

**LAFAYETTE COUNTY, FLORIDA
MAYO, FLORIDA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**LAFAYETTE COUNTY, FLORIDA
AUDIT REPORT
SEPTEMBER 30, 2018**

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**INDEPENDENT AUDITOR'S
REPORT ON FINANCIAL STATEMENTS**

Honorable Members of the
Board of County Commissioners
Lafayette County, FL

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and the fiduciary fund type of Lafayette 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.

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information:

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by 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 and schedule of expenditures of 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 in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of 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*, I have also issued a report dated June 24, 2019 on my consideration of the County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

James E. Davis

June 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Lafayette County, Florida has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the County's financial activities; (c) identify changes in the County's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the County's financial statements and notes to the financial statements found on pages 10 through 32.

The County has implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of October 1, 2003. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis.

Its 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 fiscal year end September 30, 2018.

One of the key changes in financial presentation is the requirement to capitalize infrastructure assets and record depreciation. Consequently, significant changes have resulted in the reporting of fixed assets, long term liabilities, and fund balances.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-18 fiscal year are as follows.

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$39,591,202.
- The County's total net assets increased by \$125,102, which represents a 0.32 percent increase from the 2016-17 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balance of \$7,080,694, a decrease of \$46,570, in comparison with the prior year.
- During the current year, General Fund expenditures and transfers were less than revenues by \$46,570.
- Long-term debt decreased by \$310,120.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. The statements include a Statement of Net Assets and a Statement of Activities that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting. The Statement of Net Assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the County. The Statement of Activities presents information about the change in the County's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the County's financial health is improving or deteriorating.

The government 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 can be found on pages 9 and 10 of this report.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the County's funds may be classified into two categories – governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

The governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the County's funds. The County maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Road and Bridge Fund, Solid Waste Management, Emergency Medical Services, Sheriff's Office, Capital Projects, and Debt Service Funds, which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the major funds.

Under GASB 34, the County's Fiduciary Funds, other than Agency Funds, are now classified as non-major governmental funds.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the County's net assets as of September 30, 2018 and September 30, 2017:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net Position, End of Year

	Governmental Activities	
	9/30/2018	9/30/2017
Current and Other Assets	\$ 6,062,415	\$ 5,646,102
Noncurrent Assets - net	38,808,341	40,127,230
Deferred Outflows of Resources	2,674,606	682,644
Total Assets and Deferred Outflows of Resources	47,545,362	46,455,976
Current Liabilities	152,001	130,498
Long-term Liabilities	6,835,854	6,634,557
Deferred inflows of Resources	966,575	224,821
Total Liabilities	7,954,430	6,989,876
Net Position:		
Net Investment in Capital Assets	37,543,406	38,200,427
Restricted	2,321,673	2,349,911
Unrestricted	(273,877)	(1,084,238)
Total Net Position	\$ 39,591,202	\$ 39,466,100

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. 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.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the assigned fund balance was \$1,313,560, while the total fund balance was \$1,313,560. As a measure of the General Fund's liquidity, it may be useful to compare both the assigned fund balance and total fund balance to total General Fund expenditures. Assigned fund balance represents 58.5 percent of total General Fund expenditures, while total fund balance represents 58.5 percent of that same amount. The assigned total fund balance decreased by \$46,570 during the 2017-18 fiscal year.

Total assigned fund balances for all governmental funds totaled \$3,588,741 at September 30, 2018, compared to total governmental fund balances of \$7,080,694, at the same date. The difference amounted to \$1,170,280 reserved for mortgages receivable in the Affordable Housing Trust and Grant Fund and \$2,321,673 restricted for other governmental activity.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Assigned Governmental Fund balance of \$3,588,741 is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$(274,877) due to reporting requirements regarding primarily long-term debt liabilities, which are not included on the Governmental Fund balance sheet.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2017-18 fiscal year, the County did not amend its General Fund budget.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of September 30, 2018, amounted to \$37,543,406 (net of accumulated depreciation and related debt). This investment in capital assets includes land; buildings and fixed equipment; furniture, fixtures, and equipment; and computer software. Costs for past road and other infrastructure have not been included, but will be reflected in a future report when the information is collected.

LONG-TERM DEBT

At the end of fiscal year ended September 30, 2018, the County had long-term debt, exclusive of net pension liability, amounting to \$822,618. Of this amount, \$518,495 was estimated for landfill closure, \$209,468 estimated to meet compensated absences obligations and other long-term debt of \$94,655 to purchase or lease equipment.

ECONOMIC FACTORS – LAFAYETTE COUNTY, FLORIDA

- The unemployment rate for the County was 3.0 percent at September 30, 2018, a 1.2% decrease over the prior year.
- Population decreased approximately 1.6% from the prior year to approximately 8,732.
- The taxable value for personal and real property in the County at September 30, 2018 was \$266,128,277, an increase of 1.9 percent from the previous year.
- The general ad valorem tax mileage rate was 9.700 mills for the year ended September 30, 2018. This amount will increase to 9.700 in fiscal year 2019.
- The budget for the next fiscal year ending September 30, 2019 represents a 1.5 percent increase over the 2018 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lafayette County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lafayette Board of County Commissioners, P.O. Box 88, Mayo, Florida 32066.

LAFAYETTE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 3,374,717
Accounts Receivable - net	32,735
Due from Other Governmental Units	379,968
Total Current Assets	<u>3,787,420</u>
RESTRICTED ASSETS	
Cash and Cash Equivalents	<u>2,274,995</u>
NONCURRENT ASSETS	
Mortgages Receivable	1,170,280
Capital Assets - net of depreciation	37,638,061
Total Noncurrent Assets	<u>38,808,341</u>
Total Assets	<u>44,870,756</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension liability	2,674,606
Total assets and deferred outflows of resources	<u>47,545,362</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	152,001
Total Current Liabilities	<u>152,001</u>
NONCURRENT LIABILITIES	
Capital Lease Obligation	94,655
Purchase Note Payable	-
Landfill Closure Costs	518,495
Compensated Absences	209,468
Net Pension Liability	6,013,236
Total Noncurrent Liabilities	<u>6,835,854</u>
Total Liabilities	<u>6,987,855</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension liability	966,575
Total liabilities and deferred inflows of resources	<u>7,954,430</u>
NET POSITION	
Net Investment in Capital Assets	37,543,406
Restricted - Road & Bridge	515,706
- Solid Waste	155,838
- Emergency Medical	(76,531)
- Other Governmental	1,726,660
Unrestricted (Deficit)	<u>(273,877)</u>
Total Net Position	<u>\$ 39,591,202</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Governmental Activities:					
General Government	\$ 2,337,113	\$ 94,827	\$ 4,537	\$ -	\$ (2,237,749)
Public Safety	2,364,097	201,920	147,343	-	(2,014,834)
Physical Environment	752,279	239,095	21,163	-	(492,021)
Transportation	2,026,541	-	-	327,024	(1,699,517)
Economic Environment	609,716	-	-	-	(609,716)
Human Services	149,796	-	-	-	(149,796)
Culture/Recreation	463,630	-	261,127	-	(202,503)
Depreciation	1,246,605	-	-	-	(1,246,605)
Interest	4,840	-	-	-	(4,840)
Total Government Activities	9,954,617	535,842	434,170	327,024	(8,657,581)
General Revenues:					
					2,487,234
					1,050,473
					554,122
					832,330
					163,565
					9,367
					3,685,592
					8,782,683
					125,102
					39,466,100
					\$ 39,591,202

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

<u>ASSETS</u>	General Fund	Road and Bridge	Solid Waste Management	Emergency Medical Services	Sheriff	Capital Projects Fund	Debt Service	Other Governmental Funds	Total
Cash	\$ 460,954	\$ 551,335	\$ -	\$ -	\$ 349,730	\$ 1,490,111	\$ 1,056,068	\$ 1,741,514	\$ 5,649,712
Accounts receivable	-	-	4,411	28,324	-	-	-	-	32,735
Mortgages receivable	-	-	-	-	-	-	-	1,170,280	1,170,280
Due from other governmental units	295,441	-	-	-	-	62,603	21,924	-	379,968
Due from other funds	651,000	-	166,767	-	-	-	-	39,892	857,659
	<u>\$ 1,407,395</u>	<u>\$ 551,335</u>	<u>\$ 171,178</u>	<u>\$ 28,324</u>	<u>\$ 349,730</u>	<u>\$ 1,552,714</u>	<u>\$ 1,077,992</u>	<u>\$ 2,951,686</u>	<u>\$ 8,090,354</u>
<u>LIABILITIES AND FUND EQUITY</u>									
Liabilities									
Accounts and vouchers payable	\$ 93,835	\$ 35,629	\$ 15,340	\$ 7,197	\$ -	\$ -	\$ -	\$ -	\$ 152,001
Due to other governmental units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	97,658	-	492,244	158,111	109,646	857,659
Total liabilities	<u>93,835</u>	<u>35,629</u>	<u>15,340</u>	<u>104,855</u>	<u>-</u>	<u>492,244</u>	<u>158,111</u>	<u>109,646</u>	<u>1,009,660</u>
Fund equity									
Fund balances									
Nonspendable	-	-	-	-	-	-	-	1,170,280	1,170,280
Restricted	-	515,706	155,838	(76,531)	349,730	-	-	1,376,930	2,321,673
Assigned	1,313,560	-	-	-	-	1,060,470	919,881	294,830	3,588,741
	<u>1,313,560</u>	<u>515,706</u>	<u>155,838</u>	<u>(76,531)</u>	<u>349,730</u>	<u>1,060,470</u>	<u>919,881</u>	<u>2,842,040</u>	<u>7,080,694</u>
	<u>\$ 1,407,395</u>	<u>\$ 551,335</u>	<u>\$ 171,178</u>	<u>\$ 28,324</u>	<u>\$ 349,730</u>	<u>\$ 1,552,714</u>	<u>\$ 1,077,992</u>	<u>\$ 2,951,686</u>	<u>\$ 8,090,354</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2018

Total Fund Balances - Governmental Funds	\$ 7,080,694
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Amounts reported for governmental activities in the statement of net position are different because:

Net pension liability and deferred outflows/inflows of resources not reported in governmental funds	(4,305,935)
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	37,638,061
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Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds	<u>(821,618)</u>
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Total Net Position - Governmental Activities	<u><u>\$ 39,591,202</u></u>
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The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Road and Bridge	Solid Waste Management	Emergency Medical Services	Sheriff	Capital Projects Fund	Debt Service	Other Governmental Funds	Total
REVENUES:									
Charges for services	\$ 94,827	\$ -	\$ 156,471	\$ 201,927	\$ -	\$ -	\$ -	\$ 82,624	\$ 535,849
Taxes	2,525,785	195,402	110,750	345,770	-	-	-	-	3,177,707
Fines and forfeitures	17,483	-	-	-	7,000	-	-	136,541	161,024
Intergovernmental revenue	1,657,371	1,182,095	101,230	-	147,343	724,175	375,810	821,588	5,009,612
Licenses and permits	52,830	-	-	-	-	-	-	-	52,830
Miscellaneous	231,153	19,026	1,371	7,183	814	478	409	48,735	309,169
Total Revenues	<u>4,579,449</u>	<u>1,396,523</u>	<u>369,822</u>	<u>554,880</u>	<u>155,157</u>	<u>724,653</u>	<u>376,219</u>	<u>1,089,488</u>	<u>9,246,191</u>
EXPENDITURES:									
General government	960,928	-	-	-	-	-	-	1,376,185	2,337,113
Physical environment	353,008	-	399,271	-	-	-	-	-	752,279
Transportation	-	1,330,692	-	695,849	-	-	-	-	2,026,541
Public safety	232,600	-	-	-	2,039,597	-	-	91,900	2,364,097
Economic environment	11,425	-	-	-	-	-	-	598,291	609,716
Human services	149,796	-	-	-	-	-	-	-	149,796
Culture/recreation	463,630	-	-	-	-	-	-	-	463,630
Capital outlay	73,666	10,879	-	50,668	86,354	-	-	140,011	361,578
Debt service	-	228,011	-	-	-	-	-	-	228,011
Total Expenditures	<u>2,245,053</u>	<u>1,569,582</u>	<u>399,271</u>	<u>746,517</u>	<u>2,125,951</u>	<u>-</u>	<u>-</u>	<u>2,206,387</u>	<u>9,292,761</u>
OTHER FINANCING SOURCES (USES)									
Debt proceeds	-	-	-	-	-	-	-	-	-
Operating transfers in (out)	(2,197,595)	-	-	-	2,096,965	(771,000)	(27,938)	899,568	-
	<u>(2,197,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,096,965</u>	<u>(771,000)</u>	<u>(27,938)</u>	<u>899,568</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	136,801	(173,059)	(29,449)	(191,637)	126,171	(46,347)	348,281	(217,331)	(46,570)
FUND BALANCE - OCTOBER 1, 2017	<u>1,176,759</u>	<u>688,765</u>	<u>185,287</u>	<u>115,106</u>	<u>223,559</u>	<u>1,106,817</u>	<u>571,600</u>	<u>3,059,371</u>	<u>7,127,264</u>
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ 1,313,560</u>	<u>\$ 515,706</u>	<u>\$ 155,838</u>	<u>\$ (76,531)</u>	<u>\$ 349,730</u>	<u>\$ 1,060,470</u>	<u>\$ 919,881</u>	<u>\$ 2,842,040</u>	<u>\$ 7,080,694</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018

Net Change in Fund Balance - Governmental Funds

Amounts reported for governmental activities in the statement of activities are different because:	\$ (46,570)
Capital outlay, reported as expenditures in governmental funds are shown as capital assets in the Statement of Net Position	361,578
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities	(1,246,605)
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds, including pension adjustments.	746,579
Repayments of long-term debt reported as expenditure in governmental funds, but as a reduction of long-term liabilities on the Statement of Net Position	310,120
Long-term debt proceeds are shown as providing current resources in governmental funds but as an increase in long-term liabilities on the Statement of Net Position	<u>-</u>
Change in Net Position - Governmental Activities	<u>\$ 125,102</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2018

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Investments	\$ 642,466
 <u>LIABILITIES</u>	
Deferred compensation	<u>642,466</u>
 NET POSITION	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

The financial statements of Lafayette 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 basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

▪ **Reporting Entity**

Lafayette County, Florida is a political subdivision of the State of Florida and provides services to its residents in many areas including public safety, transportation, recreation and human services. The County is governed by an elected Board of County Commissioners (five members). In addition to the members of the Board of County Commissioners, there are five elected Constitutional Officers: Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the combined financial position and results of operations of the entity as a whole, by major fund and nonmajor funds in aggregate, that are governed by the Board and the Constitutional Officers of Lafayette County, Florida.

The Board of County Commissioners funds a portion, or in some cases all, of the operating budgets of the County's Constitutional Officers. The payments by the Board of County Commissioners to fund the operating budgets of the Constitutional Officers are recorded as expenditures on the financial statements of the Board and as appropriations or charges for services on the financial statements of the Constitutional Officers. Accordingly, such amounts and the budget relating to those amounts have been eliminated in the accompanying combined financial statements.

