,961,895
Total depreciable assets		78,237,345	2,843,361		2,985,842	5,692,847		83,787,711

NOTE 7 – CAPITAL ASSETS (Continued)

		Restated October 1, 2017		Additions	Deductions	Trar	nsfers	Se	ptember 30, 2018
Less accumulated depreciation:									
Buildings		4,440,754		336,805	1,036		31,850		4,808,373
Infrastructure		20,380,185		1,448,286	-		-		21,828,471
Machinery and equipment		6,873,533		869,324	1,487,102	((31,850)		6,223,905
Total accumulated									
depreciation		31,694,472		2,654,415	1,488,138				32,860,749
Total depreciable capital		46 542 072		100.046	1 407 704	F 0	02.047		50.036.063
assets, net		46,542,873		188,946	1,497,704	5,6	92,847		50,926,962
Total governmental activities capital assets, net	\$	54,948,755	\$	4,577,640	\$ 1,497,704	\$	-	\$	58,028,691
Depresiation symmetry was about	d 4 a 4	h a f a a t i a m a	~t ~		a fallaa.				
Depreciation expense was charged	ז נט נ	ne functions	oi g	overnemnt a	s iollows:				
Governmental Activities									
General government								\$	263,956
Public safety Physical environment									431,127 3,958
Transportation									1,905,563
Economic environment									1,185
Human services									23,782
Culture and recreation									24,844
Total								\$	2,654,415
TI D I 10 ' '	,			C II					
The Development Commission	ı's ca	ipital assets	are	e as follows	:				
Capital assets not depreciated	:								
Land							\$	1	1,094,105
Capital assets depreciated:									
Building and improvements									243,237
Furniture and fixtures									6,138
									249,375
Less: accumulated depreciatio	n								(43,247)
Total depreciable capital asset	s, ne	et							206,128
Total capital assets, net							\$		<u>1,300,233</u>

NOTE 8 – UNEARNED REVENUE

During the year, the County received funds under contracts with governmental agencies which are unearned until expended. Amounts received and unearned are as follows:

Arthropod grant	\$ 41,436
Federal Interdiction funds	3,511
Federal Election grant	6,027
SHIP	674,822
FEMA grant	3,332,594
Total	\$ 4,058,390

NOTE 9 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	Balance 10/01/17	Additions	Reductions	Balance 9/30/18	Due Within One Year
Capital leases	\$ 1,789,409	\$ 717,500	\$ 1,463,109	\$ 1,043,800	\$ 250,549
Series 2012 revenue					
bonds	2,376,302	-	159,755	2,216,547	164,503
Compensated absences	573,051	382,059	428,182	526,928	52,693
Landfill closure and					
post-closure costs	84,434	-	41,457	42,977	42,977
Total	\$ 4,823,196	\$ 1,099,559	\$ 2,092,503	\$3,830,252	\$ 510,722

Governmental activities, claims, obligations and compensated absences are generally liquidated by the general fund.

Capital Leases

The County has entered into various agreements as lessee for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes (title transfers at the end of the lease term). The following is an analysis of equipment leased under capital leases.

	Capital Assets
Machinery and equipment Less: accumulated depreciation	\$ 1,248,811 (203,519)
Net leased machinery and equipment	\$ 1,045,292

NOTE 9 – LONG-TERM DEBT (Continued)

Future lease debt service is as follows:

Fiscal Year Ending September 30,	l	Long-Term Debt
2019	\$	278,071
2020		276,820
2021		204,219
2022		204,219
2023		154,885
Total minimum lease payments Less: amount representing interest		1,118,214 (74,414)
Present value of future minimum lease payments	\$	1,043,800

Revenue Bonds

Public Improvement Refunding Revenue Bonds Series 2012 - The County issued revenue bonds on December 21, 2012, to provide funds to finance the cost of refunding the outstanding Public Improvement Refunding Revenue Bond, Series 2011, to fund the reserve for the bonds and to pay certain expenses related to the issuance and sale of the bonds. The interest rate on the bonds is 2.95%. Interest and principal is payable semiannually on June 1 and December 1. The original issue was for \$3,025,479 with principal payments beginning December 1, 2013 through December 1, 2029. The bonds were secured by a lien and pledge of the County's Guaranteed Entitlement and Half-Cent Sales tax. For the current year, principal and interest and revenue from the pledge sources were \$228,686 and \$787,603, respectively. Annual principal and interest payments on the bond are expected to require an estimated 30% of the pledged revenues. The outstanding principal payment installments of the bonds may be prepaid in whole prior to their respective payment date, at the option of the County, at any time, at the price of par and accrued interest to the prepayment date, plus a premium equal to 1% of the principal payment installments to be prepaid.

The following table sets forth the annual debt service requirements on the Series 2012 Public Improvement Refunding Bonds:

Year Ending

icai Liiuliig					
September 30,		Principal		Interest	Total
2019	\$	164,503	\$	62,566	\$ 227,069
2020		169,392		57,629	227,021
2021		174,426		52,546	226,972
2022		179,609		47,312	226,921
2023		185,127		41,922	227,049
2024 - 2028		1,010,515		122,981	1,133,496
2029 - 2030		332,975		6,600	339,575
	<u>\$</u>	2,216,547	Ş	391,556	\$ <u>2,608,103</u>

NOTE 9 – LONG-TERM DEBT (Continued)

Closure And Post-Closure Landfill Costs

State and federal laws and regulations require that the County place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for twenty years after closure. The final cover of the County's only landfill was completed in July of 2001. A liability is being recognized based on estimated long-term care costs. The estimated liability for landfill long-term care costs has a balance of \$42,977 as of September 30, 2018 which is based on 100% usage (filled) of the landfill. The estimated total current cost of the landfill's long-term care costs (\$42,977) is based on the future amount that is expected to be paid to monitor and maintain the landfill as of September 30, 2018. However, the actual cost of long-term care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2018, funds of \$68,056 were held for the purpose of meeting the long-term care requirements. These funds were held in the following two accounts (1) a one-year certificate of deposit at the First Federal Bank of Florida in the amount of \$68,056 and (2) in a checking account at the First Federal Bank of Florida in the amount of \$97; both accounts are restricted for long-term care of the landfill. The balance at September 30, 2017 was \$71,511. The only activity for the year ended September 30, 2018 was interest earnings of \$444 and costs paid toward landfill closure of \$3,899. The County anticipates paying long-term care costs with state grant monies. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the trustees. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in long-term care requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by the regular County budget.

The September 30, 2018 escrow account balance of \$68,056 adequately met the funding requirements of Rule 62-701.630(5), Florida Administrative Code (F.A.C.). In addition, the funds are held in an institution in accordance with the escrow agreement dated October 10, 2006 and the Landfill is in compliance with the financial assurance requirements of Rule 62-701.630, F.A.C.

A schedule of future estimated debt service requirements follows:

Year Ending	
September 30,	 Total
2019	\$ 42.977

Development Commission

On August 27, 2014, the Development Commission obtained a revolving line of credit from Regions Bank evidenced by a promissory note in the amount of \$1,250,000. This note was refinanced on August 21, 2015 and is due August 27, 2020. The note is subject to quarterly interest payments due February 21, May 21, August 21, and November 21. The balance outstanding at September 30, 2018 is \$1,250,000. The current rate of interest is 3.35% and secured by Regions Trust Account #3051000126, which had a balance of \$3,043,976 at September 30, 2018. The line of credit can be withdrawn at the finance institution's option.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

Florida Retirement System Pension Plan

Substantially all full-time County employees are participants in the System, a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full time employees of various governmental units within the State of Florida.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentages of payroll employer contribution rates established by state law are determined using the entry-age actuarial funding method.

The System provides for those employees hired prior to July 1, 2011 for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to employees who retire at or after age 65 with eight or more years of service. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-8.26%, DROP Program-14.03%, special risk employees-24.50%, senior management-24.06% and elected officials-48.70%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The County's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$1,027,344, \$924,863 and \$839,050 respectively, and equal to the actuarially determined contributions for each year. These contributions were paid by their due date. Total payroll for the County employees covered by the System was \$6,059,238 the year ended September 30, 2018. The County's total payroll was \$6,579,876 for the same period.

The County has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing Florida Division of Retirement, P O Box 9000, Tallahassee, FL 32315-9000.

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 \$8,969,236 for its proportionate share of the collective net pension liability for the Florida Retirement System

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

Pension Plan ("Pension Plan"). 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 proportion of the collective net pension liability was based on the employers' shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2018, the System's proportion of the Pension Plan was 0.029778%, which was an increase of 0.000498% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$786,418 for the Pension Plan. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	Deferred Outflows of Resources		Inf	ferred flows of sources
Differences between expected and actual experience	\$	759,829	\$	27,579
Changes of assumptions		2,930,711		-
Net difference between projected and actual earnings on				
pension plan investments		-		692,983
Changes in proportion and differences between employer				
contributions and proportionate share of contributions		547,702		277,694
Employer contributions subsequent to the measurement date		235,072		
<u>Total</u>	\$	<u>4,473,314</u>	\$	<u>998,256</u>

\$235,072 reported as deferred outflows of resources related to the Pension Plan resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense, Net
2019	\$ 784,859	\$ 229,778	\$ 555,081
2020	784,859	229,778	555,081
2021	784,859	229,778	555,081
2022	784 <i>,</i> 859	229,777	555,082
2023	784 <i>,</i> 859	56,532	728,327
Thereafter	313,947	22,613	291,334
<u>Total</u>	\$ 4,238,242	\$ 998,256	\$ 3,239,986

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	7.00%
Projected salary increases	3.25%

^{*} Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of June 30, 2018 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data as of June 30, 2013.

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

The long-term expected rate of return for the 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:

	Target	Annual Arithmetic	Compound Annual (Geometric)	Standard
Asset Class	Allocation (1)	Return*	Return	Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Total	100%			

Note: (1) As outlined in the Pension Plan's investment policy

Discount rate. The discount rate used to measure the total pension liability for the Pension Plan was 7.00%. The Plan's fiduciary net position was projected to be available to make all 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.

^{*} Includes assumed rate of inflation of 2.60%

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the Pension Plan, 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%) or 1-percentage point higher (8.00%) than the current rate:

	ı	1% Decrease (6.00%)	Di	Current scount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of collective net pension liability	\$	16,369,232	\$	8,969,236	\$ 2,823,102

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2018. The auditor's report dated December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available from http://www.dms.myflorida.com/workforce operations/retirement/publications.

Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program ("HIS"), 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. Contributions to the HIS plan are included in contributions to the Pension Plan noted above. The Pension Plan contributes 1.66% of each covered employee's salary to the HIS Plan. The remainder is contributed to the Pension Plan, with the exception for 0.04% that is contributed to administrative expenses.

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 \$1,932,055 for its proportionate share of the collective net pension liability. For the Health Insurance Subsidy program ("HIS Plan"), 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 July 1, 2018. The County's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS Plan relative to the total employer contributions of all participating employers. At June 30, 2018, the System's proportion of the HIS Plan was 0.018254%, which was an increase of 0.000286% from its proportion measured as of June 30, 2017.

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

For the year ended September 30, 2018, the County recognized pension expense of \$63,519 for the HIS Plan. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

	Deferred Outflows of Resources		lr	Deferred Inflows of Resources	
Differences between expected and actual experience	\$	29,579	\$	3,283	
Changes of assumptions		214,869		204,274	
Net difference between projected and actual earnings on					
pension plan investments		1,167		-	
Changes in proportion and differences between employer					
contributions and proportionate share of contributions		134,007		35,673	
Employer contributions subsequent to the measurement date		25,477			
Total	\$	405,099	\$	243,230	

\$25,477 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in the pension's expense as follows:

	Deferred	Deferred	Pension
Year Ended	Outflows of	Inflows of	Expense,
September 30,	Resources	Resources	Net
2019	\$ 61,333	\$ 39,231	\$ 22,102
2020	61,333	39,231	22,102
2021	61,333	39,231	22,102
2022	61,332	39,231	22,101
2023	61,041	39,231	21,810
<u>Thereafter</u>	73,250	47,075	26,175
<u>Total</u>	\$ 379,622	\$ 243,230	\$ 136,392

The total pension liability for the HIS Plan was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	3.87%
Projected salary increases	3.25%

^{*} Net of pension plan investment expense

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

The actuarial assumptions used in the actuarial valuation as of July 1, 2018 for the HIS Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data as of June 30, 2013.

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

The long-term expected rate of return for the HIS Plan investments was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Discount rate. The discount rate used to measure the total pension liability for the HIS Plan was 3.87%. 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 rate 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 table presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.87% for the HIS Plan 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%) or 1-percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current scount Rate (3.87%)	1% Increase (4.87%)
County's proportionate share of collective net pension liability	\$ 2,200,497	\$ 1,932,055	\$ 1,708,293

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2018. The auditor's report dated December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available from http://www.dms.myflorida.com/workforce operations/retirement/publications.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - In accordance with Section 112.081 of the Florida Statutes, the County provides postretirement health insurance to employees who retire from the County and wish to remain on the County's health plan. The County administers a single-employer defined benefit healthcare plan (the "Plan") that offers optional post-employment healthcare coverage to eligible individuals under a self-insured health insurance program. Four plans are offered: (i) a Blue Cross PPO plan with a \$500 deductible (Plan 0727), or (ii) a Blue Cross PPO plan with a \$1,000 deductible (Plan 3359), a Blue Cross PPO plan with a \$1,500 deductible (Plan 5360), and a Blue Cross PPO plan with a \$2,000 deductible (Plan 5901). Once the retiree becomes eligible for Medicare coverage, the monthly premium is reduced. The retired employees reimburse the County for the actual premium cost, including the portion that previously would have been paid by the County during employment. Expenses for postretirement health care benefits are recognized as paid and there is no advance funding on the part of the County. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to include all regular employees of Holmes County who retire from active service and are eligible for retirement or disability benefits under a retirement plan that is sponsored by the County. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

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

Active employees	110
Retirees and beneficiaries currently receiving benefits	3
Total membership	113
Participating employers	1

Funding Policy – Retirees must pay a monthly premium that is determined from time to time based on the experience of the entire covered group, including active employees and retirees. The premium varies depending on whether the retiree elects single, single plus spouse, single plus children, or family coverage and also whether the retiree elects coverage under the Blue Cross plan or the PPO plan.

Net OPEB Liability – The County's net OPEB liability is reported herein as of September 30, 2018 for the County's fiscal year and reporting period of October 1, 2017 to September 30, 2018. The values shown for this fiscal year and reporting period are based on a measurement date of September 30, 2018 and the corresponding measurement period of October 1, 2017 to September 30, 2018. The measurement of the total OPEB liability is based on a valuation date of October 1, 2017. The following shows the changes in the County's net OPEB liability:

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

	Increases (Decreases)					
	Т	otal OPEB Liability (a)		n Fiduciary et Pension (b)		let OPEB Liability (a)+(b)
Balance at October 1, 2017	\$	468,771	\$	-	\$	468,771
Service cost		32,853		-		32,853
Interest cost		18,096		-		18,096
Difference between expected and actual experience		-		-		-
Employer contributions		-		651,000		651,000
Employee contributions		-		-		-
Net investment income		-		-		-
Changes in assumptions		-		-		-
Benefit payments		(9,018)		(651,000)		(660,018)
Administrative expense		-		-		-
Other changes		-		-		
Net changes		41,931		-		41,931
Balance at September 30, 2018	\$	510,702	\$	-	\$	510,702

Sensitivity of the net OPEB liability to changes in the discount rate – The following represents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1- percentage-point higher (4.64%) than the current discount rate:

	1%	(Current	1%
	ecrease 2.64%	Disc	count Rate 3.64%	Increase 4.64%
Net OPEB liability	\$ 564,826	\$	510,702	\$ 462,910

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates — The following represents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00%) or 1-percentage-point higher (8.00%) than the current healthcare trend rates:

	1%		Current	1%
	Decrease 7.00%		count Rate 8.00%	Increase 6.00%
Net OPEB liability	\$ 448,729	\$	510,702	\$ 584,165

There were no deferred outflows or inflows related to the OPEB liability as of September 30, 2018.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions – The valuation dated April 2, 2019 for the fiscal year end date of September 30, 2018 was prepared using GAAP and practices, and relied on unaudited census data and medical claims data reported by the County. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2018 actuarial valuation, the entry age normal actuarial cost method was used to determine the Plan's funding liabilities and assets. The actuarial assumption included a 3.64% discount rate, general wage increases of 3.0% and a medical trend rate for fiscal year 2018 of 6.00%, graded down 0.5% per year to 5.0%. The discount rate represents the S&P Municipal Bond 20-year High Grade yield curve rates as of September 30, 2018. Mortality rates were based on the Generational RP-2000 Combined Mortality Table for general employees and the RP-2000 Blue Collar Mortality Table for law enforcement.

NOTE 12 – NET POSITION AND FUND BALANCE

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$7,872,327 of restricted net position, of which \$7,392,150 was restricted by enabling legislation.

Governmental Fund Balances

Fund balance is comprised of the following:

Nonspendable Fund Balance

County Ir	ransportation	Trust
Inventor	У	

Inventory		\$ 86,039
Restricted Fund Balances		
General Fund		
Debt service	\$ 228,696	
Grants	16,713	
Tourist development	205,369	
Code enforcement	46,584	
Total General Fund		\$ 497,362

County Transportation Trust Transportation

5,805,809

NOTE 12 – NET POSITION AND FUND BALANCE (Continued)

Nonmajor governmental funds		
Child support enforcement 43	L7,668	
Law enforcement	44	
Public safety 14	15,415	
Court operations 16	53,597	
Judicial facilities 25	52,679	
Court innovations 21	L4,787	
Domestic violence	75,259	
Florida arts	263	
Emergency communications	95,199	
Drivers education	22,486	
Criminal justice education	2,646	
Boater improvement	5,964	
Special investigations	8,088	
Crime prevention	13,882	
Debt service	77,998	
Court technology	5,028	
Landfill closure/post-closure cost	58,153	
Total restricted fund balance		\$ 7,872,327
Assigned Fund Balance		
General Fund EMPG grant match \$ 1	10.000	
_	10,000	
• • •	11,655	
2019 budget appropriations 80	01,180	
Total general fund		\$ 1,352,835
Nonmajor governmental funds		
	34,564	
Culture and recreation – library	3,652	
Public safety	1,962	
Total nonmajor government funds		40,178
Total assigned fund balance		\$ 1,393,013

NOTE 13 – TAX ABATEMENT

Section 196.095, Florida Statutes allows real estate owned and used as a child care facility as defined in Section 402.302, Florida Statues operating in an enterprise zone pursuant to Florida Statutes chapter 290 to be exempt from taxation.

For the year ended September 30, 2018, the County abated property taxes totaling \$2,595. The County has elected to disclose all tax abatement agreements without consideration of materiality.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants - Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such reviews may result in requests for reimbursement due to disallowed expenditures. The County is not aware of any potentially disallowed grant expenditures.

