Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



Holmes County, Florida

Principal Officers

Board of County Commissioners

| Bobby Sasnett | | District 1 District 2 |
|----------------------------------|------------------------------------|-----------------------|
| Brandon NewsomPhillip Music | | District 2 |
| Earl Stafford | | District 4 |
| Clint Erickson | | District 5 |
| Tax Collector Harry B. Bell, III | Sheriff John Tate | |
| Property Appraiser Bryan A. Bell | Supervisor of Ele Therisa Meado | |

Clerk of the Circuit Court
Alice Vickers

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the fiduciary fund type of Holmes County, Florida (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary fund types of the County, as of September 30, 2019, and the changes in financial position and the respective budgetary comparison for the General, County Transportation Trust, and SHIP funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 12, schedule of changes in net OPEB liability and related ratios, Florida Retirement System Pension Plan schedule of employer's proportionate share of net pension liability and schedule of employer contributions, and the Health Insurance Subsidy Program schedule of employer's proportionate share of net pension liability and schedule of employer contributions, on pages 56 through 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and combining and individual statement of fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards and Chapter 10.550, Local Governmental Entity Audits, Rules of the Auditor General State of Florida, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

March 31, 2020

The County's management discussion and analysis presents an overview of the financial activities for the fiscal year ended September 30, 2019 as compared to September 30, 2018. Our intent is to provide a brief, objective, and easily readable analysis of the County's financial performance for the year and its financial position at September 30, 2019. To obtain a complete picture of the County's financial condition, this document should be read in conjunction with the accompanying financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at September 30, 2019 by \$53,880,857 (net position).
- Governmental Fund balances decreased \$342,898 to \$9,008,481.
- The General Fund balance increased \$116,970 to \$1,967,167.
- General Fund revenues increased by \$1,241,846 or 9.6%.
- The County's outstanding capital leases and bonded debt decreased \$1,053,123 or 32.3%. Additional equipment capital leases of \$85,063 were incurred during this fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,880,857 at September 30, 2019, a decrease of \$1,872,999. This decrease was primarily due to an increase in the Pension liabilities.

Holmes County's Net Position – Governmental Activities

| As of September 30, | 2018 | 2019 |
|---------------------------------------|------------------|------------------|
| | | |
| Assets | | |
| Current and other assets | \$ 14,796,045 | \$ 11,516,402 |
| Capital assets, net | 58,028,691 | 57,252,657 |
| Total assets | 72,824,736 | 68,769,059 |
| Total assets | 72,024,730 | 00,703,033 |
| Deferred Outflows of Resources | 4,878,413 | 4,489,241 |
| Liabilities | | |
| Long-term liabilities outstanding | 14,220,821 | 15,588,548 |
| Other liabilities | 6,486,986 | 2,787,702 |
| | | |
| Total liabilities | 20,707,807 | 18,376,250 |
| Deferred Inflows of Resources | 1,241,486 | 1,001,193 |
| | | |
| Net Position | | |
| Net investment in capital assets | 54,768,346 | 55,045,433 |
| Restricted | 7,872,327 | 7,419,405 |
| Unrestricted (deficit) | (6,886,817) | (8,583,981) |
| | | |
| Net position – beginning | 52,293,385 | 55,753,856 |
| Prior period adjustment | (182,608) | |
| Net position – beginning, as restated | 52,110,777 | 55,753,856 |
| Net position – ending | \$ 55,753,856 | \$ 53,880,857 |

At September 30, 2019, \$55,045,433 of the County's net position reflect its investment in capital assets (e.g. land, buildings, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. This percentage reflects a 0.51% increase of net investment in capital assets from the prior year. The County uses these capital assets to provide services to citizens;

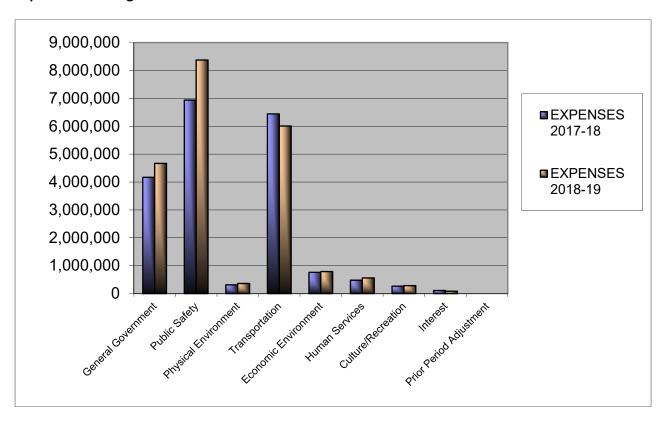
consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional 13.77% or \$7,419,405 of the County's net position represents resources that are dedicated or subject to restrictions on how they may be used. Unrestricted net deficit of \$8,583,981 reflects a \$1,697,164 increase. \$12,596,018 of the deficit is due to the unfunded pension liability.

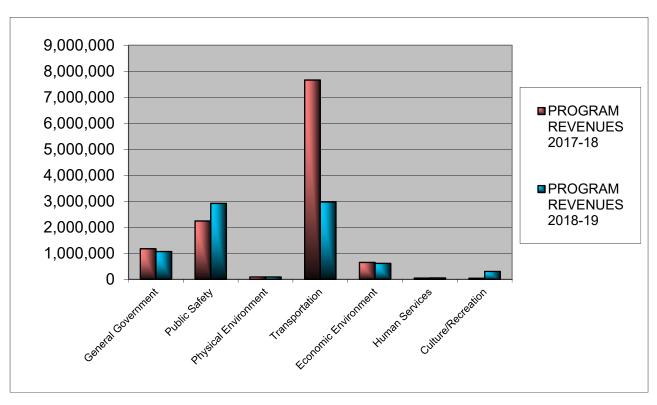
Governmental Activities decreased the County's net position by \$1,872,999 compared to an increase of \$3,643,079 in the prior year.

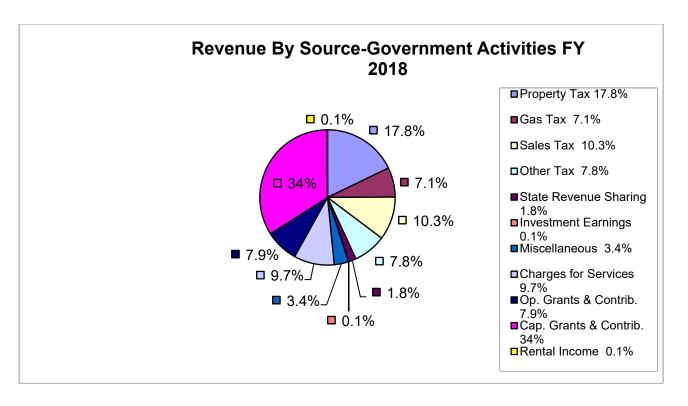
Holmes County's Changes in Net Position – Governmental Activities

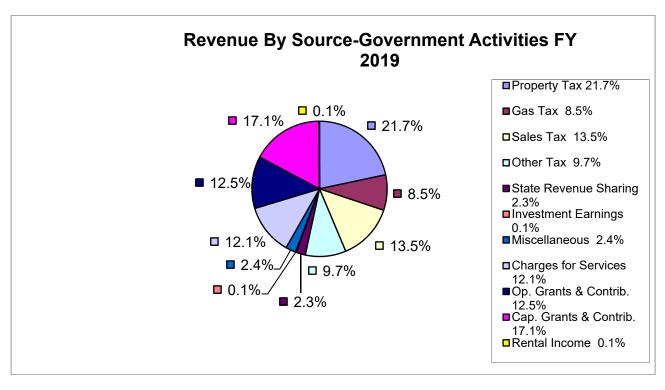
| Fiscal year ended September 30, | 2018 | 2019 |
|---------------------------------------|------------------|-------------------|
| | | |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 2,234,630 | \$ 2,327,903 |
| Operating grants and contributions | 1,829,333 | 2,398,190 |
| Capital grants and contributions | 7,846,283 | 3,295,706 |
| General revenues: | | |
| Property taxes | 4,126,778 | 4,171,018 |
| Other taxes | 5,841,425 | 6,108,924 |
| Other | 1,248,573 | 956,611 |
| Total revenues | 23,127,022 | 19,258,352 |
| | | |
| Expenses: | | |
| General government | 4,168,705 | 4 ,667,541 |
| Public safety | 6,937,475 | 8,376,090 |
| Physical environment | 315,667 | 361,891 |
| Transportation | 6,442,923 | 6,007,417 |
| Economic environment | 762,650 | 789,746 |
| Human services | 480,143 | 560,175 |
| Culture/Recreation | 266,698 | 284,462 |
| Interest | 109,682 | 84,029 |
| Total expenses | 19,483,943 | 21,131,351 |
| . Cta. c.,pcicc | | |
| Change in net position | 3,643,079 | (1,872,999) |
| Net position – beginning | 52,293,385 | 55,753,856 |
| Prior period adjustment | (182,608) | 33,733,630 |
| rnoi penoù aujustment | (102,008) | <u>-</u> |
| Net position – beginning, as restated | 52,110,777 | 55,753,856 |
| Net position – ending | \$ 55,753,856 | \$ 53,880,857 |
| | · · · | |

Expenses and Program Revenue-Governmental Activities









Financial Analysis of the County's Funds

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

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

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

The County's governmental funds reported combined ending fund balances of \$9,008,481, a \$342,898 decrease from the prior year. There were no unassigned balances at September 30, 2019. Fund balances were nonspendable, restricted, committed or assigned to indicate that they are either restricted in what they can be used for or have been designated for particular purposes and therefore not available for spending.

The general fund is the chief operating fund of the County. At September 30, 2019, \$1,967,167 of the general fund was restricted or assigned to reflect budget commitments and judicially controlled funds, an increase of \$116,970 or 6.32% over the prior year.

The transportation trust fund accounts for motor fuel taxes and various grant funds designated to finance road and bridge construction and maintenance. The use of this fund is restricted by state statute or the grantor for these designated purposes. The fund had a balance of \$5,467,718 at fiscal year-end. This was a decrease of \$424,130 and was due primarily to decreased gas taxes and intergovernmental revenue.

The SHIP fund accounts for activity related to a state grant to improve housing. The use of this fund is restricted by the grant agreement for these designated purposes. For fiscal year 2019, the County expended \$434,335 for program services which is an increase of \$108,789 from fiscal year 2018.

Major Fund Information

| | County | | | | | |
|-------------------------------------|--------|----------------|----|---------------|----------|---------|
| | | Transportation | | | | |
| | | General Fund | | Trust | | SHIP |
| Fiscal Year 2019 | | | | | | |
| Revenues and other sources | \$ | 12,288,439 | \$ | 5,730,272 \$ | ; | 434,335 |
| Expenditures and other uses | | 12,171,469 | | 6,154,402 | | 434,335 |
| Increase (decrease) in fund balance | \$ | 116,970 | \$ | (424,130) \$ | <u>;</u> | |
| Fiscal Year 2018 | | | | | | |
| Revenues and other sources | \$ | 11,046,593 | \$ | 13,193,875 \$ | ; | 325,546 |
| Expenditures and other uses | | 11,672,159 | | 12,198,955 | | 325,546 |
| Increase (decrease) in fund balance | \$ | (625,566) | \$ | 994,920 \$ | <u> </u> | |

General Fund Budgetary Highlights

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

The difference between the original and amended general fund budgeted expenditures was an increase of \$445,844 or 3.97%, with estimated revenues increasing by the same amount primarily from additional grant revenue.

Capital Asset and Debt Administration

The County's investment in capital assets for its governmental activities was \$57,252,657 at September 30, 2019 compared to \$58,028,691 for the prior year (net of accumulated depreciation).

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

Capital Assets, Net of Depreciation

| September 30, | 2018 | 2019 |
|--------------------------------|------------------|------------------|
| | | |
| Land | \$ 5,939,431 | \$ 5,939,431 |
| Construction in progress | 1,162,298 | 872,462 |
| Buildings | 10,306,670 | 10,368,232 |
| Infrastructure | 62,519,146 | 63,974,145 |
| Equipment | 10,961,895 | 11,024,474 |
| Less: Accumulated Depreciation | (32,860,749) | (34,926,087) |
| | | |
| Total | \$ 58,028,691 | \$ 57,252,657 |

Additional information on the County's capital assets can be found in Note 7 beginning on page 40.

Long-Term Debt

The County had a total bonded debt of \$2,052,044 at fiscal year end, a reduction of \$164,503 from the prior year. Total outstanding bonded debt is for series 2012 public improvement revenue bonds to finance the cost of the acquisition and construction of improvements to the County Jail and County Library.

Long-Term Debt – Governmental Activities

| September 30, | 2018 | 2019 |
|---|------------------------------|----------------------------|
| Series 2012 Revenue bonds Capital leases | \$ 2,216,547 1,043,800 | \$ 2,052,044 155,180 |
| Total | \$ 3,260,347 | \$ 2,207,224 |

Additional information on the County's debt can be found in Note 9 beginning on page 41.

Economic Factors and Next Year's Budget and Rates

Request For Information

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

^{*} The unemployment rate for the County at fiscal year-end 2019 decreased from 3.4% to 3.3%.

^{*} The ad valorem tax millage rate is 9.4916 mills for the 2019-20 fiscal year.



Holmes County, Florida Statement of Net Position September 30, 2019

| | Primary Government | Component Unit | | |
|---|----------------------------|---------------------------|--|--|
| | Governmental Activities | Development Commission | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 9,997,111 | \$ 209,878 | | |
| Investments | - | 1,547,673 | | |
| Receivables, net | 117,870 | 14,550 | | |
| Due from other governments | 1,247,116 | 50,000 | | |
| Inventories | 76,292 | - | | |
| Restricted assets | -, - | | | |
| Cash and cash equivalents | 78,013 | _ | | |
| Investments | - | 1,140,000 | | |
| Land and other nondepreciable assets | 6,811,893 | 1,381,522 | | |
| Capital assets, net of depreciation | 50,440,764 | 186,138 | | |
| Total assets | 68,769,059 | 4,529,761 | | |
| | 00,, 03,033 | 1,323,701 | | |
| Deferred Outflows of Resources | | | | |
| Deferred outflows related to pension liability | 4,486,249 | - | | |
| Deferred outflows related to post-employment benefits | 2,992 | - | | |
| Total deferred outflows of resources | 4,489,241 | | | |
| Total assets and deferred outflows of resources | 73,258,300 | 4,529,761 | | |
| Liabilities | | | | |
| Accounts payable | 408,716 | 2,616 | | |
| Accrued liabilities | 184,644 | 503 | | |
| Unearned revenue | 1,857,611 | - | | |
| Due to other governments | 56,950 | _ | | |
| Unearned rent | - | 11,314 | | |
| Accrued interest payable | 20,178 | - | | |
| Noncurrent liabilities | -, - | | | |
| Due within one year | 259,603 | - | | |
| Due in more than one year | 2,433,900 | 1,140,000 | | |
| Net pension liability | 12,596,018 | - | | |
| Other post-employment benefit obligation | 558,630 | _ | | |
| Total liabilities | 18,376,250 | 1,154,433 | | |
| | , , | , , | | |
| Deferred Inflows of Resources | | | | |
| Deferred inflows related to pension liability | 1,001,193 | - | | |
| Total liabilities and deferred inflows of resources | 19,377,443 | 1,154,433 | | |

-Continued-

Holmes County, Florida Statement of Net Position (Continued) September 30, 2019

| | Primary Government | (| Component Unit |
|----------------------------------|----------------------------|----|--------------------------|
| | Governmental Activities | | evelopment Commission |
| Net Position | | | |
| Net investment in capital assets | 55,045,433 | | 427,660 |
| Restricted for | | | |
| Debt service | 78,013 | | - |
| Capital projects | 607,621 | | - |
| General government | 1,165,510 | | - |
| Transportation | 5,391,426 | | - |
| Public safety | 176,835 | | - |
| Unrestricted (deficit) | (8,583,981) | | 2,947,668 |
| Total net position | \$ 53,880,857 | \$ | 3,375,328 |

Holmes County, Florida Statement of Activities For the Year Ended September 30, 2019

| | | | | | | Program |
|---|--------|-----------------|----------|------------------------|----|--|
| Functions/Programs | | Expenses | C | harges for Services | G | Operating Grants and ntributions |
| Primary Government | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ | 4,667,541 | \$ | 888,944 | \$ | 157,533 |
| Public safety | · | 8,376,090 | · | 1,428,927 | • | 1,431,294 |
| Physical environment | | 361,891 | | - | | 90,011 |
| Transportation | | 6,007,417 | | - | | 20,679 |
| Economic environment | | 789,746 | | - | | 611,751 |
| Human services | | 560,175 | | 10,032 | | 44,087 |
| Culture and recreation | | 284,462 | | - | | 42,835 |
| Interest | | 84,029 | | - | | |
| Total primary government | \$ | 21,131,351 | \$ | 2,327,903 | \$ | 2,398,190 |
| Common and Huit | | | | | | |
| Component Unit Holmes County Development Commission | \$ | 222,858 | \$ | | \$ | |
| Hollies County Development Commission | , , | 222,030 | <u> </u> | | ٧ | |
| | Ge | neral Revenu | es | | | |
| | Р | roperty taxes | | | | |
| | S | ales taxes | | | | |
| | G | iasoline taxes | | | | |
| | 0 | ther taxes | | | | |
| | S | tate revenue | shai | ing | | |
| | R | ental income | | | | |
| | Ir | nvestment ea | rnin | gs | | |
| | G | iain on sale of | fass | ets | | |
| | | 1iscellaneous | | | | |
| | | Total gener | ral re | evenues | | |
| | С | hange in net | posi | tion | | |
| | Ne | t Position - be | egin | ning | | |
| | Ne | t Position - er | ndin | g | | |

| Net (Expense) | Revenue | and Changes |
|---------------|---------|-------------|
|---------------|---------|-------------|

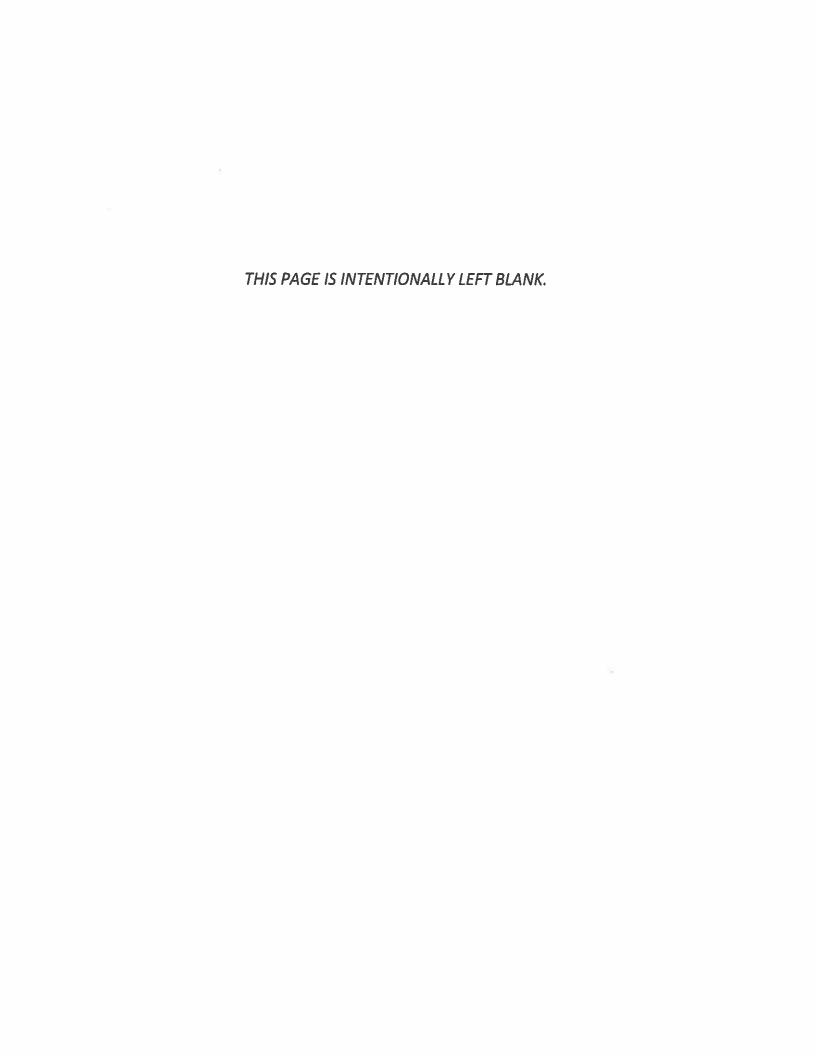
| Reve | enues | in Net Position | | | |
|------|-------------|-----------------|-------------------|----------|----------------|
| | | | Primary | Compone | ent |
| | Capital | | overnment | Unit | |
| | Grants and | G | overnmental | Developm | ent |
| Co | ntributions | | Activities | Commissi | on |
| | | | | | |
| \$ | 21,476 | \$ | (3,599,588) | \$ | - |
| | 60,375 | | (5,455,494) | | - |
| | - | (271,880) | | | - |
| | 2,953,476 | | (3,033,262) | | - |
| | - | | (177,995) | | - |
| | - | | (506,056) | | - |
| | 260,379 | | 18,752 | | - |
| | - | | (84,029) | | |
| \$ | 3,295,706 | = | (13,109,552) | | - |
| | | | | | |
| \$ | 131,424 | = | - | (91 | ,434) |
| | | | | | |
| | | | 4,171,018 | | - |
| | | | 2,607,689 | | - |
| | | | 1,630,695 | | - |
| | | | 1,870,540 | | - |
| | | | 436,251 22,059 | 20 | 152 |
| | | | 27,123 | |),152),942 |
| | | | 74,171 | 299 | - |
| | | | 397,007 | 12 | 2,231 |
| | | | 337,007 | 12 | .,231 |
| | | | 11,236,553 | 342 | ,325 |
| | | | (1,872,999) | 250 | ,891 |
| | | | 55,753,856 | 3,124 | ,437 |
| | | \$ | 53,880,857 | \$ 3,375 | ,328 |