The following entities are considered autonomous of the County's operations:
Lafayette Soil and Water Conservation District
District School Board of Lafayette County

Pursuant to the action of the State of Florida Legislature, the operations of the Lafayette County Development Authority and the Lafayette Recreation Board were transferred to the Lafayette County Board of County Commissioners in September 2002.

The County, along with the governments of Dixie and Gilchrist Counties established the Three Rivers Regional Library System ("Library") through an

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

inter-local agreement. The Library is an organization established for the purpose of providing a regional approach to library services without regard to political or governmental boundaries. The Library is governed by a governing board made up, in part, of a commissioner from each participating county. The County does not have an ongoing financial interest in the Library; however, the County does have an ongoing financial responsibility to the Library.

▪ **Basis of Presentation**

These financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and do not include presentation of government-wide financial statements of Lafayette County.

Fund Financial Statements – Fund financial statements report detailed information about the District in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental funds financial statements.

The County reports the following major governmental funds: General Fund, Major Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

▪ **Basis of Accounting**

The accounts of the County are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

▪ Description of Funds

The financial activities of the County are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the County. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Fiduciary Fund Type

- Agency Fund – The Agency Fund is used to account for assets held by the County as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such assets include receipts for property taxes, business registration fees, tourist development taxes, vehicle registrations, driver license fees, and hunting and fishing licenses.

▪ Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and 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 measureable (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 measureable, 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.

▪ Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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.

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74").
- GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77").
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78").
- GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14* ("GASB 80").

GASB 74 establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental other postemployment benefit ("OPEB") plans. GASB 74 replaces Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and Statement No. 57, OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans. The adoption of GASB 74 had no impact on the County's governmental fund financial statements. The adoption also resulted in no changes to the presentation of the financial statements of the County's Pension and Other Employee Benefit Trust Funds. In the separate annual financial statements of these funds, certain changes in Note disclosures and Required Supplementary Information (RSI) were incorporated to comply with GASB 74.

GASB 77 defines a tax abatement and contains required disclosures about a reporting government's own tax abatement agreements and those agreements that are entered into by other governments and that reduce the reporting government's tax revenues. There was no impact on the County's financial statements as a result of the implementation of GASB 77.

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB 78 amends the scope and applicability of GASB Statement No. 68 Accounting and Financial Reporting for Pensions—and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the County's financial statements as a result of the implementation of GASB 78.

GASB 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation or bylaws. There was no impact on the County's financial statements as a result of the implementation of GASB 80.

Recently Issued But Not Yet Effective

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

<u>GASB</u> <u>Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective</u> <u>Fiscal Year</u>
75	<i>Account and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	2018
81	<i>Irrevocable Split-Interest Agreements</i>	2018
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
85	<i>Omnibus 2017</i>	2018
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2021

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB Statement No. 75 ("GASB 75") establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to the 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 Multiple-Employer Plans. For defined benefit OPEB plans, the statement 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 periods of employee service. Note disclosure and required supplementary information are addressed. GASB 75 is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 83 ("GASB 83") addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB 83. GASB 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations-to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. GASB 83 requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost.

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

If probability weighting is not feasible at reasonable cost, the most likely amount should be used. GASB 83 requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. GASB 83 requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset. A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of GASB 83. In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. GASB 83 requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. GASB 83 also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. GASB 83 requires similar disclosures for a government's minority shares of AROs. The requirements for GASB 83 are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84 ("GASB 84") establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. GASB 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of GASB 84 are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85 ("GASB 85") addresses practice issues that have been identified during 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 (pensions and other postemployment benefits [OPEB]). The requirements of GASB 85 are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86 ("GASB 86") improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of GASB 86 are effective for reporting periods beginning after June 15, 2017.

The objective of GASB Statement No. 87 ("GASB 87") is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after December 15, 2019.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the County's annual budget. The County 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 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 County.

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."

▪ **Cash and Cash Equivalents**

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.

▪ **Inventory 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.

LAFAYETTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **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.”

▪ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. The investment pool operates Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The County’s investments in the Local Government Surplus Funds

Trust Fund, a Securities and Exchange Commission rule 2a-7-like external investment pool, are reported at amortized cost.

Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

▪ **Capital Assets**

Expenditures for capital assets acquired or constructed for general County purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10-40 years
Furniture, Fixtures, and Equipment	5-15 years
Data Processing Equipment	5 years

▪ **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 Statute 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, 2018
Levy date	- November 1, 2018
Tax bills mailed	- November 1, 2018
Collection dates	- November 30, 2018: 4% discount - Through January 2, 2018: 3% discount - Through January 31, 2018: 2% discount - Through February 28, 2018: 1% discount
Delinquent date	- April 1, 2018
Tax Sale – 2018 delinquent property taxes –	on or before June 1, 2018

▪ **Compensated Absences**

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

Spendable fund balances are classified based on a hierarchy of the County'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 County had restricted fund balances as indicated on the Balance Sheet – Governmental Funds.

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

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, the County had assigned fund balances as indicated on the Balance Sheet – Governmental 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 fund balances. As of September 30, 2018, the County had no unassigned fund balances.

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

▪ **Estimates**

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

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **Encumbrances**

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY

- The County follows these procedures in establishing the budgetary data reflected in the financial statements.
 1. Prior to July 15, the Clerk submits to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
 2. Public hearings are conducted to obtain taxpayer comments.
 3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
 4. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis substantially consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Appropriations are legally controlled at the function level and unexpended portions lapse at year-end.
- **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 consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end.

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

Clerk of the Court – Florida Statutes Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Clerk of the Circuit Court's (the Clerk) annual budget. The Clerk 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. The budgeted revenues and expenditures in

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY (continued)

the accompanying financial statements reflect all amendments approved by the Board. The budget is prepared on a basis consistent with generally accepted accounting principles.

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 for funds relating to the requirements of the Clerk as the Clerk of Board of County Commissioners 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 governs 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 details 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 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 the Revenue.

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

An operating budget is adopted each fiscal year for all governmental fund types on the modified accrual basis in accordance with GAAP.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2018, consisted of funds maintained in checking accounts at three local financial institutions and additional funds

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY
(continued)

deposited in the State Board of Administration of Florida's Local Government Surplus Trust Fund Investment Pool. Each depository qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the County are classified category one risk, which means they are insured or collateralized.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2018 of \$32,735 consist of funds due to the Solid Waste Management Fund, Emergency Medical Services Fund and Industrial Park for services rendered or rent. The accounts receivables are shown net of an allowance for uncollectible accounts.

NOTE 5 – INVESTMENTS

The investments for the Deferred Compensation Plan of \$642,466 are held and managed by Nationwide Retirement Solutions Inc. and are not classified by credit risk since they are invested in mutual funds.

NOTE 6- MORTGAGES RECEIVABLE

Mortgages receivable represent funds advanced under the State Housing Initiatives Partnership (SHIP) program and the Community Development Block Grant where qualified residents of the County are advanced down payments, other closing costs, or rehabilitation expenses when purchasing or constructing personal residences. These mortgages are fully forgiven if the individuals retain this residence for 10 years. If the property is sold or transferred prior to 10 years, a sliding scale based upon years of occupancy is used to determine the remaining liability to the individual, which is immediately due the County. Mortgages receivable at September 30, 2018 amounted to \$1,170,280.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 -CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	BALANCE 10/1/2017	ADDITIONS	DELETIONS	BALANCE 9/30/18
GOVERNMENTAL ACTIVITIES				
Land	\$ 1,379,966	\$ -	\$ -	\$ 1,379,966
Buildings and Improvements	27,968,271	140,011	-	28,108,282
Furniture, Fixtures and Equipment	16,979,520	221,562	-	17,201,082
	46,327,757	361,573	-	46,689,330
Accumulated Depreciation	7,804,664	1,246,605	-	9,051,269
Net Investment in Capital Assets	<u>\$ 38,523,093</u>	<u>\$ (885,032)</u>	<u>\$ -</u>	<u>\$ 37,638,061</u>

Depreciation expense amounted to \$1,246,605 for the year ended September 30, 2018.

NOTE 8 – LONG-TERM DEBT

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

	Payable at October 1, 2017	Additions	Deletions	Payable at September 30, 2018
Purchase note payable	\$ 21,758	\$ -	\$ 21,758	\$ -
Capital lease obligation	300,908	-	206,253	94,655
Landfill closure	594,126	-	75,631	518,495
Compensated absences	215,946	-	6,478	209,468
Totals	<u>\$ 1,132,738</u>	<u>\$ -</u>	<u>\$ 310,120</u>	<u>\$ 822,618</u>

NOTE 9 – RISK MANAGEMENT

The County is exposed to various risk of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The County purchases insurance to protect itself against these risks. The County's insurance programs include the County's Constitutional Officers.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

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

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

The County's pension expense totaled \$525,342 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2018.

Florida Retirement System Pension Plan

Plan Description

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

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

Benefits Provided

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

The following chart shows the percentage value for each year of service credit earned:

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

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

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates effective September 30, 2018, were applied to employee salaries as follows: regular employees 8.26%, senior management 24.06%, special risk 24.50%, and DROP participants 14.03%. The County's contributions to the FRS Plan were \$473,815 for the year ended September 30, 2018.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Pension Costs

At September 30, 2018, the County reported a liability of \$5,007,689 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportion of the net pension liability was based on the County's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers.

For the year ended September 30, 2018, the County recognized pension expense of \$489,949 for its proportionate share of FRS's pension expense. In addition, the County reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 424,227	\$ 15,396
Changes in Actuarial Assumptions	1,490,701	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	728,828
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	433,720	93,078
District Contributions Subsequent to the Measurement Date	129,965	-
Total	<u>\$ 2,478,613</u>	<u>\$ 837,302</u>

\$129,965 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense in future years:

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, including inflation
Investment Rate of Return	7.60%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Totals	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services' website, <http://www.dms.mvflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

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

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The County's contributions to the HIS Plan were \$51,522 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the County reported a liability of \$1,005,547 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the County's proportion was 0.000093%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$51,624 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 15,394	\$ 1,705
Changes in Actuarial Assumptions	111,834	73,673
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	526	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	54,996	53,895
District Contributions Subsequent to the Measurement Date	13,243	-
Total	<u>\$ 195,993</u>	<u>\$ 129,273</u>

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

\$13,243 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense in future years:

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, including inflation
Municipal Bond Rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

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

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services' website <http://www.dms.mvflorida.com>.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - DEFERRED COMPENSATION PLAN

Lafayette County offers its employees a National Association of Counties' deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets (cash and investments) are recorded at market value and are accounted for in an agency fund in accordance with Governmental Association Standards Board (GASB) Statement No. 32.

Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan.

According to Chapter 112.215, Florida Statutes, the "Government Employees' Deferred Compensation Plan Act", the State Treasurer, with the approval of the State Board of Administration, shall establish such plan or plans of deferred compensation for state employees, including all such investment vehicles or products incident thereto, as may be available through, or offered by, qualified companies or person, and may approve one or more such plans for implementation by and on behalf of the state and its agencies and employees.

In accordance with a plan of deferred compensation which has been approved as herein provided, the state or any agency, county, municipality, or other political subdivision may, by contract or a collective bargaining agreement, agree with any employee to defer all and any portion of that employee's otherwise payable compensation and, pursuant to the terms of such approved plan invest such deferred compensation in savings accounts or use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or such other investment products as may have been approved for the purposes of carrying out the objectives of such plan. Such insurance, annuity, savings, or investment products shall be underwritten and offered in compliance with the applicable federal and state laws and regulations by persons who are duly authorized by applicable state and federal authorities.

All records identifying individual participants in any plan under this section and their personal account activities shall be confidential and are exempt from the provisions of s.199.07(1).Florida Statutes.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - DEFERRED COMPENSATION PLAN (continued)

The purchase of any insurance contract for an employee or annuity of the investment in another investment option under any plan of deferred compensation provided for in the United States Internal Revenue Code and not prohibited under the laws of this state for an employee shall impose no liability or responsibility on the state, county, municipality, or other political subdivision, except to show that the payments have been remitted for the purposes for which the compensation has been deferred.

The deferred compensation plan is reported as an agency fund to show that the payments have been remitted for which the compensation has been deferred.

NOTE 13 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Retired employees who participated in the group health insurance plan while employed are allowed to continue coverage, with 100% of the premium paid by the retired employee. The County assumes no cost of this benefit.

NOTE 14 – LEASE ARRANGEMENTS

The County has entered into the following lease arrangements whereby the County leases some of its property to other entities:

The Lafayette County ASCS Committee leases building space in County owned property for an annual rental of \$5,925, payable in monthly installments of \$494.

NOTE 15- RECOGNITION OF POST CLOSURE COSTS – LANDFILL

State and Federal laws require final cover and closure of the Lafayette County Central Landfill. The landfill was officially closed September 24, 1996. Post closure monitoring costs for 30 years are estimated by the professional registered engineer engaged by the County and approved by the Florida Department of Environmental Protection to be \$75,631 annually as adjusted August 23, 2001. The total estimated liability for 30 years amounts to \$2,147,280 of which \$1,628,885 has been incurred as of September 30, 2018 leaving a balance of \$518,495 at September 30, 2018. Cost of monitoring and maintenance will be paid from the Solid Waste Management Fund as incurred.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

**NOTE 15 - RECOGNITION OF POST CLOSURE COSTS – LANDFILL
(continued)**

Because of State and Federal rules changes, as well as changes in inflation and technology, the estimates may change and the estimated liability adjusted.

NOTE 16 – NET POSITION

Net Assets Invested in Capital Assets, Net of Related Debt

All debt proceeds obtained for capital assets were expensed and netted against net capital assets to arrive at net assets invested in capital assets, net of related debt.

The government-wide statement of net position reports \$2,321,673 of restricted net assets, of which all was restricted by enabling legislation.

NOTE 17 – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft, damage, 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 18 – CONTINGENCIES/COMMITMENTS

The Board participates in a number of federally and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives.