Construction Commitments - The County had open contract commitments for road construction projects as of September 30, 2018, as follows:

Contract amounts	\$ 1,476,891
Amount expended through September 30, 2018	939,726
	_
Remaining commitment on contract	\$ 537,165

The Company has operating lease agreements for machinery and equipment that extend through July 2020. The equipment is temporarily leased to meet the demands of the Federal Emergency Management Administration grant received by the County during the year ended September 30, 2018. Rent expense under these leases totaled \$108,868 and \$106,919 for the years ended September 30, 2018 and 2017, respectively.

Future minimum lease payments under these agreements are as follows:

Year E	nded
--------	------

September 30,	 Amount
2019	\$ 77,150
2020	45,322
Total	\$ 122,472

NOTE 15 – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are mitigated in several ways including participation in a public entity risk pool. The County maintains workers' compensation coverage, health insurance, automobile liability, property, and general liability coverage with Public Risk Management. The County pays yearly premiums to this pool which covers all losses incurred subject to policy and contract limitations and coverage.

NOTE 16 – LITIGATION

The County is involved in several litigations and claims arising in the ordinary course of operations. In the opinion of management, the range of potential recoveries or liabilities would not materially affect the financial position of the County at September 30, 2018. Accordingly, no accruals for loss contingency have been made in the accompanying financial statements.

NOTE 17 – RESTATEMENT OF BEGINNING BALANCES

As discussed in Note 1, the implementation of GASB Statement No. 75 required that the County record its beginning total OPEB liability, as well as related deferred outflows of resources. The cumulative effect of applying the statement retroactively is as follows:

	Previously	I	Increase				
		Reported		ecrease)	As Restated		
Governmental Activities:							
Total OPEB liability	\$	166,000	\$	302,771	\$	468,771	
Net Position		52,293,385		(302,771)		51,990,614	

In addition, an adjustment was made to properly state property and equipment for a modular building acquired by the Health Department. The effect of this adjustment was an increase in net position of \$120,163, an increase in buildings cost of \$158,894, and an increase in accumulated depreciation on buildings of \$38,731.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available for issuance and note the following for disclosure.

Hurricane Michael which made landfall on October 10, 2018 caused widespread property damage, flooding, power outages, and water and communication service interruptions, and disrupted normal economic activity in the County. To operate in disaster response mode, the County incurred expenses for, among other things, debris removal, security matters, and emergency

NOTE 18 – SUBSEQUENT EVENTS (Continued)

communications. The total economic impact has not been determined but the County has started the process of filing for reimbursement from the Federal Emergency Management Agency and other Federal and state emergency response agencies. No amount of receivable from disaster relief reimbursements are reflected in these financial statements.

On March 20, 2019, Kyle Hudson, Clerk of Circuit Court and County Comptroller, was suspended from office by Ron DeSantis, Governor of the State of Florida. The suspension resulted from Mr. Hudson's arrest on March 19, 2019 for felony charges associated with his official capacity as Clerk of Court and County Comptroller. The amount of alleged financial damage to the County was not material to these financial statements and no amount of possible damage or recovery is reflected in these financial statements.

Holmes County, Florida Required Supplementary Information Schedule of Changes in Net OPEB Liability and Related Ratios Last 10 Fiscal Years*

For the year ended September 30,		2018			
Total OPEB Liability					
Service cost	\$	32,853			
Interest	·	18,096			
Changes of benefit terms		-			
Differences between expected and actual experience		-			
Changes of assumptions		-			
Benefit payments		(9,018)			
Other changes					
Net change in total OPEB liability		41,931			
Total OPEB liability - beginning, as restated		468,771			
Total OPEB liability - ending (a)		510,702			
Plan Fiduciary Net Position					
Contributions - employer		9,018			
Benefit payments		(9,018)			
Net change in plan fiduciary net position		-			
Plan fiduciary net position - beginning					
Plan fiduciary net position - ending (b)					
Net OPEB liability - ending (a) - (b)	\$	510,702			
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%			
Covered-employee payroll	\$	3,964,061			
Net OPEB liability as a percentage of covered-employee payroll		12.88%			
Contributions as a percentage of covered-employee payroll		0.23%			

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

Holmes County, Florida Required Supplementary Information Schedule of the Employer's Proportionate Share of the Net Pension Liability Florida Retirement System Pension Plan September 30, 2018

As of June 30,	2018 (1)	2017 (1)	2016 (1)
Employer's proportion of the net pension liability	0.029778%	0.029280%	0.029259%
Employer's proportionate share of the net pension liability	\$ 8,969,236	\$ 8,660,918	\$ 7,387,877
Employer's covered payroll*	\$ 6,034,655	\$ 5,770,369	\$ 5,412,180
Employer's proportionate share of the net pension liability			
as a percentage of its covered payroll	148.63%	150.09%	136.50%
Plan fiduciary net position as a percentage of the			
total pension liability	84.26%	83.89%	84.88%

⁽¹⁾ Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

^{*}Employer's covered payroll during the fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2018, the measurement period is the twelve month period beginning July 1, 2017.

Holmes County, Florida Required Supplementary Information Schedule of Employer Contributions Florida Retirement System Pension Plan

For the year ended September 30,	2018 (1)		2017 (1)		2016 (1)	
Contractually required contribution** Contributions in relation to the actuarially determined	\$	926,761	\$	828,761	\$	757,755
contribution		926,761		828,761		757,755
Contribution deficiency (excess)	\$	-	\$	-	\$	
Employer's covered payroll*	\$ 6	5,059,238	\$!	5,789,294	\$	5,423,471
Contributions as a percentage of covered payroll		15.30%		14.32%		13.97%

⁽¹⁾ Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

^{*}Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2018, the measurement period is October 1, 2017 through September 30, 2018.

^{**}The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

Holmes County, Florida Required Supplementary Information Schedule of Employer's Proportionate Share of the Net Pension Liability Health Insurance Subsidy Program

As of June 30,	2018 (1)	2017 (1)	2016 (1)
Employer's proportion of the net pension liability	0.018254%	0.017968%	0.017436%
Employer's proportionate share of the net pension liability	\$ 1,932,055	\$ 1,921,232	\$ 2,032,105
Employer's covered payrolI*	\$ 6,034,655	\$ 5,770,369	\$ 5,412,180
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	32.02%	33.29%	37.55%
Plan fiduciary net position as a percentage of the	32.0270	33.2370	37.3370
total pension liability	2.15%	1.64%	0.97%

⁽¹⁾ Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

^{*}Employer's covered payroll during the fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2018, the measurement period is the twelve month period beginning July 1, 2017.

Holmes County, Florida Required Supplementary Information Schedule of Employer Contributions Health Insurance Subsidy Program

For the year ended September 30,		2018 (1)	;	2017 (1)	2016 (1)
Contractually required contribution** Contributions in relation to the actuarially determined	\$	100,583	\$	96,102	\$ 90,030
contribution		100,583		96,102	90,030
Contribution deficiency (excess)	\$	-	\$	-	\$
Employer's covered payroll*	\$ (6,059,238	\$ 5	5,789,294	\$ 5,423,471
Contributions as a percentage of covered payroll		1.66%		1.66%	1.66%

⁽¹⁾ Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

^{*}Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2018, the measurement period is October 1, 2017 through September 30, 2018.

^{**}The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

Holmes County, Florida Notes to Required Supplementary Information September 30, 2018

NOTE 1 – POST-EMPLOYMENT BENEFITS PLAN

Contributions – The County has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go." The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group. Actuarially determined contributions, which are based on the expected "pay as you go" cost, and actual contributions are from the measurement periods ending September 30 of the year prior to the year-end of the reporting periods shown. This is the first valuation under GASB 75 for the County.

NOTE 2 – FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2018:

• The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.

NOTE 3 – HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2018:

• The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining financial statements provide a more detailed view of the "Basic Financial Statements" presented in the preceding subsection. Combining statements are presented when there is more than one nonmajor and fiduciary fund.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Arthropod Control - To account for state grant and local funds received to help control insects.

Emergency Services 911 - To account for phone charges assessed for the purpose of providing emergency assistance.

Child Support - To account for the funds received to administer Title IV-D cases. The Board voted to allow the Clerk to retain any excess revenue over expenditures for use in operating the Clerk's office.

Teen Court – To account for the funds received to administer the teen court.

Inmate Canteen - To account for activities in the inmate canteen. The canteen is stocked with snacks and miscellaneous personal items provided to the inmates while incarcerated. Excess revenue over expenditures is used for inmate welfare.

Community Development Block Grant - To account for funds received from the Community Development Block Grant program, designated for developing and promoting commercial development in the County.

Federal Interdiction - To account for proceeds from federally seized assets that can only be used to purchase equipment for the Sheriff's department.

Fine and Forfeiture - To account for traffic fines received under Administrative Order 86-12 to be used in administering traffic regulations.

Civil Trust - To account for fees charged and related expenses in serving legal documents.

Commissioners Trust - To account for various state and federal grants.

Record Modernization - To account for an additional service charge for each recorded instrument. These funds are to be used exclusively for improvements to the official records system and to pay for equipment and startup costs necessitated by the statewide recording system.

Court Technology - To account for ten percent of all court-related fines collected by the Clerk to be used exclusively for additional Clerk of Court-related operational needs and program enhancements.

Probation - To account for probation activities within the court system.

DEBT SERVICE FUNDS

Workcamp - To account for debt service of Public Improvement Refunding Revenue Bonds, Series 2012.

Landfill Escrow - To account for post-closure landfill costs.

Holmes County, Florida Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

					Special
		thropod Control		nergency vices 911	Child Support
Assets					
Cash and cash equivalents	\$	77,194	\$	36,384	\$ 415,166
Receivables, net		-		-	2,163
Due from other governments		-		41,305	389
Due from other funds		-		-	-
Restricted assets:					
Cash and cash equivalents		-		-	-
Investments		-		-	-
Total assets	\$	77,194	\$	77,689	\$ 417,718
Liabilities and Fund Balance Liabilities					
Accounts payable	\$	36	\$	502	\$ 50
Accrued liabilities	•	1,022	•	-	-
Unearned revenue		41,436		_	-
Due to other governments		-		_	-
Due to other funds		136		_	-
Total liabilities		42,630		502	50
Fund balance					
Restricted		_		75,225	417,668
Assigned		34,564		1,962	-
Total fund balance		34,564		77,187	417,668
Total liabilities and fund balance	\$	77,194	\$	77,689	\$ 417,718

Revenue Funds

Teen Court Inmate Canteen Community Development Block Grant Federal Interdiction Fine and Forfeiture \$ 3,417 \$ 44,762 \$ - \$ 3,555 \$ 125,170	Kev	venue Funds			 Company its :			
Teen Court Inmate Canteen Block Grant Interdiction Forfeiture \$ 3,417 \$ 44,762 \$ - \$ 3,555 \$ 125,170					-		Endoral	Eine and
\$ 3,417 \$ 44,762 \$ - \$ 3,555 \$ 125,170 51,917 - 34,969 54 51,917 - 54 54 54		Toon Court	lov	mata Cantaan	-			
- - - 21 - - 51,917 - 34,969 - - 9,467 - 54 - - - - - - - - - - - - - -		reen Court	ınr	nate Canteen	BIOCK Grant	interdiction		Forteiture
- - - 21 - - 51,917 - 34,969 - - 9,467 - 54 - - - - - - - - - - - - - -								
- - 51,917 - 34,969 - - 9,467 - 54 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <	\$	3,417	\$	44,762	\$ -	\$	3,555	\$ 125,170
- - 9,467 - 54 -<		-		-	-		-	21
\$ 3,417 \$ 44,762 \$ 61,384 \$ 3,555 \$ 160,214 \$ - \$ - \$ 18,467 \$ - \$ 3,511		-		-	51,917		-	34,969
\$ - \$ - \$ 18,467 \$ - \$ 34 3,511		-		-	9,467		-	54
\$ - \$ - \$ 18,467 \$ - \$ 34 3,511								
\$ - \$ - \$ 18,467 \$ - \$ 34 3,511		-		-	-		-	-
\$ - \$ - \$ 18,467 \$ - \$ 34 3,511		-		-	-		-	
3,511	\$	3,417	\$	44,762	\$ 61,384	\$	3,555	\$ 160,214
3,511	-							
3,511								
3,511								
42,917 - 61,384 3,511 34 3,417 44,762 - 44 160,180	\$	-	\$	-	\$ 18,467	\$	-	\$ 34
42,917 - 61,384 3,511 34 3,417 44,762 - 44 160,180		-		-	-		-	-
- - 61,384 3,511 34 3,417 44,762 - 44 160,180 - - - - - 3,417 44,762 - 44 160,180		-		-	-		3,511	-
- - 61,384 3,511 34 3,417 44,762 - 44 160,180 - - - - - 3,417 44,762 - 44 160,180		-		-	-		-	-
3,417		-		_	42,917		-	
3,417 44,762 - 44 160,180		-		-	61,384		3,511	34
3,417 44,762 - 44 160,180								
3,417 44,762 - 44 160,180		3.417		44.762	_		44	160.180
		-			-		-	-
\$ 3,417 \$ 44,762 \$ 61,384 \$ 3,555 \$ 160,214		3,417		44,762	-		44	160,180
	\$	3,417	\$	44,762	\$ 61,384	\$	3,555	\$ 160,214

-Continued-

Holmes County, Florida Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2018

						Special
			Co	mmissioners		Record
	Civ	vil Trust		Trust	Mo	dernization
Assets						
Cash and cash equivalents	\$	5,080	\$	603,725	\$	93,666
Receivables, net		-		-		-
Due from other governments		-		13,362		-
Due from other funds		-		542		-
Restricted assets:						
Cash and cash equivalents		-		-		-
Investments		-		-		-
Total assets	\$	5,080	\$	617,629	\$	93,666
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$	_	\$	1,947	\$	10,317
Accrued liabilities	Ą	_	۲	1,547	۲	10,517
Unearned revenue		_		_		_
Due to other governments		_		_		_
Due to other funds		5,080		-		4,126
Total liabilities		5,080		1,947		14,443
Total liabilities		3,080		1,347		14,443
Fund balance						
Restricted		-		612,030		79,223
Assigned		-		3,652		-
Total fund balance				615,682		79,223
Total liabilities and fund balance	\$	5,080	\$	617,629	\$	93,666

Re	venue Funds		Debt Service Fund				
	Court Technology	Probation		Workcamp	Lá	andfill Escrow	otal Nonmajor Governmental Funds
	<u> </u>			•			_
\$	1,202	\$ 27,493	\$	-	\$	-	\$ 1,436,814 2,184
	1,151	10		-		_	143,103
	4,072	-		-		-	14,135
	-	-		77,998		97	78,095
	-	-		-		68,056	68,056
\$	6,425	\$ 27,503	\$	77,998	\$	68,153	\$ 1,742,387
\$	1,397	\$ 1,179	\$	-	\$	-	\$ 33,929
	-	-		-		-	1,022
	-	-		-		-	44,947
	-	896		-		-	896
	-	-		-			52,259
	1,397	2,075		-		-	133,053
	5,028	25,428		77,998		68,153	1,569,156
	-	-		-		-	40,178
	5,028	25,428		77,998		68,153	1,609,334
\$	6,425	\$ 27,503	\$	77,998	\$	68,153	\$ 1,742,387

Holmes County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended September 30, 2018

		Special Rev	enu	e Funds
	thropod Control	mergency rvices 911		Child Support
Revenues				
Intergovernmental	\$ 35,200	\$ 357,687	\$	68,157
Fines and forfeitures	-	-		-
Charges for services	9,278	-		1,290
Investment earnings	2	-		-
Miscellaneous	-	6,794		
Total revenues	44,480	364,481		69,447
Expenditures				
Current				
General government	-	-		26,229
Public safety	-	364,569		-
Physical environment	-	-		-
Human services	39,245	-		-
Economic environment	-	-		-
Debt service				
Principal	-	-		-
Interest		-		-
Capital outlay	5,235	-		4,185
Total expenditures	44,480	364,569		30,414
Excess of Revenues Over (Under)				
Expenditures	-	(88)		39,033
Other Financing Sources (Uses)				
Transfers in	-	-		-
Transfers out	-	-		-
Reversion to State of Florida	-	-		-
Total other financing sources (uses)	-	-		-
Net change in fund balance	-	(88)		39,033
Fund Balance - beginning	34,564	77,275		378,635
Fund Balance - ending	\$ 34,564	\$ 77,187	\$	417,668

		Community		
		Development	Federal	Fine and
Teen Court	Inmate Canteen	Block Grant	Interdiction	Forfeiture
\$ -	\$ -	\$ 324,536	\$ -	\$ 150,287
-	-	-	-	220,097
-	73,944	-	-	284,292
- 8,227	-	- -	4,296	105
8,227	73,944	324,536	4,296	654,781
-	-	-	-	554,139
4,810	69,007	-	4,296	-
-	-	-	-	-
-	-	- 224 526	-	-
-	-	324,536	-	-
-	-	-	-	-
-	-	-	-	- 5,238
4,810	69,007	324,536	4,296	559,377
 4,810	03,007	324,330	4,230	339,377
3,417	4,937	-	-	95,404
-	-	-	-	-
-	-	-	-	(26,337)
 -	-	-	-	(29,306)
-	-		-	(55,643)
3,417	4,937	-	-	39,761
-	39,825	_	44	120,419
\$ 3,417	\$ 44,762	\$ -	\$ 44	\$ 160,180

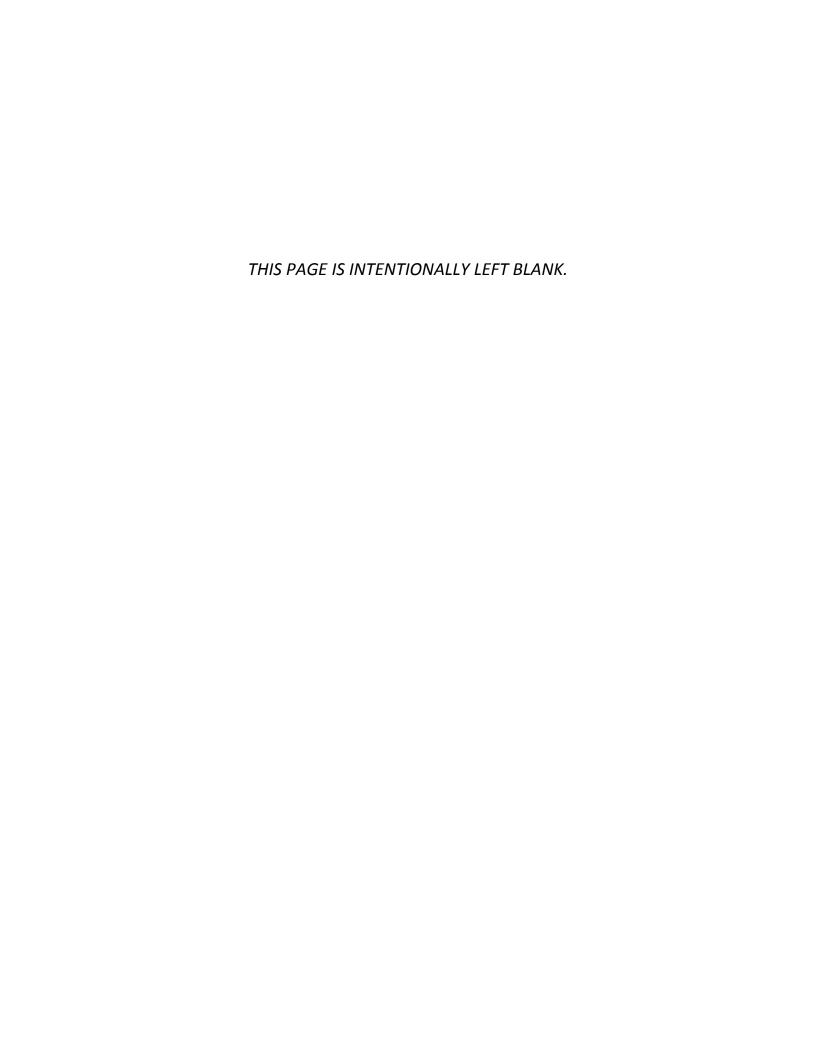
Holmes County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued) Nonmajor Governmental Funds For the Year Ended September 30, 2018