Holmes County, Florida Balance Sheet Governmental Funds September 30, 2019

| County | |
|----------------|--|
| Transportation | |

| | Transportation | | | | | |
|--|----------------|------------------|----|-----------|----|--------------|
| | Ge | eneral Fund | | Trust | | SHIP |
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 1,493,127 | \$ | 6,434,123 | \$ | 613,074 |
| Receivables, net | | 95,498 | | 7,081 | | - |
| Due from other governments | | 623,548 | | 230,010 | | - |
| Due from other funds | | 213,725 | | 1,817 | | - |
| Inventory | | - | | 76,292 | | - |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | | - | | - | | - |
| Total assets | \$ | 2,425,898 | \$ | 6,749,323 | \$ | 613,074 |
| | | | | | | |
| Liabilities | | 244.076 | | 40.000 | | |
| Accounts payable | \$ | 241,076 | \$ | 43,296 | \$ | - |
| Accrued liabilities Unearned revenue | | 148,065 | | 35,228 | | - C12.074 |
| Due to other governments | | 10,937 56,950 | | 1,200,249 | | 613,074 |
| Due to other governments Due to other funds | | 1,703 | | 2,832 | | _ |
| Due to other fullus | | 1,703 | | 2,632 | | |
| Total liabilities | | 458,731 | | 1,281,605 | | 613,074 |
| Fund Balance | | | | | | |
| Nonspendable | | _ | | 76,292 | | _ |
| Restricted | | 496,117 | | 5,391,426 | | _ |
| Assigned | | 1,471,050 | | - | | - |
| Total fund balance | | 1,967,167 | | 5,467,718 | | - |
| Total liabilities and fund balance | \$ | 2,425,898 | \$ | 6,749,323 | \$ | 613,074 |

| | Other | Total | | | | | |
|----|------------|--------------|------------|--|--|--|--|
| Go | vernmental | Governmental | | | | | |
| | Funds | Funds | | | | | |
| | | | | | | | |
| \$ | 1,456,787 | \$ | 9,997,111 | | | | |
| | 15,291 | | 117,870 | | | | |
| | 393,558 | | 1,247,116 | | | | |
| | - | | 215,542 | | | | |
| | - | | 76,292 | | | | |
| | 78,013 | | 78,013 | | | | |
| \$ | 1,943,649 | \$ | 11,731,944 | | | | |
| | | | | | | | |
| \$ | 124,344 | \$ | 408,716 | | | | |
| | 1,351 | | 184,644 | | | | |
| | 33,351 | | 1,857,611 | | | | |
| | - | | 56,950 | | | | |
| | 211,007 | | 215,542 | | | | |
| | 370,053 | | 2,723,463 | | | | |
| | | | | | | | |
| | - | | 76,292 | | | | |
| | 1,531,862 | | 7,419,405 | | | | |
| | 41,734 | | 1,512,784 | | | | |
| | 1,573,596 | | 9,008,481 | | | | |
| \$ | 1,943,649 | \$ | 11,731,944 | | | | |



Holmes County, Florida Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2019

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

| Fund balance - total governmental funds | \$ 9,008,481 |
|--|--|
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. | 57,252,657 |
| Net pension liabilities and other post-employment benefit (OPEB) obligations and deferred outflows and inflows related to pension and OPEB, represent an acquisition or consumption of net position that applies to a future period and therefore are not reported in the fund financial statements but are reported in the Statement of Net Position. | |
| Deferred outflows related to post-employment benefits Deferred outflows related to pension liabilities Deferred inflows related to pension liabilities Net pension liabilities Other post-employment benefit obligation | 2,992 4,486,249 (1,001,193) (12,596,018) (558,630) |
| Long-term liabilities are not due and payable with current financial resources and therefore are not reported in the fund financial statements: | |
| Accrued interest | (20,178) |
| Long-term liabilities | (2,693,503) |
| Net position of governmental activities | \$ 53,880,857 |

Holmes County, Florida Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2019

| | | | | County | |
|--|----|-------------|----|--------------|---------|
| | | | Tr | ansportation | |
| | Ge | eneral Fund | | Trust | SHIP |
| Revenues | | | | | |
| Taxes | \$ | 8,649,247 | \$ | 1,630,695 | \$ - |
| Intergovernmental | | 1,679,370 | | 2,953,476 | 434,335 |
| Fines and forfeitures | | 16,720 | | - | , - |
| Licenses and permits | | 125,389 | | - | - |
| Charges for services | | 1,200,595 | | - | - |
| Investment earnings | | 6,402 | | 19,861 | - |
| Miscellaneous | | 376,132 | | 18,498 | - |
| Total revenues | | 12,053,855 | | 4,622,530 | 434,335 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | | 3,064,594 | | - | - |
| Public safety | | 6,420,205 | | - | - |
| Economic environment | | 212,972 | | - | 434,335 |
| Physical environment | | 321,999 | | - | - |
| Human services | | 469,786 | | - | - |
| Culture and recreation | | 238,414 | | - | - |
| Transportation | | 21,179 | | 3,769,055 | - |
| Debt service | | | | | |
| Principal | | 66,861 | | 906,821 | - |
| Interest | | 4,843 | | 16,620 | - |
| Capital outlay | | 361,113 | | 1,330,469 | - |
| Total expenditures | | 11,181,966 | | 6,022,965 | 434,335 |
| Excess of revenues over (under) | | | | | |
| expenditures | | 871,889 | | (1,400,435) | - |
| Other Financing Sources (Uses) | | · | | | |
| Proceeds from issuance of capital leases | | _ | | 85,063 | _ |
| Proceeds from sale of capital assets | | 2,700 | | 258,640 | _ |
| Transfers in | | 231,884 | | 764,039 | _ |
| Transfers out | | (989,503) | | (131,437) | _ |
| Reversion to State of Florida | | (303,303) | | (131,437) | _ |
| Neversion to state of Florida | | | | | |
| Total other financing sources (uses) | | (754,919) | | 976,305 | - |
| Net change in fund balance | | 116,970 | | (424,130) | - |
| Fund Balance - beginning | | 1,850,197 | | 5,891,848 | _ |
| Fund Balance - ending | \$ | 1,967,167 | \$ | 5,467,718 | \$ - |

| | Other | Total | | | | | |
|-----|-----------|--------------|-------------|--|--|--|--|
| Gov | ernmental | Governmental | | | | | |
| | Funds | Funds | | | | | |
| | | | | | | | |
| \$ | - | \$ | 10,279,942 | | | | |
| | 1,062,966 | | 6,130,147 | | | | |
| | 373,278 | | 389,998 | | | | |
| | - | | 125,389 | | | | |
| | 611,821 | | 1,812,416 | | | | |
| | 859 | | 27,122 | | | | |
| | 24,435 | | 419,065 | | | | |
| | 2,073,359 | | 19,184,079 | | | | |
| | | | | | | | |
| | 648,977 | | 3,713,571 | | | | |
| | 556,762 | | 6,976,967 | | | | |
| | - | | 647,307 | | | | |
| | - | | 321,999 | | | | |
| | 52,428 | | 522,214 | | | | |
| | 178,913 | | 417,327 | | | | |
| | - | | 3,790,234 | | | | |
| | 164,503 | | 1,138,185 | | | | |
| | 64,184 | | 85,647 | | | | |
| | 510,438 | | 2,202,020 | | | | |
| | 2,176,205 | | 19,815,471 | | | | |
| | | | | | | | |
| | (102,846) | | (631,392) | | | | |
| | | | 05.060 | | | | |
| | - | | 85,063 | | | | |
| | - | | 261,340 | | | | |
| | 228,696 | | 1,224,619 | | | | |
| | (103,679) | | (1,224,619) | | | | |
| | (57,909) | | (57,909) | | | | |
| | 67,108 | | 288,494 | | | | |
| | (35,738) | | (342,898) | | | | |
| | 1,609,334 | | 9,351,379 | | | | |
| \$ | 1,573,596 | \$ | 9,008,481 | | | | |

Holmes County, Florida Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2019

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

| Change in net position of governmental activities | \$ | (1,872,999) |
|---|------------|---------------------------------|
| Compensated absences, accrued interest and prepaid items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | 41,369 |
| Accrued other post-employment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | (44,936) |
| Changes in deferred outflows related to pension liability, deferred inflows related to pension liability and net pension liability do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | (1,846,599) |
| Repayment of debt Landfill closure and post-closure costs Debt proceeds | | 1,138,185 42,977 (85,063) |
| Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. Accrued landfill closure/post-closure costs do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold. | | (187,170) |
| Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities. | | (2,779,042) |
| Governmental funds report outlays for capital assets as expenditures in the year of purchase. In contrast, the Statement of Activities allocates the outlay over the assets' estimated useful lives as depreciation expense. | | 2,190,178 |
| Net change in fund balances - total governmental funds | ¢tiv \$ | (342,898) |

Holmes County, Florida General Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended September 30, 2019

| | Budgeted | Amounts | | Variance |
|--------------------------------------|--------------|--------------|---------------------|--------------|
| | Original | | Budgetary | with Final |
| | Budget | Final Budget | Basis Actual | Budget |
| Revenues | | | | |
| Taxes | \$ 8,221,181 | \$ 8,221,181 | \$ 8,649,247 | \$ 428,066 |
| Intergovernmental | 676,515 | 990,922 | 1,037,680 | 46,758 |
| Fines and forfeitures | 37,869 | 37,869 | 16,720 | (21,149) |
| Licenses and permits | 111,836 | 111,836 | 125,389 | 13,553 |
| Charges for services | 1,081,972 | 1,081,972 | 1,200,595 | 118,623 |
| Investment earnings | 20 | 20 | 6,402 | 6,382 |
| Miscellaneous | 205,607 | 205,607 | 241,510 | 35,903 |
| Total revenues | 10,335,000 | 10,649,407 | 11,277,543 | 628,136 |
| Expenditures | | | | |
| Current | | | | |
| General government | 3,179,521 | 3,244,917 | 3,064,594 | 180,323 |
| Public safety | 5,671,349 | 5,844,681 | 5,643,893 | 200,788 |
| Economic environment | 338,460 | 393,460 | 212,972 | 180,488 |
| Physical environment | 481,233 | 481,233 | 321,999 | 159,234 |
| Human services | 573,690 | 573,690 | 469,786 | 103,904 |
| Culture and recreation | 284,247 | 284,247 | 238,414 | 45,833 |
| Transportation | 500 | 21,179 | 21,179 | - |
| Debt service | | - | | |
| Principal | | - | 66,861 | (66,861) |
| Interest | | - | 4,843 | (4,843) |
| Capital outlay | 691,655 | 823,092 | 361,113 | 461,979 |
| Total expenditures | 11,220,655 | 11,666,499 | 10,405,654 | 1,260,845 |
| Excess Revenues Over | | | | |
| (Under) Expenditures | (885,655) | (1,017,092) | 871,889 | 1,888,981 |
| • | (003,033) | (1,017,032) | 071,003 | 1,000,501 |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital assets | - | - | 2,700 | 2,700 |
| Transfers in | - | 131,437 | 231,884 | 100,447 |
| Transfers out | (760,807) | (760,807) | (989,503) | (228,696) |
| Total other financing sources | (= 60, 00=) | (500.070) | (== 4.040) | (105 5 10) |
| (uses) | (760,807) | (629,370) | (754,919) | (125,549) |
| Net change in fund balance | (1,646,462) | (1,646,462) | 116,970 | 1,763,432 |
| Fund Balance - beginning | 1,731,990 | 1,731,990 | 1,850,197 | 118,207 |
| Fund Balance - ending | \$ 85,528 | \$ 85,528 | \$ 1,967,167 | \$ 1,881,639 |

Holmes County, Florida County Transportation Trust Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended September 30, 2019

| | Budgeted Amounts | | | | | Budgetary Basis | Variance with Final | | |
|--|------------------|--------------|----|-------------|----|--------------------|------------------------|-------------|--|
| | Ori | ginal Budget | F | inal Budget | | Actual | Budget | | |
| Revenues | | | | | | | | | |
| Taxes | \$ | 1,587,679 | \$ | 1,587,679 | \$ | 1,630,695 | \$ | 43,016 | |
| Intergovernmental | · | 3,317,777 | • | 3,317,777 | • | 2,953,476 | • | (364,301) | |
| Investment earnings | | 7,351 | | 7,351 | | 19,861 | | 12,510 | |
| Miscellaneous | | 5,700 | | 5,700 | | 18,498 | | 12,798 | |
| Total revenues | | 4,918,507 | | 4,918,507 | | 4,622,530 | | (295,977) | |
| Expenditures | | | | | | | | | |
| Transportation | | 9,423,844 | | 9,338,781 | | 3,769,055 | | 5,569,726 | |
| Debt service | | | | | | | | | |
| Principal | | - | | - | | 906,821 | | (906,821) | |
| Interest | | - | | - | | 16,620 | | (16,620) | |
| Capital outlay | | 4,432,912 | | 4,754,286 | | 1,245,406 | | 3,508,880 | |
| Total expenditures | | 13,856,756 | | 14,093,067 | | 5,937,902 | | 8,155,165 | |
| Excess Revenues Over (Under) | | | | | | | | | |
| Expenditures | | (8,938,249) | | (9,174,560) | | (1,315,372) | | 7,859,188 | |
| Other Financing Sources (Uses) Proceeds from sale of | | | | | | | | | |
| capital assets | | - | | 148,815 | | 258,640 | | 109,825 | |
| Transfers in | | 760,807 | | 760,807 | | 764,039 | | 3,232 | |
| Transfers out | | - | | (131,437) | | (131,437) | | _ | |
| Total other financing | | | | | | | | | |
| sources | | 760,807 | | 778,185 | | 891,242 | | 113,057 | |
| Net change in fund balance | | (8,177,442) | | (8,396,375) | | (424,130) | | 7,972,245 | |
| Fund Balance - beginning | | 8,177,442 | | 8,396,375 | | 5,891,848 | | (2,504,527) | |
| Fund Balance - ending | \$ | - | \$ | - | \$ | 5,467,718 | \$ | 5,467,718 | |

Holmes County, Florida SHIP Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended September 30, 2019

| | Budgeted Amounts | | | | | Budgetary | Variance | |
|------------------------------|-------------------------|--------------|--------------|------------|-------|------------|----------|-----------|
| | Original | | | | Basis | with Final | | |
| | | Budget | Final Budget | | | Actual | | Budget |
| Revenues Intergovernmental | \$ | 350,000 | \$ | 350,000 | \$ | 434,335 | \$ | 84,335 |
| Expenditures Current | | | | | | | | |
| Economic environment | | 896,292 | | 896,292 | | 434,335 | | 461,957 |
| Excess Revenues Over (Under) | | /F.4.C. 202\ | | /F.46 202\ | | | | F4C 202 |
| Expenditures | | (546,292) | | (546,292) | | - | | 546,292 |
| Fund Balance - beginning | | 546,292 | | 546,292 | | - | | (546,292) |
| Fund Balance - ending | \$ | - | \$ | - | \$ | - | \$ | |

Holmes County, Florida Statement of Fiduciary Net Position September 30, 2019

| | Age | Agency Funds | |
|---------------------------|-----|--------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ | 369,145 | |
| Receivables | | 52 | |
| Total assets | \$ | 369,197 | |
| Liabilities | | | |
| Due to other governments | \$ | 103,550 | |
| Due to individuals | | 230,338 | |
| Deposits | | 35,309 | |
| Total liabilities | \$ | 369,197 | |

Holmes County, Florida Notes to Financial Statements

NOTE

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

Holmes County, Florida Notes to Financial Statements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Discretely Presented Component Unit

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

Holmes County, Florida Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit

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

Government-Wide and Fund Financial Statements

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

The following are reported as major governmental funds:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

SHIP – To account for state grant to improve housing.

The County also reports the following fiduciary fund type:

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

Budgetary Accounting

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

| General Fund | E | Total xpenditures | Total Revenue | | |
|--|----|----------------------|------------------|--|--|
| Budgetary basis | \$ | 10,405,654 \$ | 11,277,543 | | |
| Non-budgeted revenues and expenditures | | | | | |
| Revenues: | | | | | |
| Intergovernmental | | - | 641,690 | | |
| Miscellaneous | | - | 134,622 | | |
| Expenditures: | | | | | |
| Public Safety | | 776,312 | | | |
| GAAP basis | \$ | 11,181,966 \$ | 12,053,855 | | |

| Transportation Fund | Total nd Expenditu | | | |
|---|-----------------------|-----------|----|---------|
| Budgetary basis | \$ | 5,937,902 | \$ | 891,242 |
| Non-budgeted expenditures and other financing sources | | | | |
| Expenditures: | | | | |
| Capital outlay | | 85,063 | | - |
| Other financing sources: | | | | |
| Proceeds from issuance of capital leases | | - | | 85,063 |
| | · | | | |
| GAAP basis | \$ | 6,022,965 | \$ | 976,305 |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Investments

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Florida PRIME is rated by Standard and Poor's as AAAm. At September 30, 2019, Florida PRIME's investments dollar weighted average days to maturity (WAM) was 37 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 85 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2018 through September 30, 2019. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the County's daily access to 100 percent of their account value.

Receivables

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

Inventories and Prepaid Items

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Loans and Transfers

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

Restricted Assets

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

Capital Assets

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

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

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

Compensated Absences

It is the County's policy to allow employees to accumulate unused paid time off. For the fiscal year ended September 30, 2019 for all governmental fund types, the liability relating to such vested unused paid time off to the extent of certain maximum hours is recorded in the accompanying government-wide financial statements. Expenditures for compensated absences in governmental

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lease Obligations

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

Long-term Liabilities

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

Deferred Outflows/Inflows of Resources

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Equity

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

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

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

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

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

The County classifies fund balances as follows:

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

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

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

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

Unassigned – All accounts not included in other spendable classifications.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

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

2019 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, 2019: 3% discount
Through January 31, 2019: 2% discount
Through February 28, 2019: 1% discount

Delinquent date - April 1, 2019

Tax sale - 2018 delinquent property taxes - on or before June 1, 2019

Pensions

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

Other Post-Employment Benefits ("OPEB")

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

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

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2019, the County adopted two new statements of financial accounting standards issued by the GASB:

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the County's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. See Note 9 for the additional disclosures required by the County as a result of GASB 88.

Pronouncements Issued But Not Yet Effective

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

| GASB | | Effective |
|---------------|--|-------------|
| Statement No. | GASB Accounting Standard | Fiscal Year |
| | | |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest and amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |
| 91 | Conduit Debt Obligations | 2022 |

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

During fiscal year 2019, there were general fund supplemental budget appropriations of \$445,844 or 3.97% of the original budget. The following items represent the major additional appropriations:

General Fund

Various federal and state grants

\$ 445,844

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents represent cash on hand as well as demand deposits and certificates of deposit with original maturities of three months or less. This policy applies to the primary government and its component unit. The County had no investments at September 30, 2019.

Development Commission

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

The Development Commission's investments at September 30, 2019 were comprised of the following, reported at fair value:

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

| | | | Investment Maturity | | | | | | |
|---|----|----------------------|---------------------|----------|----|--------------|----------------------|--------------|--|
| | | Total | | | | | | More Than | |
| Investment Type | F | air Value | 0- | 0-1 Year | | 1-5 Year | 5-10 Years | 10 Years | |
| U.S. Government and agency securities Corporate bonds | \$ | 414,703 1,153,202 | \$ | - | \$ | - 590,527 | \$ 23,656 375,921 | 186,754 | |
| Mortgage-backed securities | | 672,402 | | - | | | 78,738 | 593,664 | |
| Common stock | | 2,240,307 447,366 | \$ | _ | \$ | 590,527 | \$ 478,315 | \$ 1,171,465 | |
| Total investments | \$ | 2,687,673 | - | | | | | | |

Fair Value Measurement

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

- Level 1 Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;
- Level 2 Level 2 inputs are other than quoted prices included within Level 1 that are observable for the financial assets or liability, either directly or indirectly; and
- Level 3 Level 3 inputs are unobservable inputs for the financial asset or liability.

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

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

| | Level 1 | | | Level 2 | Level 3 | Total |
|---------------------------------|---------|---------|----|-----------|---------|-----------------|
| U.S. Government and agency | | | | | | |
| securities | \$ | 414,703 | \$ | - | \$ - | \$ 414,703 |
| Corporate bonds | | - | | 1,153,202 | - | 1,153,202 |
| Mortgage-backed securities | | - | | 672,402 | - | 672,402 |
| Common stock | | 447,366 | | - | - | 447,366 |
| Total investments at fair value | \$ | 862,069 | \$ | 1,825,604 | \$ - | \$ 2,687,673 |

NOTE 4: RECEIVABLES

Accounts Receivable consists primarily of ambulance billings with a balance of \$713,130 and an allowance for uncollectible accounts of \$617,928, net \$95,202. All other receivables totaling \$22,668 are considered collectible and no allowance for uncollectibles on those accounts is deemed necessary.

Due From Other Governments is comprised of various grants reimbursements, revenue sharing and taxes collected by the state for the County of \$1,247,116.