NOTE 19 – SUBSEQUENT EVENT

Subsequent events have been evaluated through June 24, 2019, the date of these financial statement issuance, and no event was deemed to warrant disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUE:				
Taxes:				
Ad valorem taxes	\$2,542,181	\$2,542,181	\$2,487,734	\$ (54,447)
Communications tax	33,000	33,000	38,051	5,051
	<u>2,575,181</u>	<u>2,575,181</u>	<u>2,525,785</u>	<u>(49,396)</u>
Licenses and permits:				
Building permits	42,500	42,500	51,550	9,050
Other licenses and permits	2,500	2,500	1,280	(1,220)
Total licenses and permits	<u>45,000</u>	<u>45,000</u>	<u>52,830</u>	<u>7,830</u>
Intergovernmental:				
State grants:				
General governmental	-	-	-	-
Local Mitigation Strategy	425,000	425,000	4,539	(420,461)
Culture/Recreation:				
Library grants	20,000	20,000	21,163	1,163
Boat ramps	267,000	267,000	261,217	(5,783)
Other state grants	5,000	5,000	-	(5,000)
State shared revenue:				
Pari-mutual distribution	220,150	220,150	220,150	-
State revenue sharing	152,588	152,588	163,565	10,977
Insurance agent's county licenses	18,000	18,000	14,849	(3,151)
Mobile home licenses	3,500	3,500	3,126	(374)
Alcoholic beverage licenses	200	200	97	(103)
Local government half-cent sales tax - ordinary	159,635	159,635	142,974	(16,661)
Local government half-cent sales tax - emer.	381,744	381,744	390,884	9,140
Local government half-cent sales tax - suppl.	17,500	17,500	20,264	2,764
License plates	-	-	-	-
Amendment One Offset - FCC	213,000	213,000	223,546	10,546
Local revenue:				
Public Safety - Building Official	15,475	15,475	14,185	(1,290)
Public Safety Town of Mayo - Law enforcement	32,000	32,000	29,333	(2,667)
Payment in lieu of taxes	70,000	70,000	77,709	7,709
Soil and water conservation	-	-	69,770	69,770
Total intergovernmental	<u>2,000,792</u>	<u>2,000,792</u>	<u>1,657,371</u>	<u>(343,421)</u>

(continued)

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUE: (continued)				
Charges for Services:				
General government charges:				
County Officers' commissions and fees				
Tax Collectors fees	60,000	60,000	67,038	7,038
Sheriff fees	1,000	1,000	-	(1,000)
Supervisor of Election fees	500	500	-	(500)
Property Appraisers fees	3,000	3,000	-	(3,000)
Court related information system	9,800	9,800	8,664	(1,136)
Recreation department	10,000	10,000	9,325	(675)
Civic Center fees	9,000	9,000	9,800	800
Total charges for services	93,300	93,300	94,827	1,527
Fines and forfeitures:				
Library fines	2,200	2,200	2,098	(102)
Other fines	10,900	10,900	15,385	4,485
Total fines and forfeitures	13,100	13,100	17,483	4,383
Miscellaneous Revenues:				
Interest earnings	1,000	1,000	9,103	8,103
Rents	59,221	59,221	66,598	-
Impact fees	6,000	6,000	7,500	1,500
Other miscellaneous revenues	60,000	60,000	147,952	87,952
Sales of equipment and land	2,500	2,500	-	(2,500)
Estimated uncollectible revenue	(294,773)	(294,773)	-	294,773
Total miscellaneous revenues	(166,052)	(166,052)	231,153	397,205
Total revenue	4,561,321	4,561,321	4,579,449	18,128
EXPENDITURES:				
General government services:				
Legislative:				
Personal services	242,743	242,743	209,340	(33,403)
Operating expenditures	17,000	17,000	12,892	(4,108)
	259,743	259,743	222,232	37,511
Executive				
Operating expenditures	7,000	7,000	3,195	3,805
Capital outlay	-	-	-	-
	7,000	7,000	3,195	3,805

(continued)

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
EXPENDITURES: (continued)				
Financial and Administrative:				
Personal services	28,792	28,792	-	28,792
Operating expenditures	86,400	86,400	76,262	10,138
Capital outlay	2,500	2,500	-	2,500
	117,692	117,692	76,262	41,430
Legal counsel				
Personal services	39,726	39,726	39,772	(46)
Operating expenditures	21,000	21,000	21,959	(959)
	60,726	60,726	61,731	(1,005)
Comprehensive planning				-
Operating expenditures	18,100	18,100	16,245	1,855
Judicial/Court reporting				-
Personal services	560	560	-	560
Operating expenditures	105,009	105,009	73,127	31,882
Capital outlay	12,500	12,500	-	12,500
	118,069	118,069	73,127	44,942
Other general governmental services				
Personal services	529,530	529,530	442,508	87,022
Operating expenditures	74,500	74,500	65,628	8,872
Capital outlay	7,500	7,500	11,231	(3,731)
	611,530	611,530	519,367	92,163
Total general government services	1,192,860	1,192,860	972,159	220,701
Fire control				
Personal services	-	-	-	-
Operating expenditures	64,917	64,917	51,713	13,204
Capital outlay	5,000	5,000	49,493	(44,493)
	69,917	69,917	101,206	(31,289)
Detention and corrections				
Personal services	5,000	5,000	-	5,000
Operating expenditures	79,000	79,000	66,918	12,082
Capital outlay	5,000	5,000	-	5,000
	89,000	89,000	66,918	22,082
Protective Inspections - Building Inspector:				
Personal services	93,876	93,876	85,578	8,298
Operating expenditures	16,100	16,100	10,906	5,194
Capital outlay	8,000	8,000	7,351	649
(continued)	117,976	117,976	103,835	14,141

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
EXPENDITURES: (continued)				
Medical Examiner:				
Personal Services	-	-	-	-
Operating Expenditures	31,500	31,500	17,483	14,017
	<u>31,500</u>	<u>31,500</u>	<u>17,483</u>	<u>14,017</u>
Total public safety	<u>308,393</u>	<u>308,393</u>	<u>289,442</u>	<u>18,951</u>
Physical Environment:				
Solid waste disposal	1,409	1,409	1,409	-
Conservation and resource management				
Personal Services	156,817	156,817	152,890	3,927
Operating Expenditures	484,100	484,100	198,709	285,391
	<u>640,917</u>	<u>640,917</u>	<u>351,599</u>	<u>289,318</u>
Total physical environment	<u>642,326</u>	<u>642,326</u>	<u>353,008</u>	<u>289,318</u>
Economic Environment:				
Industry Development:				
Operating Expenditures	5,700	5,700	2,994	2,706
Veterans Services				
Personal Services	7,500	7,500	8,377	(877)
Operating Expenditures	2,500	2,500	54	2,446
Total economic environment	<u>15,700</u>	<u>15,700</u>	<u>11,425</u>	<u>4,275</u>
Human Services:				
Health services:				
Operating Expenditures	55,620	55,620	31,048	24,572
Mental health:				
Operating Expenditures	19,293	19,293	18,765	528
Welfare:				
Operating Expenditures	96,127	96,127	99,983	(3,856)
Total human services	<u>171,040</u>	<u>171,040</u>	<u>149,796</u>	<u>21,244</u>

The accompanying notes are an integral part of the financial statements

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
EXPENDITURES: (continued)				
Culture and Recreation:				
Libraries:				
Personal Services	114,103	114,103	105,689	8,414
Operating Expenditures	51,294	51,294	46,809	4,485
Capital Outlay	2,000	2,000	1,218	782
	<u>167,397</u>	<u>167,397</u>	<u>153,716</u>	<u>13,681</u>
Community Centers:				
Operating Expenditures	22,350	22,350	31,678	(9,328)
Capital Outlay	2,000	2,000	-	2,000
	<u>24,350</u>	<u>24,350</u>	<u>31,678</u>	<u>(7,328)</u>
Parks and Recreations:				
Personal Services	6,000	6,000	-	6,000
Operating Expenditures	310,860	310,860	279,454	31,406
Capital Outlay	2,000	2,000	4,375	(2,375)
	<u>318,860</u>	<u>318,860</u>	<u>283,829</u>	<u>35,031</u>
Total culture and recreation	<u>510,607</u>	<u>510,607</u>	<u>469,223</u>	<u>41,384</u>
Reserve for contingencies	12,374	12,374	-	12,374
Reserve for cash carry forward	5,000	5,000	-	5,000
Total expenditures	<u>2,858,300</u>	<u>2,858,300</u>	<u>2,245,053</u>	<u>613,247</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,703,021	1,703,021	2,334,396	631,375
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,039,364	1,039,364	885,138	(154,226)
Operating transfers out				
Clerk of the Circuit Court	(197,654)	(197,654)	(144,091)	53,563
Sheriff	(1,892,691)	(1,892,691)	(2,076,965)	(184,274)
Property Appraiser	(295,874)	(295,874)	(289,515)	6,359
Tax Collector	(332,736)	(332,736)	(333,732)	(996)
Supervisor of Elections	(238,430)	(238,430)	(238,430)	-
Total other financing sources (uses)	<u>(1,918,021)</u>	<u>(1,918,021)</u>	<u>(2,197,595)</u>	<u>(279,574)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(215,000)	(215,000)	136,801	351,801
FUND BALANCE - October 1, 2017	215,000	215,000	1,176,759	961,759
FUND BALANCE - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,560</u>	<u>\$ 1,313,560</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
SPECIAL REVENUE FUND – ROAD & BRIDGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Taxes:				
Local option gas tax	\$ 199,008	\$ 199,008	\$ 195,402	\$ (3,606)
Intergovernmental Revenues				
Rivers Grant SRWMD	-	-	-	-
Small county road assistance program	4,201,000	4,201,000	327,024	(3,873,976)
Fuel tax refunds	12,000	12,000	11,120	(880)
Motor fuel tax rebate	1,000	1,000	891	(109)
Constitutional gas tax	565,831	565,831	576,436	10,605
County gas tax	247,535	247,535	253,113	5,578
Ninth cent gas tax	15,172	15,172	13,511	(1,661)
	<u>5,042,538</u>	<u>5,042,538</u>	<u>1,182,095</u>	<u>(3,860,443)</u>
Miscellaneous Revenues				
Estimated uncollectible revenue	(263,152)	(263,152)	-	263,152
Interest on investments	500	500	3,483	2,983
Sale of equipment	20,000	20,000	-	(20,000)
Other miscellaneous revenues	1,000	1,000	15,543	14,543
	<u>(241,652)</u>	<u>(241,652)</u>	<u>19,026</u>	<u>260,678</u>
Total revenues	<u>4,999,894</u>	<u>4,999,894</u>	<u>1,396,523</u>	<u>(3,603,371)</u>
EXPENDITURES:				
Transportation				
Road and Bridge operations				
Personal services	567,062	567,062	522,022	45,040
Operating expenditures	4,911,529	4,911,529	808,670	4,102,859
Capital outlay	200,000	200,000	10,879	189,121
Debt service	-	-	228,011	(228,011)
	<u>5,678,591</u>	<u>5,678,591</u>	<u>1,569,582</u>	<u>4,109,009</u>
Reserve for contingencies	1,410	1,410	-	1,410
Reserve for cash carry forward	10,000	10,000	-	10,000
Total expenditures	<u>5,690,001</u>	<u>5,690,001</u>	<u>1,569,582</u>	<u>4,120,419</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(690,107)	(690,107)	(173,059)	517,048
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Debt Proceeds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER/(UNDER) EXPENDITURES/SOURCES	(690,107)	(690,107)	(173,059)	517,048
FUND BALANCE - October 1, 2017	690,107	690,107	688,765	(1,342)
8FUND BALANCE -September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,706</u>	<u>\$ 515,706</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
SPECIAL REVENUE FUND – SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes:				
Special assessments	\$ 112,000	\$ 112,000	\$ 110,750	\$ (1,250)
Charges for services				
Landfill and recycling fees	126,200	126,200	156,471	30,271
Intergovernmental Revenue				
Small County Grant - 2011	90,909	90,909	90,909	-
Recycling Grant	90,909	90,909	10,321	(80,588)
Miscellaneous Revenue				
Interest on investments	500	500	1,121	621
Miscellaneous	6,000	6,000	250	(5,750)
Less estimated uncollectible revenue	(16,780)	(16,780)	-	16,780
Total revenues	<u>409,738</u>	<u>409,738</u>	<u>369,822</u>	<u>(39,916)</u>
EXPENDITURES:				
Physical Environment				
Sanitary landfill				
Personal services	122,889	122,889	142,264	(19,375)
Operating expenditures	294,602	294,602	257,007	37,595
Capital Outlay	48,000	48,000	-	48,000
Debt Service	-	-	-	-
	<u>465,491</u>	<u>465,491</u>	<u>399,271</u>	<u>66,220</u>
Reserve for cash carry forward	1,500	1,500	-	1,500
Reserve for contingencies	1,076	1,076	-	1,076
Total expenditures	<u>468,067</u>	<u>468,067</u>	<u>399,271</u>	<u>68,796</u>
EXCESS OF REVENUE OVER EXPENDITURES	(58,329)	(58,329)	(29,449)	(28,880)
OTHER FINANCING SOURCES (USES):				
Debt Proceeds	-	-	-	-
Operating transfer in	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(58,329)	(58,329)	(29,449)	(28,880)
FUND BALANCE - October 1, 2017	<u>149,238</u>	<u>149,238</u>	<u>185,287</u>	<u>104,908</u>
FUND BALANCE - September 30, 2018	<u>\$ 90,909</u>	<u>\$ 90,909</u>	<u>\$ 155,838</u>	<u>\$ 64,929</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
SPECIAL REVENUE FUND – EMERGENCY MEDICAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes				
Special assessments	\$ 355,000	\$ 355,000	\$ 345,770	\$ (9,230)
Charges for services				
Service fees	190,000	190,000	201,927	11,927
Intergovernmental Revenue				
State grant	2,500	2,500	-	(2,500)
Miscellaneous				
Interest	500	500	1,241	741
Other miscellaneous	1,000	1,000	5,942	4,942
Estimated uncollectible revenue	(27,450)	(27,450)	-	27,450
Total revenues	<u>521,550</u>	<u>521,550</u>	<u>554,880</u>	<u>33,330</u>
EXPENDITURES:				
Public safety:				
Personal services	571,250	571,250	549,995	21,255
Operating expenditures	143,437	143,437	145,854	2,417
Capital outlay	50,000	50,000	50,668	(668)
	<u>764,687</u>	<u>764,687</u>	<u>746,517</u>	<u>23,004</u>
Reserve for cash carry forward	20,000	20,000	-	20,000
Reserve for contingencies	24,793	24,793	-	24,793
Total expenditures	<u>809,480</u>	<u>809,480</u>	<u>746,517</u>	<u>62,963</u>
OTHER FINANCIAL SOURCES (USES)				
Operating transfer in	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(287,930)	(287,930)	(191,637)	(29,633)
FUND BALANCE (DEFICIT) - October 1, 2017	<u>287,930</u>	<u>287,930</u>	<u>115,106</u>	<u>(172,824)</u>
FUND BALANCE (DEFICIT) - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,531)</u>	<u>\$ (76,531)</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Intergovernmental revenue				
Fiscally constrained distribution	\$ 771,029	\$ 771,029	\$ 724,175	\$ (46,854)
Miscellaneous revenue				
Interest	2,500	2,500	478	(2,022)
Less uncollectible revenue	(38,676)	(38,676)	-	38,676
Total revenues	734,853	734,853	724,653	(10,200)
EXPENDITURES:				
Operating expenditures	25,000	25,000	-	25,000
Construction and Equipment	850,000	850,000	-	850,000
Reserve for contingencies	188,853	188,853	-	188,853
	1,063,853	1,063,853	-	1,063,853
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(329,000)	(329,000)	724,653	1,053,653
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	(771,000)	(771,000)	(771,000)	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	(1,100,000)	(1,100,000)	(46,347)	1,053,653
Fund balance - October 1, 2017	1,100,000	1,100,000	1,106,817	6,817
Fund balance - September 30, 2018	\$ -	\$ -	\$ 1,060,470	\$ 1,060,470