Special	Revenue	Funds
---------	---------	-------

		Commissioners	Record
Civ	il Trust	Trust	Modernization
\$	-	\$ 159,382	\$ -
	-	172,064	-
	26,820	-	4,858
	-	-	-
	-	12,320	_
	26,820	343,766	4,858
	-		76,830
	1,362	57,913	-
	-	-	-
	-	-	-
	-	3,158	-
	-	-	-
	-	-	- 24.725
	-	219,084	34,725
	1,362	300,243	111,555
	25,458	43,523	(106,697)
	_	41.754	26,337
	(25,458)	-	-
	-	-	<u>-</u>
	(25,458)	41,754	26,337
	-	85,277	(80,360)
	-	530,405	159,583
\$	- ;	\$ 615,682	\$ 79,223
	\$	26,820 26,820 1,362 1,362 25,458 (25,458) (25,458)	Civil Trust Trust \$ \$ \$ 159,382 172,064 26,820 12,320

Debt Service Fund

Te	Court	Probation		Workcamp	Landfill Escrow		tal Nonmajor overnmental Funds
\$	_	\$ -	\$	-	\$ -	\$	1,095,249
•	-	-	•	-	-	•	392,161
	14,041	122,803		-	-		537,326
	-	-		6	444		452
	-	39		-	-		31,781
	14,041	122,842		6	444		2,056,969
	11,802	-		-	-		689,088
	-	122,477		-	- 3,802		624,434 3,802
	-	_		_	3,602		39,245
	-	-		-	-		327,694
	-	-		159,755	-		159,755
	-	-		68,931	-		68,931
	-	-		-	-		268,467
	11,802	122,477		228,686	3,802		2,181,416
	2,239	365		(228,680)	(3,358)		(124,447)
	-	-		228,696	-		296,787
	-	-		-	-		(51,795)
	-	-		-	-		(29,306)
	-	-		228,696	-		215,686
	2,239	365		16	(3,358)		91,239
	2,789	25,063		77,982	71,511		1,518,095
\$	5,028	\$ 25,428	\$	77,998	\$ 68,153	\$	1,609,334



FIDUCIARY FUNDS

AGENCY FUNDS

Tax Collector

Property Tax - To account for the collection and distribution of local property taxes.

Tags - To account for the collection of motor vehicle registration receipts and subsequent disbursement.

Drivers' License - To account for the collection of driver's license registration receipts and subsequent disbursement.

Concealed Weapons - To account for the collection of concealed weapons licenses registration receipts and subsequent remittance of licenses and permits.

Sheriff

Inmate Trust - To account for cash received from and due to inmates.

Clerk of Court

General Agency - To account for the collection and disbursement of trust accounts including: tax accounts, fine and forfeiture accounts, and other miscellaneous sources.

Juror and Witness - To account for the collection and disbursement of advances received by the Clerk from the state and County for payment of jurors and witnesses.

Registry of the Court - To account for the collection and disbursement of funds which are required to be deposited into and disbursed from the Registry Account by court orders.

Cash Bonds - To account for the collection and disbursement of cash bonds.

Holmes County, Florida Combining Statement of Fiduciary Net Position Agency Funds September 30, 2018

T	\sim - I	lector
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	Property Tax		Tags		Drivers' License		Concealed Weapons	
Assets Cash and cash equivalents	\$	140,206	\$	41,601	\$	6,925	\$	396
Receivables				-				
Total assets	\$	140,206	\$	41,601	\$	6,925	\$	396
Liabilities Accounts payable	\$	-	\$	-	\$	-	\$	-
Due to other governments Due to individuals		107,420 32,786		41,462 139		6,925		396
Deposits Deposits		32,780		123		<u>-</u>		<u>-</u>
Total liabilities	\$	140,206	\$	41,601	\$	6,925	\$	396

	Sheriff	Clerk of the Court								
I.a	ata Tuust		General		Juror and	R	Registry of	C	aab Danda	Total
inm	ate Trust		Agency		Witness		Court	Ci	ash Bonds	Total
\$	20,801	\$	132,181 933	\$	1,991 -	\$	25,321 -	\$	14,329 -	\$ 383,75 93
\$	20,801	\$	133,114	\$	1,991	\$	25,321	\$	14,329	\$ 384,68
\$	-	\$	63,246	\$	-	\$	-	\$	-	\$ 63,2
	-		58,681		1,991		-		-	216,8
	20,801		11,187		-		-		-	64,9
	-		-		-		25,321		14,329	39,6
\$	20,801	\$	133,114	\$	1,991	\$	- 25,321	\$	14,329	\$ 384,6

COMPLIANCE SECTION

This section is presented to report on internal controls over financial reporting and on compliance and other matters and related compliance reporting requirements of the Auditor General of the State of Florida, including the Florida Single Audit.



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

Honorable Members of the Board of County Commissioners Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Holmes County, Florida (the "County"), which comprise the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary fund type 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, and have issued our report thereon dated May 14, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2018-001 to be a significant deficiency.

Compliance and Other Matters

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

The County's Response to Findings

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

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

Cau, Rigge & Ingram, L.L.C.

Enterprise, Alabama

May 14, 2019



Carr, Riggs & Ingram, LLC 1117 Boll Weevil Circle Enterprise, AL 36330

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

Honorable Members of the Board of County Commissioners Holmes County, Florida

Report on Compliance for Each Major Federal Program and Major State Project

We have audited Holmes County, Florida's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2018. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and Major State Project

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or 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, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

May 14, 2019

Holmes 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	CFDA CSFA		Passed Through to	
Federal Program/State Project	Number	Grant I.D. Number	Subrecipients	Expenditures
Department of Housing and Urban Development Pass-through Florida Department of Economic Opportunity Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	16DB-OK-02-42-02-H12	\$ -	\$ 324,536
U.S. Department of Health and Human Services Pass-through Florida Department of Revenue Child Support Enforcement Child Support Enforcement	93.563 93.563	CTS30 COC30	-	1,386 68,157
Department/CFDA #93.563 total			-	69,543
U.S. Department of Justice Pass-through Florida Office of the Attorney General	46 575	V075 00257		20.664
Crime Victims Assistance	16.575	V075-00357	-	38,664
U.S. Election Assistance Commission Pass-through Florida Department of State				
Help America Vote Act	90.401	2016-2017-0002-HOL	-	21,476
Help America Vote Act	90.401	2018-2019-001-HOL	-	59,196
Help America Vote Act	90.401	2017-2018-0001-HOL	-	2,008
Help America Vote Act	90.401	2018-2019-002-HOL	-	14,610
Department/CFDA #90.401 total			-	97,290
U.S. Department of Homeland Security Pass-through Florida Department of Emergency Management Disaster Grants - Public Assistance Pass-through Florida Executive Office of the Governor Hazard Mitigation Grant	97.036 97.039	14-FS-8Q-02-40-02-500 16HM-H4-02-42-01-HOL	-	2,757,651 53,171
Direct award				
Emergency Management Performance	97.042	18-FG-7A-02-42-01-171	-	31,567
Emergency Management Performance	97.042	19-FG-7A-02-42-01-171	-	9,014
Subtotal for CFDA #97.042			-	40,581
Department total			-	2,851,403
Total Expenditures of Federal Awards			\$ -	\$ 3,381,436

Continued-

See the independent auditors' report and accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) For the Year Ended September 30, 2018

State Grantor/Pass-Through Grantor/Program Title	CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
Executive Office of the Governor		Grant II Di Italia Gr	to subjectificates	<u> </u>
	31.067	18-CP-11-02-42-01-247		1 602
Emergency Management Projects Emergency Management Programs	31.067	19-BG-W9-02-42-01-174	-	1,682 23,165
Emergency Management Programs	31.063	18-BG-W9-02-42-01-174	_	84,828
Subtotal for CSFA #31.063	31.003	10-00-1174		
			-	107,993
School Shelter Retrofit	31.068	18-SR-3C-02-42-01-247	-	336
Department total			-	110,011
Florida Department of Environmental Protection Small County Consolidated Grants	37.012	SC817		90 909
•	37.012	30017		90,909
Florida Department of Agriculture and Consumer Services				
Mosquito Control	42.003	2016	_	12,629
Mosquito Control	42.003	2017	_	22,571
· · · · · · · · · · · · · · · · · · ·	42.003	2017		
Department/CSFA #42.003 total				35,200
Florida Department of State and Secretary of State				
State Aid to Libraries	45.030	18-ST-66	-	39,735
Florida Department of Health				, ,
Emergency Medical Services (EMS)				
Matching Awards	64.003	M5057	-	159,382
Florida Housing Finance Corporation				,
State Housing Initiatives Partnership				
Program (SHIP)	40.901	N/A	-	325,546
Florida Department of Transportation				
Small County Outreach Programs (SCOP)	55.009	43518825401	-	435,540
Small County Outreach Programs (SCOP)	55.009	43346215401	-	1,404,871
Small County Outreach Programs (SCOP)	55.009	43683815401	-	180,837
Small County Outreach Programs (SCOP)	55.009	43683915401	-	138,750
Subtotal for CSFA #55.009			-	2,159,998
Small County Road Assistance Program (SCRAP)	55.016	43324815401	-	454,843
Small County Road Assistance Program (SCRAP)	55.016	44086513401	-	178,551
Small County Road Assistance Program (SCRAP)	55.016	43828615401	-	446,190
Small County Road Assistance Program (SCRAP)	55.016	40898215401		695,468
Subtotal for CSFA #55.016			-	1,775,052
Department total			-	3,935,050
Florida Department of Management Services				
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	18-04-13	-	13,155
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	18-04-14	-	2,903
Wireless 911 Emergency Telephone System Rural	70.004	40.61.17		
County Grant Program	72.001	18-04-15	-	5,995
Subtotal for CSFA #72.001			-	22,053

See the independent auditors' report and accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) For the Year Ended September 30, 2018

State Grantor/Pass-Through	CSFA		Passed Through	
Grantor/Program Title	Number	Grant I.D. Number	to Subrecipients	Expenditures
E911 State Grant Program	72.002	S8-15-12-02	-	63,106
E911 State Grant Program	72.002	S9-16-12-05	-	153,200
Subtotal for CSFA #72.002			-	216,306
Department total			-	238,359
Total Expenditures of State Financial Assistance			\$ -	\$ 4,934,192

Holmes County, Florida Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance For the Year Ended September 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) summarizes the federal expenditures of the County under programs of the federal government and state project expenditures under the State of Florida for the year ended September 30, 2018. The amounts reported as federal and state grant expenditures were obtained from the County's general ledger. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets and cash flows of the County.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the Schedule. The County has obtained Catalog of Federal Domestic Assistance (CFDA) numbers and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the Schedule. Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. There were no clusters identified in the SEFA.

NOTE 2 – RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal, state and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The County's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the County's financial statements and as expenditures in the program financial reports and the Schedule.

NOTE 3 – FEDERAL AND STATE PASS-THROUGH FUNDS

The County is also a sub-recipient of federal and state funds that have been subjected to testing and are reported as expenditures and listed as federal or state pass-through funds. Federal awards and state financial assistance other than those indicated as "pass-through" are considered direct.

Holmes County, Florida
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 2018

NOTE 4 - BASIS OF ACCOUNTING

This Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the County's grants.

NOTE 5 – CONTINGENCIES

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowance, if any, would have a material effect on the financial position of the County. As of September 30, 2018, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 6 – NONCASH ASSISTANCE

The County did not receive any federal noncash assistance for the fiscal year ended September 30, 2018.

NOTE 7 – INDIRECT COST

The County has not elected to use the 10% de minimis indirect cost rate.

NOTE 8 – SUBRECIPIENTS

The County did not provide federal or state funds to subrecipients for the fiscal year ended September 30, 2018.

NOTE 9 – LOANS AND LOAN GUARANTEES

The County did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended September 30, 2018.

Holmes County, Florida Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

Section I - Summary of Auditors' Results

Financial Statements					
Type of auditors' report issued: Unr	nodified				
Internal control over financial report	ting:				
Material weakness(es) identified	ed	X	yes		no
Significant deficiency(ies) id	entified that are	not			
considered to be material w	eaknesses?	X	yes		none reported
Noncompliance material to financial	statements noted?		yes	X	no
Federal Awards					
Internal control over major projects:					
Material weakness(es) identifies			yes	Х	no
•Significant deficiency(ies) id		not	,		-
considered to be material w			yes	Χ	none reported
					·
Type of auditors' report issued on co	ompliance for major Fe	ederal progra	ms: Un	modifi	ed
Any audit findings disclosed that are	required to be renor	ted			
in accordance with Uniform Guidance			yes	Х	no
			,		
State Projects					
Internal control over major projects					
Material weakness(es) identified			yes	X	no
Significant deficiency(ies) id	entified that are	not			
considered to be material w	eakness(es)?		yes	X	none reported
Type of auditors' report issued on co	ompliance for major St	ate projects:	Unmod	dified	
Any audit findings disclosed that are	required to be repor	ted			
in accordance with Chapter 10.55	0, Rules of the State	of			
Florida Office of the Auditor Genera	1?		yes	Χ	no
Identification of major programs:					
CFDA Number(s)	Name of Federal Pro	gram or Clust	er		
97.036	Disaster Grants – Pub	lic Assistance	!		
CFSA Number(s)	Name of State Project	t			
55.009	Small County Outread	ch Drograms /	SCOD)		
40.901	State Housing Initiativ	•	•	ram (SI	-IID)
70.501	State Housing milialis	ves i ai tileisii	יף י י טפו	um (3)	,
Dollar threshold used to distinguish	between type A	Federal Pr	ograms	9	State Projects
and type B programs?		\$750,0	000		\$300,000
Auditee qualifies as low-risk auditee	?	yes		ΧN	lo

Holmes County, Florida Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

Section II – Financial Statements Findings

2010-001 Financial Statement Preparation Knowledge (Repeat)

Condition – The external auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles.

Criteria - Auditing Standards Board AU-C Section 265 requires auditors to disclose when there are inadequate design of controls over the preparation of the financial statements being audited.

Cause - There are no County personnel with the experience, background and knowledge of Governmental Accounting and Financial Accounting Standards to prepare the financial statements internally including full note disclosures as required by those standards.

Effect - The finding could adversely affect Holmes County, Florida's (the County) ability to internally prepare financial statements in accordance with generally accepted accounting principles.

Recommendation - We recommend County personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements.

Views of Responsible Officials and Planned Corrective Action – See Management's Response Letter beginning on page 91.

2018-001 Building Department Permits

Condition – Audit procedures performed over building department permits during fiscal year 2018 revealed the following:

o In a test of 60 building department permits, we noted 12 permits that did not have proper supporting documentation. A determination on whether the permits were billed correctly could not be made. In addition, we noted a lack of consistent organization of the file structure.

Criteria – Government Auditing Standards (GAS) Section A1.08 (d) states that management is responsible for "establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;…".

Cause – County personnel does not properly maintain supporting documentation in each customer file.

Holmes County, Florida Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

Effect – Failure to maintain proper supporting documentation could lead to the County incorrectly calculating building permits. In addition, the County's would be unable to substantiate the permit issued without maintaining proper supporting documentation.

Recommendation - We recommend the building department properly train all staff to follow the County policy of maintaining supporting documentation for all permits issued.

Views of Responsible Officials and Planned Corrective Action – See Management's Response Letter beginning on page 91.

Section III – Federal Award Findings and Questioned Costs

No such findings noted.

Section IV – State Projects Findings and Questioned Costs

No such findings noted.



HOLMES COUNTY BOARD OF COUNTY COMMISSIONERS FINANCE OFFICE

201 N. Oklahoma St., Ste. 205 Bonifay, Florida 32425 (850) 547-1103 FAX (850) 547-4471 BOBBY SASNETT District 1

BRANDON NEWSOM District 2

> PHILLIP MUSIC District 3

EARL STAFFORD District 4

CLINT ERICKSON
District 5

ALICE VICKERS Clerk Ad Interim

May 14, 2019

Carr, Riggs, & Ingram, LLC PO Box 311070 Enterprise, Alabama 36331

Dear Sirs or Madams:

In response to follow up of prior year audit findings for the Holmes County Board of Commissioners during the fiscal year ended September 30, 2018, the County responds as follows:

FINDING 2010-001: Financial Statement Preparation Knowledge (Repeat)

Condition: The external auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles.

Recommendation: We recommend County personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare the financial statements.

Current Status: Current budget limitations prohibit the employment of a certified public accountant; however, County personnel will continue to gain knowledge of generally accepted accounting principles.

FINDING 2017-001: Cash Management - Interest Earned on Advances

Condition: The County failed to remit interest earned on advances from the Federal Emergency Management Agency ("FEMA") in accordance with Section 216.181(16)(b), Florida Statute and the grant agreement.

Recommendation: The County should implement internal controls and processes to ensure personnel remit interest collected on advances in accordance with the provisions of Section 216.181(16)(b), Florida Statute and the grant agreement.

Current Status: The County implemented internal controls and processes to remit interest collected on advances in accordance with Section 216.181(16)(b), Florida Statute and the grant agreement.

If you have questions or need additional information, please call me at (850) 547-1100.

Sincerely,

Alice Vickers Clerk Ad Interim

eice Vickers



Carr, Riggs & Ingram, LLC 1117 Boll Weevil Circle Enterprise, AL 36330

(334) 347-0088 (334) 347-7650 (fax) www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE WITH SPECIFIED FLORIDA STATUTE SECTIONS

Honorable Members of the Board of County Commissioners Holmes County, Florida

We have examined Holmes County, Florida's (the "County") compliance with the following Florida Statute sections during the fiscal year ended September 30, 2018.