NOTE 5: INTERFUND BALANCES

Due to/from other funds consists of the following:

| Receivable Fund | Payable Fund | Α | mount | |
|---------------------|----------------------------|----|---------|--|
| General fund | Nonmajor governmental fund | \$ | 210,893 | |
| General fund | Transportation fund | | 2,832 | |
| Transportation fund | Nonmajor governmental fund | | 114 | |
| Transportation fund | General fund | | 1,703 | |
| Total | | \$ | 215,542 | |

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

NOTE 6: INTERFUND TRANSFERS

Transfers to/from other funds consist of the following:

| Transfer from | Transfer to | Amount | |
|---------------------------------|-----------------------------|-----------------|--|
| (1) Nonmajor governmental funds | General Fund | \$ 100,447 | |
| (2) General Fund | Nonmajor governmental funds | 228,696 | |
| (3) General Fund | Transportation Trust | 760,807 | |
| (4) Transportation Trust | General Fund | 131,437 | |
| (5) Nonmajor governmental funds | Transportation Trust | 3,232 | |
| | | | |
| Total | | \$ 1,224,619 | |

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

NOTE 7: CAPITAL ASSETS

Capital assets activity for the fiscal year is as follows:

| | | October 1, 2018 | | Additions | Deductions Transfers | | | Se | eptember 30, 2019 |
|--|----|--------------------|----------|-------------|----------------------|---------|----------------|----------|----------------------|
| Capital assets not being depreciat | | F 020 424 | , | | ۸. | | ć | , | F 020 424 |
| Land Construction in progress | \$ | 5,939,431 | \$ | | \$ | - | • | \$ | 5,939,431 |
| Construction in progress | | 1,162,298 | | 1,133,510 | | | (1,423,346) | | 872,462 |
| Total non-depreciable assets | \$ | 7,101,729 | \$ | 1,133,510 | \$ | - | \$ (1,423,346) | \$ | 6,811,893 |
| Capital assets being depreciated | | | | | | | | | |
| Buildings | \$ | 10,306,670 | \$ | 61,562 | \$ | - | \$ - | \$ | 10,368,232 |
| Infrastructure | | 62,519,146 | | 39,653 | | - | 1,415,346 | | 63,974,145 |
| Machinery and equipment | | 10,961,895 | | 955,453 | | 900,874 | 8,000 | | 11,024,474 |
| Total depreciable assets | | 83,787,711 | | 1,056,668 | | 900,874 | 1,423,346 | | 85,366,851 |
| Less accumulated depreciation: | | | | | | | | | |
| Buildings | | 4,808,373 | | 340,784 | | - | - | | 5,149,157 |
| Infrastructure | | 21,828,471 | | 1,531,993 | | - | - | | 23,360,464 |
| Machinery and equipment | | 6,223,905 | | 906,265 | | 713,704 | - | | 6,416,466 |
| Total accumulated | | | | | | | | | |
| depreciation | | 32,860,749 | | 2,779,042 | | 713,704 | - | | 34,926,087 |
| Total depreciable capital | | | | | | | | | |
| assets, net | | 50,926,962 | | (1,722,374) | | 187,170 | 1,423,346 | | 50,440,764 |
| Total governmental activities | | | | | | • | | | · · · |
| capital assets, net | \$ | 58,028,691 | \$ | (588,864) | \$ | 187,170 | \$ - | \$ | 57,252,657 |
| Depreciation expense was charged to the functions of government as follows: Governmental Activities | | | | | | | | | |
| General government | | | | | | | | \$ | 280,610 |
| Public safety | | | | | | | | • | 403,279 |
| Physical environment | | | | | | | | | 4,188 |
| , Transportation | | | | | | | | | 2,041,610 |
| Economic environment | | | | | | | | | 1,185 |
| Human services | | | | | | | | | 24,094 |
| Culture and recreation | | | | | | | | | 24,076 |
| Total | | | | | | | | \$ | 2,779,042 |

NOTE 7: CAPITAL ASSETS (Continued)

The Development Commission's capital assets are as follows:

Capital assets not depreciated:

| Land | \$ 1,381,522 |
|---------------------------------------|-----------------|
| Capital assets depreciated: | |
| Building and improvements | 231,642 |
| Furniture and fixtures | 3,323 |
| | 234,965 |
| Less: accumulated depreciation | (48,827) |
| Total depreciable capital assets, net | 186,138 |
| Total capital assets, net | \$ 1,567,660 |

NOTE 8: UNEARNED REVENUE

Revenue received under contracts with governmental agencies which are unearned until expended are as follows:

| Arthropod grant | \$ 32,860 |
|----------------------------|-----------------|
| Federal Interdiction funds | 491 |
| Federal Election grant | 6,761 |
| SHIP | 613,074 |
| FEMA grant | 1,204,425 |
| Total | \$ 1,857,611 |

NOTE 9: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2019:

| | Balance 10/01/18 | Additions | | R | eductions | Balance 9/30/19 | | Due Within One Year | |
|--|---------------------|-----------|---------|----|-----------|--------------------|-----------|---------------------------|---------|
| Capital leases from direct borrowings | \$ 1,043,800 | \$ | 85,063 | \$ | 973,682 | \$ | 155,180 | \$ | 90,211 |
| Series 2012 revenue bonds | 2,216,547 | | - | | 164,503 | 2 | 2,052,044 | | 169,392 |
| Compensated absences Landfill closure and | 526,928 | | 377,797 | | 418,446 | | 486,279 | | - |
| post-closure costs | 42,977 | | - | | 42,977 | | - | | - |
| Total | \$ 3,830,252 | \$ | 462,860 | \$ | 1,599,608 | \$ 2 | 2,693,503 | \$ | 259,603 |

NOTE 9: LONG-TERM DEBT (Continued)

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

Capital Leases from Direct Borrowings

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

| - | | Capital Assets |
|--|----|-------------------|
| Machinery and equipment | \$ | 407,844 |
| Less: accumulated depreciation | | (180,946) |
| Net leased machinery and equipment | \$ | 226,898 |
| Future lease debt service is as follows: | | |
| Fiscal Year Ending | L | .ong-Term |
| September 30, | | Debt |
| 2020 | \$ | 95,918 |
| 2021 | | 23,318 |
| 2022 | | 23,318 |
| 2023 | | 23,319 |
| Total minimum lease payments | | 165,873 |
| Less: amount representing interest | | (10,693) |
| Present value of future minimum lease payments | \$ | 155,180 |

Revenue Bonds

Public Improvement Refunding Revenue Bonds Series 2012 - The County issued revenue bonds on December 21, 2012, to provide funds to finance the cost of refunding the outstanding Public Improvement Refunding Revenue Bond, Series 2011, to fund the reserve for the bonds and to pay certain expenses related to the issuance and sale of the bonds. The interest rate on the bonds is 2.95%. Interest and principal is payable semiannually on June 1 and December 1. The original issue was for \$3,025,479 with principal payments beginning December 1, 2013 through December 1, 2029. The bonds were secured by a lien and pledge of the County's Guaranteed Entitlement and Half-Cent Sales tax. For the current year, principal and interest and revenue from the pledge sources were \$228,687 and \$857,889, respectively. Annual principal and interest payments on the bond are expected to require an estimated 30% of the pledged revenues. The outstanding principal payment installments of the bonds may be prepaid in whole prior to their respective payment date, at the option of the County, at any time, at the price of par and accrued interest to the prepayment date, plus a premium equal to 1% of the principal payment installments to be prepaid.

NOTE 9: LONG-TERM DEBT (Continued)

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

Year Ending

| September 30, | Principal | Interest | Total |
|---------------|-----------------|------------|--------------|
| 2020 | \$ 169,392 | \$ 57,629 | \$ 227,021 |
| 2021 | 174,426 | 52,546 | 226,972 |
| 2022 | 179,609 | 47,312 | 226,921 |
| 2023 | 185,127 | 41,922 | 227,049 |
| 2024 | 190,442 | 36,371 | 226,813 |
| 2025 - 2029 | 1,040,545 | 92,656 | 1,133,201 |
| 2030 | 112,503 | 554 | 113,057 |
| | \$ 2,052,044 | \$ 328,990 | \$ 2,381,034 |

Closure And Post-Closure Landfill Costs

State and federal laws and regulations require that the County place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for twenty years after closure. The final cover of the County's only landfill was completed in July of 2001. The estimated liability for landfill long-term care costs has a balance of \$0 based on 100% usage (filled capacity) of the landfill. On June 15, 2019, the County completed their 20 years of long-term care for the landfill that was closed on June 15, 1999. On August 22, 2019, the County received notification from the Florida Department of Environmental Protection that they were no longer required to demonstrate financial assurance for long-term care of the landfill.

Development Commission

On August 27, 2014, the Development Commission obtained a line of credit from Regions Bank evidenced by a promissory note in the amount of \$1,250,000 secured by cash and investments in a Regions Trust account. This note was refinanced on August 21, 2015 and is due August 27, 2020 with quarterly interest payments due February 21, May 21, August 21, and November 21. The balance outstanding at September 30, 2019 is \$1,140,000. The current rate of interest is 3.35% and secured by Regions Trust Account #3051000126, which had a balance of \$2,787,799 at September 30, 2019. The line of credit can be withdrawn at the finance institution's option.

NOTE 10: EMPLOYEE RETIREMENT PLAN

Florida Retirement System Pension Plan

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

NOTE 10: EMPLOYEE RETIREMENT PLAN (Continued)

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

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

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-8.47%, DROP Program-14.60%, special risk employees-25.48%, senior management-25.41% and elected officials-48.82%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The County's contributions to the plan for the years ended September 30, 2019, 2018, and 2017 were \$1,119,760, \$1,027,344 and \$924,863 respectively, and equal to the actuarially determined contributions for each year. These contributions were paid by their due date. Total payroll for the County employees covered by the System was \$6,090,888 the year ended September 30, 2019. The County's total payroll was \$6,661,865 for the same period.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2019, the County reported a liability of \$10,542,400 for its proportionate share of the collective net pension liability for the System Pension Plan ("Pension Plan"). The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The County's proportion of the collective net pension liability was based on the employers' shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2019, the System's proportion of the Pension Plan was 0.030612%, which was an increase of 0.000834% from its proportion measured as of June 30, 2018.

NOTE 10: EMPLOYEE RETIREMENT PLAN (Continued)

For the year ended September 30, 2019, the County recognized pension expense of \$1,769,835. At September 30, 2019, the County reported deferred outflows and deferred inflows of resources related to the Pension Plan from the following sources:

| | Deferred Outflows of | | _ | eferred flows of |
|---|-------------------------|-----------|----|---------------------|
| | R | esources | Re | esources |
| Differences between expected and actual experience | \$ | 625,299 | \$ | 6,543 |
| Changes of assumptions | | 2,707,741 | | - |
| Net difference between projected and actual earnings on | | | | |
| pension plan investments | | - | | 583,260 |
| Changes in proportion and differences between employer | | | | |
| contributions and proportionate share of contributions | | 477,721 | | 184,337 |
| Employer contributions subsequent to the measurement date | | 241,764 | | |
| | | | | |
| <u>Total</u> | \$ | 4,052,525 | \$ | 774,140 |

\$241,764 of deferred outflows resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The balance of deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ended September 30, | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense, Net |
|-----------------------------|--------------------------------|-------------------------------------|----------------------------|
| 2020 | \$ 705,697 | \$ 181,163 | \$ 524,534 |
| 2021 | 705,697 | 181,163 | 524,534 |
| 2022 | 705,697 | 181,163 | 524,534 |
| 2023 | 705,697 | 181,163 | 524,534 |
| 2024 | 705,697 | 35,348 | 670,349 |
| 2025 | 282,276 | 14,140 | 268,136 |
| | | | |
| <u>Total</u> | \$ 3,810,761 | \$ 774,140 | \$ 3,036,621 |

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

| Inflation | 2.60% |
|----------------------------|-------|
| Investment rate of return* | 6.90% |
| Projected salary increases | 3.25% |

^{*} Net of pension plan investment expense

NOTE 10: EMPLOYEE RETIREMENT PLAN (Continued)

The actuarial assumptions used in the actuarial valuation as of June 30, 2019 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data as of June 30, 2018.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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

| Asset Class | Target Allocation (1) | Annual Arithmetic Return* | Compound Annual (Geometric) Return | Standard Deviation |
|------------------------|--------------------------|---------------------------------|---|-----------------------|
| Asset Class | Allocation (1) | Return | Retuin | Deviation |
| Cash | 1% | 3.3% | 3.3% | 1.2% |
| Fixed Income | 18% | 4.1% | 4.1% | 3.5% |
| Global equity | 54% | 8.0% | 6.8% | 16.5% |
| Real estate (property) | 10% | 6.7% | 6.1% | 11.7% |
| Private equity | 11% | 11.2% | 8.4% | 25.8% |
| Strategic Investments | 6% | 5.9% | 5.7% | 6.7% |
| Total | 100% | | | |

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

Discount rate. The discount rate used to measure the total pension liability for the Pension Plan was 6.90%. The Plan's fiduciary net position was projected to be available to make all future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.90% for the Pension Plan, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

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

NOTE 10: EMPLOYEE RETIREMENT PLAN (Continued)

| | 1% Current | | 1% |
|--|---------------------|-----------------------|---------------------|
| | Decrease (5.90%) | Discount Rate (6.90%) | Increase (7.90%) |
| County's proportionate share of collective | | | |
| net pension liability | \$ 18,224,299 | \$ 10,542,400 | \$ 4,126,715 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2019. The auditor's report dated January 3, 2020 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2019 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

http://www.dms.myflorida.com/workforce operations/retirement/publications.

Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program ("HIS"), a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS plan are included in contributions to the Pension Plan noted above. The Pension Plan contributes 1.66% of each covered employee's salary to the HIS Plan. The remainder is contributed to the Pension Plan, with the exception for 0.04% that is contributed to administrative expenses.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2019, the County reported a liability of \$2,053,618 for its proportionate share of the collective net pension liability. For the Health Insurance Subsidy program ("HIS Plan"), the net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The County's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS Plan relative to the total employer contributions of all participating employers. At June 30, 2019, the System's proportion of the HIS Plan was 0.018354%, which was an increase of 0.000100% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized HIS Plan pension expense of \$76,764. At September 30, 2019, the County reported deferred outflows and deferred inflows of resources related to the HIS Plan from the following sources:

NOTE 10: EMPLOYEE RETIREMENT PLAN (Continued)

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|--------------------------------------|---------|-------------------------------------|---------|
| | | | | |
| Differences between expected and actual experience | \$ | 24,943 | \$ | 2,515 |
| Changes of assumptions | | 237,790 | | 167,845 |
| Net difference between projected and actual earnings on | | | | |
| pension plan investments | | 1,324 | | - |
| Changes in proportion and differences between employer | | | | |
| contributions and proportionate share of contributions | | 144,608 | | 56,693 |
| Employer contributions subsequent to the measurement date | | 25,059 | | - |
| | | | | |
| Total | \$ | 433,724 | \$ | 227,053 |

\$25,059 of deferred outflows resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Amounts reported as deferred outflows and deferred inflows of resources related to the HIS Plan will be recognized in the pension's expense as follows:

| Year Ended September 30, | | Deferred Outflows of Resources | | Deferred Inflows of Resources | | Pension Expense, Net |
|-----------------------------|----|--------------------------------------|----|-------------------------------------|----|----------------------------|
| 2020 | \$ | 66,031 | ç | 36,622 | ç | 20.400 |
| | Ş | • | Ş | • | Þ | 29,409 |
| 2021 | | 66,031 | | 36,622 | | 29,409 |
| 2022 | | 66,031 | | 36,622 | | 29,409 |
| 2023 | | 66,031 | | 36,622 | | 29,409 |
| 2024 | | 65,700 | | 36,622 | | 29,078 |
| <u>Thereafter</u> | | 78,841 | | 43,943 | | 34,898 |
| | | | | | | |
| Total | \$ | 408,665 | \$ | 227,053 | \$ | 181,612 |

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

| Inflation | 2.60% |
|----------------------------|-------|
| Investment rate of return* | 3.50% |
| Projected salary increases | 3.25% |

^{*} Net of pension plan investment expense

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

NOTE 10: EMPLOYEE RETIREMENT PLAN (Continued)

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

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

Discount rate. The discount rate used to measure the total pension liability for the HIS Plan was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion rate is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.50% for the HIS Plan as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current rate:

| | 1% Current 1% | |
|----------------------------------|---|-----|
| | Decrease Discount Rate Increase (2.50%) (3.50%) (4.50%) | |
| County's proportionate share of | 6 2244240 6 2052640 6 4 044 | FO4 |
| collective net pension liability | \$ 2,344,310 \$ 2,053,618 \$ 1,811, | 504 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2019. The auditor's report dated December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2019 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

http://www.dms.myflorida.com/workforce operations/retirement/publications.

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB")

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

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

Membership - At September 30, 2019, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

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

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

Net OPEB Liability - The County's net OPEB liability is reported herein as of September 30, 2019 for the County's fiscal year and reporting period of October 1, 2018 to September 30, 2019. The values shown for this fiscal year and reporting period are based on a measurement date of September 30, 2019 and the corresponding measurement period of October 1, 2018 to September 30, 2019. The measurement of the total OPEB liability is based on a valuation date of October 1, 2017. The following shows the changes in the County's net OPEB liability:

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (Continued)

| | Increases (Decreases) | | | | | |
|--|-----------------------|-----------------------------|----|-----------------------------|----|----------------------------------|
| | | tal OPEB iability (a) | | Fiduciary Pension (b) | | Net OPEB Liability (a)+(b) |
| Balance at October 1, 2018 | \$ | 510,702 | \$ | - | \$ | 510,702 |
| Service cost | | 33,204 | | - | | 33,204 |
| Interest cost | | 19,331 | | - | | 19,331 |
| Difference between expected and actual | | - | | - | | - |
| Employer contributions | | - | | - | | - |
| Employee contributions | | - | | - | | - |
| Net investment income | | - | | - | | - |
| Changes in assumptions | | 3,314 | | - | | 3,314 |
| Benefit payments | | (7,921) | | - | | (7,921) |
| Administrative expense | | - | | - | | - |
| Other changes | | - | | - | | _ |
| Net changes | | 47,928 | | - | | 47,928 |
| Balance at September 30, 2019 | \$ | 558,630 | \$ | - | \$ | 558,630 |

Sensitivity of the net OPEB liability to changes in the discount rate - The following represents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1- percentage-point higher (4.58%) than the current discount rate:

| | 1% | | Current | | 1% |
|--------------------|----------------|---------------------|---------|----|-------------------|
| | Decrease 2.58% | Discount Rate 3.58% | | | Increase 4.58% |
| Net OPEB liability | \$ 615,633 | \$ | 558,630 | \$ | 508,210 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following represents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current healthcare trend rates:

| | 1% | | Current | | 1% |
|--------------------|----------------|---------------------|---------|----|-------------------|
| | Decrease 7.00% | Discount Rate 8.00% | | | Increase 9.00% |
| Net OPEB liability | \$ 488,514 | \$ | 558,630 | \$ | 642,107 |

For the year ended September 30, 2019, the County recognized OPEB expense of \$44,936. At September 30, 2019, the County reported deferred outflows of resources related to the OPEB Plan from the following sources:

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (Continued)

| Amortization payments | Out | eferred flows of sources |
|------------------------|-----|--------------------------------|
| | \$ | (322) |
| Changes of assumptions | | 3,314 |
| Total | \$ | 2,992 |

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended September 30, | Deferred Outflows of Resources |
|-----------------------------|--------------------------------------|
| September 50, | <u>Resources</u> |
| 2020 | \$ 322 |
| 2021 | 322 |
| 2022 | 322 |
| 2023 | 322 |
| 2024 | 322 |
| Thereafter | 1,382 |
| | |
| Total | \$ 2,992 |

Actuarial Methods and Assumptions - The valuation report dated March 9, 2020 for the fiscal year end date of September 30, 2019 was prepared using GAAP and practices, and relied on unaudited census data and medical claims data reported by the County. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2019 actuarial valuation, the entry age normal actuarial cost method was used to determine the Plan's funding liabilities and assets. The actuarial assumption included a 3.58% discount rate, general wage increases of 3.0% and a medical trend rate for fiscal year 2019 of 8.00%, graded down 0.5% per year to 5.0%. The discount rate represents the S&P Municipal Bond 20-year High Grade yield curve rates as of September 30, 2019. Mortality rates were based on the Generational RP-2000 Combined Mortality Table for general employees and the RP-2000 Blue Collar Mortality Table for law enforcement.

NOTE 12: NET POSITION AND FUND BALANCE

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$7,419,405 of restricted net position, of which \$7,004,009 was restricted by enabling legislation.

Governmental Fund Balances

Fund balance is comprised of the following:

| Nonspendable Fund Balanc |
|--------------------------|
|--------------------------|

| County Transportation Trust | | | |
|-----------------------------------|---------------|------------|-----------|
| Inventory | | \$ | 76,292 |
| Restricted Fund Balances | | | |
| General Fund | | | |
| Debt service | \$ 228,696 | | |
| Grants | 6,761 | | |
| Tourist development | 228,972 | | |
| Code enforcement | 31,688 | _ | |
| Total General Fund | | \$ | 496,117 |
| County Transportation Trust | | | |
| Transportation | | | 5,391,426 |
| Nonmajor governmental funds | | | |
| Child support enforcement | 466,062 | | |
| Law enforcement | 44 | | |
| Public safety | 190,405 | | |
| Court operations | 157,771 | | |
| Judicial facilities | 289,911 | | |
| Court innovations | 193,867 | | |
| Domestic violence | 80,578 | | |
| Florida arts | 1,321 | | |
| Drivers education | 34,267 | | |
| Criminal justice education | 2,542 | | |
| Boater improvement | 6,231 | | |
| Special investigations | 8,088 | | |
| Crime prevention | 19,995 | | |
| Debt service | 78,013 | | |
| Court technology | 2,767 | <u>-</u> - | |
| Total nonmajor governmental funds | | | 1,531,862 |
| | | _ | 7 440 40- |
| Total restricted fund balance | | \$ | 7,419,405 |

NOTE 12: NET POSITION AND FUND BALANCE (Continued)

| Assigned Fund Balance | | |
|----------------------------------|--------------|-----------------|
| General Fund | | |
| EMPG grant match | \$ 10,000 | |
| Capital projects | 607,217 | |
| 2020 budget appropriations | 853,833 | |
| Total general fund | | \$ 1,471,050 |
| Nonmajor governmental funds | | |
| Mosquito control | 35,227 | |
| Culture and recreation – library | 3,534 | |
| Public safety | 2,973 | |
| Total nonmajor government funds | | 41,734 |
| Total assigned fund balance | | \$ 1,512,784 |

NOTE 13: TAX ABATEMENT

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

For the year ended September 30, 2019, the County abated property taxes totaling \$2,577. The County has elected to disclose all tax abatement agreements without consideration of materiality.

NOTE 14: COMMITMENTS AND CONTINGENCIES

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

Construction Commitments - The County had open contract commitments for road construction projects as of September 30, 2019, as follows:

| Contract amounts | \$ 1,333,234 |
|--|-----------------|
| Amount expended through September 30, 2019 | 1,289,553 |
| | |
| Remaining commitment on contract | \$ 43,681 |

NOTE 14: COMMITMENTS AND CONTINGENCIES (Continued)

The Company has operating lease agreements for machinery and equipment that extend through July 2020. The equipment is temporarily leased to meet the demands of the Federal Emergency Management Administration grant received by the County during the year ended September 30, 2018. Rent expense under these leases totaled \$139,351 for the year ended September 30, 2019.

Future minimum lease payments under these agreements are as follows:

| Year Ended | |
|---------------|-----------|
| September 30, | Amount |
| | |
| 2020 | \$ 45,322 |

NOTE 15: RISK MANAGEMENT

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

NOTE 16: LITIGATION

The County is involved in several litigations and claims arising in the ordinary course of operations. In the opinion of management, the range of potential recoveries or liabilities would not materially affect the financial position of the County at September 30, 2019. Accordingly, no accruals for loss contingency have been made in the accompanying financial statements.