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUE:				
Intergovernmental Revenue				
Local infrastructure surtax	\$ 340,000	\$ 340,000	\$ 375,810	\$ 35,810
Less uncollectible revenue	(17,025)	(17,025)	-	17,025
Total intergovernmental revenues	322,975	322,975	375,810	52,835
Miscellaneous Revenue				
Interest	500	500	409	(91)
	323,475	323,475	376,219	52,744
EXPENDITURES:				
Capital Outlay				
Construction	675,000	675,000	-	675,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Other fees	2,500	2,500	-	2,500
Reserve for contingencies	120,975	120,975	-	120,975
Total expenditures	798,475	798,475	-	798,475
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(475,000)	(475,000)	376,219	851,219
OTHER FINANCING SOURCES (USES)				
Operating transfer (in)	-	-	-	-
Operating transfer (out)	-	-	(27,938)	(27,938)
	-	-	(27,938)	(27,938)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(475,000)	(475,000)	348,281	823,281
Fund balance - October 1, 2017	475,000	475,000	571,600	96,600
Fund balance - September 30, 2018	\$ -	\$ -	\$ 919,881	\$ 919,881

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

<u>ASSETS</u>	Clerk of the Circuit Court	Property Appraiser	Tax Collector	Supervisor of Elections	(SHIP) Affordable Housing Trust Fund	Criminal Justice Education Fund	Grants Fund	Development Authority	Total
Cash	\$ 126,749	\$ 7,025	\$ 5,245	\$ 154,379	\$ 154,994	\$ 12,298	\$ 1,025,886	\$ 254,988	\$ 1,741,564
Accounts receivable	-	-	-	-	-	-	-	-	-
Mortgages receivable	-	-	-	-	856,094	-	314,186	-	1,170,280
Due from other governmental units	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	39,842	39,842
	<u>\$ 126,749</u>	<u>\$ 7,025</u>	<u>\$ 5,245</u>	<u>\$ 154,379</u>	<u>\$ 1,011,088</u>	<u>\$ 12,298</u>	<u>\$ 1,340,072</u>	<u>\$ 294,830</u>	<u>\$ 2,951,686</u>
<u>LIABILITIES AND FUND EQUITY</u>									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-	-	-	-	-
Due to other funds	-	7,025	-	-	15,550	-	87,071	-	109,646
	-	<u>7,025</u>	-	-	<u>15,550</u>	-	<u>87,071</u>	-	<u>109,646</u>
Fund equity									
Fund balances:									
Nonspendable	-	-	-	-	856,094	-	314,186	-	1,170,280
Restricted	126,749	-	5,245	154,379	139,444	12,298	938,815	-	1,376,930
Assigned	-	-	-	-	-	-	-	294,830	294,830
	<u>126,749</u>	<u>-</u>	<u>5,245</u>	<u>154,379</u>	<u>995,538</u>	<u>12,298</u>	<u>1,253,001</u>	<u>294,830</u>	<u>2,842,040</u>
	<u>\$ 126,749</u>	<u>\$ 7,025</u>	<u>\$ 5,245</u>	<u>\$ 154,379</u>	<u>\$ 1,011,088</u>	<u>\$ 12,298</u>	<u>\$ 1,340,072</u>	<u>\$ 294,830</u>	<u>\$ 2,951,686</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Clerk of the Court	Property Appraiser	Tax Collector	Supervisor of Elections	(SHIP) Affordable Housing Trust Fund	Criminal Justice Education Fund	Grants Fund	Development Authority	Total
REVENUE:									
Charges for services	\$ 22,193	\$ -	\$ -	\$ -	\$ -	\$ 1,221	\$ 59,210	\$ -	\$ 82,624
Taxes	-	-	-	-	-	-	-	-	-
Fines and forfeitures	132,086	-	-	-	-	-	4,455	-	136,541
Intergovernmental revenue	226,155	-	-	84,546	350,000	-	145,887	15,000	821,588
Licenses and permits	-	-	-	-	-	-	-	-	-
Miscellaneous	129	-	3,018	1,236	17,796	6	26,493	57	48,735
Total Revenue	380,563	-	3,018	85,782	367,796	1,227	236,045	15,057	1,089,488
EXPENDITURES:									
General government									
Personal services	451,114	228,314	248,519	188,391	-	-	-	-	1,116,338
Operating expenditures	70,642	61,201	88,227	39,777	-	-	-	-	259,847
Capital outlay	10,003	-	2,822	30,436	-	-	-	-	43,261
	531,759	289,515	339,568	258,604	-	-	-	-	1,419,446
Physical environment									
Personal services	-	-	-	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Transportation									
Personal services	-	-	-	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Public safety									
Personal services	-	-	-	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-	91,900	-	91,900
Capital outlay	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	91,900	-	91,900

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Clerk of the Court	Property Appraiser	Tax Collector	Supervisor of Elections	(SHIP) Affordable Housing Trust Fund	Criminal Justice Education Fund	Grants Fund	Development Authority	Total
EXPENDITURES: (continued)									
Economic environment									
Operating expenditures	-	-	-	-	548,909	-	46,682	2,700	598,291
Capital Outlay	-	-	-	-	-	-	71,750	25,000	96,750
	-	-	-	-	548,909	-	118,432	27,700	695,041
Total expenditures	531,759	289,515	339,568	258,604	548,909	-	210,332	27,700	2,206,387
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(151,196)	(289,515)	(336,550)	(172,822)	(181,113)	1,227	25,713	(12,643)	(1,116,899)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	144,091	289,515	333,732	238,430	-	-	175,000	-	1,180,768
Operating transfers out	-	-	-	-	-	-	(281,200)	-	(281,200)
	144,091	289,515	333,732	238,430	-	-	(106,200)	-	899,568
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(7,105)	-	(2,818)	65,608	(181,113)	1,227	(80,487)	(12,643)	(217,331)
FUND BALANCE - October 1, 2017	133,854	-	8,063	88,771	1,176,651	11,071	1,333,488	307,473	3,059,371
FUND BALANCE - September 30, 2018	<u>\$ 126,749</u>	<u>\$ -</u>	<u>\$ 5,245</u>	<u>\$ 154,379</u>	<u>\$ 995,538</u>	<u>\$ 12,298</u>	<u>\$ 1,253,001</u>	<u>\$ 294,830</u>	<u>\$ 2,842,040</u>

The accompanying notes are an integral part of the financial statements.

LAFAYETTE COUNTY, FLORIDA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDS SEPTEMBER 30, 2018

STATE AGENCY/PASS THROUGH ENTITY/PROJECT	CFDA/CFSA NUMBER	CONTRACT/GRANT NUMBER	EXPENDITURES
<u>Florida Department of Economic Opportunity</u>			
State Homeland Security Grant - EMPG Base Grant	97.067	18-BG-W9-03-44-01-069	\$ 105,806
State Homeland Security Grant - EMPA Base Grant	97.067	18-FG-7A-03-44-01-051	41,537
			<u>147,343</u>
<u>Department of Environmental Protection</u>			
Small County Consolidated Grant	37.012	SC920	90,909
<u>Department of State</u>			
State Aid to Libraries	45.030	19-ST-86	21,163
Election Security Funds	90.041	MOA2018-2019-001	55,334
Albert Network Monitoring Solution Grant	90.041	MOA2018-2019-002	29,303
			<u>105,800</u>
<u>Florida Fish and Wildlife Conservation Commission</u>			
Florida Boating Improvement Program	77.006	14098	21,781
<u>Department of Revenue</u>			
CSE Cooperative Agreement	93.563	CC334	42,140
Child Support Enforcement			
<u>Department of Transportation</u>			
Small County Outreach Program	55.009	GOK89	15,360
		GOK64	226,800
		G0076	44,800
		GOJ19	20,864
			<u>307,824</u>
<u>Small County Road Assistance Grant</u>			
	55.016	G0710	19,200
<u>Florida Housing Finance Agency</u>			
SHIP Program	52.901		548,909
 Total State Agencies			 <u>\$ 1,283,906</u>

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Board of County Commissioners
Lafayette County, Florida

Report on the Financial Statements

I have audited the financial statements of Lafayette County, Florida as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated June 24, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, June 24, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and recommendation, which the County has been unable to address due to financial constraints, in the preceding annual financial report:

12-01 Financial Statement Preparation Knowledge –

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

Condition – The Auditing Standards Board in Statement No. 115 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.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the County from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Lafayette County personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small counties and funding does not allow us to employ personnel with accounting background described above.

Note – As a small entity with limited funding, Lafayette County will continue to have this finding.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that I apply appropriate procedures and report the results of my determination as to whether or not Lafayette 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 my audit, I determined Lafayette 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, I applied financial condition assessment procedures. It is management's responsibility to monitor Lafayette County's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 1.556(7), Rules of the Auditor General, requires that I apply appropriate procedures and report the results of my determination as to whether the annual financial report for Lafayette 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 my audit, I determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, require that I apply appropriate procedures and report the results of our determination as to whether the annual financial report for Lafayette 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 my audit, I determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE
AUDITOR GENERAL**

Lafayette County
Mayo, Florida

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

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about Lafayette County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on Lafayette County's compliance with specified requirements.

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

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

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of County Commissioners
Lafayette County
Mayo, Florida

I have audited the financial statements of Lafayette County, Florida, as of and for the year ended September 30, 2018, and have issued my report thereon dated June 24, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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. I consider deficiency 2012-01 described 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

I noted certain other matters that were reported to the County in a separate letter dated June 24, 2019.

County's Response to Findings

The County's responses to the findings identified in my audit are included in the accompanying management letter. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James E. Davis
Certified Public Accountant

June 24, 2019

**ADDITIONAL REPORTS PREPARED IN ACCORDANCE
WITH THE PROVISIONS OF THE OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133 AND
THE RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS- STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Lafayette County, Florida.
2. No significant deficiencies were reported in the Independent Auditor's report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Lafayette County, Florida were disclosed during the audit.
4. The audit disclosed no significant deficiencies in internal control over any major federal program and state project.
5. The report on compliance with requirements applicable to the major state projects expressed an unqualified opinion.
6. The audit disclosed no findings related to the major state projects.
7. The County had one major state program: Florida Department of Transportation Small County Road Assistance Program.
8. The threshold for distinguishing Type A and Type B project was \$300,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS

See Management Letter for discussion of recommendations resulting from audit of financial statement,

Management response follows Management Letter.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AND STATE PROJECTS

None

D. OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required as there were no prior audit findings related to Federal programs or State projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT**

Board of County Commissioners
Lafayette County, Florida
Mayo, Florida

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

COMPLIANCE

I have audited the compliance of Lafayette County, Florida with the types of compliance requirements described in the U.S. Office of Management and budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Florida Departmental Financial Services State Projects Compliance Supplement, that are applicable to each of its major state project for the year ended September 30, 2018. Lafayette County, Florida had no major federal programs and one major state project as identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state project is the responsibility of Lafayette County's management. My responsibility is to express an opinion on Lafayette County's compliance based on my audit.

I conducted my audit in accordance with United States Generally Accepted Auditing Standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB A-133, and Chapter 10.550, Rules of the Auditor General, require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance 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

Lafayette County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Lafayette County's compliance with those requirements.

INTERNAL CONTROL OVER COMPLIANCE

The management of Lafayette County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing my audit, I considered Lafayette County's internal control over compliance with requirements that could have a direct and material effect on a major federal program and state project to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

This report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

James E. Davis
Certified Public Accountant

June 24, 2019

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

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**LAFAYETTE COUNTY CLERK OF THE CIRCUIT COURT
AUDIT REPORT
SEPTEMBER 30, 2018**

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**INDEPENDENT AUDITOR'S REPORT ON
SPECIAL-PURPOSE FINANCIAL STATEMENTS**

Clerk of the Circuit Court
Lafayette County, Florida

Report on Special-Purpose Financial Statements

I have audited the accompanying special-purpose financial statements of each major fund and the fiduciary fund types of the Clerk of the Circuit Court of Lafayette County, Florida (the Clerk), as of and for the year ended September 30, 2018, and the related notes to the special-purpose 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 special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

Opinion

In my opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and fiduciary fund types of the Clerk 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.

Other Matters

As discussed in Note 1 to the special-purpose financial statements, the Clerk's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Clerk. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Lafayette County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in Government Accounting Standards Board Statement 34, and do not include presentations of government-wide financial statements of the Clerk.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2019 on my consideration of the Clerk's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

My audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements and I do not express an opinion or provide assurance on them.

June 24, 2019

James E. Davis
Certified Public Accountant

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
SEPTEMBER 30, 2018

ASSETS

Cash	<u>\$ 126,749</u>
------	-------------------

LIABILITIES AND FUND EQUITY

Liabilities

Due to other funds	\$ -
Due to other governmental units	<u>-</u>
	-

Fund equity

Fund Balance -Restricted	126,749
	<u>\$ 126,749</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues

Title IV-D child support fees	\$ 42,140
Deficit County Assistance	176,825
Jury Reimbursement	7,190
Clerk's Trust - recording	22,193
Clerk's Trust - courts	122,154
Modernization Trust fees	2,908
Court Technology fees	7,024
Investment income	129
Total revenues	<u>380,563</u>

Expenditures

Courts	
Personal services	247,489
Operating expenditures	<u>35,261</u>
Total courts	282,750

Recording

Operating expenditures	22,193
Capital Outlay	<u>-</u>
Total recording	22,193

Finance

Personal services	203,625
Operating expenditures	13,188
Capital outlay	<u>9,111</u>
Total finance	225,924

Modernization Trust

Capital outlay	-
----------------	---

Court Technology

Capital outlay	<u>892</u>
----------------	------------

Total expenditures	<u>531,759</u>
--------------------	----------------

Other financing sources (uses):

Appropriations from Board of County	
Commissioner - net of surplus refund	<u>144,091</u>

Net changes in fund balance (7,105)

Fund balance - beginning of year 133,854

Fund balance - end of year \$ 126,749

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 359,844
Investments	<u>242,805</u>
	602,649
 <u>LIABILITIES</u>	
Assets held for others	359,844
Deferred compensation	<u>242,805</u>
	<u>602,649</u>
 NET ASSETS	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

▪ **Reporting Entity**

The Clerk of the Circuit Court operates as a County agency and an elected Constitutional Officer of Lafayette County, Florida, pursuant to Article VIII, Section (I) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk of the Circuit Court is a separate constitutional officer as provided by Chapter 218 of *Florida Statutes*. Lafayette County is a county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the county either alters or expands the powers of the elected officials via voter referendum. The Clerk of the Circuit Court is considered to be a part of the primary government of Lafayette County, Florida, and is included in the Lafayette County county-wide financial statements. Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600, the Clerk'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. The financial statements contained herein represent the financial transactions of the Clerk of the Circuit Court only.

The accounting policies of the Clerk of the Circuit Court conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

▪ **Basis of Presentation**

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and do not include presentation of government-wide financial statements of the Clerk.

▪ **Basis of Reporting**

The accounts of the Clerk of the Circuit Court are organized on the basis of funds

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Description of Funds**

The financial activities of the Clerk of the Circuit Court are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the Clerk of the Circuit Court. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Fiduciary Fund Type

- Agency Fund – The Agency Fund is used to account for assets held by the Clerk of the Circuit Court as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such assets include receipts for property taxes, business registration fees, tourist development taxes, vehicle registrations, driver license fees, and hunting and fishing licenses.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and 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

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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 measureable, 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.