Section 365.172(10) Emergency communications number E911 system fund Section 365.173(2)(d) Emergency communications number E911 system fund

Section 218.415 Investment guidelines

Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

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

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

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

May 14, 2019



Carr, Riggs & Ingram, LLC 1117 Boll Weevil Circle Enterprise, AL 36330

(334) 347-0088 (334) 347-7650 (fax) www.cricpa.com

MANAGEMENT LETTER

Honorable Members of the Board of County Commissioners Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of Holmes County, Florida (the "County"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 14, 2019.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, Schedule of Findings and Questioned Costs; 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 and schedule, which are dated May 14, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except finding 2010-01 as noted in the Schedule of Findings and Questioned Costs.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2018, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations, other than those disclosed in the Schedule of Findings and Questioned Cost.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we identified finding 2018-001, as follows:

2018-002 County Comptroller Suspension

Condition – The Holmes County, Florida Clerk of the Court and Comptroller ("Comptroller") was arrested for felony charges for an organized scheme to defraud on March 19, 2019.

Criteria – The Comptroller was charged with being in violation of Florida Statutes sections 817.034(4)(a)3, 838.022(1)(a), and 896.101(3)(a) and (5)(a).

Cause – The Comptroller allegedly committed an organized scheme to defraud the County by presenting fraudulent travel expenditures.

Effect – The Comptroller's alleged failure to comply with Florida Statutes sections 817.034(4)(a)3, 838.022(1)(a), and 896.101(3)(a) and (5)(a) led to the reimbursement of certain unallowable travel expenditures by the County.

Recommendation – The County should implement a "whistleblower" policy that would allow employees to anonymously report suspicious activity.

Views of Responsible Officials and Planned Corrective Action – See Management's Response Letter beginning on page 91.

Purpose of this Letter

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

May 14, 2019



HOLMES COUNTY BOARD OF COUNTY COMMISSIONERS

FINANCE OFFICE

201 N. Oklahoma St., Ste. 205 Bonifay, Florida 32425 (850) 547-1103 FAX (850) 547-4471 **BOBBY SASNETT** District 1

BRANDON NEWSOM District 2

PHILLIP MUSIC District 3

EARL STAFFORD District 4

CLINT ERICKSON District 5

ALICE VICKERS Clerk

May 14, 2019

Carr, Riggs, & Ingram, LLC PO Box 311070 Enterprise, Alabama 36331

Dear Sirs or Madams:

In response to your management letter for the Holmes County Board of Commissioners during the fiscal year ended September 30, 2018, the County responds as follows:

RECOMMENDATIONS

2010-001: Financial Statement Preparation Knowledge (Repeat)

Current budget limitations prohibit the employment of a certified public accountant; however, the County personnel will continue to gain knowledge of generally accepted accounting principles.

2018-001 Building Department Permits

The County has implemented training for all building department staff on proper procedures for calculating and maintaining documentation of building permits.

2018-002 County Comptroller Suspension

Uice Vicken

The County is currently reviewing the policies and procedures relative to this incident.

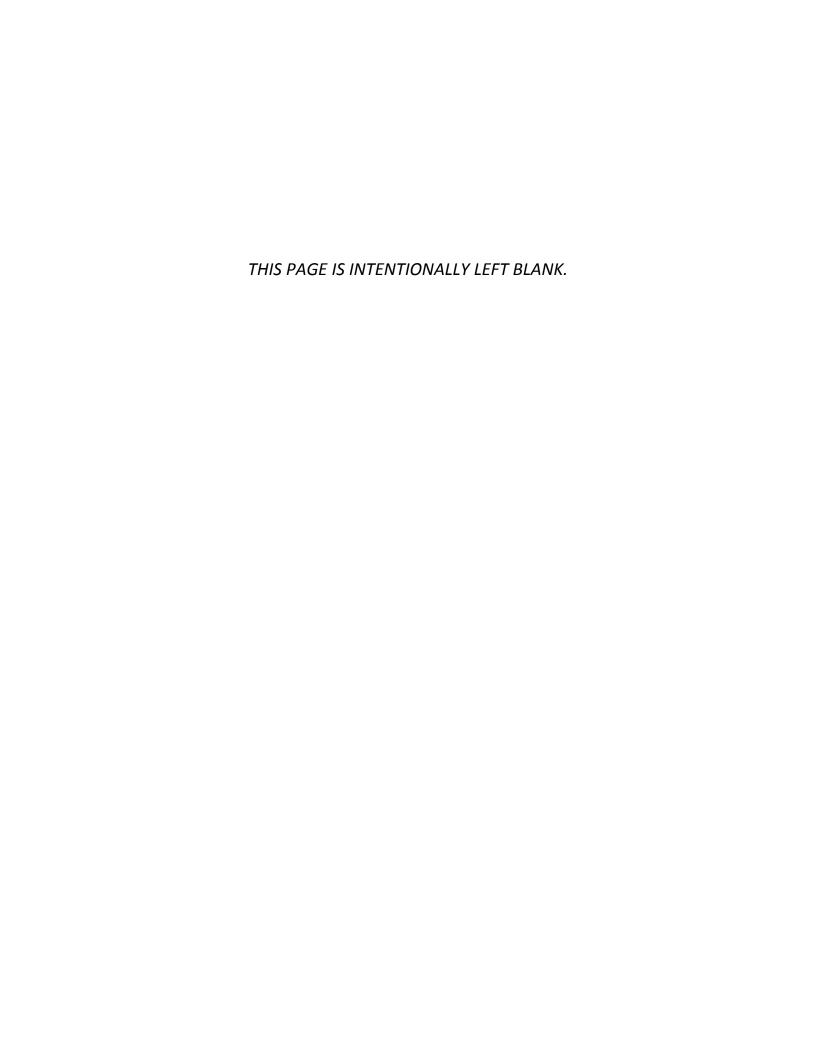
If you have questions or need additional information, please call me at (850) 547-1100.

Sincerely,

Clerk Ad Interim

FINANCIAL STATEMENTS AND COMPLIANCE REPORTS FOR CONSTITUTIONAL OFFICERS

The following special-purpose financial statements are presented in accordance with Chapter 10.550, Rules of the Florida Auditor General.



Clerk of the Circuit Court Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018



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

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INDEPENDENT AUDITORS' REPORT

Honorable Alice Vickers Clerk of the Circuit Court Holmes County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of each major fund, the fiduciary fund types, and the aggregate remaining nonmajor governmental fund of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, fiduciary fund types, and the aggregate remaining nonmajor governmental fund of the Clerk as of September 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund, Fine and Forfeiture Fund, Record Modernization Fund, Child Support Trust, and Probation Fund for the fiscal 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 ("Rules"). 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, fiduciary fund types, and the aggregate remaining nonmajor fund information of Holmes County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Holmes 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. Our opinion is not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

March 29, 2019

Holmes County, Florida Clerk of the Circuit Court Balance Sheet – Governmental Funds September 30, 2018

	Gono	ral Fund		Fine and Forfeiture
	Gene	rai runu		roneiture
Assets				
Cash and cash equivalents	\$	28,195	\$	125,170
Receivables		-		21
Due from other funds		4,037		35,023
Due from other governments		-		
Total assets	\$	32,232	\$	160,214
Liabilities and Fund Balances				
Liabilities			_	
Accounts payable	\$	44	\$	34
Due to other funds		-		-
Due to individuals		-		-
Due to Board of County Commissioners		20,392		-
Unearned revenue		11,796		
Total liabilities		32,232		34
Fund balances				
Restricted		-		160,180
Total liabilities and fund balances	\$	32,232	\$	160,214

						Non	-major Fund Court		Total
	Record	Ch	ild Support			T	echnology	Go	vernmental
Mod	dernization		Trust	Probation			Fund		Funds
\$	93,666	\$	415,166	\$	27,493	\$	1,202	\$	690,892
'	-		2,163		-	•	-	•	2,184
	-		126		10		5,223		44,419
	-		263		-		-		263
						_		_	
\$	93,666	\$	417,718	\$	27,503	\$	6,425	\$	737,758
\$	10,317	\$	50	\$	359	\$	1,397	\$	12,201
	4,126		-		896		-		5,022
	-		-		820		-		820
	-		-		-		-		20,392
	-		-		-		-		11,796
	14 442		Γ0		2.075		1 207		FO 221
	14,443		50		2,075		1,397		50,231
	79,223		417,668		25,428		5,028		687,527
<u></u>	02.666	<u>_</u>	447.740	<u> </u>	27.502	<u></u>	6.425	<u> </u>	727.750
\$	93,666	\$	417,718	\$	27,503	\$	6,425	\$	737,758

Holmes 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

	Gen	eral Fund	Fine and Forfeiture
Revenues			
Intergovernmental	\$	_	\$ 150,287
Charges for services		55,670	284,292
Fines and forfeitures		-	220,097
Miscellaneous		25,738	105
Total revenues		81,408	654,781
Expenditures			
General government			
Personnel services		350,131	507,563
Operating		30,690	46,576
Capital outlay		-	5,238
Total expenditures		380,821	559,377
Excess Revenues Over (Under) Expenditures		(299,413)	95,404
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners		319,737	_
Transfers in (out)		-	(26,337)
Reversions:			(20,007)
Board of County Commissioners		(20,324)	-
Justice Administrative Commission		-	(29,306)
Total other financing sources (uses)		299,413	(55,643)
Net change in fund balance		-	39,761
Fund Balance - beginning		-	120,419
Fund Balance - ending	\$	-	\$ 160,180

	Record dernization	Ch	ild Support Trust		Probation		Non-Major Fund Court Technology		Total overnmental Funds
\$	_	\$	68,157	\$	_	\$	-	\$	218,444
τ	4,858	*	1,290	τ	122,803	7	14,041	*	482,954
	-		, -		-		-		220,097
	-		-		39		-		25,882
	4,858		69,447		122,842		14,041		947,377
	19,408		23,176		115,017		10,404		1,025,699
	57,422		3,053		7,460		1,398		146,599
	34,725		4,185		-		-		44,148
	111,555		30,414		122,477		11,802		1,216,446
	(106,697)		39,033		365		2,239		(269,069)
	- 26,337		-		- -		-		319,737 -
	-		-		-		-		(20,324) (29,306)
	26,337		-		-		_		270,107
	(80,360)		39,033		365		2,239		1,038
	159,583		378,635		25,063		2,789		686,489
\$	79,223	\$	417,668	\$	25,428	\$	5,028	\$	687,527

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended September 30, 2018

	Budgeted Amounts					iance	
		Original				With	Final
		Budget	Fir	nal Budget	Actual	Bu	dget
Revenues							
Charges for services	\$	55,670	\$	55,670	\$ 55,670	\$	-
Miscellaneous		25,740		25,740	25,738		(2)
Total revenues		81,410		81,410	81,408		(2)
Expenditures							
General government							
Personnel services		350,129		350,129	350,131		(2)
Operating		30,694		30,694	30,690		4
Total expenditures		380,823		380,823	380,821		2
Excess Revenues Over (Under)							
Expenditures		(299,413)		(299,413)	(299,413)		
Other Financing Sources (Uses)							
Appropriations from Board of County Commissioners		319,737		319,737	319,737		_
Reversions:							
Board of County Commissioners		(20,324)		(20,324)	(20,324)		
Total other financing sources (uses)		299,413		299,413	299,413		
Net change in fund balance		-		-	-		-
Fund Balance - beginning		-		-	-		
Fund Balance - ending	\$	-	\$	-	\$ -	\$	_

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Fine and Forfeitures Fund For the Year Ended September 30, 2018

		Budgeted	Am				
		Original Budget Final Budget		Actual	w	'ariance ith Final Budget	
Davision							
Revenues	¢	146 520	۲.	146 520	ć 150.20 7	۲.	(2.757)
Intergovernmental	\$	146,530	\$	146,530	\$ 150,287	\$	(3,757)
Charges for services		231,779		231,779	284,292		(52,513)
Fines and forfeitures		180,749		180,749	220,097		(39,348)
Miscellaneous		320		320	105		215
Total revenues		559,378		559,378	654,781		95,403
Expenditures							
General government							
Personnel services		507,563		507,563	507,563		_
Operating		46,576		46,576	46,576		_
				•	·		1
Capital outlay		5,239		5,239	5,238		1
Total expenditures		559,378		559,378	559,377		1
Excess Revenues Over (Under)							
Expenditures		-		-	95,404		95,404
Other Financing Sources (Uses)							
Transfers in (out)		-		-	(26,337)		(26,337)
Reversions:							
Justice Administrative Commission		-		-	(29,306)		(29,306)
Total other financing sources (uses)		-		-	(55,643)		(55,643)
Net change in fund balance		-		-	39,761		39,761
Fund Balance - beginning		120,419		120,419	120,419		
Fund Balance - ending	\$	120,419	\$	120,419	\$ 160,180	\$	39,761

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Record Modernization Fund For the Year Ended September 30, 2018

	Budgeted Amounts							
	Original					Variance With		
		Budget	Fir	nal Budget		Actual	Final Budget	
Revenues								
Charges for services	\$	4,858	\$	4,858	\$	4,858	\$	
Expenditures								
General government								
Personnel Services		19,406		19,406		19,408		(2)
Operating		57,519		57,519		57,422		97
Capital outlay		34,725		34,725		34,725		-
		444.650		444.650		444 555		0.5
Total expenditures		111,650		111,650		111,555		95
Excess Revenues Over (Under)								
Expenditures		(106,792)		(106,792)		(106,697)		95
Other Financing Sources								
Transfers in (out)		-		-		26,337		26,337
		(400 -00)		(100 -00)		(00.000)		
Net change in fund balance		(106,792)		(106,792)		(80,360)		26,432
Fund Balance - beginning		159,583		159,583		159,583		
Fund Balance - ending	\$	52,791	\$	52,791	\$	79,223	\$	26,432

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Child Support Trust For the Year Ended September 30, 2018

		Budgeted	Amo	ounts				
	(Original					Variar	nce with
		Budget	Fin	al Budget		Actual	Final	Budget
Revenues								
Intergovernmental	\$	68,157	\$	68,157	\$	68,157	\$	-
Charges for services	-	1,290		1,290	-	1,290		
Total revenues		69,447		69,447		69,447		_
Expenditures General government								
Personnel services		23,177		23,177		23,176		1
Operating		3,053		3,053		3,053		-
Capital outlay		4,185		4,185		4,185		_
Total expenditures		30,415		30,415		30,414		1_
Excess Revenues Over Expenditures		39,032		39,032		39,033		1
Fund Balance - beginning		378,635		378,635		378,635		
Fund Balance - ending	\$	417,667	\$	417,667	\$	417,668	\$	1

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Probation Fund For the Year Ended September 30, 2018

		Budgeted	l Am	ounts			
	Original					Varianc	e with
		Budget	Fi	nal Budget	Actual	Final B	udget
Revenues							
Charges for services	\$	122,803	\$	122,803	\$ 122,803	\$	-
Miscellaneous		39		39	39		
Total revenues		122,842		122,842	122,842		_
Expenditures							
General government							
Personnel services		115,017		115,017	115,017		-
Operating		7,460		7,460	7,460		_
Total expenditures		122,477		122,477	122,477		-
Excess Revenues Over Expenditures		365		365	365		-
Fund Balance - beginning		25,063		25,063	25,063		-
Fund Balance - ending	\$	25,428	\$	25,428	\$ 25,428	\$	-

Holmes County, Florida Clerk of the Circuit Court Statement of Fiduciary Net Position For the Year Ended September 30, 2018

	Ager	ncy Funds
Assets		
Cash and cash equivalents	\$	173,822
Due from other funds		896
Receivables		37
Total assets	\$	174,755
Liabilities		
Deposits	\$	39,650
Due to individuals		74,433
Due to Board of County Commissioners		17,959
Due to other funds		40,293
Due to other governments		2,420
Total liabilities	\$	174,755

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Clerk are described below.

Reporting Entity

The Clerk is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes Chapter 7.30. The Clerk's financial statements do not purport to reflect the financial position or the results of operations of Holmes County, Florida (the "County") taken as a whole. Although the Clerk's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Pursuant to GASB Codifications of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600, the Clerk's financial statements are combined with those of the Board and other elected officials into the reporting entity of the County.

Basis of Presentation

The Clerk's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Clerk has not presented reconciliations to the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

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

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

Fine and Forfeiture – Special revenue fund established pursuant to Chapter 142.01(1) of the Florida Statutes to account for court related revenues and expenditure, which are required to be reported separately from the Clerk's general fund activities.

Record Modernization – Special revenue fund that accounts for an additional service charge for each recorded instrument. These funds are to be used exclusively for improvements to the official records system.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Child Support Trust – Special revenue fund that accounts for Title IV-d cases. The Board voted to allow the Clerk to retain any excess of revenue over expenditures from these revenues for use in operating the Clerk's office. This fund receives federal reimbursement for expenses related to the Title IV-d child support cases.

Probation – Special revenue fund that accounts for probation activities within the court system.

The following is reported as a non-major governmental fund:

Court Technology – Special revenue fund that accounts for an additional service charge for each recorded instrument. These funds are to be used exclusively to meet the technology needs of the court system within the Clerk's office.

The Clerk also reported the following fund types:

Agency Fund – Agency funds are custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations. These funds are accounted for on an accrual basis of accounting.

Basis of Accounting

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation, which are expensed when paid.

Fiduciary fund (agency fund) statements are prepared using economic resource measurement focus and the accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

The portion of the Clerk's revenue that is a budget appropriation from the Board, rather than a charge for services is reported as other financing source. Any excess of revenue and other financial sources received over expenditures and other financing uses are remitted to the Board at year-end and reported as a reversion to the Board.

Impact of Recently Issued Accounting Pronouncements

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Pronouncements Issued But Not Yet Effective

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

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

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual balanced budget for their office which displays the revenues available to the office and the functions for which the money is to be

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board. The budget is prepared on a basis consistent with GAAP. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Clerk.

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

- A. The budget relating to the state court system (Circuit and County) is filed with the Florida Clerk of the Court Operations Corporation; and
- B. The budget relating to the requirements of the Clerk as the Clerk of the Board, County Auditor, and Custodian or Treasurer of all County funds and other County-related duties.

Interfund Loans and Transfers

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

Inventories and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

Capital Assets

Capital assets, including property, plant, and equipment, are recorded as expenditures in the general and special revenue funds at the time an asset is acquired. Capital assets are recorded at cost when purchased and fair market value if donated. The Clerk maintains a \$1,000 threshold for capitalization of equipment, land, buildings, and improvements. Title in all capital assets owned by the Clerk is retained by the Board and the Clerk's capital assets are reported in the statement of net position in the county-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Clerk maintains custodial responsibility for the capital assets used by his office and maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Administrative Code Sections 69I-73.002 and 69I-73.006.

Depreciation has been provided using the straight-line method with an estimated useful life of five to ten years for all tangible personal property. See Note 5 for detailed capital asset activity.

Compensated Absences

It is the Clerk's policy to allow employees to retain a maximum of 900 hours of paid time off (PTO) at the end of the calendar year. Any PTO hours exceeding 900 will be eligible to receive reimbursement for 80% of accrued PTO over the 900 hours, up to 100 hours annually. Accumulated PTO is payable on termination at 80% of the hours accumulated. Accrued compensated absences that will not be liquidated with expendable available financial resources of the Clerk are the obligation of Holmes County and are reported at the County-wide level.

The following is a summary of changes in compensated absences for the year ended September 30, 2018.