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to September 30, 2019 and through March 31, 2020, the date these financial statements were available for issue, and there are none to disclose.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

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

| For the year ended September 30, | | 2019 | 2018 |
|--|----|--------------|--|
| Total ORER Linkility | | | |
| Total OPEB Liability Service cost | \$ | 33,204 \$ | 32,853 |
| Interest | Ş | 19,331 | 18,096 |
| Changes of assumptions | | 3,314 | 18,090 |
| Benefit payments | | (7,921) | (9,018) |
| Benefit payments | | (7,321) | (3,010) |
| Net change in total OPEB liability | | 47,928 | 41,931 |
| Total OPEB liability - beginning | | 510,702 | 468,771 |
| Total OPEB liability - ending (a) | | 558,630 | 510,702 |
| , , | | • | <u>, </u> |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | | 7,921 | 9,018 |
| Benefit payments | | (7,921) | (9,018) |
| Net change in plan fiduciary net position | | - | - |
| Plan fiduciary net position - beginning | | - | |
| Plan fiduciary net position - ending (b) | | - | |
| Net OPEB liability - ending (a) - (b) | \$ | 558,630 \$ | 510,702 |
| | | | |
| Plan fiduciary net position as a percentage of the total OPEB | | | |
| liability | | 0.00% | 0.00% |
| Covered-employee payroll | \$ | 3,964,061 \$ | 3,964,061 |
| Net OPEB liability as a percentage of covered-employee payroll | | 14.09% | 12.88% |
| Contributions as a percentage of covered-employee payroll | | 0.20% | 0.23% |

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

See accompanying notes to required supplementary schedules and accompanying Independent Auditors' Report.

Holmes County, Florida Required Supplementary Information Schedule of the Employer's Proportionate Share of the Net Pension Liability Florida Retirement System Pension Plan September 30, 2019

| As of June 30, | 2019 (1) | 2018 (1) | 2017 (1) | 2016 (1) | 2015 (1) |
|--|------------------|--------------|--------------|--------------|--------------|
| Employer's proportion of the net pension liability | 0.030612% | 0.029778% | 0.029280% | 0.029259% | 0.029483% |
| Employer's proportionate share of the net pension liability | \$ 10,542,400 | \$ 8,969,236 | \$ 8,660,918 | \$ 7,387,877 | \$ 3,808,127 |
| Employer's covered payroll* | \$ 6,035,130 | \$ 6,034,655 | \$ 5,770,369 | \$ 5,412,180 | \$ 5,397,160 |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 174.68% | 148.63% | 150.09% | 136.50% | 70.56% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% |

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

^{*}Employer's covered payroll during the fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The amounts for each fiscal year were determined as of June 30.

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

| For the year ended September 30, | 2019 (1) | 2018 (1) | 2017 (1) | 2016 (1) | 2015 (1) | |
|--|--------------|--------------|--------------|--------------|--------------|--|
| Contractually required contribution** | \$ 1,018,651 | \$ 931,242 | \$ 828,761 | \$ 757,755 | \$ 737,281 | |
| Contributions in relation to the actuarially determined contribution | 1,018,651 | 931,242 | 828,761 | 757,755 | 737,281 | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Employer's covered payroll* | \$ 6,090,888 | \$ 6,059,238 | \$ 5,789,294 | \$ 5,423,471 | \$ 5,408,518 | |
| Contributions as a percentage of covered payroll | 16.72% | 15.37% | 14.32% | 13.97% | 13.63% | |

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

^{*}Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). The amounts for each fiscal year were determined for the year ended September 30.

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

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

| As of June 30, | 2019 (1) | 2018 (1) | 2017 (1) | 2016 (1) | 2015 (1) | |
|--|--------------|--------------|--------------|--------------|--------------|--|
| Employer's proportion of the net pension liability | 0.018354% | 0.018254% | 0.017968% | 0.017436% | 0.017001% | |
| Employer's proportionate share of the net pension liability | \$ 2,053,618 | \$ 1,932,055 | \$ 1,921,232 | \$ 2,032,105 | \$ 1,733,791 | |
| Employer's covered payroll* | \$ 6,035,130 | \$ 6,034,655 | \$ 5,770,369 | \$ 5,412,180 | \$ 5,397,160 | |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 34.03% | 32.02% | 33.29% | 37.55% | 32.12% | |
| Plan fiduciary net position as a percentage of the total pension liability | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | |

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

^{*}Employer's covered payroll during the fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The amounts for each fiscal year were determined as of June 30.

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

| For the year ended September 30, | | 2019 (1) | 2018 (1) | | 2017 (1) | 2016 (1) | 2015 (1) |
|--|------|-----------|-----------------|------|-----------|-----------------|-----------------|
| Contractually required contribution** | \$ | 101,109 | \$ 100,583 | \$ | 96,102 | \$ 90,030 | \$ 89,781 |
| Contributions in relation to the actuarially determined contribution | | 101,109 | 100,583 | | 96,102 | 90,030 | 89,781 |
| Contribution deficiency (excess) | \$ | - | \$ - | \$ | - | \$ - | \$ - |
| Employer's covered payroll* | \$ (| 6,090,888 | \$ 6,059,238 | \$! | 5,789,294 | \$ 5,423,471 | \$ 5,408,518 |
| Contributions as a percentage of covered payroll | | 1.66% | 1.66% | | 1.66% | 1.66% | 1.66% |

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

^{*}Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). The amounts for each fiscal year were determined for the year ended September 30.

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

Holmes County, Florida Notes to Required Supplementary Information September 30, 2019

NOTE 1: POST-EMPLOYMENT BENEFITS PLAN

The following actuarial assumptions changed in 2019:

• The discount rate was decreased from 3.64% to 3.58%

NOTE 2: FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2019:

- The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was updated.
- The economic and demographic experience study as of June 30, 2013 was updated as of June 30, 2018.

NOTE 3: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2019:

 The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

Holmes County, Florida Combining Balance Sheet Nonmajor Governmental Funds September 30, 2019

| | | | Special |
|------------------------------------|---------------------|-------------------------|------------------|
| | rthropod Control | mergency ervices 911 | Child Support |
| Assets | | | |
| Cash and cash equivalents | \$ 69,629 | \$ 5,747 | \$ 456,848 |
| Receivables, net | - | - | 14,916 |
| Due from other governments | - | 187,347 | 263 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | - | _ |
| Total assets | \$ 69,629 | \$ 193,094 | \$ 472,027 |
| Liabilities and Fund Balance | | | |
| Liabilities | | | |
| Accounts payable | \$ 77 | \$ 105,886 | \$ 451 |
| Accrued liabilities | 1,351 | - | - |
| Unearned revenue | 32,860 | - | - |
| Due to other funds | 114 | - | |
| Total liabilities | 34,402 | 105,886 | 451 |
| Fund balance | | | |
| Restricted | - | 85,246 | 471,576 |
| Assigned | 35,227 | 1,962 | , |
| Total fund balance | 35,227 | 87,208 | 471,576 |
| Total liabilities and fund balance | \$ 69,629 | \$ 193,094 | \$ 472,027 |

Revenue Funds

| | iue runus | | | Comm | unity | | | _ |
|-----|-----------------|-----|------------------|--------|-------------|----|---------------|---------------------------|
| | | | | Develo | pment | | Federal | Fine and |
| Tee | en Court | Inn | nate Canteen | Block | Grant | ı | nterdiction | Forfeiture |
| \$ | 3,473 - - | \$ | 62,961 - - | \$ | - - - | \$ | 535 - - | \$ 165,836 375 - |
| | - | | - | | - | | - | |
| \$ | 3,473 | \$ | 62,961 | \$ | - | \$ | 535 | \$ 166,211 |
| | | | | | | | | |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ 11,913 |
| | - | | - | | - | | - 491 | - |
| | - | | - | | - | | 491 | - |
| | - | | - | | - | | 491 | 11,913 |
| | 3,473 - | | 62,961 - | | - - | | 44 | 154,298 - |
| | 3,473 | | 62,961 | | - | | 44 | 154,298 |
| \$ | 3,473 | \$ | 62,961 | \$ | - | \$ | 535 | \$ 166,211 |

-Continued-

Holmes County, Florida Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2019

| pe | |
|----|--|
| | |
| | |

| | Ci | vil Trust | Со | mmissioners Trust | Mo | Record dernization |
|---|---------|-----------|----|----------------------|----|-----------------------|
| Accets | <u></u> | | | | | <u></u> |
| Assets Cosh and each aguivalents | \$ | 4,760 | ۲ | 592,816 | \$ | 44.650 |
| Cash and cash equivalents | Ş | 4,760 | Ş | 592,810 | Ş | 44,650 |
| Receivables, net | | - | | 205.049 | | - |
| Due from other governments Restricted assets: | | - | | 205,948 | | - |
| Cash and cash equivalents | | | | | | |
| Casil and casil equivalents | | - | | | | |
| Total assets | \$ | 4,760 | \$ | 798,764 | \$ | 44,650 |
| Liabilities and Fund Balance | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ | _ | \$ | 1,450 | \$ | _ |
| Accrued liabilities | Y | _ | 7 | -, 130 | 7 | _ |
| Unearned revenue | | _ | | _ | | _ |
| Due to other funds | | 4,760 | | 206,133 | | - |
| Total liabilities | | 4,760 | | 207,583 | | - |
| Fund balance | | | | | | |
| Restricted | | | | E96 626 | | 44.650 |
| Assigned | | - | | 586,636 4 545 | | 44,650 |
| Assigned | | | | 4,545 | | |
| Total fund balance | | - | | 591,181 | | 44,650 |
| Total liabilities and fund balance | \$ | 4,760 | \$ | 798,764 | \$ | 44,650 |

| Re | venue Funds | | | | Debt Ser | vice Fund | |
|----|---------------------|----|------------------|----|-------------|-----------------|--|
| | Court Technology | | Probation | | Workcamp | Landfill Escrow | otal Nonmajor Governmental Funds |
| \$ | 4,132 - - | \$ | 45,400 - - | \$ | - - - | \$ - | \$ 1,456,787 15,291 393,558 |
| | - | | - | | 78,013 | - | 78,013 |
| \$ | 4,132 | \$ | 45,400 | \$ | 78,013 | \$ - | \$ 1,943,649 |
| \$ | 1,365 - | \$ | 3,202 | \$ | - - | \$ - | \$ 124,344 1,351 |
| | - | | - | | - | - | 33,351 211,007 |
| | 1,365 | | 3,202 | | - | - | 370,053 |
| | 2,767 - | | 42,198 - | | 78,013 - | - | 1,531,862 41,734 |
| | 2,767 | | 42,198 | | 78,013 | | 1,573,596 |
| \$ | 4,132 | \$ | 45,400 | \$ | 78,013 | \$ - | \$ 1,943,649 |

Holmes County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended September 30, 2019

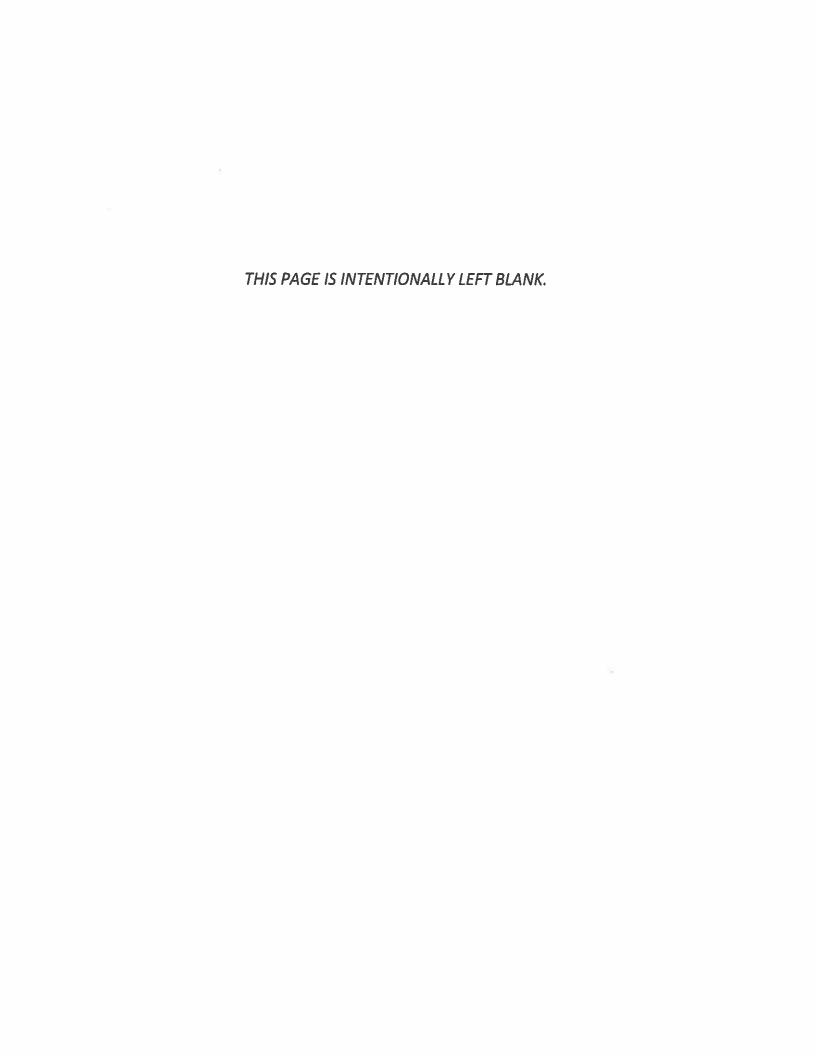
| | | Special Rev | enu | ie Funds |
|--------------------------------------|--------------------|---------------------------|-----|------------------|
| | thropod Control | Emergency Services 911 | | Child Support |
| Revenues | | | | |
| Intergovernmental | \$ 43,057 | \$ 485,608 | \$ | 75,293 |
| Fines and forfeitures | - | - | | - |
| Charges for services | 10,032 | - | | 2,138 |
| Investment earnings | 2 | - | | - |
| Miscellaneous | - | 64 | | - |
| Total revenues | 53,091 | 485,672 | | 77,431 |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | | 23,523 |
| Public safety | - | 294,976 | | - |
| Human services | 52,428 | - | | - |
| Economic environment | - | - | | - |
| Debt service | | | | |
| Principal | - | - | | - |
| Interest | - | - | | - |
| Capital outlay | - | 180,675 | | - |
| Total expenditures | 52,428 | 475,651 | | 23,523 |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | 663 | 10,021 | | 53,908 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | | - |
| Transfers out | - | - | | - |
| Reversion to State of Florida | - | - | | - |
| Total other financing sources (uses) | - | - | | |
| Net change in fund balance | 663 | 10,021 | | 53,908 |
| Fund Balance - beginning | 34,564 | 77,187 | | 417,668 |
| Fund Balance - ending | \$ 35,227 | \$ 87,208 | \$ | 471,576 |

| Community | | | | | | | | | | | |
|----------------|----------------|----------------------------|-------------------------|------------------------|--|--|--|--|--|--|--|
| Teen Court | Inmate Canteen | Development Block Grant | Federal Interdiction | Fine and Forfeiture | | | | | | | |
| | | | | | | | | | | | |
| \$ - | \$ - | \$ 177,416 | \$ - | \$ 76,212 | | | | | | | |
| - | - | - | - | 228,706 | | | | | | | |
| - | 116,448 | - | - | 276,080 | | | | | | | |
| - 8,389 | - | - | 3,020 | - 3,636 | | | | | | | |
| 8,389 | 116,448 | 177,416 | 3,020 | 584,634 | | | | | | | |
| | | | | | | | | | | | |
| _ | _ | - | - | 528,847 | | | | | | | |
| 8,333 | 90,241 | - | 3,020 | - | | | | | | | |
| - | - | - | - | - | | | | | | | |
| - | - | 177,416 | - | - | | | | | | | |
| - | - | - | - | - | | | | | | | |
| - | - | - | - | - 2.760 | | | | | | | |
| - | 8,008 | - | - | 3,760 | | | | | | | |
| 8,333 | 98,249 | 177,416 | 3,020 | 532,607 | | | | | | | |
| | | | | | | | | | | | |
| 56 | 18,199 | - | - | 52,027 | | | | | | | |
| | | | | | | | | | | | |
| - | - | - | - | - | | | | | | | |
| - | - | - | - | - | | | | | | | |
| - | - | - | - | (57,909) | | | | | | | |
| - | - | - | - | (57,909) | | | | | | | |
| 56 | 18,199 | - | - | (5,882) | | | | | | | |
| 3,417 | 44,762 | - | 44 | 160,180 | | | | | | | |
| \$ 3,473 | \$ 62,961 | \$ - | \$ 44 | \$ 154,298 | | | | | | | |

Holmes County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued) Nonmajor Governmental Funds For the Year Ended September 30, 2019

| | | | Spe | ecial Revenue F | unds | . |
|--------------------------------------|-------|---------|-----|-----------------------|------|--------------------|
| | | | | | | |
| | Civil | Trust | Co | ommissioners Trust | Ma | Record dernization |
| | CIVII | TTUSE | | Trust | 1410 | derinzation |
| Revenues | | | | | | |
| Intergovernmental | \$ | - | \$ | 205,380 | \$ | - |
| Fines and forfeitures | | - | | 144,572 | | - |
| Charges for services | | 36,030 | | - | | 6,257 |
| Investment earnings | | - | | - | | - |
| Miscellaneous | | - | | 8,974 | | - |
| Total revenues | | 36,030 | | 358,926 | | 6,257 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | | _ | | 35,149 | | 40,830 |
| Public safety | | 1,355 | | 28,786 | | 40,630 |
| Human services | | 1,333 | | 20,700 | | _ |
| Culture and recreation | | | | 1,497 | | |
| Debt service | | _ | | 1,497 | | _ |
| Principal | | _ | | _ | | _ |
| Interest | | _ | | _ | | |
| Capital outlay | | - | | 317,995 | | - |
| Total expenditures | | 1,355 | | 383,427 | | 40,830 |
| 5 (5 (0 1) | | | | | | |
| Excess of Revenues Over (Under) | | 24675 | | (24.504) | | (24.572) |
| Expenditures | | 34,675 | | (24,501) | | (34,573) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | | - | | - | | - |
| Transfers out | (| 34,675) | | - | | - |
| Reversion to State of Florida | | - | | - | | - |
| Total other financing sources (uses) | (| 34,675) | | - | | - |
| Net change in fund balance | | - | | (24,501) | | (34,573) |
| Fund Balance - beginning | | - | | 615,682 | | 79,223 |
| Fund Balance - ending | \$ | - | \$ | 591,181 | \$ | 44,650 |

| | _ | | | | | | |
|----|----------|-----------|----|-----------|-----------------|----|--|
| | Court | Probation | | Workcamp | Landfill Escrow | | otal Nonmajor sovernmental Funds |
| | | | | | | | |
| \$ | - \$ | _ | \$ | - | \$ - | \$ | 1,062,966 |
| Ą | - Y | _ | ۲ | _ | - - | ۲ | 373,278 |
| | 18,367 | 146,469 | | _ | - | | 611,821 |
| | , - | - | | 6 | 851 | | , 859 |
| | - | 352 | | - | - | | 24,435 |
| | 18,367 | 146,821 | | 6 | 851 | | 2,073,359 |
| | | | | | | | |
| | 20,628 | - | | - | - | | 648,977 |
| | - | 130,051 | | - | - | | 556,762 |
| | - | - | | - | - | | 52,428 |
| | - | - | | - | - | | 178,913 |
| | - | - | | 164,503 | - | | 164,503 |
| | - | - | | 64,184 | - | | 64,184 |
| | - | - | | - | - | | 510,438 |
| | 20,628 | 130,051 | | 228,687 | - | | 2,176,205 |
| | | | | | | | |
| | (2,261) | 16,770 | | (228,681) | 851 | | (102,846) |
| | | | | | | | |
| | - | - | | 228,696 | - | | 228,696 |
| | - | - | | - | (69,004) | | (103,679) |
| | - | - | | - | - | | (57,909) |
| | - | - | | 228,696 | (69,004) | | 67,108 |
| | (2,261) | 16,770 | | 15 | (68,153) | | (35,738) |
| | 5,028 | 25,428 | | 77,998 | 68,153 | | 1,609,334 |
| \$ | 2,767 \$ | 42,198 | \$ | 78,013 | \$ - | \$ | 1,573,596 |



FIDUCIARY FUNDS

AGENCY FUNDS

Tax Collector

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

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

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

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

Sheriff

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

Clerk of Court

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

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

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

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

Holmes County, Florida Combining Statement of Fiduciary Net Position Agency Funds September 30, 2019

| Tav | $C \cap I$ | lector |
|-----|------------|--------|
| 148 | | IELLUI |

| | Property Tax Tags | | Drivers' License | Concealed Weapons | | |
|---|-------------------|-----------------------|-------------------------|-----------------------|----|--------------|
| Assets Cash and cash equivalents Receivables | \$ | 134,465 - | \$ 13,875 - | \$ 3,945 - | \$ | 97 - |
| Total assets | \$ | 134,465 | \$ 13,875 | \$ 3,945 | \$ | 97 |
| Liabilities Due to other governments Due to individuals Deposits | \$ | 83,665 50,800 - | \$ 13,852 23 - | \$ 3,945 - - | \$ | 97 - - |
| Total liabilities | \$ | 134,465 | \$ 13,875 | \$ 3,945 | \$ | 97 |

| | Sheriff | | | | | | | | | |
|-----|--------------------------------|----|----------------------|----|----------------------|----|------------------|----|-----------------|------------------------------------|
| Inm | General Inmate Trust Agency | | Juror and Witness | | Registry of Court | | Cash Bonds | | Total | |
| \$ | 49,053 - | \$ | 130,425 37 | \$ | 1,976 15 | \$ | 25,841 - | \$ | 9,468 | \$ 369,145 52 |
| \$ | 49,053 | \$ | 130,462 | \$ | 1,991 | \$ | 25,841 | \$ | 9,468 | \$ 369,197 |
| \$ | - 49,053 - | \$ | - 130,462 - | \$ | 1,991 - - | \$ | - - 25,841 | \$ | - - 9,468 | \$ 103,550 230,338 35,309 |
| \$ | 49,053 | \$ | 130,462 | \$ | 1,991 | \$ | - 25,841 | \$ | 9,468 | \$ 369,197 |



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Holmes County, Florida (the "County"), which comprise the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary fund type as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Enterprise, Alabama

March 31, 2020



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

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

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

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

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

We have audited Holmes County, Florida's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2019. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and Major State Project

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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