▪ **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 service is reported as an appropriation by the Clerk and as expenditures by the Board. Any excess of revenue and other financing sources received over expenditures are remitted to the Board at year-end and reported as a reversion to the Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2016, the Clerk of the Court adopted four (4) new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 was effective for the Clerk of the Court beginning with its year ended September 30, 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 72.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67 or Statement 68, are effective for fiscal years beginning after June 15, 2015. Thus, these requirements of GASB 73 were effective for the Clerk beginning with its year ended September 30, 2016. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 73.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 76.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools **and** pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

There was no impact on these special-purpose financial statements as a result of the implementation of GASB 79.

Accounting Standards Issued But Not Yet Effective

Other accounting standards that the Clerk of the Court is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 will be effective for fiscal years beginning after June 15, 2016. Included are requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. The Clerk of the Court has not completed the process of evaluating the impact of GASB 74 on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Clerk of the Court has not completed the process of evaluating the impact of GASB 75 on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

taxes abated during the period; and 3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement. GASB 77 will be effective for fiscal years beginning after December 15, 2015. The Clerk of the Court has not completed the process of evaluating the impact of GASB 77 on its financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for fiscal years beginning after December 15, 2015. The Clerk of the Court has not completed the process of evaluating the impact of GASB 78 on its financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for fiscal years beginning after June 15, 2016. The Clerk of the Court has not completed the process of evaluating the impact of GASB 80 on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The Clerk of the Court has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73 ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

(Plan member) contribution requirements. GASB 82 will be effective for fiscal years beginning after June 15, 2016. The Clerk of the Court has not completed the process of evaluating the impact of GASB 82 on its financial statements.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Clerk of the Court's annual budget. The Clerk of the Court 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 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 of the Court.

The Clerk of the Courts, 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."

▪ **Budgets and Budgetary Accounting**

Florida Statutes, Section 195.087, governs the preparation, adoption and administration of the annual budget of the Clerk of the Circuit Court. The budget and subsequent budget amendments of the Clerk of the Circuit Court are submitted to the Florida Department of Revenue for approval. A copy of the budget is provided to the Lafayette County Board of County Commissioners (the Board).

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance – budget and actual, reflect all approved amendments.

▪ **Cash and Cash Equivalents**

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.

▪ **Inventory 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.

▪ **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.”

▪ **Capital Assets**

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital out sources at inception of the capital lease.

The tangible personal property used by the Clerk of the Circuit Court is reported as capital assets, at cost, in the Statement of Net Assets in the county-wide financial statements of Lafayette County, Florida.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **Liability for Compensated Absences**

The Clerk of the Circuit Court accrues a liability for employee's rights to receive compensation for future absences when certain conditions are met. The Clerk of the Circuit Court does not, nor is he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

▪ **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 internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances includes 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 at the Clerk 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 as indicated on the Balance Sheet.

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, but which are neither restricted nor committed. As of September 30, 2018, the Clerk had no assigned fund balances.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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, then unrestricted.

▪ **Related Organizations – Service Fees and Common Expenses**

Certain expenses, which are common to the Board, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Clerk of the Circuit Court. These expenses include:

Occupancy costs
Janitorial Service
Utilities (except telephone)
Property Insurance

▪ **Use of Estimates**

The preparation of the fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the fund financial statements. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

▪ **Cash deposits**

Cash deposits of the Clerk of the Circuit Court are placed at the Lafayette County State Bank in Mayo, Florida and the First Federal Savings Bank in Mayo, Florida. The Lafayette County State Bank and the First Federal Savings Bank qualify as public depositories, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Lafayette County Clerk of Circuit Court are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

▪ **Investments**

The investments of the deferred compensation fund of \$242,805 are held and managed by Nationwide Retirement Solution Inc. and are not classified by credit risk since they are invested in mutual funds.

NOTE 3 – EMPLOYEE'S 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.

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.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 – EMPLOYEE’S RETIREMENT PLAN

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%, special risk – 24.50%, 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 \$299,839 and total payroll was \$299,839. The Clerk's contributions to the plan for the year ended September 30, 2018 was \$63,291, and was 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.

Deferred Compensation Plan

The Lafayette County Clerk of Circuit Court offers its employees a National Association of Counties’ deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all Lafayette County Clerk of Circuit Court employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets (cash and investments) are recorded at market value and are accounted for in an agency fund in accordance with Governmental Association Standards Board (GASB)

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 – EMPLOYEE’S RETIREMENT PLAN (continued)

Statement No. 32. Deferred compensation amounts withheld from participating employee’s pay are not taxable as current income until withdrawn from the plan. According to Chapter 112.215, Florida Statutes, the “Government Employees’ Deferred Compensation Plan Act”, the State Treasurer, with the approval of the State Board of Administration, shall establish such plan or plans of deferred compensation for state employees, including all such investment vehicles or products incident thereto, as may be available through, or offered by, qualified companies or person, and may approve one or more such plans for implementation by and on behalf of the state and its agencies and employees.

In accordance with a plan of deferred compensation which has been approved as herein provided, the state or any state agency, county, municipality, or other political subdivision may, by contract or a collective bargaining agreement, agree with any employee to defer all and any portion of that employee’s otherwise payable compensation and, pursuant to the terms of such approved plan invest such deferred compensation in savings accounts or use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or such other investment products as may have been approved for the purposes of carrying out the objectives of such plan. Such insurance, annuity, savings, or investment products shall be underwritten and offered in compliance with the applicable federal and state laws and regulations by persons who are duly authorized by applicable state and federal authorities.

All records identifying individual participants in any plan under this section and their personal account activities shall be confidential and are exempt from the provisions of Section 119.07(1), Florida Statutes.

The purchase of any insurance contract for an employee or annuity of the investment in another investment option under any plan of deferred compensation provided for in the United States Internal Revenue Code and not prohibited under the laws of this state for an employee shall impose no liability or responsibility on the state, county, municipality, or other political subdivision, except to show that the payments have been remitted for the purposes for which the compensation has been deferred. The deferred compensation plan is reported as an agency fund to show that the payments have been remitted for which the compensation has been deferred.

NOTE 4 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Retired employees who participated in the group health insurance plan while employed are allowed to continue coverage, with 100% of the premium paid by the retired employee. The Clerk assumes no cost of this benefit.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 5 – ENCUMBRANCES

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

NOTE 6– SUBSEQUENT EVENTS

The Clerk has evaluated subsequent events through the date of issuance of these special-purpose financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance- With Final Budget- Favorable (Unfavorable)
Revenue				
Charges for services				
Title IV-D Child Support Fee	\$ 30,000	\$ 30,000	\$ 42,140	\$ 12,140
Deficit County Assistance	175,000	175,000	176,825	1,825
Transfer from Clerk's Trust	155,000	155,000	154,279	(721)
Jury Reimbursement	8,000	8,000	7,190	(810)
Interest Income	-	-	129	129
Total Revenues	<u>368,000</u>	<u>368,000</u>	<u>380,563</u>	<u>12,563</u>
Expenditures				
General government				
Finance, recording & courts				
Personal services	452,000	452,000	451,114	886
Operating expenditures	103,654	103,654	70,642	33,012
Capital outlay	10,000	10,000	10,003	(3)
Total Expenditures	<u>565,654</u>	<u>565,654</u>	<u>531,759</u>	<u>33,895</u>
Excess (Deficiency) of revenue over expenditures	(197,654)	(197,654)	(151,196)	46,458
Other financing sources				
Appropriation from Board of County Commissioners - net	<u>197,654</u>	<u>197,654</u>	<u>144,091</u>	<u>(53,563)</u>
Excess (Deficiency) of revenue and other sources over expenditures	-	-	(7,105)	(7,105)
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>133,854</u>	<u>133,854</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,749</u>	<u>\$ 126,749</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
AGENCY FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>TRUST FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 88,477	\$ 798,882	\$ 767,713	\$ 119,646
<u>LIABILITIES</u>				
Due to other funds	\$ 32,002	\$ 287,598	\$ 276,527	\$ 43,073
Due to other governmental units	56,475	511,284	491,186	76,573
Total liabilities	<u>\$ 88,477</u>	<u>\$ 798,882</u>	<u>\$ 767,713</u>	<u>\$ 119,646</u>
<u>REGISTRY OF COURT FUND</u>				
<u>ASSETS</u>				
Cash	\$ 13,545	\$ 232,157	\$ 12,997	\$ 232,705
<u>LIABILITIES</u>				
Due to other funds	\$ 5,601	\$ 205	\$ -	\$ 5,806
Individuals	7,944	231,952	12,997	226,899
Total liabilities	<u>\$ 13,545</u>	<u>\$ 232,157</u>	<u>\$ 12,997</u>	<u>\$ 232,705</u>
<u>DOMESTIC RELATIONS FUND</u>				
<u>ASSETS</u>				
Cash	\$ 10,288	\$ 8,937	\$ 11,732	\$ 7,493
<u>LIABILITIES</u>				
Due to other funds	\$ 4,500	\$ 1,702	\$ 2,007	\$ 4,195
Due to other governmental units	5,788	7,235	9,725	3,298
Total liabilities	<u>\$ 10,288</u>	<u>\$ 8,937</u>	<u>\$ 11,732</u>	<u>\$ 7,493</u>
<u>DEFERRED COMPENSATION</u>				
<u>ASSETS</u>				
Cash	\$ 184,427	\$ 58,378	\$ -	\$ 242,805
<u>LIABILITIES</u>				
Deferred compensation	<u>\$ 184,427</u>	<u>\$ 58,378</u>	<u>\$ -</u>	<u>\$ 242,805</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and investments	\$ 296,737	\$ 1,098,354	\$ 792,442	\$ 602,649
<u>LIABILITIES</u>				
Due to other funds	\$ 42,103	\$ 289,505	\$ 278,534	\$ 53,074
Due to other governmental units	62,263	518,519	500,911	79,871
Due to individuals	7,944	231,952	12,997	226,899
Deferred compensation	184,427	58,378	-	242,805
Total liabilities	<u>\$ 296,737</u>	<u>\$ 1,098,354</u>	<u>\$ 792,442</u>	<u>\$ 602,649</u>

The accompanying notes are an integral part of the special-purpose financial statements.

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

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

Honorable Clerk of the Circuit Court
Lafayette County, Florida

I have audited the special-purpose financial statements of the Clerk of the Circuit Court of Lafayette County, Florida (the Clerk), as of and for the year ended September 30, 2018, and have issued my report thereon dated June 24, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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, I identified a certain deficiency in internal control that I consider to be material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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. I consider deficiency 2012-01 described 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Other matters that came to my June 24, 2019.

Clerk's Response to Findings

The Clerk's responses to the findings identified in my audit are included in the accompanying management letter. The Clerk's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA

1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ALIMONY AND
CHILD SUPPORT PAYMENTS**

Honorable Clerk of the Circuit Court
Lafayette County, Florida

I have examined the Lafayette County, Florida's Clerk of the Circuit Court's (the Clerk") compliance with the requirements of Section 61.181, Florida Statutes, Alimony and Child Support Payments, during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with the specified requirements. My responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform examination to obtain reasonable assurance about whether the Clerk complied in all 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 my judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Clerk complied, in all material respects, with the requirements of Section 61.181, Florida Statutes, Alimony and Child Support Payments, during 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.

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA

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Phone: (850) 445-5878

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH CLERKS OF COURT
PERFORMANCE STANDARDS AND BUDGETS**

Honorable Clerk of the Circuit Court
Lafayette County, Florida

I have examined the Lafayette County, Florida's Clerk of Court's (the "Clerk") compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, Clerks of Court Performance Standards and Budgets, during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with the specified requirements. My responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether 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 my judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Clerk complied, in all material respects, with the requirements of Sections 28.35 and 28.36, Florida Statutes, Clerks of Court Performance Standards and Budgets, during 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.

James E. Davis
Certified Public Accountant

June 24, 2019

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Clerk of the Circuit Court
Lafayette County, Florida

Report on the Financial Statements

I have audited the financial statements of Lafayette County, Florida Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated June 24, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 24, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in

the preceding annual financial audit report. I reported the following finding and recommendation, which has not been acted upon due to fiscal constraints, in the preceding annual financial report:

12-01 Financial Statement Preparation Knowledge –

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

Condition – The Auditing Standards Board in Statement No. 115 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.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the Clerk of the Circuit Courts from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Lafayette County Clerk of the Court personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small counties and funding does not allow us to employ personnel with accounting background described above.

Note – As a small entity with limited funding, Lafayette County Clerk of the Court will continue to have this finding.

Official Title and Legal Authority

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

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements

that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Purpose of this letter

My 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.

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA

1733 Old Plank Road
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**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601,
REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER
10.550, RULES OF THE AUDITOR GENERAL**

Lafayette County Clerk of Court
Mayo, Florida

I have examined the Lafayette County Clerk of Court (Clerk) compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. My responsibility is to express an opinion on the Clerk's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In my 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.

James E. Davis
Certified Public Accountant

June 24, 2019

**LAFAYETTE COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**LAFAYETTE COUNTY SHERIFF
AUDIT REPORT
SEPTEMBER 30, 2018**

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INDEPENDENT AUDITOR'S REPORT ON
SPECIAL-PURPOSE FINANCIAL STATEMENTS

Lafayette County Sheriff
Lafayette County, Florida

Report on Special-Purpose Financial Statements

I have audited the accompanying special-purpose financial statements of each major fund and the fiduciary fund types of the Sheriff of Lafayette County, Florida, as of and for the year ended September 30, 2018, and the related notes to the special-purpose 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 special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

Opinion

In my opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and fiduciary fund types of the Sheriff 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.

Other Matters

As discussed in Note 1 to the special-purpose financial statements, the Sheriff financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Sheriff. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Lafayette County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in Government Accounting Standards Board Statement 34, and do not include presentations of government-wide financial statements of the Sheriff.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2019 on my consideration of the Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff internal control over financial reporting and compliance.

My audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements and I do not express an opinion or provide assurance on them.