	Balance 10/1/17 Additions Dele					Deletions	Balance 9/30/18	Due in One Year	
Compensated absences	\$	89,221	\$	56,108	\$	86,443	\$ 58,886	\$	5,889

Governmental Fund Balance

Fund balances are classified either as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2018, the Clerk had restricted fund balances only in its special revenue funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed fund balances are fund balances constrained for specific purposes imposed by the Clerk's formal action of highest level of decision making authority. As of September 30, 2018, the Clerk had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes imposed by the Clerk, but which are neither restricted nor committed. As of September 30, 2018, the Clerk had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2018, the Clerk had no unassigned fund balances.

When expenditures are incurred for purposes for which restricted or unrestricted fund classifications could be used, it is the Clerk's policy to use restricted funds first.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand as well as demand deposits.

Custodial Risk

The Clerk does not have a written investment policy but historically has limited available investments to cash, cash equivalents, and certificates of deposit with a maturity of three months or less. At year-end, all cash was held in demand deposits fully insured by the Federal Deposit Insurance Corporation (FDIC) or the multiple financial institutions collateral pool required by Chapter 280, Florida Statutes.

NOTE 3 – RECEIVABLES

The Clerk's receivables, all of which are deemed collectible within 60 days of year end, are as follows:

Source	Α	mount
Florida Department of Revenue	\$	2,184

NOTE 4 – BALANCES DUE TO/FROM OTHER FUNDS

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

Receivable Fund Payable Fund		Α	mount
Governmental Funds			
General fund	Agency Funds	\$	4,037
Court technology	Record Modernization		4,072
Fine & Forfeiture	Record Modernization		54
Fine & Forfeiture	Agency Funds		34,969
Child Support	Agency Funds		126
Agency Funds	Probation		896
Court technology	Agency Funds		1,151
Probation	Agency Funds		10
Total governmental funds		\$	45,315

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

	Balance			Balance
	10/1/17	Additions	Deletions	9/30/18
Governmental Activities				
Equipment	\$ 317,904	\$ 45,154	\$ (11,312) \$	351,746
Buildings and improvements	7,556	-	-	7,556
Less: accumulated depreciation	214,549	34,078	9,661	238,966
Capital assets, net	\$ 110,911	\$ 11,076	\$ (1,651) \$	120,336

NOTE 5 – CAPITAL ASSETS (Continued)

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the County-wide financial statements.

Depreciation expense was charged to the function of government as follows:

Governmental Activities

General government \$ 34,078

NOTE 6 – EXCESS FEES

Pursuant to Section 218.36(2), Florida Statutes, each County officer shall pay into the County general fund by October 31 following each fiscal year end, all money in excess of the sum to which he or she is entitled under the provisions of Florida Statutes Chapter 145. For fiscal year 2018, the Clerk had \$20,324 of excess revenues over expenditures due to the County.

Pursuant to Section 28.37(2), Florida Statutes, all fees, service charges, court costs, and fines collected in excess of expenditures necessary to fund the Clerk's court operations for each fiscal year ending September 30th will be sent to the Clerk of Courts Trust Fund. Additionally, if revenues received in any given month exceed 1/12 of the projected revenues for the year, then that excess is to be remitted to the Clerk of Courts Trust Fund as well. For the year ended September 30, 2018, excess court revenues exceeded 1/12 of revenue projections in the amount of \$29,306 and were remitted to the Clerk of Courts' Trust Fund.

NOTE 7 – RETIREMENT PLAN

The Clerk and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Clerk's employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability re-emerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

NOTE 7 – RETIREMENT PLAN (Continued)

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: DROP Program – 14.03%, regular employees – 8.26%, senior management – 24.06%, and elected officials – 48.70%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications, with the exception of the DROP Program.

For the year ended September 30, 2018, total payroll for the Clerk's employees covered by the System was \$697,781 and total payroll was \$736,231. The Clerk's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$110,659, \$99,507, and \$93,979, respectively and were paid by the due date for the contribution.

The Clerk has no responsibility to the System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing Florida Division of Retirement, P. O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

In addition to the retirement plan described in Note 7, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Clerk are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County, recognize an OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 9 – CONTINGENT LIABILITIES

The Clerk is involved in several litigations and claims arising in the ordinary course of operations. Legal counsel for the Clerk believes a favorable outcome is likely. No accruals or loss contingency has been made in the financial statements.

The Clerk receives a grant from the Federal government that is subject to review and audit by the funding source. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Clerk with the terms of the grants/contracts. In the opinion of the Clerk's management, such allowances, if any, would not be significant in relation to the financial statements of the Clerk.

NOTE 10 – SUBSEQUENT EVENTS

The Clerk has evaluated subsequent events through the date of issuance of these financial statements and has determined that other than the matter noted below, no events occurring subsequent to year-end warranted disclosure.

On March 19, 2019, Kyle Hudson, Clerk of the Circuit Court, was arrested on charges related to misappropriation of Clerk assets. The arrest warrant stated "....the amounts of the financial transactions involved totaled or exceeded \$300 but less than \$20,000 in a twelve month period...". On March 20, 2019, the Governor issued an Executive Order suspending Mr. Hudson from public office. The Executive Order prohibits Mr. Hudson from performing any official act, duty, or function of public office; from receiving pay or allowance; and from being entitled to any of the emoluments or privileges of public office during the period of suspension. On March 25, 2019, the Governor appointed Alice Vickers interim Clerk of the Circuit Court. These financial statements have not been adjusted to reflect the effect of this matter.

Fiduciary Funds

General Agency – To account for the collections held in trust including: taxes, fine and forfeitures, and other miscellaneous sources prior to disbursement.

Juror and Witness – To account for the collection and disbursement of advances received from the State and County for payment of jurors and witnesses.

Registry of Court – To account for the collections held in trust as ordered by the courts prior to disbursement.

Cash Bonds – To account for collection of cash bonds prior to disbursement.

Holmes County, Florida Clerk of the Circuit Court Combining Statement of Fiduciary Net Position September 30, 2018

	Agency Funds								
				Juror and Witness		Registry of Court		<u> </u>	•
		General Agency						Cash Bonds	Total
		Agency							
Assets									
Cash and cash equivalents	\$	132,181	\$	1,991	\$	25,321	\$	14,329	\$ 173,822
Due from other funds		896		-		-		-	896
Receivables		37		-		-		-	37
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Total assets	\$	133,114	\$	1,991	\$	25,321	\$	14,329	\$ 174,755
Liabilities									
Deposits	\$	-	\$	-	\$	25,321	\$	14,329	\$ 39,650
Due to individuals		74,433		-		-		-	74,433
Due to Board of County									
Commissioners		17,959		-		-		-	17,959
Due to other funds		40,293		-		-		-	40,293
Due to other governments		429		1,991		-		-	2,420
Total liabilities	\$	133,114	\$	1,991	\$	25,321	\$	14,329	\$ 174,755



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

Honorable Alice Vickers Clerk of the Circuit Court Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, the fiduciary fund types, and the aggregate remaining nonmajor governmental funds of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated March 25, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses. We consider deficiencies 2010-01, 2017-01, and 2018-01 described in the accompanying management letter to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following matters that are required to be reported under *Government Auditing Standards*.

Other Matter Involving Misappropriation of Assets

On March 19, 2019, Kyle Hudson, Clerk of the Circuit Court, was arrested on charges related to misappropriation of Clerk assets totaling more than \$300 and less than \$20,000. On March 20, 2019, the Governor issued an Executive Order suspending Mr. Hudson from public office. The Executive Order prohibits Mr. Hudson from performing any official act, duty, or function of public office; from receiving pay or allowance; and from being entitled to any of the emoluments or privileges of public office during the period of suspension.

Clerk's Response to Findings

The Clerk's responses to the findings identified in our audit are included in the accompanying management letter. The Clerk's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

March 29, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE WITH SPECIFIED FLORIDA STATUTE SECTIONS

Honorable Alice Vickers Clerk of the Circuit Court Holmes County, Florida

We have examined the Holmes County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the following Florida Statute sections during the fiscal year ended September 30, 2018.

Sections 28.35 and 28.36 Performance Standards and Budgets
Section 61.181 Alimony and Child Support Payments
Section 218.415 Local Government Investment Policies

Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

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

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

March 29, 2019



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MANAGEMENT LETTER

Honorable Alice Vickers Clerk of the Circuit Court Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 25, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental 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 March 25, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual audit report except as noted below under the heading Prior Year Findings and Recommendations

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-01 Financial Statement Preparation Knowledge (repeat finding from 2010)

Condition - The Auditing Standards Board in AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Criteria - Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Cause - Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Clerk from being able to prepare financial statements and note disclosures as required by those standards.

Effect - This could adversely affect the Clerk's ability to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation - We encourage the Clerks' personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statement including the notes in accordance with GAAP.

Management Response - This requirement is a burden to small counties, but efforts will be made to attempt to comply.

2017-01 Signature Stamps

Condition - Signature stamps for check signatures were found to be in possession of personnel with check writing capabilities.

Criteria - Adequate controls should be in place to limit access to signature stamps.

Cause - There are no procedures in place to ensure that personnel with check writing capabilities do not have access to check signature stamps.

Effect - The finding could result in material misstatements to the financial statements and the misappropriation of assets

Recommendation - We recommend that the Clerk implement adequate controls to properly limit access to the check signature stamp. This should include prohibiting personnel with check writing capabilities from gaining access to the stamp.

Management Response – The Clerk acknowledges the finding and has implemented controls to limit access to the check signature stamp.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted such recommendations as items 2010-01 and 2017-01 noted above under Prior Year Recommendations and Findings and item 2018-01 following under Current Year Findings and Recommendations.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2018-01 Journal Entries

Condition - A lack of secondary approval of journal entries by the Clerk.

Criteria – The Clerk's internal controls require approval by the Clerk of all journal entries.

Cause – The Clerk failed to comply with prescribed procedures to ensure that journal entries are appropriate prior to implementation.

Effect – Journal entries are one of the primary methods used to conceal misappropriations and to misstate financial statements. By not obtaining the prior approval, both or either of these events could go undetected.

Recommendation - We recommend that the Clerk comply with current controls to ensure all journal entries are approved prior to being implemented.

Management Response – The Clerk acknowledges the finding and has implemented controls to ensure journal entries are reviewed prior to issuance.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the following matter.

On March 19, 2019, Kyle Hudson, Clerk of the Circuit Court, was arrested on charges related to misappropriation of Clerk assets. On March 20, 2019, the Governor issued an Executive Order suspending Mr. Hudson from public office. The Executive Order prohibits Mr. Hudson from performing any official act, duty, or function of public office; from receiving pay or allowance; and from being entitled to any of the emoluments or privileges of public office during the period of suspension.

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 29, 2019

Property Appraiser Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018



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INDEPENDENT AUDITORS' REPORT

Honorable Bryan Bell Property Appraiser Holmes County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Property Appraiser as of September 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the fiscal 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 ("Rules"). 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 of Holmes County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Holmes 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. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2019 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

Cau, Rigge & Ingram, L.L.C.

Enterprise, Alabama

April 2, 2019

Holmes County, Florida Property Appraiser Balance Sheet – Governmental Funds September 30, 2018

	Gen	eral Fund
Assets		
Cash and cash equivalents	\$	11,130
Liabilities and Fund Balance Liabilities		
Accounts payable	\$	9,177
Due to Board of County Commissioners		1,953
Total liabilities		11,130
Fund balance		-
Total liabilities and fund balance	\$	11,130

Holmes County, Florida Property Appraiser Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2018

	Gei	neral Fund
Revenues		
Charges for services	\$	315
Investment earnings	·	8
Total revenues		323
Expenditures		
General government		
Personnel services		496,795
Operating		92,474
Capital outlay		6,800
Total expenditures		596,069
Excess Revenues Over Expenditures		(595,746)
Other Financing Sources (Uses)		
Appropriations from Board of County Commissioners		591,899
Insurance proceeds		5,800
Reversion to Board of County Commissioners		(1,953)
Total other financing sources		595,746
Net change in fund balance		-
Fund Balance - beginning		
Fund Balance - ending	\$	

Holmes County, Florida Property Appraiser Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2018

	Budgeted Amounts		Budgetary		Variance			
	Original		Basis		with Final			
		Budget	Fin	al Budget		Actual	E	Budget
_								
Revenues	_		_		_		_	
Charges for services	\$	-	\$	-	\$	315	\$	315
Investment earnings		-		-		8		8
Total revenues		-		-		323		323
Expenditures								
General government								
Personnel services		464,494		489,269		496,795		(7,526)
Operating		102,630		102,630		92,474		10,156
Capital outlay		-		-		1,000		(1,000)
				-01.000				
Total expenditures		567,124		591,899		590,269		1,630
Excess Revenues Over (Under)								
Expenditures		567,124		591,899		589,946		1,953
Other Financing Sources (Uses)								
Appropriations from Board of								
County Commissioners		567,124		591,899		591,899		-
Reversion to Board of County								
Commissioners		-		-		(1,953)		(1,953)
Total other financing sources								
(uses)		567,124		591,899		589,946		(1,953)
(uses)		307,124		331,033		303,340		(1,933)
Net change in fund balance		-		-		-		-
Fund Balance - beginning		-		-		-		_
Fund Balance - ending	\$		\$		\$		\$	-

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Holmes County, Florida Property Appraiser (the "Property Appraiser") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rule of the Auditor General, State of Florida. The more significant of these accounting policies applicable to the Property Appraiser are described below.

Reporting Entity

The Property Appraiser is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes chapter 7.30. The Property Appraiser's financial statements do not purport to reflect the financial position or the results of operations of Holmes County, Florida (the "County") taken as a whole. Although the Property Appraiser's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600, the Property Appraisers' financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of the County.

Basis of Presentation

The Property Appraiser's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Property Appraiser has not presented reconciliations to the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

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

General Fund – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Property Appraiser that are not required either legally or by GAAP to be accounted for in another fund.

Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which is expensed when paid.

Measurement Focus

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

Operations of the Property Appraiser's funded by Board appropriations rather than charges for service are reported as other financing source. Any excess of revenue and other financing sources received over expenditures are remitted to the Board at year-end and reported as reversion to the Board.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

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

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

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Property Appraiser's governmental fund financial statements. Refer to Note 6 for more information regarding the reporting of OPEB.

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

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

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

Recently Issued But Not Yet Effective

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
0.2		2040
83	Certain Asset Retirement Obligations	2019
84	Fiduciary Activities	2020
87	Leases	2021
88	Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	2019
89	Accounting for Interest Cost Incurred before the End of a Construction Period	2021
90	Majority Equity Interest and amendment of GASB Statements No.14 and No. 61	2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Requirements

Florida Statutes Chapter 195.087 details the preparation, adoption and administration of the Property Appraiser's annual budget. On or before June 1 of each year, the Property Appraiser shall certify to the Department of Revenue a proposed budget. The Department of Revenue has until August 15 to approve or modify the budget. The Board has until September 30 to approve a final budget during hearings held pursuant to Florida Statute 200.065.

Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Property Appraiser. Budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department of Revenue and the Board.

The Property Appraiser's budget is prepared under a budgetary basis of accounting that differs from GAAP. The major differences are recognition of unanticipated non-budgeted miscellaneous revenues and related expenditures.

The actual results of operations in the statement of revenues, expenditures and changes in fund balance – budget and actual – general fund are presented on a budgetary basis for budgetary accounting purposes. Adjustments to convert the results of operation of the general fund at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

General Fund Exp		Total Expenditures		Other Financing Sources (Uses)	
Budgetary basis	\$	590,269	\$	589,946	
Other financing sources (uses)					
Insurance proceeds				5,800	
Expenditures					
Capital outlay		5,800			
GAAP basis	\$	596,069	\$	595,746	

Inventories and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant, and therefore no amount has been reported.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The Property Appraiser has custodial responsibility for the capital assets used by his office and maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006. Title in all capital assets owned by the County is retained by the Board and the Property Appraiser's capital assets are reported in the County-wide financial statements. Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property. At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the County level, capital assets are capitalized at cost when purchased and if donated at acquisition value when received. See Note 3 for detailed capital assets activity.

Compensated Absences

It is the Property Appraiser's policy to allow employees to accumulate unused paid time off benefits up to a maximum of 90 working days. Accumulated paid time off is payable on termination at 80% of the value of the hours accumulated, if the employee retires from the Property Appraiser's office the full value of the hours accumulated will be paid out. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Accrued compensated absences that will not be liquidated with expendable available financial resources of the Property Appraiser are the obligation of Holmes County and are reported at the County-wide level.

The following is a summary of changes in compensated absences reported at the County-wide level:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018	Due in One Year
Compensated absences	\$ 23,585	\$ 27,658	\$ (19,978)	\$ 31,265	\$ 3,127

Governmental Fund Balances

Fund balances are classified either as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. At September 30, 2018, the Property Appraiser had no nonspendable fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances. At September 30, 2018, the Property Appraiser had no spendable fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws of regulations or imposed by law through constitutional provisions or enabling legislation.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Committed fund balances are fund balances intended to be used for specific purposes imposed by the Property Appraiser formal action of highest level of decision making authority or a body or official that has been given authority to assign funds.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At September 30, 2018, the Property Appraiser had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board.

When expenditures are incurred for purposes for which restricted or unassigned fund balance classifications could be used, it is the Property Appraiser's policy to use restricted funds first, then unrestricted.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand as well as demand deposits.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Risk

The Property Appraiser does not have a written investment policy but historically has limited available investments to cash and cash equivalents. At fiscal year-end, all cash was held in demand deposits fully insured by the Federal Deposit Insurance Corporation and the multiple financial institutions collateral pool required by Chapter 280, Florida Statutes.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
Governmental Activities Capital assets depreciated:				
Machinery and equipment Less accumulated depreciation:	\$ 111,280	\$ 6,800	\$ -	\$ 118,080
Machinery and equipment	(39,707)	(17,973)	_	(57,680)
Total governmental activities capital assets, net	\$ 71,573	\$ (11,173)	\$ -	\$ 60,400

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the County-wide financial statements.

Depreciation expense was charged to the function of government as follows:

Governmental Activities

General government	\$	17,973
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NOTE 4 – EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures, determined as of the fiscal year end, "...shall be divided into parts for each governmental unit which was billed and which paid for the operation of the Property Appraiser's office in the same proportion as the governmental units were originally billed. Such part shall be an advance on the current year's bill, if any." Excess revenues over expenditures of \$1,953 were returned to the Board by October 31, 2017 as required by Florida Statutes and are accrued and reported as reversion to Board of County Commissioners.

NOTE 5 – RETIREMENT PLAN

The Property Appraiser and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Property Appraiser's employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides, for employees hired prior to July 1, 2011, vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06%, and elected officials – 48.70%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications, with the exception of the DROP Program.

Total payroll for the Property Appraiser's employees covered by the System was \$329,199 for the year ended September 30, 2018. The Property Appraiser's total payroll was \$334,425 for the same period. The Property Appraiser's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$76,063, \$59,062, and \$28,647, respectively, and were paid by the due date for the contributions.

The Property Appraiser has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 6 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

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

NOTE 7 – SUBSEQUENT EVENTS

The Property Appraiser has evaluated subsequent events through the date of issuance of these financial statements, and has determined that no events occurring subsequent to year end warranted disclosure.