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

Enterprise, Alabama

March 31, 2020

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance For the Year Ended September 30, 2019

| Federal/State Agency Pass-Through Entity Federal Program/State Project | CFDA CSFA Number | Grant I.D. Number | Passed Through to Subrecipients | Ехр | enditures |
|---|------------------------|-------------------------|---------------------------------------|-----|-----------------|
| Department of the Interior Pass-through Florida Fish & Wildlife Conservation Commission Sport Fish Restoration Program* | 15.605 | 15083 | \$ - | \$ | 205,380 |
| Department of Housing and Urban Development Pass-through Florida Department of Economic Opportunity Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 16DB-OK-02-42-02-H12 | - | | 177,416 |
| U.S. Department of Health and Human Services Pass-through Florida Department of Revenue Child Support Enforcement Child Support Enforcement | 93.563 93.563 | CTS30 COC30 | - | | 1,030 75,293 |
| Department/CFDA #93.563 total | | | - | | 76,323 |
| U.S. Department of Justice Pass-through Florida Office of the Attorney General | | | | | |
| Crime Victims Assistance | 16.575 | V075-00357 | - | | 41,406 |
| Pass-through Florida Department of Law Enforcement | | | | | |
| Edward Byrne Memorial Justice Assistance | 16.738 | 2019-JAGC-HOLM-1-N2-054 | - | | 23,472 |
| Edward Byrne Memorial Justice Assistance | 16.738 | 2019-JAGD-HOLM-1-N3-043 | | | 2,062 |
| Subtotal for 16.738 Direct award | | | - | | 25,534 |
| Bulletproof Vest Partnership Program | 16.607 | 19099172 | - | | 7,709 |
| Department total | | | - | | 74,649 |
| U.S. Election Assistance Commission Pass-through Florida Department of State | | | | | |
| Help America Vote Act | 90.401 | 2015-2016-0003-HOL | - | | 21,476 |
| Help America Vote Act | 90.401 | 2018-2019-003-HOL | - | | 6,028 |
| Department/CFDA #90.401 total | | | - | | 27,504 |

-Continued-

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) For the Year Ended September 30, 2019

| Federal/State Agency Pass-Through Entity Federal Program/State Project | CFDA CSFA Number | Grant I.D. Number | Passed Through to Subrecipients | Expenditures |
|--|---------------------|-----------------------|---------------------------------|--------------|
| U.S. Department of Homeland Security Pass-through Florida Department of Emergency Management | | | | |
| Disaster Grants - Public Assistance | 97.036 | 14-FS-8Q-02-40-02-501 | - | 1,591,061 |
| Disaster Grants - Public Assistance | 97.036 | 65923088 | - | 175,244 |
| Disaster Grants - Public Assistance | 97.036 | Z0862 | - | 101,194 |
| Subtotal for CFDA# 97.036 | | | - | 1,867,499 |
| Direct award | | | | |
| Emergency Management Performance | 97.042 | G0028 | - | 3,485 |
| Emergency Management Performance | 97.042 | 19-FG-7A-02-42-01-171 | - | 29,238 |
| Subtotal for CFDA #97.042 | | | - | 32,723 |
| Department total | | | - | 1,900,222 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 2,461,494 |
| Executive Office of the Governor | | | | |
| Emergency Management Projects | 31.067 | 19-CP-11-02-42-01-247 | \$ - | \$ 1,661 |
| | | | | |
| Emergency Management Programs | 31.063 | 19-BG-W9-02-42-01-174 | - | 71,653 |
| Emergency Management Programs | 31.063 | A0019 | - | 23,165 |
| Subtotal for CSFA #31.063 | | | - | 94,818 |
| Hurriane Shelter Retrofit Project | 31.068 | 18-SR-3C-02-42-01-247 | - | 60,375 |
| Department total | | | - | 156,854 |
| Florida Department of Environmental Protection | | | | |
| Small County Consolidated Grants | 37.012 | SC917 | - | 90,011 |
| Florida Department of Agriculture and Consumer Services | | | | |
| Mosquito Control | 42.003 | 2017 | _ | 8,969 |
| Mosquito Control | 42.003 | 2018 | - | 32,468 |
| Mosquito Control | 42.003 | 2019 | - | 1,620 |
| Department/CSFA #42.003 total | | | - | 43,057 |
| Florida Department of State and Secretary of State | | | | |
| State Aid to Libraries | 45.030 | 19-ST-66 | - | 42,835 |
| Florida Department of Education | | | | / |
| Coach Aaron Feis Guardian Program | 48.140 | 96K-90210-9D001 | - | 139,230 |
| | | | | • |

-Continued-

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

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) For the Year Ended September 30, 2019

| Federal/State Agency Pass-Through Entity | CFDA CSFA | | Passed Through to | |
|--|-----------|-------------------|-------------------|--------------|
| Federal Program/State Project | Number | Grant I.D. Number | Subrecipients | Expenditures |
| | | | · | • |
| Florida Housing Finance Corporation | | | | |
| State Housing Initiatives Partnership | 40.001 | NI/A | | 424 225 |
| Program (SHIP) | 40.901 | N/A | - | 434,335 |
| Florida Housing Finance Corporation | | | | |
| Pass-through Florida Department of | | | | |
| Economic Opportunity | | | | |
| Economic Development Partnerships | 40.040 | 9502 | - | 54,999 |
| Florida Department of Transportation | | | | |
| Small County Outreach Programs (SCOP) | 55.009 | 43518835401 | - | 7,500 |
| Small County Outreach Programs (SCOP) | 55.009 | 43683815401 | - | 14,663 |
| Small County Outreach Programs (SCOP) | 55.009 | 43683915401 | - | 11,250 |
| Subtotal for CSFA #55.009 | | | - | 33,413 |
| Public Transit Service Development Program | 55.012 | G1301 | 20,679 | 20,679 |
| Small County Road Assistance Program (SCRAP) | 55.016 | 43828615401 | - | 798,865 |
| Department total | | | 20,679 | 852,957 |
| Florida Department of Management Services | | | | |
| Wireless 911 Emergency Telephone System | | | | |
| County Grant Program | 72.001 | 18-04-13 | _ | 5,500 |
| Wireless 911 Emergency Telephone System | 72.001 | 10-04-13 | | 3,300 |
| County Grant Program | 72.001 | 18-04-14 | _ | 400 |
| Wireless 911 Emergency Telephone System | 72.001 | 10 04 14 | | 400 |
| County Grant Program | 72.001 | 911 Systems Grant | _ | 28,672 |
| Wireless 911 Emergency Telephone System | 72.001 | JII Jystems Grane | | 20,072 |
| County Grant Program | 72.001 | 19-04-16 | _ | 53,550 |
| Wireless 911 Emergency Telephone System | 72.002 | 25 0 . 20 | | 33,333 |
| County Grant Program | 72.001 | 19-04-15 | - | 5,564 |
| Wireless 911 Emergency Telephone System | | | | 5,55 |
| County Grant Program | 72.001 | 19-04-14 | - | 102,113 |
| Wireless 911 Emergency Telephone System | | | | • |
| County Grant Program | 72.001 | 19-04-12 | - | 17,948 |
| Wireless 911 Emergency Telephone System | | | | • |
| County Grant Program | 72.001 | 19-04-13 | - | 1,500 |
| Wireless 911 Emergency Telephone System | | | | |
| County Grant Program | 72.001 | 19-04-17 | - | 72,918 |
| Subtotal for CSFA #72.001 | | | - | 288,165 |
| E911 State Grant Program | 72.002 | S9-16-12-05 | _ | 58,493 |
| Department total | | | _ | 346,658 |
| | | | ć 20.670 | |
| Total Expenditures of State Financial Assistance | <u>e</u> | | \$ 20,679 | \$ 2,160,936 |

^{*}Fish and Wildlife Cluster

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

Holmes County, Florida
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 2019

NOTE 1: BASIS OF ACCOUNTING

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

NOTE 2: INDIRECT COST

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

NOTE 3: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) summarizes the federal expenditures of the County under programs of the federal government and state project expenditures under the State of Florida for the year ended September 30, 2019. The amounts reported as federal and state grant expenditures were obtained from the County's general ledger. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets and cash flows of the County.

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

NOTE 4: FEDERAL AND STATE PASS-THROUGH FUNDS

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

Holmes County, Florida
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 2019

NOTE 5: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

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

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

NOTE 6: CONTINGENCIES

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowance, if any, would have a material effect on the financial position of the County. As of September 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 7: NONCASH ASSISTANCE

The County did not receive any federal noncash assistance for the fiscal year ended September 30, 2019.

NOTE 8: SUBRECIPIENTS

The County provided \$20,679 of funding from the Public Transit Service Development Program to the Tri-County Community Council, Inc. The County did not provide any other federal or state funds to subrecipients for the fiscal year ended September 30, 2019.

NOTE 9: LOANS AND LOAN GUARANTEES

The County did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended September 30, 2019.

Holmes County, Florida Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

Section I - Summary of Auditors' Results

| | | - | |
|---------|------|-----------|-------|
| Linan | rıal | State | monte |
| riiiuii | uu | JLULE | ments |

| riiiuiic | | | |
|--------------------|--|---|---|
| 1. | Type of auditors' report issued | | Unmodified |
| | Internal control over financial re | | |
| | a. Material weaknesses ident | No | |
| | b. Significant deficiencies ider | | |
| | material weaknesses? | | None noted |
| | c. Noncompliance material to | No | |
| Federa | al Awards | | |
| 1. | Type of auditors' report issued o | n compliance for major programs | Unmodified |
| 2. | | | |
| | a. Material weaknesses ident | | No |
| | b. Significant deficiencies ider | ntified not considered to be | |
| | material weaknesses? | | None noted |
| 3. | Any audit findings disclosed that | are required to be reported in | |
| | accordance with 2CFR section 20 | 00.516(a)? | None noted |
| 4. | Identification of major programs | | |
| | CFDA Number | Federal Program | |
| | | | |
| | 97.036 | Disaster Grants – Public Ass | istance |
| 5. | | | |
| 5. 6. | | ish between type A and type B programs | stance \$750,000 No |
| 6. | Dollar threshold used to distingu | ish between type A and type B programs | \$750,000 |
| 6. State | Dollar threshold used to distingu Auditee qualified as low-risk und Projects | ish between type A and type B programs ler 2CFR 200.520 | \$750,000 |
| 6. State | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs | \$750,000 No |
| 6. State 1. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: | \$750,000 No |
| 6. State 1. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major prog | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? | \$750,000 No Unmodified |
| 6. State 1. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major progra. Material weaknesses ident | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? | \$750,000 No Unmodified |
| 6. State 1 1. 2. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major progra. Material weaknesses ident b. Significant deficiencies iden | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? ntified not considered to be | \$750,000 No Unmodified |
| 6. State 1 1. 2. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major progra. Material weaknesses ident b. Significant deficiencies iden material weaknesses? | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? ntified not considered to be are required to be reported in | \$750,000 No Unmodified |
| 6. State 1 1. 2. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major progra. Material weaknesses ident b. Significant deficiencies ider material weaknesses? Any audit findings disclosed that | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? ntified not considered to be are required to be reported in udit Act? | \$750,000 No Unmodified No None noted |
| 6. State 1 2. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major progra. Material weaknesses ident b. Significant deficiencies ider material weaknesses? Any audit findings disclosed that accordance with Florida Single A | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? ntified not considered to be are required to be reported in udit Act? | \$750,000 No Unmodified No None noted |
| 6. State 1 2. | Dollar threshold used to distingu Auditee qualified as low-risk und Projects Type of auditors' report issued o Internal control over major progra. Material weaknesses ident b. Significant deficiencies iden material weaknesses? Any audit findings disclosed that accordance with Florida Single Alldentification of major programs | ish between type A and type B programs ler 2CFR 200.520 n compliance for major programs rams: ified? ntified not considered to be are required to be reported in udit Act? | \$750,000 No Unmodified No None noted None noted |

\$648,281

5. Dollar threshold used to distinguish between type A and type B programs

Holmes County, Florida Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

Section II - Financial Statements Findings

No such findings noted.

Section III - Federal Award Findings and Questioned Costs

No such findings noted.

Section IV - State Projects Findings and Questioned Costs

No such findings noted.



HOLMES COUNTY BOARD OF COUNTY COMMISSIONERS FINANCE OFFICE

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

BRANDON NEWSOM District 2

PHILLIP MUSIC

EARL STAFFORD District 4

CLINT ERICKSON
District 5

March 25, 2020

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

Dear Sirs or Madams:

In response to follow up of prior year audit findings for the Holmes County Board of Commissioners during the fiscal year ended September 30, 2019, the County responds as follows:

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

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

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

Current Status: The County has continued increasing their financial statement preparation knowledge through regular continuing education.

FINDING 2018-001: Building Department Permits

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

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

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

Current Status: The County implemented internal controls and processes to ensure that building permits are properly assessed and documented.

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

Sincerely,

Clerk of the Courts



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

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

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

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

We have examined Holmes County, Florida's (the "County") compliance with the following Florida Statute sections during the fiscal year ended September 30, 2019.

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

Section 218.415 Investment guidelines

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

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

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

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

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

Enterprise, Alabama

March 31, 2020



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

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

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Holmes County, Florida (the "County"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 31, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

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

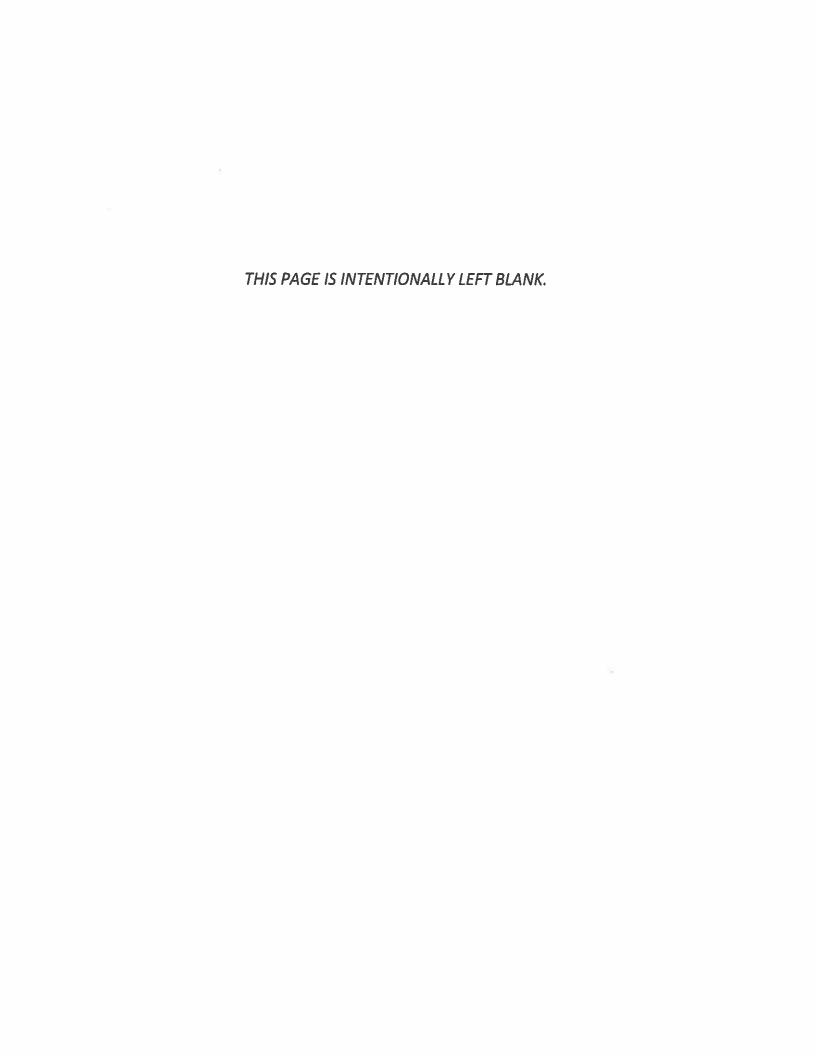
Can, Rigge & Ingram, L.L.C.

Enterprise, Alabama

March 31, 2020

FINANCIAL STATEMENTS AND COMPLIANCE REPORTS FOR CONSTITUTIONAL OFFICERS

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



Clerk of the Circuit Court Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



Holmes County, Florida Clerk of the Circuit Court Table of Contents September 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of each major fund, the fiduciary fund types, and the aggregate remaining nonmajor governmental fund of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, fiduciary fund types, and the aggregate remaining nonmajor governmental fund of the Clerk as of September 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund, Fine and Forfeiture Fund, Record Modernization Fund, Child Support Trust, and Probation Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, fiduciary fund types, and the aggregate remaining nonmajor fund information of Holmes County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Holmes County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

March 30, 2020

Holmes County, Florida Clerk of the Circuit Court Balance Sheet – Governmental Funds September 30, 2019

| | | | | Fine and | | |
|--------------------------------------|--------------|--------|----|------------|--|--|
| | General Fund | | | Forfeiture | | |
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 64,163 | \$ | 165,836 | | |
| Receivables | | 296 | | 375 | | |
| Due from other governments | | - | | - | | |
| Total assets | \$ | 64,459 | \$ | 166,211 | | |
| | | | | | | |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ | 1,507 | \$ | 152 | | |
| Accrued expenses | | 6,973 | | 11,761 | | |
| Due to other funds | | - | | - | | |
| Due to individuals | | - | | - | | |
| Due to Board of County Commissioners | | 52,553 | | - | | |
| Unearned revenue | | 3,426 | | - | | |
| Total liabilities | | 64,459 | | 11,913 | | |
| Fund balances | | | | | | |
| Restricted | | - | | 154,298 | | |
| Total liabilities and fund balances | \$ | 64,459 | \$ | 166,211 | | |

| | Record | Ch | ild Support | | | | Court chnology | Go | Total vernmental |
|-----|-------------|----|-------------------|----------------|--------|-------|-------------------|----|---------------------|
| Mod | lernization | | Trust | Probation Fund | | Funds | | | |
| ¢ | 44.050 | \$ | 456.040 | ć | 45.400 | ć | 4 122 | ¢ | 784 020 |
| \$ | 44,650 | Ş | 456,848 14,916 | \$ | 45,400 | \$ | 4,132 | \$ | 781,029 15,587 |
| | - | | 263 | | - | | - | | 263 |
| | | | 203 | | | | - | | 203 |
| \$ | 44,650 | \$ | 472,027 | \$ | 45,400 | \$ | 4,132 | \$ | 796,879 |
| | | | | | | | | | |
| \$ | - | \$ | 66 | \$ | 998 | \$ | 1,126 | \$ | 3,849 |
| | | | 385 | | 2,124 | | 239 | | 21,482 |
| | - | | - | | - | | - | | - |
| | - | | - | | 80 | | - | | 80 |
| | - | | - | | - | | - | | 52,553 |
| | - | | - | | - | | - | | 3,426 |
| | - | | 451 | | 3,202 | | 1,365 | | 81,390 |
| | 44,650 | | 471,576 | | 42,198 | | 2,767 | | 715,489 |
| \$ | 44,650 | \$ | 472,027 | \$ | 45,400 | \$ | 4,132 | \$ | 796,879 |

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended September 30, 2019

| | General Fund | | | Fine and Forfeiture |
|---|--------------|-----------|----|------------------------|
| Revenues | | | | |
| Intergovernmental | \$ | - | \$ | 76,212 |
| Charges for services | - | 65,950 | • | 276,080 |
| Fines and forfeitures | | · - | | 228,706 |
| Miscellaneous | | 37,551 | | 3,636 |
| Total revenues | | 103,501 | | 584,634 |
| Expenditures | | | | |
| General government | | | | |
| Personnel services | | 359,794 | | 473,292 |
| Operating | | 44,018 | | 55,555 |
| Capital outlay | | 1,759 | | 3,760 |
| Total expenditures | | 405,571 | | 532,607 |
| Excess Revenues Over (Under) Expenditures | | (302,070) | | 52,027 |
| Other Financing Sources (Uses) | | | | |
| Appropriations from Board of County Commissioners | | 354,623 | | - |
| Reversions: | | | | |
| Board of County Commissioners | | (52,553) | | - |
| Justice Administrative Commission | | - | | (57,909) |
| Total other financing sources (uses) | | 302,070 | | (57,909) |
| Net change in fund balance | | - | | (5,882) |
| Fund Balance - beginning | | - | | 160,180 |
| Fund Balance - ending | \$ | - | \$ | 154,298 |

| | Record Modernization | | Child Support Trust | | Probation | Non-Major Fun Court ation Technology | | Go | Total overnmental Funds |
|----|-------------------------|----|------------------------|----|-----------|--|----------|----|-------------------------------|
| | | | | | | | <u> </u> | | |
| \$ | _ | \$ | 75,293 | \$ | _ | \$ | _ | \$ | 151,505 |
| Y | 6,257 | Y | 2,138 | Y | 146,469 | Y | 18,367 | Y | 515,261 |
| | - | | -,255 | | - | | - | | 228,706 |
| | - | | - | | 352 | | - | | 41,539 |
| | 6,257 | | 77,431 | | 146,821 | | 18,367 | | 937,011 |
| | 5,251 | | , | | | | | | |
| | | | | | | | | | |
| | _ | | 16,238 | | 110,460 | | 12,436 | | 972,220 |
| | 40,830 | | 7,285 | | 19,591 | | 8,192 | | 175,471 |
| | - | | - | | - | | - | | 5,519 |
| | 40,830 | | 23,523 | | 130,051 | | 20,628 | | 1,153,210 |
| | (34,573) | | 53,908 | | 16,770 | | (2,261) | | (216,199) |
| | | | | | | | | | |
| | - | | - | | - | | - | | 354,623 |
| | | | | | | | | | |
| | - | | - | | - | | - | | (52 <i>,</i> 553) |
| | - | | - | | - | | - | | (57,909) |
| | - | | | | - | | - | | 244,161 |
| | (34,573) | | 53,908 | | 16,770 | | (2,261) | | 27,962 |
| | 79,223 | | 417,668 | | 25,428 | | 5,028 | | 687,527 |
| \$ | 44,650 | \$ | 471,576 | \$ | 42,198 | \$ | 2,767 | \$ | 715,489 |

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended September 30, 2019

| | Budgeted Amounts | | | | | | | /ariance |
|--|------------------|-----------|-----|------------|----|-----------|----|-----------|
| | | Original | | | | | | ith Final |
| | | Budget | Fir | nal Budget | | Actual | | Budget |
| | | | | | | | | |
| Revenues | | | _ | | _ | | _ | |
| Charges for services | \$ | 57,800 | \$ | 57,800 | \$ | • | \$ | 8,150 |
| Miscellaneous | | 28,000 | | 28,000 | | 37,551 | | 9,551 |
| Total revenues | | 85,800 | | 85,800 | | 103,501 | | 17,701 |
| Expenditures | | | | | | | | |
| General government | | | | | | | | |
| Personnel services | | 369,775 | | 369,775 | | 359,794 | | 9,981 |
| Operating | | 69,148 | | 69,148 | | 44,018 | | 25,130 |
| Capital outlay | | 1,500 | | 1,500 | | 1,759 | | (259) |
| Total expenditures | | 440,423 | | 440,423 | | 405,571 | | 34,852 |
| Excess Revenues Over (Under) | | | | | | | | |
| Expenditures | | (354,623) | | (354,623) | | (302,070) | | 52,553 |
| Other Financing Sources (Uses) Appropriations from Board of County Commissioners Reversions: | | 354,623 | | 354,623 | | 354,623 | | - |
| Board of County Commissioners | | - | | - | | (52,553) | | (52,553) |
| Total other financing sources (uses) | | 354,623 | | 354,623 | | 302,070 | | (52,553) |
| Net change in fund balance | | - | | - | | - | | - |
| Fund Balance - beginning | | | | | | | | |
| Fund Balance - ending | \$ | - | \$ | - | \$ | - | \$ | |