James E. Davis
Certified Public Accountant

June 24, 2019

LAFAYETTE COUNTY, FLORIDA
SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>Governmental Fund Type</u>		<u>Total</u>
	<u>Operating</u>	<u>Other Special Revenue</u>	<u>(Governmental Funds)</u>
ASSETS			
Cash	<u>\$ -</u>	<u>\$ 349,730</u>	<u>\$ 349,730</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Equity:			
Fund Balance - Restricted	<u>-</u>	<u>349,730</u>	<u>349,730</u>
	<u>\$ -</u>	<u>\$ 349,730</u>	<u>\$ 349,730</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Governmental Fund Type		Total (Governmental Funds)
	Operating	Other Special Revenue	
Revenue			
Fines and Forfeitures	\$ -	\$ 7,000	\$ 7,000
Intergovernmental income	-	147,343	147,343
Miscellaneous	-	-	-
Interest on investments	478	336	814
	<u>478</u>	<u>154,679</u>	<u>155,157</u>
Expenditures			
Public safety			
Law enforcement			
Personal services	690,198	-	690,198
Operating expenditures	174,943	-	174,943
Capital outlay	-	-	-
	<u>865,141</u>	<u>-</u>	<u>865,141</u>
Corrections and/or detention			
Personal services	586,650	-	586,650
Operating expenditures	138,766	-	138,766
Capital outlay	-	-	-
	<u>725,416</u>	<u>-</u>	<u>725,416</u>
911 Dispatchers			
Personal services	-	246,048	246,048
Operating expenditures	-	14,673	14,673
Capital outlay	-	-	-
	<u>-</u>	<u>260,721</u>	<u>260,721</u>
Emergency Management			
Personal services	-	-	-
Operating expenditures	-	185,664	185,664
Capital outlay	-	-	-
	<u>-</u>	<u>185,664</u>	<u>185,664</u>
Law Enforcement Trust			
Capital outlay	-	2,655	2,655
Operating Expenditures	-	86,354	86,354
	<u>-</u>	<u>89,009</u>	<u>89,009</u>
Total expenditures	<u>1,590,557</u>	<u>535,394</u>	<u>2,125,951</u>
Excess (deficiency) of revenues over expenditures	(1,590,079)	(380,715)	(1,970,794)
Other financing sources			
Transfer from (to) other funds	-	192,444	192,444
Appropriation from Board of County Commissioners - net	1,590,079	314,442	1,904,521
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	-	126,171	126,171
Fund balance (deficit) - beginning of year	-	223,559	223,559
Fund balance (deficit) - end of year	<u>\$ -</u>	<u>\$ 349,730</u>	<u>\$ 349,730</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2018

	Agency Funds
	<hr/>
<u>ASSETS</u>	
Cash	\$ 72,337
	<hr/>
<u>LIABILITIES</u>	
Assets held for others	72,337
	<hr/>
NET ASSETS	\$ -
	<hr/> <hr/>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

▪ **Reporting Entity**

The Sheriff operates as a County agency and an elected Constitutional Officer of Lafayette County, Florida, pursuant to Article VIII, Section (I) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided by Chapter 218 of *Florida Statutes*. Lafayette County is a county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the county either alters or expands the powers of the elected officials via voter referendum. The Sheriff is considered to be a part of the primary government of Lafayette County, Florida, and is included in the Lafayette County county-wide financial statements, Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 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. The financial statements contained herein represent the financial transactions of the Sheriff.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

▪ **Basis of Presentation**

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and do not include presentation of government-wide financial statements of the Sheriff.

▪ **Basis of Reporting**

The accounts of the Sheriff are organized on the basis of funds and accounts

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Description of Funds**

The financial activities of the Sheriff are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the Sheriff. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Fiduciary Fund Type

- Agency Fund – The Agency Fund is used to account for assets held by the Sheriff as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and 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 measureable (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 measureable, except

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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.

▪ **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 service is reported as an appropriation by the Sheriff and as expenditures by the Board. Any excess of revenue and other financing sources received over expenditures are remitted to the Board at year-end and reported as a reversion to the Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2017, the Sheriff adopted four (4) new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 was effective for the Sheriff beginning with its year ended September 30, 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 72.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67 or Statement 68, are effective for fiscal years beginning after June 15, 2015. Thus, these requirements of GASB 73 were effective for the Sheriff beginning with its year ended September 30, 2016. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 73.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 76.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools.

There was no impact on these special-purpose financial statements as a result of the implementation of GASB 79.

Accounting Standards Issued But Not Yet Effective

Other accounting standards that the Sheriff is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 will be effective for fiscal years beginning after June 15, 2016. Included are requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. The Sheriff has not completed the process of evaluating the impact of GASB 74 on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Sheriff has not completed the process of evaluating the impact of GASB 75 on its financial statements.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement. GASB 77 will be effective for fiscal years beginning after December 15, 2015. The Sheriff has not completed the process of evaluating the impact of GASB 77 on its financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for fiscal years beginning after December 15, 2015. The Sheriff has not completed the process of evaluating the impact of GASB 78 on its financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for fiscal years beginning after June 15, 2016. The Sheriff has not completed the process of evaluating the impact of GASB 80 on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The Sheriff has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73 ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for fiscal years beginning after June 15, 2016. The Sheriff has not completed the process of evaluating the impact of GASB 82 on its financial statements.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff 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 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 Sheriff.

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."

▪ **Cash and Cash Equivalents**

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.

▪ **Inventory 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.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **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.”

▪ **Capital Assets**

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Sheriff is reported as capital assets, at cost, in the Statement of Net Assets in the county-wide financial statements of Lafayette County, Florida.

▪ **Liability for Compensated Absences**

The Sheriff accrues a liability for employee’s rights to receive compensation for future absences when certain conditions are met. The Sheriff does not, nor is he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

▪ **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 internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances includes 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 at the Sheriff as of September 30, 2018.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Spendable fund balances are classified based on a hierarchy of the Sheriff'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 Sheriff had restricted fund balance as indicated in the Balance Sheet.

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

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

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

▪ **Use of Estimates**

The preparation of the fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimated that affect the reported amounts in the fund financial statements. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

All bank accounts of the Sheriff are placed at either the Lafayette County State

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 – DEPOSITS (continued)

Bank or First Federal Savings Bank in Mayo, Florida. These banks (insured by FDIC) qualify as public depositories, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 – FIXED ASSETS

The Sheriff had the following changes in fixed assets for the year ended September 30, 2018:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Furniture, equipment and vehicles	<u>\$1,376,432</u>	<u>\$ 86,354</u>	<u>\$ -</u>	<u>\$1,462,786</u>

NOTE 4 - EMPLOYEE'S 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 plan 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 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.

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

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 – EMPLOYEE’S RETIREMENT PLAN (continued)

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%, special risk – 24.50%, 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 Sheriff’s employees covered by the System was \$1,157,927 and total payroll was \$1,157,927. The Sheriff’s contributions to the plan for the year ended September 30, 2018 was \$774,674, and was paid by the due date for the contribution.

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 Florida Division of Retirement, P. O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Retired employees who participated in the group health insurance plan while employed are allowed to continue coverage, with 100% of the premium paid by the retired employee. The Sheriff assumes no cost of this benefit.

NOTE 6 – ENCUMBRANCES

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 – SUBSEQUENT EVENTS

The Sheriff has evaluated subsequent events through the date of issuance of these special-purpose financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
SHERIFF OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (unfavorable)
Revenues				
Intergovernmental income	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Miscellaneous Revenue	-	-	478	478
	<u>25,000</u>	<u>25,000</u>	<u>478</u>	<u>(25,000)</u>
Expenditures				
Law enforcement				
Personal services				
Executive salary	89,493	89,493	89,493	-
Regular salary	442,771	442,771	436,773	5,998
FICA and other payroll taxes	50,564	50,564	40,259	10,305
Retirement contribution	125,443	125,443	123,673	1,770
Total personal services	<u>708,271</u>	<u>708,271</u>	<u>690,198</u>	<u>18,073</u>
Operating expenditures				
Legal ads and dues	3,100	3,100	4,403	(1,303)
Repair and maintenance	8,500	8,500	33,427	(24,927)
Uniforms	1,500	1,500	-	1,500
Travel and per diem	1,000	1,000	9,164	(8,164)
Communication services	15,000	15,000	22,502	(7,502)
Professional services	1,000	1,000	6,673	(5,673)
Postage and shipping	500	500	850	(350)
Insurance	35,866	35,866	30,441	5,425
Operating expense	73,750	73,750	64,428	9,322
Aid to government	6,210	6,210	-	6,210
Office expense	2,000	2,000	3,055	(1,055)
Total operating expenditures	<u>148,426</u>	<u>148,426</u>	<u>174,943</u>	<u>(26,517)</u>
Capital outlay				
Machinery and equipment	500	500	-	500
	<u>857,197</u>	<u>857,197</u>	<u>865,141</u>	<u>(7,944)</u>
Corrections and/or detention				
Personal services				
Executive salary	15,300	15,300	15,300	-
Regular salary	447,879	447,879	429,365	18,514
FICA and other payroll taxes	35,361	35,361	34,017	1,344
Retirement contribution	107,782	107,782	107,968	(186)
Total personal services	<u>606,322</u>	<u>606,322</u>	<u>586,650</u>	<u>19,672</u>
Operating expenditures				
Postage	500	500	599	(99)
Uniforms	700	700	1,099	(399)
Insurance	13,361	13,361	11,119	2,242
Communications	4,000	4,000	11,140	(7,140)
Utilities	26,280	26,280	27,477	(1,197)
Professional services - medical	4,500	4,500	13,076	(8,576)
Repairs and maintenance	1,500	1,500	8,778	(7,278)
Travel and per diem	2,500	2,500	-	2,500
Other operating expenses	66,500	66,500	61,948	4,552
Office expense	4,620	4,620	3,530	1,090
Total operating expenditures	<u>124,461</u>	<u>124,461</u>	<u>138,766</u>	<u>(14,305)</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SHERIFF OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES
IN FUND BALANCES –
BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Original Budget	Actual	Final Budget - Favorable (unfavorable)
Capital outlay				
Machinery and equipment	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
	<u>733,783</u>	<u>733,783</u>	<u>725,416</u>	<u>8,367</u>
Total expenditures	<u>1,590,980</u>	<u>1,590,980</u>	<u>1,590,557</u>	<u>423</u>
Excess (Deficiency) of revenue and other sources over expenditures	(1,565,980)	(1,565,980)	(1,590,079)	(24,099)
Other financing sources:				
Appropriation from Board of County Commissioners - net	1,565,980	1,565,980	1,590,079	24,099
Transfer to other funds	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>INDIVIDUAL AND OTHER SUSPENSE FUND</u>				
<u>Assets</u>				
Cash	<u>\$ 10,032</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 14,158</u>
<u>Liabilities</u>				
Deposits	<u>\$ 10,032</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 14,158</u>
 <u>INMATE WELFARE FUND</u>				
<u>Assets</u>				
Cash	<u>\$ 23,652</u>	<u>\$ 6,108</u>	<u>\$ 3,566</u>	<u>\$ 26,194</u>
<u>Liabilities</u>				
Deposits	<u>\$ 23,652</u>	<u>\$ 6,108</u>	<u>\$ 3,566</u>	<u>\$ 26,194</u>
 <u>I & E FUND</u>				
<u>Assets</u>				
Cash	<u>\$ 24,641</u>	<u>\$ 13</u>	<u>\$ 1,000</u>	<u>\$ 23,654</u>
<u>Liabilities</u>				
Deposits	<u>\$ 24,641</u>	<u>\$ 13</u>	<u>\$ 1,000</u>	<u>\$ 23,654</u>
 <u>CANTEEN FUND</u>				
<u>Assets</u>				
Cash	<u>\$ 6,247</u>	<u>\$ 17,432</u>	<u>\$ 15,348</u>	<u>\$ 8,331</u>
<u>Liabilities</u>				
Deposits	<u>\$ 6,247</u>	<u>\$ 17,432</u>	<u>\$ 15,348</u>	<u>\$ 8,331</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	<u>\$ 64,572</u>	<u>\$ 27,679</u>	<u>\$ 19,914</u>	<u>\$ 72,337</u>
<u>Liabilities</u>				
Deposits	<u>\$ 64,572</u>	<u>\$ 27,679</u>	<u>\$ 19,914</u>	<u>\$ 72,337</u>

The accompanying notes are an integral part of the special-purpose financial statements.

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

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

Honorable Sheriff
Lafayette County, Florida

I have audited the special-purpose financial statements of the Sheriff Lafayette County, Florida, as of and for the year ended September 30, 2018, and have issued my report thereon dated June 24, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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, I identified certain deficiencies internal control that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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. I consider deficiency 2012-01 described 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Sheriff' Response to Findings

The Sheriff's response to the findings identified in my audit are included in the accompanying management letter. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James E. Davis
Certified Public Accountant

June 24, 2019

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Sheriff
Lafayette County, Florida

Report on the Financial Statements

I have audited the financial statements of Lafayette County, Florida Sheriff as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated June 24, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and

recommendation, which has not been acted upon due to fiscal constraints, in the preceding annual financial report:

12-01 Financial Statement Preparation Knowledge –

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

Condition – The Auditing Standards Board in Statement No. 115 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.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the Sheriff from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Lafayette County Sheriff personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small counties and funding does not allow us to employ personnel with accounting background described above.

Note – As a small entity with limited funding, the Lafayette County Sheriff will continue to have this finding.

Official Title and Legal Authority

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

Other Matters

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

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

Purpose of this letter

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

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA

1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601,
REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER
10.550, RULES OF THE AUDITOR GENERAL**

Lafayette County Sheriff
Mayo, Florida

I have examined the Lafayette County 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. My responsibility is to express an opinion on the Sheriff's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

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

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

James E. Davis
Certified Public Accountant

June 24, 2019

**LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**LAFAYETTE COUNTY TAX COLLECTOR
AUDIT REPORT
SEPTEMBER 30, 2018**

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**INDEPENDENT AUDITOR'S REPORT ON
SPECIAL-PURPOSE FINANCIAL STATEMENTS**

Lafayette County Tax Collector
Lafayette County, Florida

Report on Special-Purpose Financial Statements

I have audited the accompanying special-purpose financial statements of each major fund and the fiduciary fund types of the Tax Collector of Lafayette County, Florida, as of and for the year ended September 30, 2018, and the related notes to the special-purpose 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 special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and fiduciary fund types of the Tax Collector 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.

Other Matters

As discussed in Note 1 to the special-purpose financial statements, the Tax Collector's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Tax Collector. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Lafayette County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in Government Accounting Standards Board Statement 34, and do not include presentations of government-wide financial statements of the Tax Collector.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2019 on my consideration of the Tax Collector's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 internal control over financial reporting and compliance.

My audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements and I do not express an opinion or provide assurance on them.

James E. Davis
Certified Public Accountant

June 24, 2019

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET
SEPTEMBER 30, 2018

	Governmental Fund - <u>Operating Fund</u>
<u>ASSETS</u>	
Cash	<u>\$ 5,245</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities	
Due to other funds	\$ -
Fund Equity	
Fund Balance - Restricted	5,245
Total liabilities and equity	<u>\$ 5,245</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues	\$ 3,018
Expenditures	
Public safety	
General government	
Personal services	
Executive salary	97,459
Regular salary	85,267
FICA taxes	13,840
Retirement contribution	51,953
Total personal services	<u>248,519</u>
Operating expenditures	
Travel and per diem	1,701
Communication services	2,455
Postage	9,478
E D P Service	66,202
Office supplies and other	5,384
Education and dues	3,007
Total operating	<u>88,227</u>
Capital outlay	
Machinery and equipment	<u>2,822</u>
Total capital outlay	<u>2,822</u>
Total expenditures	339,568
Other financing sources (uses):	
Appropriations from Board of County Commissioners - net	<u>333,732</u>
Net changes in fund balance	(2,818)
Fund balance - beginning of year	<u>8,063</u>
Fund balance - end of year	<u><u>\$ 5,245</u></u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUND
SEPTEMBER 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u>\$ 76,006</u>
<u>LIABILITIES</u>	
Assets Held for Others	<u>76,006</u>
NET ASSETS	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

▪ **Reporting Entity**

The Tax Collector operates as a County agency and an elected Constitutional Officer of Lafayette County, Florida, pursuant to Article VIII, Section (I) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided by Chapter 218 of *Florida Statutes*. Lafayette County is a county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the county either alters or expands the powers of the elected officials via voter referendum. The Tax Collector is considered to be a part of the primary government of Lafayette County, Florida, and is included in the Lafayette County county-wide financial statements, Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600, the Tax Collector'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. The financial statements contained herein represent the financial transactions of the Tax Collector.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

▪ **Basis of Presentation**

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and do not include presentation of government-wide financial statements of the Tax Collector.