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

Honorable Bryan Bell Property Appraiser Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Holmes County, Florida Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated April 2, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying management letter as items 2010-01, 2012-02, and 2018-01, that we considered to be material weaknesses.

Compliance and Other Matters

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

Property Appraiser's Response to Findings

The Property Appraiser's responses to the findings identified in our audit are included in the accompanying management letter. The Property Appraiser's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 2, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Bryan Bell Property Appraiser Holmes County, Florida

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

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

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

In our opinion, the Property Appraiser complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 2, 2019



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MANAGEMENT LETTER

Honorable Bryan Bell Property Appraiser Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 2, 2019.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 2, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

Prior Year Findings and Recommendations

2010-01 Financial Statement Preparation Knowledge (Repeat)

Condition – Auditing Standards Board AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience,

background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Criteria – Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Cause – Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Property Appraiser from being able to prepare financial statements and note disclosures as required by those standards.

Effect — This could adversely affect the Property Appraiser's ability to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – We would encourage the Property Appraiser's personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

View of Responsible Officials and Planned Corrective Action - The Property Appraiser acknowledges the finding and will strive toward personnel training with the objective of in-house preparation of the financial statements in accordance with generally accepted accounting principles.

2012-02 - Disbursement Controls (Repeat)

Condition – Government Auditing Standards require auditors to consider internal controls over financial reporting as a basis for designing our auditing procedures. In documenting controls, a deficiency was noted in the segregation of duties over cash disbursements. The Chief Deputy Property Appraiser's (Chief Deputy) responsibilities include recording accounts payable, check register review and approval, establishing vendor files and preparation of bank account reconciliations. The Chief Deputy is not an authorized check signer but has access to the general ledger and Information Technology (IT) rights to create vendors flies.

Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting.

Cause – Due to limited number of personnel involved in the cash disbursement process, some critical duties are not adequately segregated.

Effect – Controls over executing and recording disbursement transactions lacks optimum separation of duties by vesting significant components of the disbursement process with one person. The lack of adequate control procedures could result in the misuse or misappropriation of assets.

Recommendation – We recommend implementing control procedures to separate the bank reconciliation, check writing, check distribution and creating new vendor file responsibilities. The Chief Deputy's responsibilities should be limited to approving accounts payable and

reviewing the distribution check register. Ideally, a third person should be forwarded signed checks directly from the check signers for distribution. New vendor authorizations should be required by someone independent of the disbursement process to create accounts payable vendor files. Additionally, we recommend that someone other than the Chief Deputy reconcile the bank accounts. If resources don't allow for that segregation then, as a minimum, a second reviewer should review the reconciliations and examine reconciling items. Ideally the accounts payable/payroll (cash disbursement), check signing and distribution and bank reconciling duties should be segregated.

View of Responsible Officials and Planned Corrective Actions — The Property Appraiser acknowledges the finding and is currently following several of the recommendations. Drafted checks are sent directly to the Property Appraiser for review, approval and signature and a third person distributes the checks. The Property Appraiser's Office does not currently have the funding to hire additional personnel to segregate all disbursement duties.

Current Year Finding and Recommendation

2018-01 Cash Receipt Deposits

Condition – Government Auditing Standards require auditors to consider internal controls over financial reporting as a basis for designing our auditing procedures. In documenting controls, a deficiency was noted over cash receipt deposits. The Chief Deputy prepares deposits on less than a daily or weekly basis. Once deposits are prepared, they are given to Mr. Bell who takes the deposits to the bank.

Criteria – Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Cause – Due to limited number of personnel involved in the cash receipt process, cash receipts deposits were not deposited on a timely basis.

Effect — This could adversely affect the Property Appraiser's ability to prepare financial statements with adequate and proper disclosures and free of material misstatements. In addition, by not making deposits timely, it subjects those receipts to possible theft or loss.

Recommendation – We recommend that management design and implement controls to ensure that cash receipts are deposited on a daily basis and that they contain sufficient detail to properly identify and record the source of the receipts. In addition, some of the duties currently performed by the cashier should be performed by accounting personnel to ensure adequate separation of duties between the receipting, depositing, and reporting of cash receipts.

View of Responsible Officials and Planned Corrective Action – The Property Appraiser acknowledges the finding and will strive toward timely depositing of cash receipts.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted recommendations 2010-01, 2012-02, and 2018-01 in this management letter under Section 10.554(1)(i)1.

Additional Matters

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

Purpose of this Letter

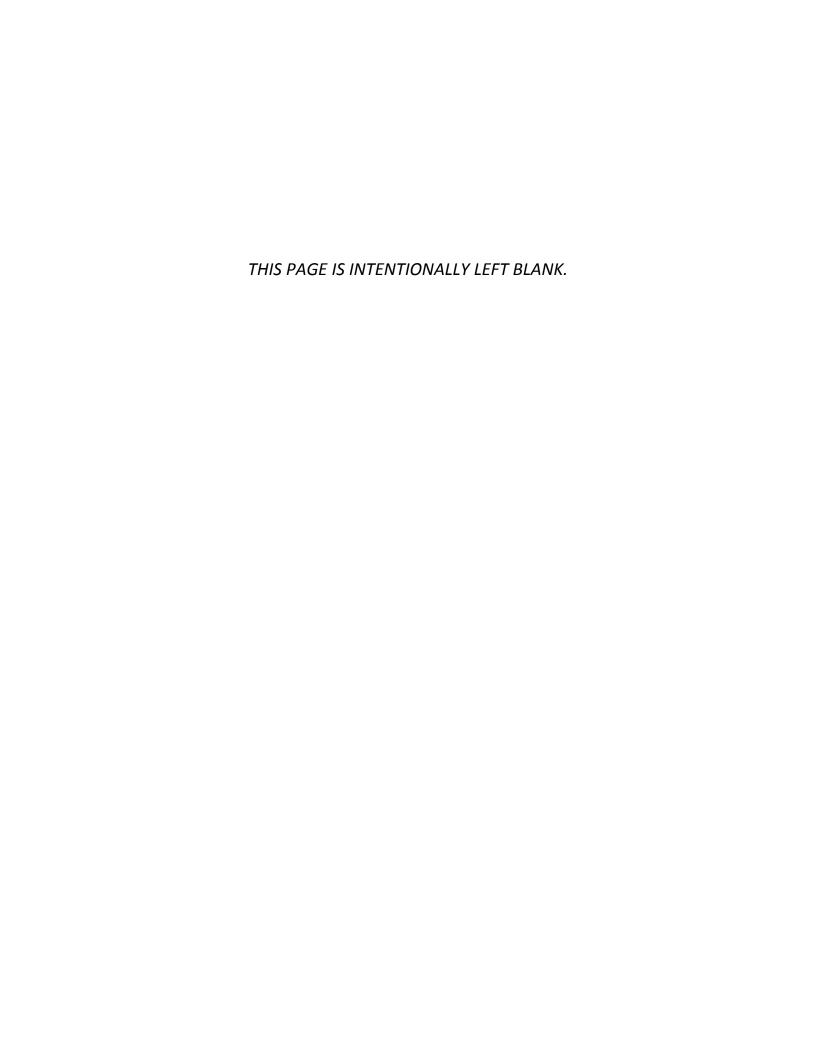
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Property Appraiser, and members of management and is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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 2, 2019



Supervisor of Elections Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018



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INDEPENDENT AUDITORS' REPORT

Honorable Debbie A. Wilcox-Morris Supervisor of Elections Holmes County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the major fund of the Holmes County, Florida Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Supervisor of Elections as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). 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 of Holmes County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Holmes 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. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

Cau, Rigge & Ingram, L.L.C.

Enterprise, Alabama

March 30, 2019

Holmes County, Florida Supervisor of Elections Balance Sheet – Governmental Funds September 30, 2018

	General F	General Fund		
Assets	\$	-		
Liabilities and Fund Balance	\$	-		

Holmes County, Florida Supervisor of Elections Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2018

	Ge	neral Fund
Revenues		
Intergovernmental	\$	97,956
Expenditures		
General government		
Personnel services		244,881
Operating expenses		128,823
Capital outlay		78,451
Debt service		
Principal		21,476
Total expenditures		473,631
Excess Revenues Under Expenditures		(375,675)
Other Financing Sources		
Appropriations from Board of County Commissioners		365,635
Proceeds from sale of capital assets		7,800
Donations		2,240
Total other financing sources		375,675
Net change in fund balance		-
Fund Balance - beginning		-
Fund Balance - ending	\$	-

Holmes County, Florida Supervisor of Elections Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2018

	Budgeted Amounts						Variance		
		Original					W	ith Final	
		Budget	Fir	Final Budget		Actual		Budget	
Barrage									
Revenues	۸.	22.475	ب	22.475	۲.	07.056	,	75 704	
Intergovernmental	\$	22,175	\$	22,175	\$	97,956	\$	75,781	
Expenditures									
General government									
Personnel services		270,753		251,514		244,881		6,633	
Operating expenses		124,207		127,326		128,823		(1,497)	
Capital outlay		21,477		37,597		78,451		(40,854)	
Debt service									
Principal		-		-		21,476		(21,476)	
Total expenditures		416,437		416,437		473,631		(57,194)	
Excess of Revenues Over (Under)									
Expenditures		(394,262)		(394,262)		(375,675)		18,587	
•		, ,		, ,		, , ,			
Other Financing Sources									
Appropriations from Board of									
County Commissioners		394,262		394,262		365,635		(28,627)	
Miscellaneous		-		-		10,040		10,040	
Total other financing sources		394,262		394,262		375,675		(18,587)	
Total other infallenig sources		334,202		334,202		373,073		(10,307)	
Net change in fund balance		-		-		-		-	
Fund Balance - beginning								-	
Fund Balance - ending	\$	-	\$	-	\$	-	\$	-	

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Holmes County, Florida Supervisor of Elections (the "Supervisor of Elections") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Supervisor of Elections are described below.

Reporting Entity

The Supervisor of Elections is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and is to serve the geographic boundary established in Florida Statutes chapter 7.30. The Supervisor of Elections' financial statements do not purport to reflect the financial position or the results of operations of Holmes County, Florida (the "County") taken as a whole. Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600, the Supervisor of Elections' financial statements are combined with those of the Board of County Commissioners (the "Board") and other elected constitutional officers into the reporting entity of the County.

Basis of Presentation

The Supervisor of Elections' financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Supervisor of Elections has not presented reconciliations to the government-wide financial statements, or management' discussion and analysis. Also certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

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

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

Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable except for accumulated sick and vacation compensation which is expensed when paid.

Measurement Focus

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

The operations of the Supervisor of Elections funded by Board appropriations are reported as other financing source. At year-end, excess revenue and other financing sources over expenditures are remitted to the Board and reported as reversion to Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2018, the Supervisor of Elections adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

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

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Supervisor of Elections' governmental fund financial statements. Refer to Note 7 for more information regarding the reporting of OPEB.

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

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

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

Pronouncements Issued But Not Yet Effective

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

GASB		Effective
Statement No.	GASB Accounting Standard	Fiscal Year
83	Certain Asset Retirement Obligations	2019
84	Fiduciary Activities	2020
87	Leases	2021
88	Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	2019
89	Accounting for Interest Cost Incurred before the End of a Construction Period	2021
90	Majority Equity Interest and amendment of GASB Statements No. 14 and No. 61	2020
84 87 88 89	Fiduciary Activities Leases Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements Accounting for Interest Cost Incurred before the End of a Construction Period Majority Equity Interest and amendment of GASB	202 202 201 202

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Requirements

Florida Statutes Chapter 129.201 and 129.03 details the preparation, adoption and administration of the Supervisor of Elections' annual budget. By June 1 of each year, the Supervisor of Elections shall submit to the Board a tentative budget for carrying out the duties of her office for the ensuing fiscal year. The Board has until September 30 to approve and/or modify the Supervisor of Elections' proposed budget during hearings held pursuant to Florida Statutes 129. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at yearend. Budgetary changes within major object expenditure categories are made at the discretion of the Supervisor of Elections. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board.

Actual expenditures exceeded appropriations by \$57,194. The excess was funded by unanticipated and unbudgeted grant revenue.

Inventories and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant, and therefore no amount has been reported.

Capital Assets

The Supervisor of Elections has custodial responsibility for the capital assets used by her office and maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006. Title in all capital assets owned by the County is retained by the Board and the Supervisor of Elections' capital assets are reported in the County-wide financial statements. Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property. At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the County level, capital assets are capitalized at cost when purchased and if donated at acquisition value when received. See Note 3 for detailed capital assets activity.

Compensated Absences

It is the Supervisor of Elections' policy to allow employees to accumulate unused sick leave and vacation benefits up to a maximum of 90 working days of sick leave and 30 working days of annual leave. Accumulated annual leave is payable on termination at the full value of the hours accumulated, while sick leave is only payable on termination at 50% of the value of the hours

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

accumulated if employed for 10 years or longer and 100% if the employee retires. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. At September 30, 2018, the Supervisor had accrued compensated absences of \$11,255 that will not be liquidated with expendable available financial resources of the Supervisor of Elections are the obligation of the County and are reported at the County-wide level. See Note 4 for detailed activity.

Governmental Fund Balances

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. At September 30, 2018, the Supervisor of Elections had no nonspendable fund balances.

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances. At September 30, 2018, the Supervisor of Elections had no spendable fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, laws, regulations or imposed by law through constitutional provisions or enabling legislation.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Committed fund balances are fund balances intended to be used for specific purposes imposed by the Supervisor of Election's formal action of highest level of decision making authority.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At September 30, 2018, the Supervisor of Elections had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board.

When expenditures are incurred for purposes for which restricted or unrestricted fund balances classifications could be used, the Supervisor of Elections' policy is to use restricted funds first, then unrestricted.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Supervisor of Elections does not maintain a separate operating bank account. There were no investments as of September 30, 2018 or during the 2018 fiscal year. Operations for the Supervisor of Elections are accounted for through a department within the Board's General Fund.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Balance 10/1/17	Additions	Deletions	Balance 9/30/18
Governmental Activities				
Capital assets depreciated:				
Machinery and equipment	\$ 235,197 \$	78,451 \$	(71,880) \$	241,768
Less accumulated depreciation:				
Machinery and equipment	(113,506)	(39,804)	52,712	(100,598)
Capital assets, net	\$ 121,691 \$	38,647 \$	(19,168) \$	141,170

Depreciation expense was charged to the function of government as follows:

Governmental Activities

	General government	\$	39,804
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NOTE 4 – LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	alance 0/1/17	Α	Additions	<u>C</u>	Deletions	Balance 9/30/18	Due in One Year
Capital lease Compensated absences	\$ 64,428 10,491	\$	- 5,865	\$	(21,476) (5,101)	\$ 42,952 11,255	\$ 21,476 1,126
<u>Total</u>	\$ 74,919	\$	5,865	\$	(26,577)	\$ 54,207	\$ 22,602

Capital leases and related assets, as well as compensated absences are reported on the county-wide financial statements.

The Supervisor of Elections entered into an agreement as lessee for financing the acquisition of equipment during the year ended September 30, 2016. This lease qualified as a capital lease for accounting purposes and is scheduled to mature in October 2019.

The following is an analysis of equipment leased under capital leases as of September 30, 2018:

	Capital Assets
Machinery and equipment Less: accumulated depreciation	\$ 107,381 (62,639)
Net leased machinery and equipment	\$ 44,742

Future lease debt service is as follows:

Fiscal Year Ending September 30,	I	ong-Term Debt
2019 2020	\$	21,476 21,477
Total minimum lease payments	\$	42,953

NOTE 5 – EXCESS REVENUE

Pursuant to Section 129.202(1)(f), Florida Statutes, "all unexpended balances at the end of each fiscal year shall be returned to the Board and deposited to the County fund or funds from which payment was originally made." There were no excess revenues to return to the Board at September 30, 2018.

Holmes County, Florida Supervisor of Elections Notes to Financial Statements

NOTE 6 – RETIREMENT PLAN

The Supervisor of Elections and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Supervisor of Elections' employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on July 1, 2011 or after, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06% and elected officials – 48.70%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications, with the exception for the DROP program.

Total payroll for the Supervisor of Elections' employees covered by the System was \$157,318 for the year ended September 30, 2018. The Supervisor of Elections' total payroll was \$157,512 for the same period. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2018, 2017 and 2016 was \$52,284, \$46,637, and \$39,257, respectively. These contributions were paid by the due date for the contribution.

The Supervisor of Elections has no responsibility to the System other than to make the periodic payments required by State statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

Holmes County, Florida Supervisor of Elections Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

In addition to the retirement plan in Note 6, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in its group health plan while employed. Employees of the Supervisor of Elections are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County, recognize an OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 8 – CONTINGENT LIABILITIES

The Supervisor of Elections receives grants from federal and state sources that are subject to review and audit by the funding sources. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Supervisor of Elections with the terms of the grants/contracts. In the opinion of the Supervisor of Elections' management, such allowances, if any, would not be significant in relation to the financial statements of the Supervisors of Elections.

NOTE 9 – SUBSEQUENT EVENTS

The Supervisor of Elections has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year end warranted disclosure.



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

Honorable Debbie A. Wilcox-Morris Supervisor of Elections Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Holmes County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements and have issued our report thereon dated March 30, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as item 2010-01 in the accompanying management letter, that we consider to be a material weakness.

Compliance and Other Matters

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

Supervisor of Elections' Response to Finding

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

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

March 30, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Debbie A. Wilcox-Morris Supervisor of Elections Holmes County, Florida

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

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

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

March 30, 2019



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MANAGEMENT LETTER

Honorable Debbie A. Wilcox-Morris Supervisor of Elections Holmes County, Florida

Report on the Financial Statements

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

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit reports except as noted below under the heading Prior Year Findings and Recommendations.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-01 Financial Statement Preparation Knowledge (Repeat)

Condition – Auditing Standards Board AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally, including full note disclosures as required by those standards.

Criteria – Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Cause – Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Supervisor of Elections from being able to prepare financial statements and note disclosures as required by those standards.

Effect – This could adversely affect the Supervisor of Elections' ability to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – We would encourage the Supervisor of Elections' personnel to sufficiently increase their knowledge of these standards to allow them to prepare financial statements in accordance with GAAP.

View of Responsible Officials and Planned Corrective Actions – The Supervisor of Elections has two employees and, currently, the time of both employees as well as the time of the Supervisor of Elections is consumed with the day to day responsibilities of the Supervisor of Elections' Office. There is currently neither time nor resources to enable the Supervisor of Elections nor her personnel to increase their knowledge of the standards that would allow them to prepare the financial statements in accordance with generally accepted accounting principles.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted such a recommendation in item 2010-01 in this Management Letter identified under Section 10.554(1)(i)1 above.