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Fine and Forfeitures Fund For the Year Ended September 30, 2019

| | | Budgeted | Am | ounts | | | |
|-----------------------------------|----------------------------|----------|------------|---------|----------------------------------|----|----------|
| | Original Budget Final B | | nal Budget | Actual | Variance with Final Budget | | |
| Revenues | | | | | | | |
| Intergovernmental | \$ | 70,950 | \$ | 70,950 | \$ 76,212 | \$ | 5,262 |
| Charges for services | | 371,489 | | 371,489 | 276,080 | | (95,409) |
| Fines and forfeitures | | 137,500 | | 137,500 | 228,706 | | 91,206 |
| Miscellaneous | | 320 | | 320 | 3,636 | | 3,316 |
| Total revenues | | 580,259 | | 580,259 | 584,634 | | 4,375 |
| Expenditures | | | | | | | |
| General government | | | | | | | |
| Personnel services | | 519,533 | | 519,533 | 473,292 | | 46,241 |
| Operating | | 60,726 | | 60,726 | 55,555 | | 5,171 |
| Capital outlay | | - | | - | 3,760 | | (3,760) |
| Total expenditures | | 580,259 | | 580,259 | 532,607 | | 47,652 |
| Excess Revenues Over Expenditures | | - | | - | 52,027 | | 52,027 |
| Other Financing Sources (Uses) | | | | | | | |
| Reversions: | | | | | | | |
| Justice Administrative Commission | | - | | - | (57,909) | | (57,909) |
| Net change in fund balance | | - | | - | (5,882) | | (5,882) |
| Fund Balance - beginning | | 160,180 | | 160,180 | 160,180 | | |
| Fund Balance - ending | \$ | 160,180 | \$ | 160,180 | \$ 154,298 | \$ | (5,882) |

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Record Modernization Fund For the Year Ended September 30, 2019

| | | Budgeted | Amo | ounts | | | | |
|----------------------------------|--------------------|----------|--------------|----------|----|----------|----------------------------|--------|
| | Original Budget | | Final Budget | | | Actual | Variance With Final Budget | |
| Revenues | | | | | | | | |
| Charges for services | \$ | 5,100 | \$ | 5,100 | \$ | 6,257 | \$ | 1,157 |
| Expenditures Congrel government | | | | | | | | |
| General government Operating | | 84,323 | | 84,323 | | 40,830 | | 43,493 |
| Excess Revenues Over (Under) | | | | | | | | |
| Expenditures | | (79,223) | | (79,223) | | (34,573) | | 44,650 |
| Fund Balance - beginning | | 79,223 | | 79,223 | | 79,223 | | |
| Fund Balance - ending | \$ | - | \$ | - | \$ | 44,650 | \$ | 44,650 |

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Child Support Trust For the Year Ended September 30, 2019

| | Budgeted Amounts | | | | | | | |
|---|------------------|-----------|-----|------------|----|---------|--------------|------------|
| | | Original | | | | | Var | iance with |
| | | Budget | Fir | nal Budget | | Actual | Final Budget | |
| Revenues | | | | | | | | |
| Intergovernmental | \$ | 24,960 | \$ | 24,960 | \$ | 75,293 | \$ | 50,333 |
| Charges for services | | 1,200 | | 1,200 | | 2,138 | | 938 |
| Total revenues | | 26,160 | | 26,160 | | 77,431 | | 51,271 |
| Expenditures General government | | | | | | | | |
| Personnel services | | 21,186.00 | | 21,186 | | 16,238 | | 4,948 |
| Operating | | 420,216 | | 420,216 | | 7,285 | | 412,931 |
| Tatal averagelitumas | | 444 402 | | 444 402 | | 22.522 | | 447.070 |
| Total expenditures | | 441,402 | | 441,402 | | 23,523 | | 417,879 |
| Excess Revenues Over (Under) Expenditures | | (415,242) | | (415,242) | | 53,908 | | 469,150 |
| Fund Balance - beginning | | 417,668 | | 417,668 | | 417,668 | | |
| Fund Balance - ending | \$ | 2,426 | \$ | 2,426 | \$ | 471,576 | \$ | 469,150 |

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Probation Fund For the Year Ended September 30, 2019

| | Budgeted Amounts | | | | | | | |
|-----------------------------------|------------------|---------|----|------------|--------|---------|-----|-------------|
| | Original | | | | | | Var | riance with |
| | Budget | | Fi | nal Budget | Actual | | Fin | nal Budget |
| Revenues | | | | | | | | |
| Charges for services | \$ | 121,100 | \$ | 121,100 | \$ | 146,469 | \$ | 25,369 |
| Miscellaneous | | 60 | | 60 | | 352 | | 292 |
| Total revenues | | 121,160 | | 121,160 | | 146,821 | | 25,661 |
| Expenditures | | | | | | | | |
| General government | | | | | | | | |
| Personnel services | | 110,010 | | 110,010 | | 110,460 | | (450) |
| Operating | | 10,150 | | 10,150 | | 19,591 | | (9,441) |
| Capital outlay | | 1,000 | | 1,000 | | - | | 1,000 |
| Total expenditures | | 121,160 | | 121,160 | | 130,051 | | (8,891) |
| Excess Revenues Over Expenditures | | - | | - | | 16,770 | | 16,770 |
| Fund Balance - beginning | | 25,428 | | 25,428 | | 25,428 | | - |
| Fund Balance - ending | \$ | 25,428 | \$ | 25,428 | \$ | 42,198 | \$ | 16,770 |

Holmes County, Florida Clerk of the Circuit Court Statement of Fiduciary Net Position For the Year Ended September 30, 2019

| | Age | Agency Funds | | | | |
|---------------------------|-----|--------------|--|--|--|--|
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 167,710 | | | | |
| Receivables | | 53 | | | | |
| Total assets | \$ | 167,763 | | | | |
| Liabilities | | | | | | |
| Deposits | \$ | 35,309 | | | | |
| Due to individuals | | 130,463 | | | | |
| Due to other governments | | 1,991 | | | | |
| Total liabilities | \$ | 167,763 | | | | |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

General Fund — To account for all revenue and expenditures applicable to the general operations of the Clerk that are not required either legally or by GAAP to be accounted for in another fund.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Probation – Special revenue fund to account for probation activities within the court system.

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

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

The Clerk also reported the following fund types:

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

Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2019, the Clerk adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the Clerk's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. GASB 88 had no impact on the Clerk's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective

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

| GASB | | Effective |
|--------------|---|------------------|
| Statement No | o. GASB Accounting Standard | Fiscal Year |
| | | |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 89 | Accounting for Interest Cost Incurred before the End of a | |
| | Construction Period | 2021 |
| 90 | Majority Equity Interests – An Amendment of GASB Statements | |
| | No. 14 and No. 61 | 2020 |
| 91 | Conduit Debt Obligations | 2022 |

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual balanced budget for their office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board. The budget is prepared on a basis consistent with GAAP. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Clerk.

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

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

Interfund Loans and Transfers

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

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

Capital Assets

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

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

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

Compensated Absences

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

The following is a summary of changes in compensated absences for the year ended September 30, 2019.

| | l | Balance | | | | Balance | | |
|----------------------|----|---------|-----------|--------|-----------|---------|---------|--------|
| | | 10/1/18 | Additions | | Deletions | | 9/30/19 | |
| | | | | | | | | |
| Compensated absences | \$ | 58,886 | \$ | 52,529 | \$ | 47,780 | \$ | 63,635 |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2019.

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, 2019, the Clerk had restricted fund balances only in its special revenue funds.

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, 2019, the Clerk had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes imposed by the Clerk, but which are neither restricted nor committed. As of September 30, 2019, the Clerk had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2019, the Clerk had no unassigned fund balances.

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

Management Estimates and Assumptions

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess Expenditures Over Appropriations

The Probation Fund special revenue fund actual expenditures exceeded budgeted expenditures by \$8,891. The excess was funded with additional current year revenues.

NOTE 3: CASH AND CASH EQUIVALENTS

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

Custodial Risk

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

NOTE 4: RECEIVABLES

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

| Source | <u> </u> | Amount |
|-------------------------------|----------|--------|
| | | |
| Florida Department of Revenue | \$ | 15,587 |

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

| | Balance 10/1/18 | Additions | Deletions | Balance 9/30/19 |
|--------------------------------|--------------------|----------------|-------------------|--------------------|
| Governmental Activities | | | | |
| Equipment | \$ 351,746 | \$ 8,266 | \$ (27,790) \$ | 332,222 |
| Buildings and improvements | 7,556 | - | - | 7,556 |
| Less: accumulated depreciation | 238,966 | 42,771 | 26,939 | 254,798 |
| | | | | |
| Capital assets, net | \$ 120,336 | \$ (34,505) | \$ (851) \$ | 84,980 |

NOTE 5: CAPITAL ASSETS (Continued)

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

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

Governmental Activities

General government \$ 42,771

NOTE 6: EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County officer shall pay into the County general fund by October 31 following each fiscal year end, all money in excess of the sum to which he or she is entitled under the provisions of Florida Statutes Chapter 145. For fiscal year 2019, the Clerk had \$52,553 of excess revenues over expenditures due to the County.

Pursuant to Section 28.37(2), Florida Statutes, all fees, service charges, court costs, and fines collected in excess of expenditures necessary to fund the Clerk's court operations for each fiscal year ending September 30th will be sent to the Clerk of Courts Trust Fund. Additionally, if revenues received in any given month exceed 1/12 of the projected revenues for the year, then that excess is to be remitted to the Clerk of Courts Trust Fund as well. For the year ended September 30, 2019, excess court revenues exceeded 1/12 of revenue projections in the amount of \$57,909 and were remitted to the Clerk of Courts' Trust Fund.

NOTE 7: RETIREMENT PLAN

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

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

NOTE 7: RETIREMENT PLAN (Continued)

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

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: DROP Program – 14.60%, regular employees – 8.47%, senior management – 25.41%, and elected officials – 48.82%. 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, 2019, total payroll for the Clerk's employees covered by the System was \$646,136 and total payroll was \$689,311. The Clerk's contributions to the plan for the years ended September 30, 2019, 2018, and 2017 were \$120,758, \$110,659, and \$99,507, respectively and were paid by the due date for the contribution.

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

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

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

NOTE 9: CONTINGENT LIABILITIES

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

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

NOTE 10: SUBSEQUENT EVENTS

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

Fiduciary Funds

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

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

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

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

Holmes County, Florida Clerk of the Circuit Court Combining Statement of Fiduciary Net Position September 30, 2019

| | | Agency Funds | | | | | | _ | |
|---------------------------|-------------------|--------------|----|---------|----|---------|---------------|-------|-----------------|
| | General Agency | | | Juror | R | egistry | | | |
| | | | | and | | of | Cash Bonds | | |
| | | | V | /itness | | Court | | | Total |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ | 130,425 | \$ | 1,976 | \$ | 25,841 | \$ | 9,468 | \$ 167,710 |
| Receivables | | 38 | | 15 | | - | | - | 53 |
| | | | | | | | | | |
| Total assets | \$ | 130,463 | \$ | 1,991 | \$ | 25,841 | \$ | 9,468 | \$ 167,763 |
| Linkilitina | | | | | | | | | |
| Liabilities | _ | | | | | 25 244 | | 0.460 | 4 25 200 |
| Deposits | \$ | - | \$ | - | \$ | 25,841 | \$ | 9,468 | \$ 35,309 |
| Due to individuals | | 130,463 | | - | | - | | - | 130,463 |
| Due to other governments | | - | | 1,991 | | - | | - | 1,991 |
| | | | | | | | | | |
| Total liabilities | \$ | 130,463 | \$ | 1,991 | \$ | 25,841 | \$ | 9,468 | \$ 167,763 |



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, the fiduciary fund types, and the aggregate remaining nonmajor governmental funds of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated March 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Enterprise, Alabama

March 30, 2020



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

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

We have examined the Holmes County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the following Florida Statute sections during the fiscal year ended September 30, 2019.

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

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

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

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

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

Enterprise, Alabama

March 30, 2020



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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 30, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

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

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

Enterprise, Alabama

March 30, 2020

Property Appraiser Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



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INDEPENDENT AUDITORS' REPORT

Honorable Bryan Bell Property Appraiser Holmes County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Holmes County, Florida Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Property Appraiser as of September 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund of Holmes County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Holmes County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

March 31, 2020

Holmes County, Florida Property Appraiser Balance Sheet – Governmental Funds September 30, 2019

| | Gen | eral Fund |
|--------------------------------------|-----|-----------|
| Assets | | |
| Cash and cash equivalents | \$ | 12,301 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ | 9,347 |
| Due to Board of County Commissioners | | 2,954 |
| Total liabilities | | 12,301 |
| Fund balance | | - |
| Total liabilities and fund balance | \$ | 12,301 |

Holmes County, Florida Property Appraiser Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2019

| | Gei | General Fund | | | |
|---|-----|--------------|--|--|--|
| Revenues | | | | | |
| Revenues Charges for services | \$ | 1,205 | | | |
| Investment earnings | Ş | 1,203 | | | |
| investment earnings | | 10_ | | | |
| Total revenues | | 1,215 | | | |
| Expenditures | | | | | |
| General government | | | | | |
| Personnel services | | 500,119 | | | |
| Operating | | 78,510 | | | |
| Capital outlay | | 35,298 | | | |
| Total expenditures | | 613,927 | | | |
| Excess Revenues Over (Under) Expenditures | | (612,712) | | | |
| | | | | | |
| Other Financing Sources (Uses) | | 645 504 | | | |
| Appropriations from Board of County Commissioners | | 615,501 | | | |
| Refunds | | 165 | | | |
| Reversion to Board of County Commissioners | | (2,954) | | | |
| Total other financing sources | | 612,712 | | | |
| Net change in fund balance | | - | | | |
| Fund Balance - beginning | | - | | | |
| Fund Balance - ending | \$ | - | | | |

Holmes County, Florida Property Appraiser Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2019

| | Budgeted Amounts | | | | | | Variance | |
|--------------------------------|------------------|-----------|--------------|-----------|--------|------------|----------|----------|
| | Original | | | | | with Final | | |
| | | Budget | Final Budget | | Actual | | Budget | |
| _ | | | | | | | | |
| Revenues | | | _ | | _ | 4 005 | _ | 4 205 |
| Charges for services | \$ | - | \$ | - | \$ | 1,205 | \$ | 1,205 |
| Investment earnings | | - | | | | 10 | | 10 |
| Total revenues | | - | | - | | 1,215 | | 1,215 |
| Expenditures | | | | | | | | |
| General government | | | | | | | | |
| Personnel services | | 505,694 | | 516,498 | | 500,119 | | 16,379 |
| Operating | | 99,003 | | 99,003 | | 78,510 | | 20,493 |
| Capital outlay | | - | | - | | 35,298 | | (35,298) |
| Total expenditures | | 604,697 | | 615,501 | | 613,927 | | 1,574 |
| | | | | | | | | |
| Excess Revenues Over (Under) | | | | | | | | |
| Expenditures | | (604,697) | | (615,501) | | (612,712) | | 2,789 |
| Other Financing Sources (Uses) | | | | | | | | |
| Appropriations from Board of | | | | | | | | |
| County Commissioners | | 604,697 | | 615,501 | | 615,501 | | _ |
| Refunds | | - | | <u>-</u> | | 165 | | 165 |
| Reversion to Board of County | | | | | | 200 | | 200 |
| Commissioners | | - | | - | | (2,954) | | (2,954) |
| | | | | | | | | |
| Total other financing sources | | | | | | | | () |
| (uses) | | 604,697 | | 615,501 | | 612,712 | | (2,789) |
| Net change in fund balance | | - | | - | | - | | - |
| Fund Balance - beginning | | - | | - | | - | | |
| Fund Balance - ending | \$ | _ | \$ | _ | \$ | _ | \$ | - |

Holmes County, Florida Property Appraiser Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

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

Basis of Accounting

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

Holmes County, Florida Property Appraiser Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus

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

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

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2019, the Property Appraiser adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the Property Appraiser's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. GASB 88 had no impact on the Property Appraiser's financial statements.

Pronouncements Issued But Not Yet Effective

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

| GASB Statement No. | GASB Accounting Standard | Effective Fiscal Year |
|-----------------------|---|--------------------------|
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 89 | Accounting for Interest Cost Incurred before the End of a Construction Period | 2021 |
| 90 | Majority Equity Interest and amendment of GASB Statements No.14 and No. 61 | 2020 |
| 91 | Conduit Debt Obligations | 2022 |

Budgetary Requirements

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

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

Capital Assets

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

See Note 3 for detailed capital assets activity.

Compensated Absences

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

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

| | Balance 10/1/2018 Additions | | | D | eletions | Balance 9/30/2019 | |
|----------------------|--------------------------------|-----------|--|----|----------|----------------------|--------|
| Compensated absences | \$ 31,265 | \$ 28,151 | | \$ | (23,067) | \$ | 36,349 |

Holmes County, Florida Property Appraiser Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. At September 30, 2019, the Property Appraiser had no nonspendable fund balances.

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances. At September 30, 2019, the Property Appraiser had no spendable fund balances.

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

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

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

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At September 30, 2019, the Property Appraiser had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board.

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

Management Estimates and Assumptions

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

Custodial Risk

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

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

| | Balance 10/1/2018 | Additions | Deletions | Balance 9/30/2019 |
|---|----------------------|-----------|-----------|----------------------|
| Governmental Activities | | | | |
| Capital assets depreciated: Machinery and equipment | \$ 118,080 | \$ 36,098 | \$ 16,380 | \$ 137,798 |
| Less accumulated depreciation: Machinery and equipment | (57,680) | (19,026) | (9,077) | (67,629) |
| Total governmental activities | | | | |
| capital assets, net | \$ 60,400 | \$ 17,072 | \$ 7,303 | \$ 70,169 |

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

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

Governmental Activities

| General government | Ś | 19.026 |
|--------------------|-------------|----------|
| Ceneral government | | <u> </u> |

NOTE 4: EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures, determined as of the fiscal year end, "...shall be divided into parts for each governmental unit which was billed and which paid for the operation of the Property Appraiser's office in the same proportion as the governmental units were originally billed. Such part shall be an advance on the current year's bill, if any." Excess revenues over expenditures of \$2,954 were returned to the Board by October 31, 2019 as required by Florida Statutes and are accrued and reported as reversion to the Board.

Holmes County, Florida Property Appraiser Notes to Financial Statements

NOTE 5: RETIREMENT PLAN

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

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

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

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.47%, DROP Program – 14.60%, senior management – 25.41%, and elected officials – 48.82%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications, with the exception of the DROP Program.

Total payroll for the Property Appraiser's employees covered by the System was \$330,401 for the year ended September 30, 2019. The Property Appraiser's total payroll was \$335,723 for the same period. The Property Appraiser's contributions to the plan for the years ended September 30, 2019, 2018, and 2017 were \$80,079, \$76,063, and \$59,062, respectively, and were paid by the due date for the contributions.

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

Holmes County, Florida Property Appraiser Notes to Financial Statements

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

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

NOTE 7: SUBSEQUENT EVENTS

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



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

Honorable Bryan Bell Property Appraiser Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Holmes County, Florida Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Management Letter as item 2012-02 that we consider to be a material weakness.

Compliance and Other Matters

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

Property Appraiser's Response to Findings

The Property Appraiser's response to the finding identified in our audit is included in the accompanying Management Letter. The Property Appraiser's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

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

Enterprise, Alabama

March 31, 2020





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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Bryan Bell Property Appraiser Holmes County, Florida

We have examined the Holmes County, Florida Property Appraiser's (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specific requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

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

In our opinion, the Property Appraiser complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019.

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

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

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

Enterprise, Alabama

March 31, 2020

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MANAGEMENT LETTER

Honorable Bryan Bell Property Appraiser Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Prior Year Findings and Recommendations

2012-02 - Disbursement Controls (Repeat)

Condition – *Government Auditing Standards* require auditors to consider internal controls over financial reporting as a basis for designing our auditing procedures. In documenting controls, a deficiency was noted in the segregation of duties over cash disbursements. The Chief Deputy Property Appraiser's (Chief Deputy) responsibilities include recording accounts payable, check

register review and approval, establishing vendor files and preparation of bank account reconciliations. The Chief Deputy is not an authorized check signer but has access to the general ledger and Information Technology (IT) rights to create vendors flies.

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

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

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

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

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

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted recommendations 2012-02, 2018-01, and 2019-01 in this management letter under Section 10.554(1)(i)1.