▪ **Basis of Reporting**

The accounts of the Tax Collector are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Description of Funds**

The financial activities of the Tax Collector are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the Tax Collector. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Fiduciary Fund Type

- Agency Fund – The Agency Fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such assets include receipts for property taxes, business registration fees, tourist development taxes, vehicle registrations, driver license fees, and hunting and fishing licenses.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and 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

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

accounting period in which the liability is incurred, if measureable, 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.

▪ **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 Tax Collector's revenue that is a budget appropriation from the Board rather than a charge for service is reported as an appropriation by the Tax Collector and as expenditures by the Board. Any excess of revenue and other financing sources received over expenditures are remitted to the Board at year-end and reported as a reversion to the Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74").
- GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77").
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78").
- GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14* ("GASB 80").

GASB 74 establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental other postemployment benefit ("OPEB") plans. GASB 74 replaces Statement No. 43, Financial Reporting

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

for Postemployment Benefit Plans Other Than Pension Plans, as amended, and Statement No. 57, OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans. The adoption of GASB 74 had no impact on the County's governmental fund financial statements. The adoption also resulted in no changes to the presentation of the financial statements of the County's Pension and Other Employee Benefit Trust Funds. In the separate annual financial statements of these funds, certain changes in Note disclosures and Required Supplementary Information (RSI) were incorporated to comply with GASB 74.

GASB 77 defines a tax abatement and contains required disclosures about a reporting government's own tax abatement agreements and those agreements that are entered into by other governments and that reduce the reporting government's tax revenues. There was no impact on the County's financial statements as a result of the implementation of GASB 77. See Note 13 for a table that summarizes essential information about the nature and magnitude of the reduction of tax revenues realized through tax abatement programs.

GASB 78 amends the scope and applicability of GASB Statement No. 68 Accounting and Financial Reporting for Pensions—and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the County's financial statements as a result of the implementation of GASB 78.

GASB 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation or bylaws. There was no impact on the County's financial statements as a result of the implementation of GASB 80.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Recently Issued But Not Yet Effective

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

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
75	<i>Account and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	2018
81	<i>Irrevocable Split-Interest Agreements</i>	2018
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
85	<i>Omnibus 2017</i>	2018
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2021

GASB Statement No. 75 ("GASB 75") establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to the 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 Multiple-Employer Plans. For defined benefit OPEB plans, the statement 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 periods of employee service. Note disclosure and required supplementary information are addressed. GASB 75 is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 81 ("GASB 81") requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. The requirements of GASB 81 are effective for periods beginning after December 15, 2016.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB Statement No. 83 ("GASB 83") addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB 83. GASB 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations-to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. GASB 83 requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. GASB 83 requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. GASB 83 requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset. A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of GASB 83. In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. GASB 83 requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. GASB 83 also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. GASB 83 requires similar disclosures for a government's minority shares of AROs. The requirements for GASB 83 are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84 ("GASB 84") establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. GASB 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of GASB 84 are effective for reporting periods beginning after December 15, 2018.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB Statement No. 85 ("GASB 85") addresses practice issues that have been identified during 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 (pensions and other postemployment benefits [OPEB]). The requirements of GASB 85 are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86 ("GASB 86") improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of GASB 86 are effective for reporting periods beginning after June 15, 2017.

The objective of GASB Statement No. 87 ("GASB 87") is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after December 15, 2019.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Tax Collector's annual budget. The Tax Collector 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 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

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector.

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."

▪ **Cash and Cash Equivalents**

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.

▪ **Inventory 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.

▪ **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."

▪ **Capital Assets**

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Tax Collector is reported as capital assets, at cost, in the Statement of Net Assets in the county-wide financial statements of Lafayette County, Florida.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

The Tax Collector also utilizes certain computer equipment and software for vehicle and boat registrations and driver's license processing which belongs to the State of Florida Department of Highway Safety and Motor Vehicles (DMV) and software licensed to the State of Florida Fish and Wildlife Conservation Commission (FFWCC). The cost of this equipment is not recognized in the statement of net assets of the County as title to the equipment is held by DMV and FFWCC.

▪ **Liability for Compensated Absences**

The Tax Collector accrues a liability for employee's rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is she legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

▪ **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 internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances includes 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 at the Tax Collector 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.

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 Tax Collector had no restricted fund balances.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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. As of September 30, 2018, the Tax Collector had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, the Tax Collector 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 Tax Collector had no unassigned fund balances.

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 funds first, then unrestricted.

▪ **Related Organizations – Common Expenses**

Certain expenses, which are common to the Board, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses include:

Occupancy costs
Janitorial Service
Utilities (except telephone)
Property Insurance

▪ **Use of Estimates**

The preparation of the fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the fund financial statements. Actual results could differ from those estimates.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 - DEPOSITS

All bank accounts of the Tax Collector are placed at the Lafayette County State Bank (insured by FDIC) in Mayo, Florida. The Lafayette County State Bank qualifies as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 – EMPLOYEE’S 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 plan 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 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.

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 creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. 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%, special risk – 24.50%, and elected officials – 48.70%.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 – EMPLOYEE’S RETIREMENT PLAN (continued)

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 Tax Collector's employees covered by the System was \$182,726 and total payroll was \$182,726. The Tax Collector's contributions to the plan for the year ended September 30, 2018 was \$51,953, and was paid by the due date for the contribution.

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, P. O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 4 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Retired employees who participated in the group health insurance plan while employed are allowed to continue coverage, with 100% of the premium paid by the retired employee. The Tax Collector assumes no cost of this benefit.

NOTE 5 – ENCUMBRANCES

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

NOTE 6 – SUBSEQUENT EVENTS

The Tax Collector has evaluated subsequent events through the date of issuance of these special-purpose financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget- Favorable (unfavorable)
Revenues	\$ -	\$ -	\$ 3,018	\$ 3,018
Expenditures				
Public safety				
General government				
Other general government				
Personal services	248,520	248,520	248,519	1
Operating expenditures	82,212	82,212	88,227	(6,015)
Capital outlay	3,000	3,000	2,822	178
Total expenditures	<u>333,732</u>	<u>333,732</u>	<u>339,568</u>	<u>(5,836)</u>
Excess (deficiency) of revenue over expenditures	(333,732)	(333,732)	(336,550)	(2,818)
Other financing sources				
Appropriation from Board of County Commissioners - net	<u>333,732</u>	<u>333,732</u>	<u>333,732</u>	<u>-</u>
Excess of revenues and other sources over expenditures	-	-	(2,818)	(2,818)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>8,063</u>	<u>8,063</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,245</u>	<u>\$ 5,245</u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
FIDUCIARY NET ASSETS – AGENCY FUNDS
COMBINING STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>TAX FUND</u>	Balance Beginning Of year	Additions	Deletions	Balance End Of year
Assets				
Cash	<u>\$ 69,590</u>	<u>\$ 5,198,104</u>	<u>\$5,191,688</u>	<u>\$ 76,006</u>
Liabilities				
Due to other funds	\$ 36,882	\$ 2,691,349	\$2,688,708	\$ 39,523
Due to other governmental units	32,708	2,484,323	2,480,548	36,483
Due to individuals	-	22,432	22,432	-
	<u>\$ 69,590</u>	<u>\$ 5,198,104</u>	<u>\$5,191,688</u>	<u>\$ 76,006</u>

<u>TAG FUND</u>				
Assets				
Cash	<u>\$ -</u>	<u>\$ 987,070</u>	<u>\$ 987,070</u>	<u>\$ -</u>
Liabilities				
Due to other funds	\$ -	\$ 89,011	\$ 89,011	\$ -
Due to other governmental units	-	893,461	893,461	-
Due to individuals	-	4,598	4,598	-
	<u>\$ -</u>	<u>\$ 987,070</u>	<u>\$ 987,070</u>	<u>\$ -</u>

<u>TOTAL – ALL AGENCY FUNDS</u>				
Assets				
Cash	<u>\$ 69,590</u>	<u>\$ 6,185,174</u>	<u>\$6,178,758</u>	<u>\$ 76,006</u>
Liabilities				
Due to other funds	\$ 36,882	\$ 2,780,360	\$2,777,719	\$ 39,523
Due to other governmental units	32,708	3,377,784	3,374,009	36,483
Due to individuals	-	27,030	27,030	-
	<u>\$ 69,590</u>	<u>\$ 6,185,174</u>	<u>\$6,178,758</u>	<u>\$ 76,006</u>

The accompanying notes are an integral part of the special-purpose financial statements.

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

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

Honorable Tax Collector
Lafayette County, Florida

I have audited the special-purpose financial statements of the Tax Collector Lafayette County, Florida, as of and for the year ended September 30, 2018, and have issued my report thereon dated June 24, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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. I consider deficiency 2012-01 described 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Tax Collector's Response to Findings

The Tax Collector's response to the findings identified in my audit is included in the accompanying management letter. The Tax Collector's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James E. Davis
Certified Public Accountant

June 24, 2019

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Tax Collector
Lafayette County, Florida

Report on the Financial Statements

I have audited the financial statements of Lafayette County, Florida Tax Collector as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated June 24, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and recommendation, which has not been acted upon due to fiscal constraints, in the preceding annual financial report:

12-01 Financial Statement Preparation Knowledge –

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

Condition – The Auditing Standards Board in Statement No. 115 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.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the Tax Collector from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Lafayette County Tax Collector personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small counties and funding does not allow us to employ personnel with accounting background described above.

Note – As a small entity with limited funding, the Lafayette Tax Collector will continue to have this finding.

Official Title and Legal Authority

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

Other Matters

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

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

Purpose of this letter

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

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601,
REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER
10.550, RULES OF THE AUDITOR GENERAL**

Lafayette Tax Collector
Mayo, Florida

I have examined the Lafayette Tax Collector compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2018. Management is responsible for the Tax Collector's compliance with those requirements. My responsibility is to express an opinion on the Tax Collector's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the Tax Collector's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In my opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

James E. Davis
Certified Public Accountant

June 24, 2019

**LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**LAFAYETTE COUNTY PROPERTY APPRAISER
AUDIT REPORT
SEPTEMBER 30, 2018**

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**INDEPENDENT AUDITOR'S REPORT ON
SPECIAL-PURPOSE FINANCIAL STATEMENTS**

Lafayette County Property Appraiser
Lafayette County, Florida

Report on Special-Purpose Financial Statements

I have audited the accompanying special-purpose financial statements of each major fund and the fiduciary fund types of the Property Appraiser of Lafayette County, Florida, as of and for the year ended September 30, 2018, and the related notes to the special-purpose 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 special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and fiduciary fund types of the Property Appraiser 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.

Other Matters

As discussed in Note 1 to the special-purpose financial statements, the Property Appraiser financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Property Appraiser. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Lafayette County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in Government Accounting Standards Board Statement 34, and do not include presentations of government-wide financial statements of the Property Appraiser.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2019 on my consideration of the Property Appraiser's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 internal control over financial reporting and compliance.

My audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements and I do not express an opinion or provide assurance on them.

James E. Davis
Certified Public Accountant

June 24, 2019

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Governmental
Fund -
Operating Fund

ASSETS

Cash and cash equivalents	<u>\$ 7,025</u>
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LIABILITIES

Due to other funds	<u>\$ 7,025</u>
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The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues	\$ -
Expenditures	
General government	
Other general government	
Personal services	
Executive salary	99,459
Regular salary	65,200
FICA and other payroll taxes	12,386
Retirement contribution	51,269
Total personal services	228,314
Operating expenditures	
EDP services	39,985
Appraisal services	4,000
Education	825
Communications	2,691
Postage and shipping	1,764
Office supplies	3,761
Travel	2,374
Printing	1,200
Dues and Membership	4,601
Total operating expenditures	61,201
Capital outlay	-
Total expenditures	289,515
Other financing sources:	
Appropriation from Board of County Commissioners - net	289,515
Net changes in fund balance	-
Fund balance - beginning of year	-
Fund balance - end of year	\$ -

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Investments	<u>\$ 74,662</u>
<u>LIABILITIES</u>	
Deferred Compensation	<u>74,662</u>
 NET ASSETS	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

▪ **Reporting Entity**

The Property Appraiser operates as a County agency and an elected Constitutional Officer of Lafayette County, Florida, pursuant to Article VIII, Section (I) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided by Chapter 218 of *Florida Statutes*. Lafayette County is a county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the county either alters or expands the powers of the elected officials via voter referendum. The Property Appraiser is considered to be a part of the primary government of Lafayette County, Florida, and is included in the Lafayette County county-wide financial statements. Pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600, the Property Appraiser'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. The financial statements contained herein represent the financial transactions of the Property Appraiser.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

▪ **Basis of Presentation**

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and do not include presentation of government-wide financial statements of the Property Appraiser.

▪ **Basis of Reporting**

The accounts of the Property Appraiser are organized on the basis of funds and

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Description of Funds**

The financial activities of the Property Appraiser are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the Property Appraiser. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Fiduciary Fund Type

- Agency Fund – The Agency Fund is used to account for assets held by the Property Appraiser as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and 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 measureable (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 measureable, except for accumulated sick and vacation compensation, which are expensed when paid.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Fiduciary fund (agency fund) statements are prepared using economic resource 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 Property Appraiser’s revenue that is a budget appropriation from the Board rather than a charge for service is reported as an appropriation by the Property Appraiser and as expenditures by the Board. Any excess of revenue and other financing sources received over expenditures are remitted to the Board at year-end and reported as a reversion to the Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2016, the Property Appraiser adopted four (4) new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 was effective for the Property Appraiser beginning with its year ended September 30, 2017. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 72.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67 or Statement 68, are effective for fiscal years beginning after June 15, 2015. Thus, these requirements of GASB 73 were effective for the Property Appraiser beginning with its year ended September 30, 2016. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 73.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 76.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

There was no impact on these special-purpose financial statements as a result of the implementation of GASB 79.

Accounting Standards Issued But Not Yet Effective

Other accounting standards that the Property Appraiser is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 will be effective for fiscal years beginning after June 15, 2016. Included are requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. The Property Appraiser has not completed the process of evaluating the impact of GASB 74 on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Property Appraiser has not completed the process of evaluating the impact of GASB 75 on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by government, other

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

than to abate taxes, that are part of the tax abatement agreement. GASB 77 will be effective for fiscal years beginning after December 15, 2015. The Property Appraiser has not completed the process of evaluating the impact of GASB 77 on its financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for fiscal years beginning after December 15, 2015. The Property Appraiser has not completed the process of evaluating the impact of GASB 78 on its financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for fiscal years beginning after June 15, 2016. The Property Appraiser has not completed the process of evaluating the impact of GASB 80 on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The Property Appraiser has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73 ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for fiscal

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

years beginning after June 15, 2016. The Property Appraiser has not completed the process of evaluating the impact of GASB 82 on its financial statements.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Property Appraiser's annual budget. The Property Appraiser 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 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 Property Appraiser.