Additional Matters

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

Purpose of this Letter

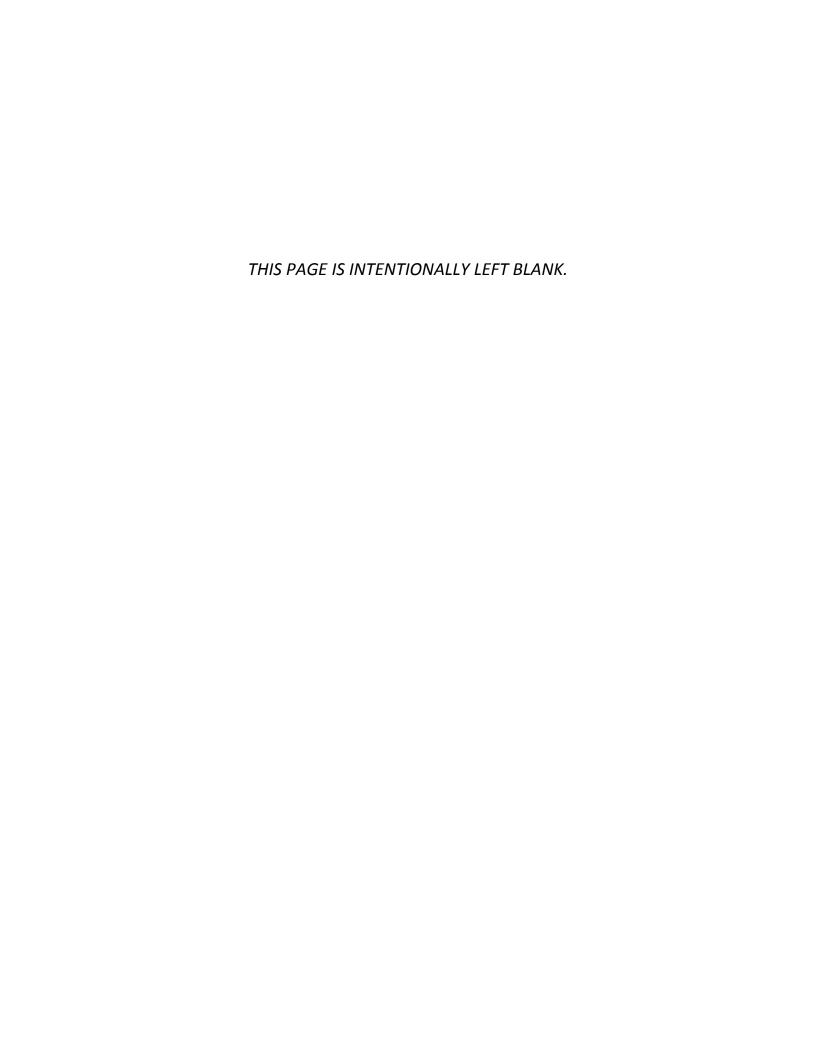
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Supervisor of Elections, and applicable management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

CARR, RIGGS & INGRAM, L.L.C.

Caux Rigge & Ingram, L.L.C.

Enterprise, Alabama

March 30, 2019



Sheriff Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018



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INDEPENDENT AUDITORS' REPORT

Honorable John Tate Holmes County Sheriff Holmes County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of each major fund, the aggregate remaining nonmajor governmental funds and fiduciary fund type of the Holmes County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund, the aggregate remaining nonmajor governmental funds and the fiduciary fund of the Sheriff as of September 30, 2018, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity 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 ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, when applicable, of each major fund, fiduciary fund types, and the aggregate remaining nonmajor fund information, only for that portion of the each major fund, fiduciary fund types, and the aggregate remaining nonmajor fund information, of Holmes County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Holmes 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. Our opinion is not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 26, 2019

Holmes County, Florida Sheriff Balance Sheet - Governmental Funds September 30, 2018

	Emergency					
	Ger	neral Fund	Se	rvices 911	Inmate Canteen	
Assets						
Cash and cash equivalents	\$	78,206	\$	36,384	\$	44,762
Due from Board of County Commissioners	•	-	•	41,305	•	-
Due from other governments		44,355		-		
Total assets	\$	122,561	\$	77,689	\$	44,762
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$	41,305	\$	502	\$	-
Accrued expenses		81,108		-		-
Unearned revenue		-		-		-
Due to Board of County Commissioners		148		-		
Total liabilities		122,561		502		-
Fund balances						
Restricted for:						
Public safety - law enforcement		-		77,187		44,762
Total liabilities and fund balances	\$	122,561	\$	77,689	\$	44,762

(Other	Total			
Gove	rnmental	Governmental			
F	unds		Funds		
\$	12,052	\$	171,404		
	-		41,305		
	-		44,355		
\$	12,052	\$	257,064		
\$	-	\$	41,807		
	-		81,108		
	3,511		3,511		
	5,080		5,228		
	8,591		131,654		
	3,461		125,410		
\$	12,052	\$	257,064		

Holmes County, Florida Sheriff Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended September 30, 2018

	Emergency					
	Ge	eneral Fund	Se	rvices 911	Inm	nate Canteen
Revenues						
Charges for services	\$	-	\$	-	\$	73,944
Intergovernmental		236,558		357,687		-
Miscellaneous		130,299		6,794		
Total revenues		366,857		364,481		73,944
Expenditures						
Public safety						
Personnel services		2,806,443		212,809		-
Operating		930,536		151,760		69,007
Capital outlay		6,500		-		-
Debt Service						
Principal		43,142		-		-
Interest		7,086				-
Total expenditures		3,793,707		364,569		69,007
Excess Revenues Over (Under) Expenditures		(3,426,850)		(88)		4,937
Other Financing Sources (Uses)						
Appropriations from Board of County						
Commissioners		3,426,998		-		-
Reversion to Board of County Commissioners		(148)		-		-
Total other financing sources (uses)		3,426,850		-		
Net change in fund balance		-		(88)		4,937
Fund Balance - beginning		-		77,275		39,825
				· · · · · · · · · · · · · · · · · · ·		<u> </u>
Fund Balance - ending	\$	-	\$	77,187	\$	44,762

(Other	Total
Gove	rnmental	Governmental
F	unds	Funds
\$	26,820	\$ 100,764
	- 12,523	594,245 149,616
	39,343	844,625
	-	3,019,252
	10,468	1,161,771
	-	6,500
	-	43,142
	-	7,086
	10,468	4,237,751
	28,875	(3,393,126)
	-	3,426,998
	(25,458)	(25,606)
	(25,458)	3,401,392
	3,417	8,266
	44	117,144
\$	3,461	\$ 125,410

Holmes County, Florida Sheriff Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2018

	Budgete	ed Amounts	_	Variance	
	Original	Final	Budgetary	With Final	
	Budget	Budget	Basis Actual	Budget	
Expenditures					
Public safety					
Personnel services	\$ 2,642,532	\$ 2,642,532	\$ 2,594,589	\$ 47,943	
Operating	736,466	736,466	775,533	(39,067)	
Capital outlay	48,000	48,000	6,500	41,500	
Debt service					
Principal	-		43,142	(43,142)	
Interest	-		7,086	(7,086)	
Total expenditures	3,426,998	3,426,998	3,426,850	148	
Total expellultures	3,420,990	5,420,996	3,420,630	140	
Excess of Revenues Over (Under)					
Expenditures	(3,426,998	3,426,998)	(3,426,850)	148	
Expenditures	(3,420,330	(3,420,330)	(3,420,030)	140	
Other Financing (Uses)					
Appropriations from Board of					
County Commissioners	3,426,998	3,426,998	3,426,998	-	
Reversion to Board of County	, ,	, ,	, ,		
Commissioners	-		(148)	(148)	
Total other financing sources (uses)	3,426,998	3,426,998	3,426,850	(148)	
Net change in fund balance	-	-	-	-	
Fund Balance - beginning	-	-	-	-	
Fund Balance - ending	\$ -	- \$ -	\$ -	\$ -	

Holmes County, Florida Sheriff Statement of Fiduciary Net Position September 30, 2018

	ency Fund nate Trust
Assets	
Cash	\$ 20,801
Liabilities	
Due to individuals	\$ 20,801

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Holmes County, Florida Sheriff (the "Sheriff") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Sheriff are described below.

Reporting Entity

The Sheriff is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes Chapter 7.30. The Sheriff's financial statements do not purport to reflect the financial position or the results of operations of Holmes County, Florida (the "County") taken as a whole. Although the Sheriff's office is operationally autonomous from the Board, it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Pursuant to Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600, the Sheriff's financial statements are combined with those of the Board of County Commissioners (the "Board") and other elected officials into the reporting entity of the County.

Basis of Presentation

The Sheriff's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Sheriff has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's county-wide financial statements.

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

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

Emergency Services 911 - To account for phone charges assessed for the purpose of providing emergency assistance.

Inmate Canteen - The Inmate Canteen fund is a special revenue fund used to account for proceeds from canteen sales to inmates. Excess revenues over expenditures from the Inmate Canteen Fund are used for inmate welfare.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Sheriff has three additional special revenue funds which have been combined into a single aggregate presentation as other governmental funds. Individual data for these non-major funds is provided in the combining statements of this report. Special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

The Sheriff also reports the following fiduciary fund type:

Agency Funds - Agency funds are custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations. The Sheriff reports cash received from and due to inmates in the Inmate Trust as an agency fund.

Basis of Accounting

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which are expensed when paid.

Fiduciary fund (agency fund) statements are prepared using economic resources measurement focus and the accrual basis of accounting.

Measurement Focus

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

The portion of the Sheriff's revenue that is a budget appropriation from the Board rather than a charge for services is reported as other financing sources. Any excess of revenue and other financing sources over expenditures are remitted to the Board at year-end and reported as reversion to Board of County Commissioners.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2018, the Sheriff adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

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

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Sheriff's governmental fund financial statements. However, the adoption has resulted in the restatement of Sheriff's Fiscal Year 2017 government-wide financial statements to reflect the reporting of net OPEB liabilities, deferred inflows of resources, deferred outflows of resources and the recognition of OPEB expense in accordance with the provisions of GASB 75. Refer to Note 8 for more information regarding the Sheriff's OPEB.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pronouncements Issued But Not Yet Effective

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
<u>Statement No.</u>	CASE Accounting Standard	Tiscai i cai
83	Certain Asset Retirement Obligations	2019
84	Fiduciary Activities	2020
87	Leases	2021
88	Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements	2019
89	Accounting for Interest Cost Incurred before the End of a Construction Period	2021
90	Majority Equity Interest an Amendment of GASB Statements No. 14 and No. 61	2020

Budgetary Requirements

Florida Statutes Chapters 30.49 and 129.03 detail the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended and submits it to the Board for approval. By June 1 of each year, the Sheriff shall certify to the Board a proposed budget of expenditures for carrying out the duties of his office for the ensuing fiscal year. The Board has until September 30 to approve and/or modify the Sheriff's proposed budget during hearings held pursuant to Florida Statutes 129. Once approved, any subsequent amendments must be approved by the Board.

A budget is maintained for the General Fund which received appropriations from the Board. The remaining special revenue funds are not budgeted. Excess revenues over expenditures in the special revenue funds remain with the Sheriff.

Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary changes within major object expenditure categories are made at the discretion of the Sheriff. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board.

The Sheriff's budget is prepared under a budgetary basis of accounting that differs from GAAP. The major differences are recognition of unanticipated grant revenue, intergovernmental revenues from sources other than the Board and expenditures and non-budgeted miscellaneous revenues and expenditures.

The actual results of operations in the statement of revenues, expenditures and changes in fund balance – budget and actual – general fund are presented on a budgetary basis for budgetary accounting purposes. Adjustments to convert the results of operation of the general fund at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

General Fund	Ex	Total penditures	 Total venues and her Sources
Budgetary basis	\$	3,426,850	\$ 3,426,998
Non-budgeted revenues, expenditures, and other sources			
Revenues			
Intergovernmental		-	236,558
Miscellaneous		-	130,299
Expenditures			
Personnel services		211,854	-
Operating		155,003	
GAAP basis	\$	3,793,707	\$ 3,793,855

Inventories and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

Capital Assets

Capital assets are recorded as expenditures at the fund level at the time an asset is acquired. Capital assets acquired are capitalized at cost when purchased and acquisition value if donated. Title in all capital assets owned by the County is retained by the Board and the Sheriff's assets are reported in the County-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Sheriff has custodial responsibility for capital assets used by his office and maintains a \$1,000 threshold for capitalization of equipment. Additionally, the Sheriff maintains an inventory of all tangible personal property with a value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69I-73.002 and 69I-73.006. The Sheriff did not report any land, buildings, or improvements.

Depreciation has been provided using the straight-line method with an estimated useful life of three to seven years for all tangible personal property. See Note 4 for detailed capital assets activity.

Capital Leases

The Sheriff entered into lease agreements as a lessee for financing the acquisition of vehicles. The lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded in the county-wide financial statements at the present value of future minimum lease payments as of the lease inception date. The related assets are reported as capital assets in the county-wide financial statements. See Note 5 for detailed capital lease activity.

Compensated Absences

It is the Sheriff's policy to allow employees to accumulate unlimited unused sick leave. Accumulated annual leave is limited to 160 hours for the first 10 years of employment, then 240 hours thereafter. Accumulated annual leave is payable upon termination at the full value of the hours accumulated, while sick leave is not. Accrued compensated absences that will not be liquidated with expendable available financial resources are the obligation of the County and are reported at the county-wide level. The amount of the Sheriff's accrued compensated absences reported at the county-wide level is \$90,544 at September 30, 2018. See Note 5 for detailed activity.

Governmental Fund Balances

Fund balances are classified either as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws and regulations imposed through constitutional provisions or enabling legislation. As of September 30, 2018, the Sheriff had restricted fund balances only in its special revenue funds.

Committed fund balances are fund balances intended to be used for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority. As of September 30, 2018, there were no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, as determined by the Sheriff but which are neither restricted nor committed. As of September 30, 2018, there were no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Sheriff had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

When expenditures are incurred for purposes for which restricted or unassigned fund balance classifications could be used, it is the Sheriff's policy to use restricted funds first.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand and demand deposits.

Custodial Risk

The Sheriff does not have a written investment policy but historically has limited available investments to cash and cash equivalents. At year end, all cash was held in demand deposits fully insured by the Federal Deposit Insurance Corporation (FDIC) and the multiple financial institutions collateral pool required by Chapter 280, Florida Statutes.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2018 consisted of the following:

	General Fund
Holmes County Board of Education	\$ 27,500
State of Florida	5,384
Victims of Crime Act (VOCA) - July	3,236
Victims of Crime Act (VCA) - August	3,236
Victims of Crime Act (VOCA) - September	4,999
<u>Total</u>	\$ 44,355

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

	Balance 10/01/17		Α	dditions	Balance 9/30/18			
Governmental Activities Capital assets depreciated: Machinery and equipment Less: accumulated depreciation	\$	1,480,318 (955,932)	\$	24,699 (171,229)	\$ (97,351) 97,351	-	1,407,666 1,029,812)	
Total governmental activities		(333,332)		(171,229)	97,331	()	1,029,812)	
capital assets, net	\$	524,386	\$	146,530	\$ -	\$	377,854	

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the county-wide financial statements. Capital asset additions include \$16,500 of donations to be reported at the county-wide level that does not represent expenditures of the Sheriff and is not reported in the Sheriff's financial statements.

Depreciation expense was charged to the function of government as follows:

Governmental Activities

Public safet	<u>; </u>	171,229

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt:

		Balance 0/01/17	Ad	ditions	Re	eductions	Balance 9/30/18	_	Due in ne Year
Compensated absences Capital lease	\$	98,953 136,272	\$	84,272	\$	92,681 43,142	\$ 90,544 93,130	\$	9,054 45,385
Total	\$	235,225	\$	84,272	\$	135,823	\$ 183,674	\$	54,439

The Sheriff entered into a lease agreement as lessee for financing the acquisition of vehicles. This lease qualified as a capital lease for accounting purposes (title transfers at the end of the lease term), and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception. The present value of future minimum lease payments at September 30, is as follows:

2019 2020	\$ 50,228 50,228
Total minimum payments Less: amount representing interest	100,456 7,326
Present value of minimum capital lease payments	\$ 93,130

The following is an analysis of leased equipment.

	Capital Assets
Machinery and equipment Less: accumulated depreciation	\$ 185,955 (49,588)
Net leased machinery and equipment	\$ 136,367

Capital leases and the related assets are reported on the county-wide financial statements.

NOTE 6 - EXCESS REVENUE

Pursuant to Section 30.50(6), Florida Statutes, any excess revenues over expenditures determined as of the date specified in Section 30.50(5), Florida Statutes, "...shall be refunded to the Board of County Commissioners...". Excess revenues over expenditures returned to the Board as required by Florida Statues are accrued and reported as other financing (uses). All special revenue funds excess revenue, except civil trust, remains with the Sheriff.

NOTE 7 - RETIREMENT PLAN

The Sheriff and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The System covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Sheriff's employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06%, special risk – 24.50% and elected officials – 48.75%. The rate applied to employee salaries for employee contributions was 3% for all classifications, with the exception of the DROP Program.

Total payroll for the Sheriff's employees covered by the System was \$1,739,944 for the year ended September 30, 2018. The Sheriff's total payroll was \$1,794,838 for the same period. The Sheriff's contribution to the plan for the years ended September 30, 2018, 2017, and 2016 were \$343,920, \$303,391, and \$274,843, respectively, and were paid by the due date for the contributions.

The Sheriff has no responsibility to the System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

In addition to the retirement plan described in Note 7, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the County's group health plan while employed. Employees for the Sheriff are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County, recognize an OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 9 - CONTINGENT LIABILITIES

The Sheriff receives grants from federal and state sources that are subject to review and audit by the funding sources. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Sheriff with the terms of the grants/contracts. In the opinion of management, such allowances, if any, would not be significant in relation to the financial statements of the Sheriff.

NOTE 10 - LITIGATION

The Sheriff is involved in various claims or potential claims arising in the normal course of business. It is the opinion of management that coverage provided by the Florida Sheriff's Self-Insurance Fund is adequate to eliminate any significant exposure resulting from those claims.

NOTE 11 - SUBSEQUENT EVENTS

The Sheriff has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Federal Interdiction - The Federal Interdiction fund is used to account for proceeds from federally seized assets. These proceeds can only be used to purchase equipment for the department.

Civil Trust - The Civil Trust fund is used to account for fees charged and related expenses in serving legal documents. Any excess fees over expenditures are remitted to the Board.

Teen Court – The Teen Court fund is used to account for funds received from the Clerk to administer Teen Court.