Additional Matters

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

Purpose of this Letter

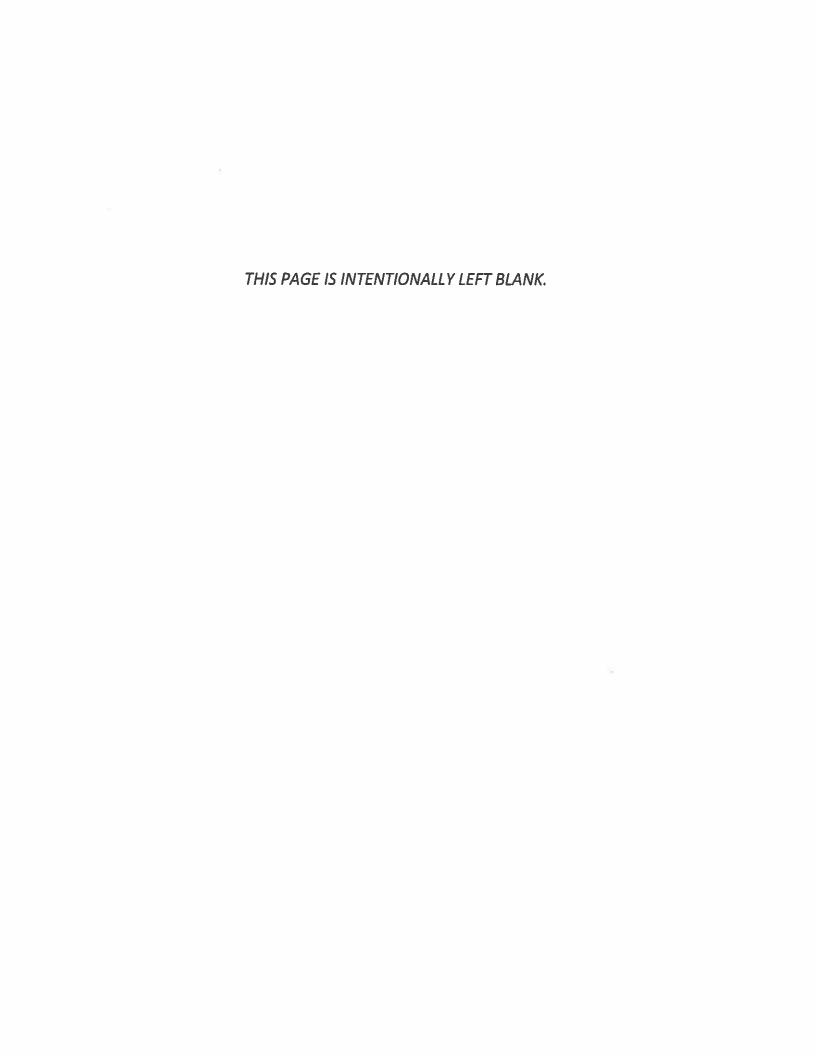
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Property Appraiser, and members of management and is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

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

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

Enterprise, Alabama

March 31, 2020



Supervisor of Elections Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



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INDEPENDENT AUDITORS' REPORT

Honorable Therisa A. Meadows Supervisor of Elections Holmes County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the major fund of the Holmes County, Florida Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Supervisor of Elections as of September 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund of Holmes County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Holmes County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

March 30, 2020

Holmes County, Florida Supervisor of Elections Balance Sheet – Governmental Funds September 30, 2019

| | General I | Fund |
|------------------------------|-----------|------|
| Assets | \$ | |
| Liabilities and Fund Balance | \$ | - |

Holmes County, Florida Supervisor of Elections Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2019

| | Gei | neral Fund |
|---|-----|------------|
| | | |
| Revenues | | |
| Intergovernmental | \$ | 27,504 |
| Expenditures | | |
| General government | | |
| Personnel services | | 246,491 |
| Operating expenses | | 95,558 |
| Capital outlay | | 4,297 |
| Debt service | | |
| Principal | | 21,476 |
| Total expenditures | | 367,822 |
| Excess Revenues Over (Under) Expenditures | | (340,318) |
| Other Financing Sources | | |
| Appropriations from Board of County Commissioners | | 340,318 |
| Net change in fund balance | | - |
| Fund Balance - beginning | | - |
| Fund Balance - ending | \$ | - |

Holmes County, Florida Supervisor of Elections Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2019

| | | Budgeted | l Am | ounts | _ | | V | /ariance |
|---------------------------------|----------|-----------|--------------|-----------|--------|-----------|----|-----------|
| | Original | | | | | | W | ith Final |
| | Budget | | Final Budget | | Actual | | | Budget |
| Revenues | | | | | | | | |
| Intergovernmental | \$ | 22,061 | \$ | 24,764 | \$ | 27,504 | \$ | 2,740 |
| Expenditures | | | | | | | | |
| General government | | | | | | | | |
| Personnel services | | 276,036 | | 265,728 | | 246,491 | | 19,237 |
| Operating expenses | | 102,336 | | 116,450 | | 95,558 | | 20,892 |
| Capital outlay | | 21,477 | | 25,774 | | 4,297 | | 21,477 |
| Debt service | | , | | -, | | , - | | , |
| Principal Principal | | - | | - | | 21,476 | | (21,476) |
| Total expenditures | | 399,849 | | 407,952 | | 367,822 | | 40,130 |
| Excess of Revenues Over (Under) | | | | | | | | |
| Expenditures | | (377,788) | | (383,188) | | (340,318) | | 42,870 |
| Other Financing Sources | | | | | | | | |
| Appropriations from Board of | | | | | | | | |
| County Commissioners | | 377,788 | | 383,188 | | 340,318 | | (42,870) |
| Net change in fund balance | | - | | - | | - | | - |
| Fund Balance - beginning | | - | | - | | - | | |
| Fund Balance - ending | \$ | - | \$ | - | \$ | - | \$ | |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

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

Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus

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

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

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2019, the Supervisor of Elections adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the Supervisor of Elections' financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. See Note 4 for Supervisor of Elections debt to which GASB 88 applies.

Pronouncements Issued But Not Yet Effective

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

| GASB | | Effective |
|---------------|--|-------------|
| Statement No. | GASB Accounting Standard | Fiscal Year |
| | | |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 89 | Accounting for Interest Cost Incurred before the End | |
| | of a Construction Period | 2021 |
| 90 | Majority Equity Interest and amendment of GASB | |
| | Statements No. 14 and No. 61 | 2020 |
| 91 | Conduit Debt Obligations | 2022 |
| | | |

Budgetary Requirements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

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

Capital Assets

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

Compensated Absences

It is the Supervisor of Elections' policy to allow employees to accumulate unused sick leave and vacation benefits up to a maximum of 90 working days of sick leave and 30 working days of annual leave. Accumulated annual leave is payable on termination at the full value of the hours accumulated, while sick leave is only payable on termination at 50% of the value of the hours accumulated if employed for 10 years or longer and 100% if the employee retires. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. At September 30, 2019, the Supervisor had accrued compensated absences of \$3,244 that will not be liquidated with expendable available financial resources of the Supervisor of Elections are the obligation of the County and are reported at the County-wide level. See Note 4 for detailed activity.

Governmental Fund Balances

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. At September 30, 2019, the Supervisor of Elections had no nonspendable fund balances.

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances. At September 30, 2019, the Supervisor of Elections had no spendable fund balances.

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

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

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

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At September 30, 2019, the Supervisor of Elections had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board.

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

Management Estimates and Assumptions

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

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Supervisor of Elections does not maintain a separate operating bank account. There were no investments as of September 30, 2019 or during the 2019 fiscal year. Operations for the Supervisor of Elections are accounted for through a department within the Board's General Fund.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year is as follows:

| | | Balance | | | Balance |
|---|-------|------------------|------------------|-----------|----------------------|
| | | 10/1/18 | Additions | Deletions | 9/30/19 |
| Governmental Activities | | | | | |
| Capital assets depreciated: Machinery and equipment | \$ | 241,768 \$ | 4,297 \$ | - | \$ 246,065 |
| Less accumulated depreciation: Machinery and equipment | | (100,598) | (47,231) | - | (147,829) |
| Capital assets, net | \$ | 141,170 \$ | (42,934) \$ | | \$ 98,236 |
| Depreciation expense was charged to | the f | function of gove | ernment as follo | ows: | |
| Governmental Activities General government | | | | | \$ <i>4</i> 7 231 |

NOTE 4: LONG-TERM DEBT

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

| | Balance 10/1/18 | | | | Deletions | | Balance 9/30/19 | | | |
|------------------------------------|--------------------|------------------|----|------------|-----------|----------------------|--------------------|-----------------|----|---------------|
| Capital lease Compensated absences | \$ | 42,952 11,255 | \$ | - 5,220 | \$ | (21,476) (13,231) | \$ | 21,476 3,244 | \$ | 21,476 324 |
| Total | \$ | 54,207 | \$ | 5,220 | \$ | (34,707) | \$ | 24,720 | \$ | 21,800 |

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

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

The following is an analysis of equipment leased under capital leases as of September 30, 2019:

NOTE 4: LONG-TERM DEBT (Continued)

| | Capital Assets | | | | |
|---|-------------------|---------------------|--|--|--|
| Machinery and equipment Less: accumulated depreciation | \$ | 107,381 (84,115) | | | |
| Net leased machinery and equipment | \$ | 23,266 | | | |
| Future lease debt service is as follows: | | | | | |
| Fiscal Year Ending September 30, | Lo | ong-Term Debt | | | |
| 2020 | \$ | 21,476 | | | |

NOTE 5: EXCESS REVENUE

Pursuant to Section 129.202(1)(f), Florida Statutes, "all unexpended balances at the end of each fiscal year shall be returned to the Board and deposited to the County fund or funds from which payment was originally made." There were no excess revenues to return to the Board at September 30, 2019.

NOTE 6: RETIREMENT PLAN

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

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

NOTE 6: RETIREMENT PLAN (Continued)

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

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees -8.47%, DROP Program -14.60%, senior management -25.41% and elected officials -48.82%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications, with the exception for the DROP program.

Total payroll for the Supervisor of Elections' employees covered by the System was \$157,833 for the year ended September 30, 2019. The Supervisor of Elections' total payroll was \$157,833 for the same period. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2019, 2018 and 2017 was \$53,644, \$52,284, and \$46,637, respectively. These contributions were paid by the due date for the contribution.

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

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

In addition to the retirement plan in Note 6, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in its group health plan while employed. Employees of the Supervisor of Elections are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County, recognize an OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 8: CONTINGENT LIABILITIES

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

NOTE 9: SUBSEQUENT EVENTS

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



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

Honorable Therisa A. Meadows Supervisor of Elections Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Holmes County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements and have issued our report thereon dated March 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Enterprise, Alabama

March 30, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Therisa A. Meadows Supervisor of Elections Holmes County, Florida

We have examined the Holmes County, Florida Supervisor of Elections' (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specific requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019.

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

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

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

Enterprise, Alabama

March 30, 2020



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MANAGEMENT LETTER

Honorable Therisa A. Meadows Supervisor of Elections Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 30, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an Examination Conducted In Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted no such recommendations under Section 10.554(1)(i)1 above.

Additional Matters

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

Purpose of this Letter

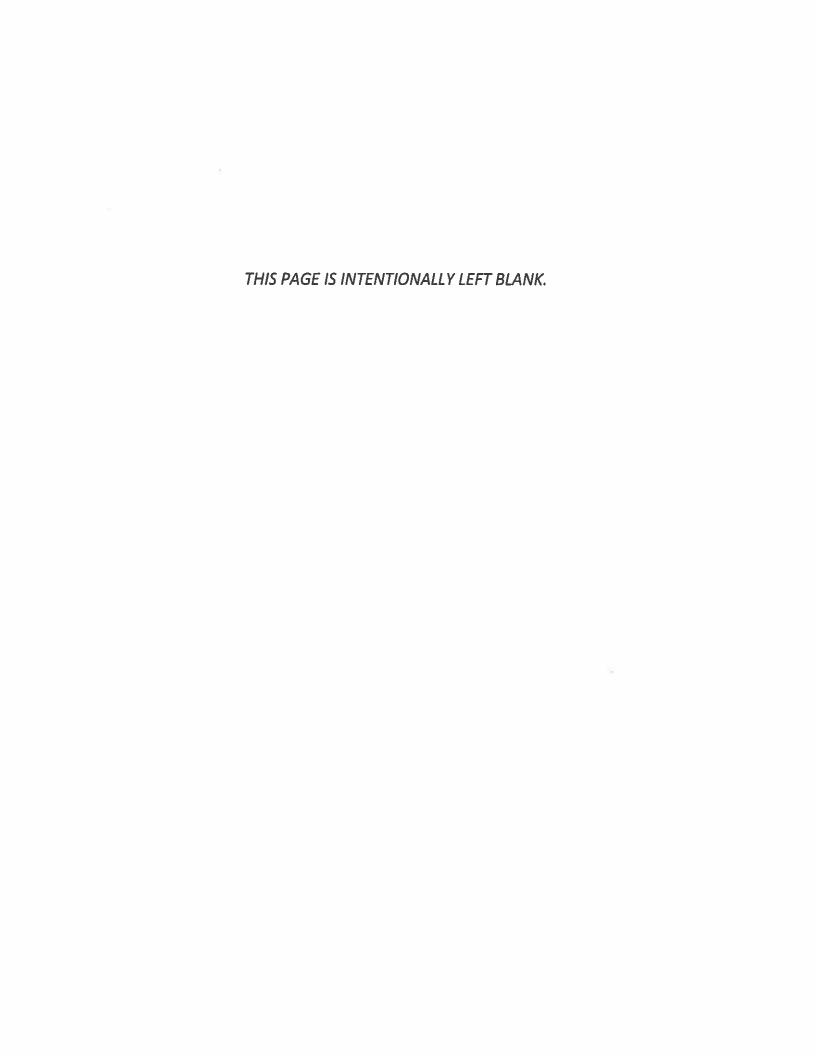
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Supervisor of Elections, and applicable management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

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

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

Enterprise, Alabama

March 30, 2020



Sheriff Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



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INDEPENDENT AUDITORS' REPORT

Honorable John Tate Holmes County Sheriff Holmes County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of each major fund, the aggregate remaining nonmajor governmental funds and fiduciary fund type of the Holmes County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund, the aggregate remaining nonmajor governmental funds and the fiduciary fund of the Sheriff as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, when applicable, of each major fund, fiduciary fund types, and the aggregate remaining nonmajor fund information, only for that portion of the each major fund, fiduciary fund types, and the aggregate remaining nonmajor fund information, of Holmes County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Holmes County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

March 31, 2020

Holmes County, Florida Sheriff Balance Sheet - Governmental Funds September 30, 2019

| | Emergency | | | | | | | |
|--------------------------------------|-----------|------------|----|-------------|----------|--------------|--|--|
| | Gen | neral Fund | S | ervices 911 | Inn | nate Canteen | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ | 31,345 | Ś | 5,747 | \$ | 62,961 | | |
| Due from other governments | · · · | 133,052 | | 187,347 | <u> </u> | - | | |
| Total assets | \$ | 164,397 | \$ | 193,094 | \$ | 62,961 | | |
| Linkilities and Fund Delayers | | | | | | | | |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities | | | _ | | _ | | | |
| Accounts payable | \$ | 78,633 | Ş | 105,886 | Ş | - | | |
| Accrued expenses | | 85,551 | | - | | - | | |
| Unearned revenue | | - | | - | | - | | |
| Due to Board of County Commissioners | | 213 | | - | | - | | |
| Total liabilities | | 164,397 | | 105,886 | | - | | |
| Fund balances | | | | | | | | |
| Restricted for: | | | | | | | | |
| Public safety - law enforcement | | - | | 87,208 | | 62,961 | | |
| Total liabilities and fund balances | \$ | 164,397 | \$ | 193,094 | \$ | 62,961 | | |

| Ot | her | | Total | | | | | |
|--------|---|--------------|---------|--|--|--|--|--|
| Govern | mental | Governmental | | | | | | |
| Fu | nds | | Funds | | | | | |
| | | | | | | | | |
| \$ | 8,768 | \$ | 108,821 | | | | | |
| | - | | 320,399 | | | | | |
| \$ | 8,768 | Ś | 429,220 | | | | | |
| | -,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | T | , | | | | | |
| | | | | | | | | |
| \$ | - | \$ | 184,519 | | | | | |
| | - | | 85,551 | | | | | |
| | 491 | | 491 | | | | | |
| | 4,760 | | 4,973 | | | | | |
| | 5,251 | | 275,534 | | | | | |
| | 3,517 | | 153,686 | | | | | |
| | , | | | | | | | |
| \$ | 8,768 | \$ | 429,220 | | | | | |

Holmes County, Florida Sheriff Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended September 30, 2019

| | Emergency | | | | | | | | | |
|--|-----------|-------------|------|-----------|------|------------|--|--|--|--|
| | Ge | eneral Fund | Serv | rices 911 | Inma | te Canteen | | | | |
| Revenues | | | | | | | | | | |
| Charges for services | \$ | - | \$ | - | \$ | 116,448 | | | | |
| Intergovernmental | | 651,352 | | 485,608 | | - | | | | |
| Miscellaneous | | 124,960 | | 64 | | | | | | |
| Total revenues | | 776,312 | | 485,672 | | 116,448 | | | | |
| Expenditures | | | | | | | | | | |
| Public safety | | | | | | | | | | |
| Personnel services | | 3,081,556 | | 127,384 | | - | | | | |
| Operating | | 945,687 | | 348,267 | | 90,241 | | | | |
| Capital outlay | | 179,730 | | - | | 8,008 | | | | |
| Debt Service | | | | | | | | | | |
| Principal | | 45,385 | | - | | - | | | | |
| Interest | | 4,843 | | | | _ | | | | |
| Total expenditures | | 4,257,201 | | 475,651 | | 98,249 | | | | |
| Excess Revenues Over (Under) Expenditures | | (3,480,889) | | 10,021 | | 18,199 | | | | |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Appropriations from Board of County | | | | | | | | | | |
| Commissioners | | 3,481,102 | | - | | - | | | | |
| Reversion to Board of County Commissioners | | (213) | | - | | - | | | | |
| Total other financing sources (uses) | | 3,480,889 | | - | | | | | | |
| Net change in fund balance | | | | 10,021 | | 18,199 | | | | |
| • | | | | | | • | | | | |
| Fund Balance - beginning | | - | | 77,187 | | 44,762 | | | | |
| Fund Balance - ending | \$ | - | \$ | 87,208 | \$ | 62,961 | | | | |

| (| Other | Total |
|------|----------------|-----------------------|
| Gove | rnmental | Governmental |
| F | unds | Funds |
| | | |
| \$ | 36,030 | \$ 152,478 |
| | - 11,409 | 1,136,960 136,433 |
| | 47,439 | 1,425,871 |
| | | |
| | - | 3,208,940 |
| | 12,708 | 1,396,903 |
| | - | 187,738 |
| | - | 45,385 |
| | - | 4,843 |
| | 12,708 | 4,843,809 |
| | 34,731 | (3,417,938) |
| | | |
| | - /2// 67E\ | 3,481,102 (34,888) |
| | (34,675) | (34,008) |
| | (34,675) | 3,446,214 |
| | 56 | 28,276 |
| | 3,461 | 125,410 |
| \$ | 3,517 | \$ 153,686 |

Holmes County, Florida Sheriff Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2019

| Budgetary With Final By Basis Actual Budget 06,636 \$ 2,573,278 \$ 133,358 |
|---|
| 5 |
| 06,636 \$ 2,573,278 \$ 133,358 |
| 06,636 \$ 2,573,278 \$ 133,358 |
| 06,636 \$ 2,573,278 \$ 133,358 |
| |
| 26,466 700,494 25,972 |
| 48,000 156,889 (108,889) |
| |
| - 45,385 (45,385) |
| - 4,843 (4,843) |
| |
| 81,102 3,480,889 213 |
| |
| 01 102) /2 400 000) 212 |
| 81,102) (3,480,889) 213 |
| |
| |
| 81,102 3,481,102 - |
| 0, 102,202 |
| - (213) (213) |
| , , , , |
| 81,102 3,480,889 (213) |
| |
| |
| |
| |
| 8 |

Holmes County, Florida Sheriff Statement of Fiduciary Net Position September 30, 2019

| | ency Fund nate Trust |
|---------------------------------------|-------------------------|
| Assets Cash | \$ 49,053 |
| Liabilities Due to individuals | \$ 49,053 |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

General Fund - To account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by GAAP to be accounted for in another fund.

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

Inmate Canteen - Special revenue fund used to account for proceeds from canteen sales to inmates. Excess revenues over expenditures from the Inmate Canteen Fund are used for inmate welfare.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Sheriff has three additional special revenue funds which have been combined into a single aggregate presentation as other governmental funds. Individual data for these non-major funds is provided in the combining statements of this report. Special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

The Sheriff also reports the following fiduciary fund type:

Agency Funds - Custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations. The Sheriff reports cash received from and due to inmates in the Inmate Trust as an agency fund.

Basis of Accounting

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

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

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

Measurement Focus

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2019, the Sheriff adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the Sheriff's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. GASB 88 had no impact on the Sheriff's financial statements.

Pronouncements Issued But Not Yet Effective

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

| GASB | | Effective |
|---------------|---|------------------|
| Statement No. | GASB Accounting Standard | Fiscal Year |
| | | |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 89 | Accounting for Interest Cost Incurred before the End of a | |
| | Construction Period | 2021 |
| 90 | Majority Equity Interests – An Amendment of GASB Statements | |
| | No. 14 and No. 61 | 2020 |
| 91 | Conduit Debt Obligations | 2022 |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Requirements

Florida Statutes Chapters 30.49 and 129.03 detail the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended and submits it to the Board for approval. By June 1 of each year, the Sheriff shall certify to the Board a proposed budget of expenditures for carrying out the duties of his office for the ensuing fiscal year. The Board has until September 30 to approve and/or modify the Sheriff's proposed budget during hearings held pursuant to Florida Statutes 129. Once approved, any subsequent amendments must be approved by the Board.

A budget is maintained only for the General Fund. The remaining Special Revenue Funds are not budgeted and excess revenues over expenditures in the Special Revenue Funds remain with the Sheriff. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Sheriff. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board.

The Sheriff's budget is prepared under a budgetary basis of accounting that differs from GAAP. The major differences are recognition of unanticipated grant revenue, intergovernmental revenues from sources other than the Board and expenditures and non-budgeted miscellaneous revenues and expenditures. The actual results of operations in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund are presented on a budgetary basis for budgetary accounting purposes. Adjustments to convert the results of operation of the General Fund at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

| | | | | Total |
|--|----|------------|----|-------------|
| | | Total | Re | venues and |
| General Fund | Ex | penditures | Ot | her Sources |
| | | 2 400 000 | | 2 400 000 |
| Budgetary basis | \$ | 3,480,889 | \$ | 3,480,889 |
| Non-budgeted revenues, expenditures, and other sources | | | | |
| Revenues | | | | |
| Intergovernmental | | - | | 651,352 |
| Miscellaneous | | - | | 124,960 |
| Expenditures | | | | |
| Personnel services | | 508,278 | | - |
| Operating | | 245,193 | | - |
| Capital outlay | | 22,841 | | |
| | | | | |
| GAAP basis | \$ | 4,257,201 | \$ | 4,257,201 |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

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

Capital Assets

Capital assets are recorded as expenditures at the fund level at the time an asset is acquired. Capital assets acquired are capitalized at cost when purchased and acquisition value if donated. Title in all capital assets owned by the County is retained by the Board and the Sheriff's assets are reported in the County-wide financial statements.

The Sheriff has custodial responsibility for capital assets used by his office and maintains a \$1,000 threshold for capitalization of equipment. Additionally, the Sheriff maintains an inventory of all tangible personal property with a value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69I-73.002 and 69I-73.006. The Sheriff did not report any land, buildings, or improvements.