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."

- **Cash and Cash Equivalents**

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.

- **Inventory 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.

- **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."

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **Capital Assets**

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the Statement of Net Assets in the county-wide financial statements of Lafayette County, Florida.

▪ **Liability for Compensated Absences**

The Property Appraiser accrues a liability for employee's rights to receive compensation for future absences when certain conditions are met. The Property Appraiser does not, nor is he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

▪ **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 internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances includes 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 at the Property Appraiser as of September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Property Appraiser'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 Property Appraiser had no restricted fund balances.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, the Property Appraiser 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 Property Appraiser had no unassigned fund balances.

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

▪ **Related Organizations**

Certain expenses, which are common to the Board, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Property Appraiser. These expenses include:

Occupancy costs
Janitorial Service
Utilities (except telephone)
Property Insurance

▪ **Use of Estimates**

The preparation of the fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the fund financial statements. Actual results could differ from those estimates.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 – DEPOSITS

The Property Appraiser maintains one bank account at the Lafayette County State Bank (insured by FDIC) in Mayo, Florida. The Lafayette County State Bank qualifies as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 – EMPLOYEE'S 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 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.

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 creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. 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.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 – EMPLOYEE’S RETIREMENT PLAN (continued)

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%, special risk – 24.50%, 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 Property Appraiser's employees covered by the System was \$159,608 and total payroll was \$164,659. The Property Appraiser's contributions to the plan for the year ended September 30, 2018 was \$51,269, and was paid by the due date for the contribution.

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 Florida Division of Retirement, P. O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at dms.myflorida.com.

NOTE 4 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Retired employees who participated in the group health insurance plan while employed are allowed to continue coverage, with 100% of the premium paid by the retired employee. The Property Appraiser assumes no cost of this benefit.

NOTE 5 – ENCUMBRANCES

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

NOTE 6 – SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
General Government				
Financial and administration				
Personal services	228,830	228,830	228,314	516
Operating expenditures	66,313	66,313	61,201	5,112
Capital outlay	2,500	2,500	-	2,500
Total expenditures	297,643	297,643	289,515	8,128
Excess (Deficiency) of revenue over expenditures	(297,643)	(297,643)	(289,515)	8,128
Other financing sources:				
Appropriation from Board of County Commissioners - net	297,643	297,643	289,515	(8,128)
Excess (Deficiency) of revenue and other sources over expenditures	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
COMBINING STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance Beginning Of Year	Additions	Deletions	Balance End Of Year
<u>ASSETS</u>				
Cash	\$ 17	\$ -	\$ 17	\$ -
Investments	126,631	-	51,969	74,662
	<u>\$ 126,648</u>	<u>\$ -</u>	<u>\$ 51,986</u>	<u>\$ 74,662</u>
<u>Liabilities</u>				
Deferred Compensation	\$ 126,631	\$ -	\$ 51,969	\$ 74,662
Due to other funds	17	-	17	-
	<u>\$ 126,648</u>	<u>\$ -</u>	<u>\$ 51,986</u>	<u>\$ 74,662</u>

The accompanying notes are an integral part of the special-purpose financial statements.

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

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

Honorable Property Appraiser
Lafayette County, Florida

I have audited the special-purpose financial statements of the Property Appraiser Lafayette County, Florida, as of and for the year ended September 30, 2018, and have issued my report thereon dated June 24, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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. I consider deficiency 2012-01 described 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Other matters that came to my attention during the audit were reported to the Property Appraiser in a separate letter dated June 24, 2019.

Property Appraiser's Response to Findings

The Property Appraiser's responses to the findings identified in my audit are included in the accompanying management letter. The Property Appraiser's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James E. Davis
Certified Public Accountant

June 24, 2019

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Property Appraiser
Lafayette County, Florida

Report on the Financial Statements

I have audited the financial statements of Lafayette County, Florida Property Appraiser as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated June 24, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 10, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and

recommendation, which has not been acted upon due to fiscal constraints, in the preceding annual financial report:

12-01 Financial Statement Preparation Knowledge –

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

Condition – The Auditing Standards Board in Statement No. 115 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.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the Property Appraiser from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

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

Management Response – This requirement is a burden to small counties and funding does not allow us to employ personnel with accounting background described above.

Note – As a small entity with limited funding, the Lafayette County Property Appraiser will continue to have this finding.

Official Title and Legal Authority

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

Other Matters

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

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

Purpose of this letter

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

James E. Davis
Certified Public Accountant

June 24, 2019

JAMES E. DAVIS, CPA

1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601,
REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER
10.550, RULES OF THE AUDITOR GENERAL**

Lafayette County Property Appraiser
Mayo, Florida

I have examined the Lafayette County Property Appraiser compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2018. Management is responsible for the Property Appraiser's compliance with those requirements. My responsibility is to express an opinion on the Property Appraiser's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the Property Appraiser's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

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

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

James E. Davis
Certified Public Accountant

June 24, 2019

**LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

**LAFAYETTE COUNTY SUPERVISOR OF ELECTIONS
AUDIT REPORT
SEPTEMBER 30, 2018**

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**INDEPENDENT AUDITOR'S REPORT ON
SPECIAL-PURPOSE FINANCIAL STATEMENTS**

Lafayette County Supervisor of Elections
Lafayette County, Florida

Report on Special-Purpose Financial Statements

I have audited the accompanying special-purpose financial statements of each major fund of the Supervisor of Elections of Lafayette County, Florida, as of and for the year ended September 30, 2018, and the related notes to the special-purpose 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 special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

Opinion

In my opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund type 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.

Other Matters

As discussed in Note 1 to the special-purpose financial statements, the Supervisor of Elections' financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Supervisor of Elections. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Lafayette County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in Government Accounting Standards Board Statement 34, and do not include presentations of government-wide financial statements of the Supervisor of Elections.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2019 on my consideration of the Supervisor of Elections' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

My audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements and I do not express an opinion or provide assurance on them.

James E. Davis
Certified Public Accountant

June 24, 2019

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET
SEPTEMBER 30, 2018

Governmental
Fund -
Operating Fund

ASSETS

Cash	\$ 154,379
------	------------

LIABILITIES AND FUND EQUITY

Liabilities	
Due to other funds	\$ -

Fund Equity	
Fund Balance - Restricted	154,379

Total liabilities and equity	\$ 154,379
------------------------------	------------

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues	
Intergovernmental revenues	\$ 84,546
Interest income	58
Miscellaneous income	1,178
Total revenues	<u>85,782</u>
Expenditures	
General government	
Other general government	
Personal services	
Executive salary	99,459
Regular salary	30,500
FICA taxes	9,941
Retirement contribution	48,491
Total personal services	<u>188,391</u>
Operating expenditures	
Poll workers and Other election expenditures	14,314
Other operating expenditures	25,463
Total operating expenditures	<u>39,777</u>
Capital outlay	
Machinery and equipment	<u>30,436</u>
Total expenditures	258,604
Other financing sources (uses):	
Appropriations from Board of County Commissioners - net	<u>238,430</u>
Net changes in fund balance	65,608
Fund balance - beginning of year	<u>88,771</u>
Fund balance - end of year	<u><u>\$ 154,379</u></u>

The accompanying notes are an integral part of the special-purpose financial statements.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

▪ **Reporting Entity**

The Supervisor of Elections operates as a County agency and an elected Constitutional Officer of Lafayette County, Florida, pursuant to Article VIII, Section (I) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided by Chapter 218 of *Florida Statutes*. Lafayette County is a county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the county either alters or expands the powers of the elected officials via voter referendum. The Supervisor of Elections is considered to be a part of the primary government of Lafayette County, Florida, and is included in the Lafayette County county-wide financial statements, 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 officials into the reporting entity of the County. The financial statements contained herein represent the financial transactions of the Supervisor of Elections.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

▪ **Basis of Presentation**

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and do not include presentation of government-wide financial statements of the Supervisor of Elections.

▪ **Basis of Reporting**

The accounts of the Supervisor of Elections are organized on the basis of funds

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Description of Funds**

The financial activities of the Supervisor of Elections are recorded in one fund which is categorized and described as follows:

Governmental Fund Type

- General Fund – The General Fund is the general operating fund of the Supervisor of Elections. This fund is used to account for all financial transactions not required to be accounted for in another fund.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and 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 measureable (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 measureable, except for accumulated sick and vacation compensation, which are 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.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

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 Supervisor of Elections’ revenue that is a budget appropriation from the Board rather than a charge for service is reported as an appropriation by the Supervisor of Elections and as expenditures by the Board. Any excess of revenue and other financing sources received over expenditures are remitted to the Board at year-end and reported as a reversion to the Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2016, the Supervisor of Elections adopted four (4) new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*
- GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 was effective for the Supervisor of Elections beginning with its year ended

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

September 30, 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 72.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67 or Statement 68, are effective for fiscal years beginning after June 15, 2015. Thus, these requirements of GASB 73 were effective for the Supervisor of elections beginning with its year ended September 30, 2016. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 73.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. There was no impact on these special-purpose financial statements as a result of the implementation of GASB 76.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools **and** pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

There was no impact on these special-purpose financial statements as a result of the implementation of GASB 79.

Accounting Standards Issued But Not Yet Effective

Other accounting standards that the Supervisor of Elections is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 will be effective for fiscal years beginning after June 15, 2016. Included are requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 74 on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 75 on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by government, other

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

than to abate taxes, that are part of the tax abatement agreement. GASB 77 will be effective for fiscal years beginning after December 15, 2015. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 77 on its financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for fiscal years beginning after December 15, 2015. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 78 on its financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for fiscal years beginning after June 15, 2016. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 80 on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73 ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for fiscal

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

years beginning after June 15, 2016. The Supervisor of Elections has not completed the process of evaluating the impact of GASB 82 on its financial statements.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Supervisor of Elections' annual budget. The Supervisor of Elections 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 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 Supervisor of Elections.

▪ **Budgets and Budgetary Accounting**

Florida Statutes, Section 195.087, governs the preparation, adoption and administration of the annual budget of the Supervisor of Elections. A copy of the budget is provided to the Lafayette County Board of County Commissioners (the Board) for approval.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. The budget is prepared on the modified accrual basis of accounting.

General Fund appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance – budget and actual, reflect all approved amendments.

▪ **Cash and Cash Equivalents**

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.

▪ **Inventory 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.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **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.”

▪ **Capital Assets**

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Supervisor of Elections is reported as capital assets, at cost, in the Statement of Net Assets in the county-wide financial statements of Lafayette County, Florida.

▪ **Liability for Compensated Absences**

The Supervisor of Elections accrues a liability for employee's rights to receive compensation for future absences when certain conditions are met. The Supervisor of Elections does not, nor is he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

▪ **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 internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances included 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 at the Supervisor of Elections as of September 30, 2018.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Spendable fund balances are classified based on a hierarchy of the Supervisor of Elections' 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 Supervisor of Elections had restricted fund balances as indicated on the Balance Sheet.

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

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, the Supervisor of Elections 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 fund balance for the Supervisor of Elections was not considered unassigned fund balances.

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

▪ **Related Organizations**

Certain expenses, which are common to the Board, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Supervisor of Elections. These expenses include:

Occupancy costs
Janitorial Service
Utilities (except telephone)
Property Insurance

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Use of Estimates

The preparation of the fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the fund financial statements. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

The Supervisor of Elections maintains two bank accounts, which are placed at the Lafayette County State Bank in Mayo, Florida. The Lafayette County State Bank (insured by FDIC) qualifies as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 – EMPLOYEE’S 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 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.

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

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – EMPLOYEE’S RETIREMENT PLAN (continued)

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%, special risk – 24.50%, 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 Supervisor of Election's employees covered by the System was \$129,959 and total payroll was \$128,108. The Supervisor of Election's contributions to the plan for the year ended September 30, 2018 was \$48,491, and was 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.

NOTE 4 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Retired employees who participated in the group health insurance plan while employed are allowed to continue coverage, with 100% of the premium paid by the retired employee. The Supervisor of Elections assumes no cost of this benefit.

NOTE 5 – ENCUMBRANCES

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 – SUBSEQUENT EVENTS

The Supervisor of Elections has evaluated subsequent events through the date of issuance of these special-purpose financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget- Favorable (Unfavorable)
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,782</u>	<u>\$ 85,782</u>
Expenditures				
General government				
Other general government				
Personal services	187,030	187,030	188,391	(1,361)
Operating expenditures	28,900	28,900	39,777	(10,877)
Capital outlay	22,500	22,500	30,436	(7,936)
Total expenditures	<u>238,430</u>	<u>238,430</u>	<u>258,604</u>	<u>(20,174)</u>
Excess (deficiency) of revenue over expenditures	(238,430)	(238,430)	(172,822)	65,608
Other financing sources				
Appropriation from Board of County Commissioners - net	<u>238,430</u>	<u>238,430</u>	<u>238,430</u>	<u>-</u>
Excess of revenues and other sources over expenditures	-	-	65,608	65,608
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>88,771</u>	<u>88,771</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,379</u>	<u>\$ 154,379</u>

The accompanying notes are an integral part of the special-purpose financial statements.

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

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

Honorable Supervisor of Elections
Lafayette County, Florida

I have audited the special-purpose financial statements of the Supervisor of Elections Lafayette County, Florida, as of and for the year ended September 30, 2018, and have issued my report thereon dated June 24, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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. I consider deficiency 2012-01 described 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Other matters if any that came to my attention during the audit would be reported to the Supervisor of Elections in a separate letter dated June 24, 2019.

Supervisor of Elections' Response to Findings

The Supervisor of Elections' responses to the findings identified in my audit are included in the accompanying management letter. The Supervisor of Elections' response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James E. Davis
Certified Public Accountant

June 24, 2019

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Supervisor of Elections
Lafayette County, Florida

Report on the Financial Statements

I have audited the financial statements of Lafayette County, Florida Supervisor of Elections as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated June 24, 2019.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and recommendation,

which has not been acted upon due to fiscal constraints, in the preceding annual financial report:

12-01 Financial Statement Preparation Knowledge –

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

Condition – The Auditing Standards Board in Statement No. 115 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.

Cause and Effect – Personnel'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 with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Lafayette County Supervisor of Elections personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small counties and funding does not allow us to employ personnel with accounting background described above.

Note – As a small entity with limited funding, the Lafayette County Supervisor of Elections will continue to have this finding.

Official Title and Legal Authority

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

Other Matters

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

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

Purpose of this letter

My 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.

James E. Davis
Certified Public Accountant

June 24, 2019

**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601,
REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER
10.550, RULES OF THE AUDITOR GENERAL**

Lafayette County Supervisor of Elections
Mayo, Florida

I have examined the Lafayette County 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. My responsibility is to express an opinion on the Supervisor of Elections' compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the Supervisor of Elections' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In my opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

James E. Davis
Certified Public Accountant

June 24, 2019