Holmes County, Florida Sheriff Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

	Federal			Civil		Teen	Total
	Interdiction			Trust	Court		Total
Assets							
Cash and cash equivalents	\$	3,555	\$	5,080	\$	3,417	\$ 12,052
Total assets	\$	3,555	\$	5,080	\$	3,417	\$ 12,052
Liabilities and Fund Balances Liabilities							
Unearned revenue Due to Board of County Commissioners	\$	3,511 -	\$	- 5,080	\$	-	\$ 3,511 5,080
Total liabilities		3,511		5,080		-	8,591
Fund balances Restricted for:							
Public safety - law enforcement		44		-		3,417	3,461
Total liabilities and fund balances	\$	3,555	\$	5,080	\$	3,417	\$ 12,052

Holmes County, Florida Sheriff Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds September 30, 2018

	Federal Interdiction		Civil Trust		Teen Court		Total
_			110.00				
Revenues							
Charges for services	\$	-	\$ 26,820	\$	-	\$	26,820
Miscellaneous		4,296	-		8,227		12,523
Total revenues		4,296	26,820		8,227		39,343
Expenditures							
Public safety							
Operating		4,296	1,362		4,810		10,468
Excess Revenues Over Expenditures		-	25,458		3,417		28,875
Other Financing Sources (Uses) Reversion to Board of County			()				()
Commissioners		-	(25,458)		-		(25,458)
Net change in fund balance		-	-		3,417		3,417
Fund Balance - beginning		44	-		-		44
Fund Balance - ending	\$	44	\$ -	\$	3,417	\$	3,461



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

Honorable John Tate Sheriff Holmes County, Florida

We have audited, 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 financial statements of each major fund, the aggregate remaining nonmajor governmental funds and fiduciary fund type of Holmes County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying management letter, that we consider to be material weaknesses (2010-01 and 2010-02).

Compliance and Other Matters

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

Sheriff's Response to Findings

The Sheriff's responses to the findings identified in our audit are included in the accompanying management letter. The Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 26, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable John Tate Sheriff Holmes County, Florida

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

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

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

In our opinion, the Sheriff complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2018.

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 26, 2019



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MANAGEMENT LETTER

Honorable John Tate Sheriff Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 26, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an Examination Conducted in Accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 26, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding and second preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-01 - Repeat Finding from 2010 - Segregation of Duties

Condition – Government Auditing Standards require auditors to consider internal controls over financial reporting as a basis for designing auditing procedures. In documenting controls, a deficiency was noted in the segregation of duties over cash disbursements. The Finance

Director's responsibilities include accounts payable, check register review and approval, and preparation of bank account reconciliations. The Finance Director is not an authorized check signer. In addition, the Finance Director has Information Technology (IT) rights to create vendors and general ledger access and authorization.

Criteria - Management is responsible for establishing and maintaining effective internal controls over financial reporting.

Cause - Due to the limited number of personnel involved in the cash disbursement process, some control duties are not adequately segregated.

Effect - Controls over executing and recording disbursement transactions lack optimum separation of duties by vesting most of the disbursement responsibility with one person. The lack of adequate control procedures could result in the misuse or misappropriation of assets.

Recommendation - We recommend that control procedures be implemented to separate the accounts payable, bank reconciliation, and check writing responsibilities. The Finance Director's responsibilities should be limited to approving accounts payable and reviewing the distribution check register. Once checks are drafted, they should be forwarded along with supporting documentation directly to the check signers for review, approval and signatures. A third person should be forwarded the signed checks directly from the check signers for distribution. In addition, no one should have unilateral IT rights to create accounts payable vendor files, generate checks and reconcile the bank accounts.

View of Responsible Officials and Planned Corrective Actions - The Sheriff acknowledges the finding. Drafted checks are sent directly to the Sheriff for review, approval and signature and a third person distributes the checks. The Sheriff's Office does not currently have the funding to hire additional personnel to segregate all disbursement duties.

2010-02 - Repeat Finding from 2010 - Financial Statement Preparation Knowledge

Condition - Auditing Standards Board AU-C Section 265 requires auditors to disclose in the management letter for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Criteria - Management is responsible for the preparation of financial statements in accordance with GAAP.

Cause - Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Sheriff from being able to prepare financial statements and note disclosures as required by those standards.

Effect - This could adversely affect the Sheriff's ability to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation - We encourage the Sheriff's personnel to sufficiently increase their knowledge of these standards to allow them to prepare financial statements, including the notes, in accordance with GAAP.

View of Responsible Officials and Planned Corrective Actions - The Sheriff acknowledges the finding and will strive toward personnel training to adhere to the standards of preparing the financial statements, including the notes in accordance with GAAP.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted such recommendations as items 2010-01-Repeat Finding from 2010 and 2010-02-Repeat Finding from 2010 in this management letter identified under Section 10.554(1)(i)1.

Additional Matters

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

Purpose of this Letter

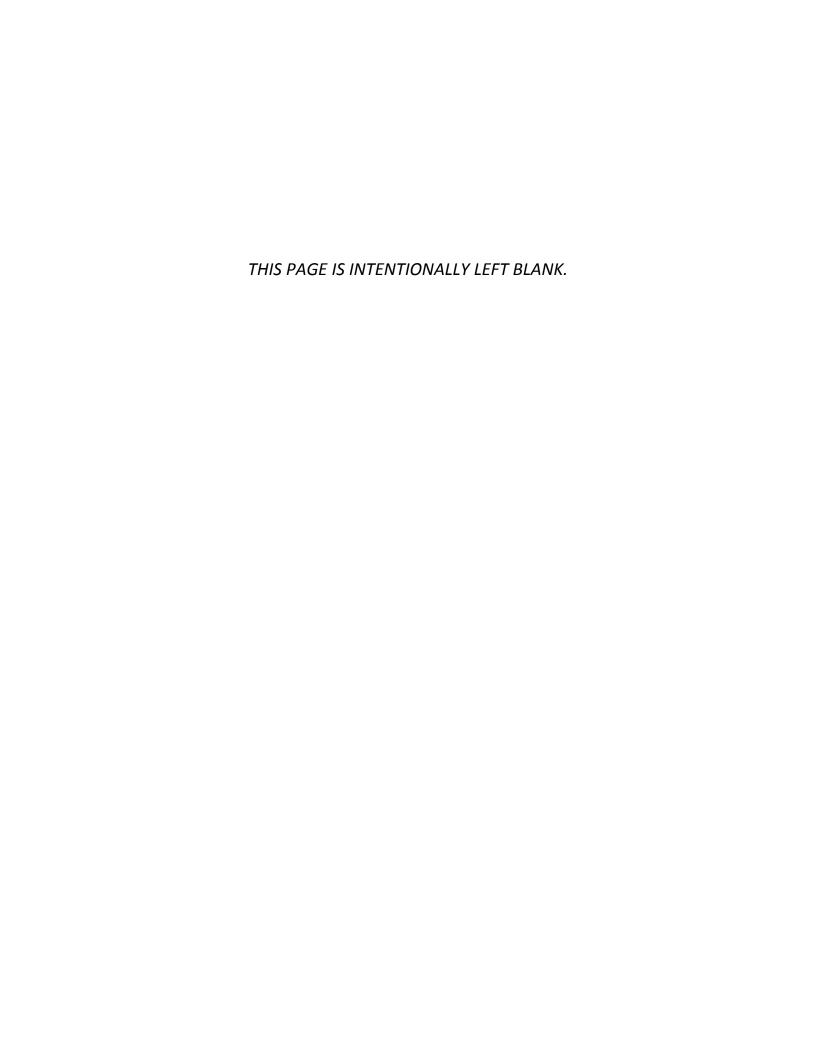
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, The Florida Auditor General, federal and other granting agencies, the Sheriff and applicable management, and is not intended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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 26, 2019



Tax Collector Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018



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INDEPENDENT AUDITORS' REPORT

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

We have audited the accompanying financial statements of the major fund and fiduciary fund type of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and fiduciary fund type of the Tax Collector, as of September 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, where applicable, of the major fund and fiduciary fund types, only for that portion of the major fund and fiduciary fund types of Holmes County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Holmes 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. Our opinion is not modified with respect to these matters.

Other Matters

Supplemental information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

April 17, 2019

Holmes County, Florida Tax Collector Balance Sheet – Governmental Funds September 30, 2018

	Gene	eral Fund
Assets		
Cash and cash equivalents	\$	2,923
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$	531
Due to Board of County Commissioners		2,392
Total liabilities		2,923
Fund balance		-
Total liabilities and fund balance	\$	2,923

Holmes County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2018

	General Fund				
Revenues					
	\$	262.052			
Charges for services Interest	Ş	363,953			
interest		11			
Total revenues		363,964			
Expenditures					
General government					
Personnel services		424,236			
Operating		97,640			
Capital outlay		8,151			
Total expenditures		530,027			
Excess Revenues Under Expenditures		(166,063)			
Other Financing Sources (Uses)					
Appropriations from Board of County Commissioners		168,455			
Reversion to Board of County Commissioners		(2,392)			
,					
Total other financing sources		166,063			
Net change in fund balance		-			
Fund Balance - beginning					
Fund Balance - ending	\$	-			

Holmes County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2018

		Budgeted	Am	ounts				Variance		
		Original					With Final			
		Budget	Fir	nal Budget		Actual		Budget		
Parrament										
Revenues	۲	205 011	۲	205 011	۲	262.052	۲	(1.050)		
Charges for services	\$	365,811	\$	365,811	\$	363,953	\$	(1,858)		
Interest		10		10		11		1		
Total revenues		365,821		365,821		363,964		(1,857)		
Expenditures										
General government										
Personnel services		458,640		425,253		424,236		1,017		
Operating		74,745		99,980		97,640		2,340		
Capital outlay		, -		8,152		8,151		1		
· · ·				<u> </u>		· · · · · · · · · · · · · · · · · · ·				
Total expenditures		533,385		533,385		530,027		3,358		
Excess Revenues Over										
(Under) Expenditures		(167,564)		(167,564)		(166,063)		1,501		
Other Financing Sources (Uses)										
Appropriations from Board of										
County Commissioners		167,564		167,564		168,455		891		
Reversion to Board of County										
Commissioners		-		-		(2,392)		(2,392)		
Total other financing sources										
(uses)		167,564		167,564		166,063		(1,501)		
(uses)		107,304		107,304		100,003		(1,301)		
Net change in fund balance		-		-		-		-		
Fund Balance - beginning		-		-		-		<u>-</u>		
Fund Balance - ending	\$	-	\$	-	\$	-	\$	-		

Holmes County, Florida Tax Collector Statement of Fiduciary Net Position September 30, 2018

	Ag	ency Funds	
Assets			
Cash	\$	189,128	
Liabilities			
Due to other governments	\$	156,203	
Due to individuals		32,925	
Total liabilities	\$	189,128	

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Homes County, Florida Tax Collector (the "Tax Collector") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board ("GASB"), accounting principles generally accepted in the United States of America ("GAAP"), and accounting practices prescribed by Chapter 10.550 Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Tax Collector are described below.

Reporting Entity

The Tax Collector is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes chapter 7.30. The Tax Collector's financial statements do not purport to reflect the financial position or the results of operations of Holmes County, Florida (the "County") taken as a whole. Although the Tax Collector's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600, the Tax Collector's financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of the County.

Basis of Presentation

The Tax Collector's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Tax Collector has not presented reconciliations to the government-wide statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

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

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

The Tax Collector also reported the following fiduciary fund type:

Agency Funds – Agency funds are custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units, and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which is expensed when paid.

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

Measurement Focus

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

The operations of the Tax Collector funded by Board appropriations rather than a charge for services are reported as other financial source. At year-end, excess revenue and other financing sources over expenditures are remitted to the Board and reported as reversion to Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2018, the Tax Collector adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Tax Collector's governmental fund financial statements. Refer to Note 6 for more information regarding the reporting of OPEB.

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

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

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

Pronouncements Issued But Not Yet Effective

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budgetary Requirements

Florida Statutes, Chapter 195.087, details the preparation, adoption and administration of the Tax Collector's annual budget. On or before August 1 of each year, the Tax Collector submits an annual budget to the Department of Revenue (the "Department"). 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 final approval by the Department, there shall be no reduction or increase by the Tax Collector or Board without the approval of the Department.

Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board and the Department.

Inventories and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

Capital Assets

The Tax Collector has custodial responsibility for the capital assets used by his office and maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006. Title in all capital assets owned by the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

County is retained by the Board and the Tax Collector's capital assets are reported in the County-wide financial statements. Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property.

At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the County level, capital assets are capitalized at cost when purchased and if donated at acquisition value when received. See Note 3 for detailed capital assets activity.

Compensated Absences

It is the Tax Collector's policy to allow employees to accumulate unused sick leave and vacation benefits up to a maximum of 40 days of sick leave and 40 days of annual leave. Accumulated annual leave is payable on termination at the full value of the hours accumulated, while sick leave is only payable on termination at 50% of the value of the hours accumulated if employed for ten years or longer or 100% for an employee who retires from service retirement. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Accrued compensated absences that will not be liquidated with expendable available financial resources of the Tax Collector are the obligation of the County and are reported at the county-wide level.

The following is a summary of changes in compensated absences for the year ended September 30, 2018.

	Balance 10/1/2017 Additions								_	Balance 9/30/2018		Due in One Year	
Compensated Absences	\$	22,255	\$	18,468	\$	23,718	\$	17,005	\$	1,701			

Governmental Fund Balances

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Tax Collector's ability to control the spending of these fund balances. At September 30, 2018, the Tax Collector had no spendable fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws of regulations or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are fund balances constrained for specific purposes imposed by the Tax Collector's formal action of highest level of decision making authority.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Tax Collector had no unassigned fund balances because all excess revenues within the general fund are required to be remitted to the appropriate taxing agencies.

When expenditures are incurred for purposes for which restricted or unrestricted fund classifications could be used, it is the Tax Collector's policy to use restricted first, then unrestricted.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand and demand deposits.

Custodial Risk

The Tax Collector does not have a written investment policy but historically has placed surplus funds in interest bearing depository accounts with local banking institutions. At September 30, 2018, all deposits were fully insured by the Federal Deposit Insurance Corporation and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

		alance 0/01/17	Ad	ditions	Dele	etions		alance /30/18		
Governmental Activities								<u> </u>		
Capital assets not being deprecia-	tea:									
Construction in progress	\$	-	\$	5,500	\$	-	\$	5,500		
Capital assets depreciated:										
Machinery and equipment		74,463		2,651		-		77 <i>,</i> 114		
Improvements		25,911		-		-		25,911		
Less accumulated depreciation:										
Machinery and equipment		(72,995)		(6,422)		-		(79,417)		
Total capital assets being depreciated, net		27,379		(3,771)		-		23,610		
Total governmental activities capital assets, net	\$	27,379	\$	1,729	\$	-	\$	29,110		

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the County-wide financial statements.

Depreciation expense was charged to the functions of the government as follows:

Governmental Activities

General government	\$ 6,422

NOTE 4 – EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, whenever a tax collector has excess revenue over expenditures determined as of the fiscal year end, "....he or she shall distribute the excess to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of his or her office." Excess revenues over expenditures of \$2,392 were returned to the Board by October 31, 2018 as required by Florida Statutes and are accrued and reported as reversion to Board.

NOTE 5 – RETIREMENT PLAN

The Tax Collector and all full time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The System covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Tax Collector's employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by State law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06%, and elected officials – 48.70%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception for the DROP program.

Total payroll for the Tax Collector's employees covered by the System was \$288,008 for the year ended September 30, 2018. The Tax Collector's total payroll was \$292,133 for the same period. The Tax Collector's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$70,632, \$64,553, and \$62,867, respectively, and were paid by the due date for the contributions.

The Tax Collector has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 6 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

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

NOTE 7 – SUBSEQUENT EVENTS

The Tax Collector has evaluated subsequent events through the date of issuance of these financials statements and has determined that no events occurring subsequent to fiscal year end warranted disclosure.

Fiduciary Funds

Tag — To account for collection of motor vehicle registration receipts and subsequent disbursement.

Property Tax – To account for the collection and disbursement of local property taxes.

Driver's License – To account for the collection of driver's license registration receipts and subsequent remittance of licenses and permits.

Concealed Weapons ("CWIS") – To account for the collection of concealed weapons licenses registration receipts and subsequent remittance of licenses and permits.

Holmes County, Florida Tax Collector Combining Statement of Fiduciary Net Position September 30, 2018

	Driver's									
	Tag	Pro	perty Tax	L	icense		CWIS		Total	
Assets										
Cash and cash equivalents	\$ 41,601	\$	140,206	\$	6,925	\$	396	\$	189,128	
Liabilities										
Due to other governments	\$ 41,462	\$	107,420	\$	6,925	\$	396	\$	156,203	
Due to individuals	139		32,786		=		-		32,925	
	•				•		•			
Total liabilities	\$ 41,601	\$	140,206	\$	6,925	\$	396	\$	189,128	



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

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated April 17, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying management letter, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency 2010-01 noted in the accompanying management letter to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider item 2013-01 described in the accompanying management letter to be a significant deficiency.

Compliance and Other Matters

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

Tax Collector's Response to Findings

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

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

Cau, Rigge & Ingram, L.L.C.

Enterprise, Alabama

April 17, 2019





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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Harry B. Bell III Tax Collector Holmes County, Florida

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

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

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

In our opinion, the Tax Collector complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

CARR, RIGGS & INGRAM, L.L.C.

Cau, Rigge & Ingram, L.L.C.

Enterprise, Alabama

April 17, 2019



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MANAGEMENT LETTER

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 17, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on and 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 April 17, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-01 Financial Statement Preparation Knowledge (Repeat)

Condition- The Auditing Standards Board AU-C Section 265 requires auditors to disclose in the management letter for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and

Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Criteria- Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Cause- Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Tax Collector from being able to prepare financial statements and note disclosures as required by those standards.

Effect- This could adversely affect the Tax Collector's ability to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation - We encourage the Tax Collector's personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with GAAP.

View of Responsible Officials and Planned Corrective Actions - The Tax Collector acknowledges the finding and will continue to seek opportunities to improve their familiarity with Governmental Accounting and Financial Accounting Standards. However, they also acknowledge the difficulty presented by the staffing constraints within their office.

2013-01 – Information Technology General Controls – Passwords (Repeat)

Condition - Passwords to log in to the AS400 financial system do not expire and do not require both an alpha and numeric code.

Cause – Management has not utilized the AS400 system password protocols to comply with best practices.

Effect – This could expose the Tax Collector's information technology system to internal and external threats resulting in unauthorized users gaining access to financial and nonfinancial data including personally identifiable information.

Recommendation - We recommend the Tax Collector update his password policy to require passwords expire every 90 days and include at least one numeric code as in addition to the alpha code.

View of Responsible Officials and Planned Corrective Actions – The Tax Collector acknowledges the finding and will evaluate their IT policies and procedures.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted recommendations 2010-01 and 2013-01, above and 2018-01 below.

2018-01 - General Ledger System

Condition – Multiple Excel workbooks are utilized to record receipts and disbursements and too function as the basic accounting system. Each month's activity is recorded in a separate workbook and at year-end, the information is summarized into a yearly workbook.

Cause – Management does not utilize accounting software specifically designed for accounting.

Effect – Reliance on multiple Excel worksheets creates the opportunity for greater chances of human error in recording and summarizing data. In addition, Excel spreadsheets are inefficient as a management tool and provide limited controls and ability to extract historical information such as account, vendor, and employee activity.

Recommendation – We encourage implementing a computer based accounting software system. An electronic driven general ledger, payroll, and accounting system would greatly enhance management's access to data, as well as improve the data entry process. With limited separation of duties, controls are always a concern and such a system would allow for easier supervision and review of the accounting process.

Additional Matters

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

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 Florida House of Representatives, The Florida Auditor General, Federal and other granting agencies, and the Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama

April 17, 2019