Depreciation has been provided using the straight-line method with an estimated useful life of three to seven years for all tangible personal property. See Note 4 for detailed capital assets activity.

Capital Leases

The Sheriff entered into lease agreements as a lessee for financing the acquisition of vehicles. The lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded in the county-wide financial statements at the present value of future minimum lease payments as of the lease inception date. The related assets are reported as capital assets in the county-wide financial statements. See Note 5 for detailed capital lease activity.

Compensated Absences

It is the Sheriff's policy to allow employees to accumulate unlimited unused sick leave. Accumulated annual leave is limited to 160 hours for the first 10 years of employment, then 240 hours thereafter. Accumulated annual leave is payable upon termination at the full value of the hours accumulated, while sick leave is not. Accrued compensated absences that will not be liquidated with expendable available financial resources are the obligation of the County and are reported at the county-wide level. The amount of the Sheriff's accrued compensated absences reported at the county-wide level is \$94,237 at September 30, 2019. See Note 5 for detailed activity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2019.

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 and regulations imposed through constitutional provisions or enabling legislation. As of September 30, 2019, the Sheriff had restricted fund balances only in its special revenue funds.

Committed fund balances are fund balances intended to be used for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority. As of September 30, 2019, there were no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, as determined by the Sheriff but which are neither restricted nor committed. As of September 30, 2019, there were no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2019, the Sheriff had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

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

Management Estimates and Assumptions

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

Custodial Risk

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

NOTE 3: DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2019 consisted of the following:

| | Gov | neral Fund | | mergency rvices 911 |
|---|-----|------------|----------|------------------------|
| | Gei | nerai runu | <u> </u> | I vices 311 |
| State of Florida | \$ | - | \$ | 187,347 |
| Department of Education- School Guardian | | 83,173 | | - |
| Department of Justice- Bulletproof Vest Partnership | | 7,709 | | - |
| Victims of Crime Act (VOCA) - September | | 4,161 | | - |
| Mobile Response | | 4,333 | | - |
| Holmes County Board of Education | | 28,400 | | - |
| U.S. Marshall | | 3,495 | | - |
| <u>E-911</u> | | 1,781 | | _ |
| | | | | |
| Total | \$ | 133,052 | \$ | 187,347 |

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

| | | | Balance 10/01/18 Additions | | | | Balance 9/30/19 | | |
|--|----|--------------------------|-------------------------------|----------------------|----|--------------------|--------------------|-------------------------|--|
| Governmental Activities Capital assets depreciated: Machinery and equipment Less: accumulated depreciation | \$ | 1,407,666 (1,029,812) | \$ | 342,807 (140,751) | \$ | (77,734) 61,395 | • | 1,672,739 1,109,168) | |
| Total governmental activities capital assets, net | \$ | 377,854 | \$ | 202,056 | \$ | (16,339) | \$ | 563,571 | |

NOTE 4: CAPITAL ASSETS (Continued)

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the county-wide financial statements. Capital asset additions include \$14,334 of donations to be reported at the county-wide level that does not represent expenditures of the Sheriff and is not reported in the Sheriff's financial statements.

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

Governmental Activities

| Public Salety 5 140,75 | Public safety \$ 140.7 |
|------------------------|------------------------|
|------------------------|------------------------|

NOTE 5: LONG-TERM DEBT

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

| | Balance 0/01/18 | Ad | ditions | Re | ductions | Balance 9/30/19 | _ | Due in ne Year |
|------------------------------------|------------------------|----|---------|----|------------------|------------------------|----|-------------------|
| Compensated absences Capital lease | \$ 90,544 93,130 | \$ | 88,892 | \$ | 85,200 45,385 | \$ 94,236 47,745 | \$ | 9,424 47,745 |
| Total | \$ 183,674 | \$ | 88,892 | \$ | 130,585 | \$ 141,981 | \$ | 57,169 |

The Sheriff entered into a lease agreement as lessee for financing the acquisition of vehicles. This lease qualified as a capital lease for accounting purposes (title transfers at the end of the lease term), and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception. The present value of future minimum lease payments at September 30, is as follows:

| Balance due in 2020 | \$ | 50,228 |
|---|----------|--------|
| Less: amount representing interest | | 2,483 |
| Present value of minimum capital lease payments | <u> </u> | 47.745 |
| | т | :: , |

The following is an analysis of leased equipment.

| | Capital Assets |
|--|---------------------------|
| Machinery and equipment Less: accumulated depreciation | \$ 186,500 (86,779) |
| Net leased machinery and equipment | \$ 99,721 |

Capital leases and the related assets are reported on the county-wide financial statements.

NOTE 6: EXCESS REVENUE

Pursuant to Section 30.50(6), Florida Statutes, any excess revenues over expenditures determined as of the date specified in Section 30.50(5), Florida Statutes, "...shall be refunded to the Board of County Commissioners...". Excess revenues over expenditures returned to the Board as required by Florida Statues are accrued and reported as other financing (uses). All special revenue funds excess revenue, except civil trust, remains with the Sheriff.

NOTE 7: RETIREMENT PLAN

The Sheriff and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The 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 reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. For Special Risk Class members, normal retirement is age 55 with at least 6 years of Special Risk service, or 25 years of Special Risk service, regardless of age, or age 52 with 25 years of Special Risk service and military service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. For Special Risk Class members, normal retirement is age 60 with at least 8 years of Special Risk service, or 30 years of Special Risk service, regardless of age, or age 57 with 30 years of Special Risk service and military service. 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.

NOTE 7: 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: regular employees – 8.47%, DROP Program – 14.60%, senior management – 25.41%, special risk – 25.48% and elected official – 48.82%. The rate applied to employee salaries for employer contributions was 3% for all classifications, with the exception for the DROP Program.

Total payroll for the Sheriff's employees covered by the System was \$1,830,737 for the year ended September 30, 2019. The Sheriff's total payroll was \$2,055,999 for the same period. The Sheriff's contribution to the plan for the years ended September 30, 2019, 2018, and 2017 were \$395,954 \$343,920, and \$303,391, respectively, and were paid by the due date for the contributions.

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

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

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

NOTE 9: CONTINGENT LIABILITIES

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

NOTE 10: LITIGATION

The Sheriff is involved in various claims or potential claims arising in the normal course of business. It is the opinion of management that coverage provided by the Florida Sheriff's Self-Insurance Fund is adequate to eliminate any significant exposure resulting from those claims.

NOTE 11: SUBSEQUENT EVENTS

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Federal Interdiction - Used to account for proceeds from federally seized assets. These proceeds can only be used to purchase equipment for the department.

Civil Trust - Used to account for fees charged and related expenses in serving legal documents. Any excess fees over expenditures are remitted to the Board.

Teen Court - Used to account for funds received from the Clerk to administer Teen Court.

Holmes County, Florida Sheriff Combining Balance Sheet Nonmajor Governmental Funds September 30, 2019

| | Federal Interdiction | | | Civil Trust | | Teen Court | | Total | |
|--------------------------------------|-------------------------|-----|----|----------------|----|---------------|----|-------|--|
| | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ | 535 | \$ | 4,760 | \$ | 3,473 | \$ | 8,768 | |
| | | | | | | | | | |
| Liabilities and Fund Balances | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Unearned revenue | \$ | 491 | \$ | - | \$ | - | \$ | 491 | |
| Due to Board of County Commissioners | | - | | 4,760 | | | | 4,760 | |
| Total liabilities | | 491 | | 4,760 | | - | | 5,251 | |
| Fund balances | | | | | | | | | |
| Restricted for: | | | | | | | | | |
| Public safety - law enforcement | | 44 | | - | | 3,473 | | 3,517 | |
| Total liabilities and fund balances | \$ | 535 | \$ | 4,760 | \$ | 3,473 | \$ | 8,768 | |

Holmes County, Florida Sheriff Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds September 30, 2019

| | Federal Interdiction | | Civil Trust | | Teen Court | | Total | |
|---|-------------------------|-------|----------------|----------|---------------|-------|-------|----------|
| | | | | | | | | |
| Revenues | | | | | | | | |
| Charges for services | \$ | - | \$ | 36,030 | \$ | - | \$ | 36,030 |
| Miscellaneous | | 3,020 | | - | | 8,389 | | 11,409 |
| Total revenues | | 3,020 | | 36,030 | | 8,389 | | 47,439 |
| Expenditures | | | | | | | | |
| Public safety | | | | | | | | |
| Operating | | 3,020 | | 1,355 | | 8,333 | | 12,708 |
| Excess Revenues Over Expenditures | | - | | 34,675 | | 56 | | 34,731 |
| Other Financing Sources (Uses) Reversion to Board of County | | | | | | | | |
| Commissioners | | - | | (34,675) | | - | | (34,675) |
| Net change in fund balance | | - | | - | | 56 | | 56 |
| Fund Balance - beginning | | 44 | | - | | 3,417 | | 3,461 |
| Fund Balance - ending | \$ | 44 | \$ | - | \$ | 3,473 | \$ | 3,517 |



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

Honorable John Tate Sheriff Holmes County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, the aggregate remaining nonmajor governmental funds and fiduciary fund type of Holmes County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Management Letter, that we consider to be a material weakness (2010-01).

Compliance and Other Matters

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

Sheriff's Response to Findings

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

Purpose of this Report

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

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

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

Enterprise, Alabama

March 31, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable John Tate Sheriff Holmes County, Florida

We have examined the Holmes County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

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

In our opinion, the Sheriff complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2019.

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

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

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

Enterprise, Alabama

March 31, 2020



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MANAGEMENT LETTER

Honorable John Tate Sheriff Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-01 - Segregation of Duties (Repeat)

Condition - *Government Auditing Standards* require auditors to consider internal controls over financial reporting as a basis for designing auditing procedures. In documenting controls, a

deficiency was noted in the segregation of duties over cash disbursements. The Finance Director's responsibilities include accounts payable, check register review and approval, and preparation of bank account reconciliations. The Finance Director is not an authorized check signer. In addition, the Finance Director has Information Technology (IT) rights to create vendors and general ledger access and authorization.

Criteria - Management is responsible for establishing and maintaining effective internal controls over financial reporting.

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

Effect - Controls over executing and recording disbursement transactions lack optimum separation of duties by vesting most of the disbursement responsibility with one person. The lack of adequate control procedures could result in the misuse or misappropriation of assets.

Recommendation - We recommend that control procedures be implemented to separate the accounts payable, bank reconciliation, and check writing responsibilities. The Finance Director's responsibilities should be limited to approving accounts payable and reviewing the distribution check register. Once checks are drafted, they should be forwarded along with supporting documentation directly to the check signers for review, approval and signatures. A third person should be forwarded the signed checks directly from the check signers for distribution. In addition, no one should have unilateral IT rights to create accounts payable vendor files, generate checks and reconcile the bank accounts.

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

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the recommendation 2010-01-Repeat Finding from 2010 in this management letter identified under Section 10.554(1)(i)1.

Additional Matters

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

Purpose of this Letter

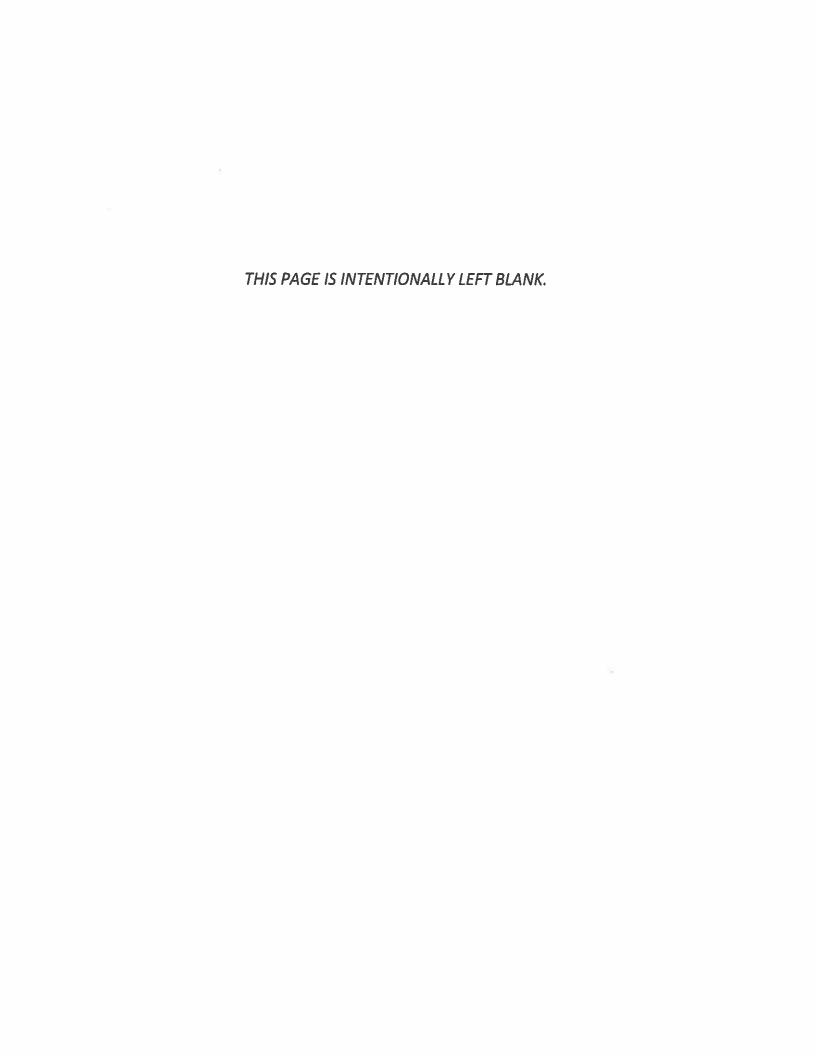
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Sheriff and applicable management, and is not intended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

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

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

Enterprise, Alabama

March 31, 2020



Tax Collector Holmes County, Florida

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



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INDEPENDENT AUDITORS' REPORT

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

We have audited the accompanying financial statements of the major fund and fiduciary fund type of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and fiduciary fund type of the Tax Collector, as of September 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, where applicable, of the major fund and fiduciary fund types, only for that portion of the major fund and fiduciary fund types of Holmes County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Holmes County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Supplemental information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

March 31, 2020

Holmes County, Florida Tax Collector Balance Sheet – Governmental Funds September 30, 2019

| | Gen | General Fund | | | |
|--------------------------------------|-----|--------------|--|--|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ | 72,699 | | | |
| Liabilities and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ | 65,826 | | | |
| Wages and benefits payable | | 1,113 | | | |
| Due to Board of County Commissioners | | 5,760 | | | |
| Total liabilities | | 72,699 | | | |
| Fund balance | | _ | | | |
| Total liabilities and fund balance | \$ | 72,699 | | | |

Holmes County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2019

| | Ge | General Fund | | |
|---|----------|--------------|--|--|
| Revenues | | | | |
| Charges for services | \$ | 375,593 | | |
| Interest | <u> </u> | 13 | | |
| Total revenues | | 375,606 | | |
| Expenditures | | | | |
| General government | | | | |
| Personnel services | | 416,734 | | |
| Operating | | 91,637 | | |
| Capital outlay | | 33,712 | | |
| Total expenditures | | 542,083 | | |
| Excess Revenues Over (Under) Expenditures | | (166,477) | | |
| Other Financing Sources (Uses) | | | | |
| Appropriations from Board of County Commissioners | | 172,237 | | |
| Reversion to Board of County Commissioners | | (5,760) | | |
| Total other financing sources | | 166,477 | | |
| Net change in fund balance | | - | | |
| Fund Balance - beginning | | | | |
| Fund Balance - ending | \$ | - | | |

Holmes County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund For the Year Ended September 30, 2019

| | | Budgeted | Am | ounts | | | | Variance | |
|--------------------------------|--------|-----------|----|------------|----|-----------|------------|----------|--|
| | | Original | | | | | With Final | | |
| | Budget | | | nal Budget | | Actual | Budget | | |
| | | | | | | | | | |
| Revenues | | | | | _ | | _ | () | |
| Charges for services | \$ | 379,195 | \$ | 379,195 | \$ | 375,593 | \$ | (3,602) | |
| Interest | | 10 | | 10 | | 13 | | 3 | |
| Total revenues | | 379,205 | | 379,205 | | 375,606 | | (3,599) | |
| Expenditures | | | | | | | | | |
| General government | | | | | | | | | |
| Personnel services | | 465,634 | | 418,549 | | 416,734 | | 1,815 | |
| Operating | | 81,915 | | 95,288 | | 91,637 | | 3,651 | |
| Capital outlay | | - | | 33,712 | | 33,712 | | , - | |
| | | | | , | | , | | | |
| Total expenditures | | 547,549 | | 547,549 | | 542,083 | | 5,466 | |
| Excess Revenues Over | | | | | | | | | |
| (Under) Expenditures | | (168,344) | | (168,344) | | (166,477) | | 1,867 | |
| Other Financing Sources (Uses) | | | | | | | | | |
| Appropriations from Board of | | | | | | | | | |
| County Commissioners | | 168,344 | | 168,344 | | 172,237 | | 3,893 | |
| Reversion to Board of County | | 100,344 | | 100,344 | | 1/2,23/ | | 3,693 | |
| Commissioners | | - | | _ | | (5,760) | | (5,760) | |
| | | | | | | (-,, | | (=, ==, | |
| Total other financing sources | | | | | | | | | |
| (uses) | | 168,344 | | 168,344 | | 166,477 | | (1,867) | |
| Not also as in five distant | | | | | | | | | |
| Net change in fund balance | | - | | - | | - | | - | |
| Fund Balance - beginning | | - | | - | | - | | | |
| Fund Balance - ending | \$ | | \$ | | ċ | | \$ | | |
| - challe | Ş | | Ş | | \$ | | ې | | |

Holmes County, Florida Tax Collector Statement of Fiduciary Net Position September 30, 2019

| | Ago | Agency Funds | | | |
|--------------------------|-----|--------------|--|--|--|
| Assets | | | | | |
| Cash | \$ | 152,382 | | | |
| Liabilities | | | | | |
| Due to other governments | \$ | 101,559 | | | |
| Due to individuals | | 50,823 | | | |
| Total liabilities | \$ | 152,382 | | | |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

General Fund — To account for all revenue and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

The Tax Collector also reported the following fiduciary fund type:

Agency Funds — Custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units, and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

Measurement Focus

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

The operations of the Tax Collector funded by Board appropriations rather than a charge for services are reported as other financial source. At year-end, excess revenue and other financing sources over expenditures are remitted to the Board and reported as reversion to Board of County Commissioners.

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2019, the Tax Collector adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements ("GASB 88")

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the Tax Collector's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. GASB 88 had no impact on the Tax Collector's financial statements.

Pronouncements Issued But Not Yet Effective

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

| GASB | | Effective |
|---------------|---|-------------|
| Statement No. | GASB Accounting Standard | Fiscal Year |
| 9.4 | Fiduciary Activities | 2020 |
| 84 | Fiduciary Activities | 2020 |
| 87 | Leases | 2021 |
| 89 | Accounting for Interest Cost Incurred before the End of a | |
| | Construction Period | 2021 |
| 90 | Majority Equity Interests – An Amendment of GASB Statements | |
| | No. 14 and No. 61 | 2020 |
| 91 | Conduit Debt Obligations | 2022 |

Budgetary Requirements

Florida Statutes, Chapter 195.087 details the preparation, adoption and administration of the Tax Collector's annual budget. On or before August 1 of each year, the Tax Collector submits an annual budget to the Department of Revenue (the "Department"). If the Department finds the budget inadequate or excessive, it shall return such budget to the Tax Collector, together with its ruling thereon.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Tax Collector shall revise the budget as required and resubmit it to the Department. After final approval by the Department, there shall be no reduction or increase by the Tax Collector or Board without the approval of the Department. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board and the Department.

Inventories and Prepaid Items

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

Capital Assets

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

Compensated Absences

It is the Tax Collector's policy to allow employees to accumulate unused sick leave and vacation benefits up to a maximum of 40 days of sick leave and 40 days of annual leave. Accumulated annual leave is payable on termination at the full value of the hours accumulated, while sick leave is only payable on termination at 50% of the value of the hours accumulated if employed for ten years or longer or 100% for an employee who retires from service retirement. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Accrued compensated absences that will not be liquidated with expendable available financial resources of the Tax Collector are the obligation of the County and are reported at the county-wide level.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of changes in compensated absences for the year ended September 30, 2019.

| | Balance 10/1/2018 Additions | | | dditions | Re | ductions | _ | Salance 30/2019 | Due in One Year | |
|----------------------|--------------------------------|--------|----|----------|----|----------|----|--------------------|--------------------|-------|
| Compensated Absences | \$ | 17,005 | \$ | 17,264 | \$ | 16,673 | \$ | 17,596 | \$ | 1,760 |

Governmental Fund Balances

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

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2019.

Spendable fund balances are classified based on a hierarchy of the Tax Collector's ability to control the spending of these fund balances. At September 30, 2019, the Tax Collector had no spendable fund balances.

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

Committed fund balances are fund balances constrained for specific purposes imposed by the Tax Collector's formal action of highest level of decision making authority.

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

Unassigned fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2019, the Tax Collector had no unassigned fund balances because all excess revenues within the general fund are required to be remitted to the appropriate taxing agencies.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

Custodial Risk

The Tax Collector does not have a written investment policy but historically has placed surplus funds in interest bearing depository accounts with local banking institutions. At September 30, 2019, all deposits were fully insured by the Federal Deposit Insurance Corporation and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

| | - | Balance 0/01/18 | Ac | lditions | De | eletions | Balance 9/30/19 | | |
|-----------------------------------|------|--------------------|----|----------|----|----------|--------------------|----------|--|
| Governmental Activities | | | | | | | | | |
| Capital assets not being deprecia | ted: | | | | | | | | |
| Construction in progress | \$ | 5,500 | \$ | 2,500 | \$ | 8,000 | \$ | _ | |
| | | | | | | | | | |
| Capital assets depreciated: | | | | | | | | | |
| Machinery and equipment | | 77,114 | | 39,212 | | - | | 116,326 | |
| Improvements | | 25,911 | - | | - | | | 25,911 | |
| Less accumulated depreciation: | | | | | | | | | |
| Machinery and equipment | | (79,415) | | (8,663) | | - | | (88,078) | |
| | | | | | | | | | |
| Total capital assets being | | | | | | | | | |
| depreciated, net | | 23,610 | | 30,549 | | - | | 54,159 | |
| | | | • | | | | | | |
| Total governmental activities | | | | | | | | | |
| capital assets, net | \$ | 29,110 | \$ | 33,049 | \$ | 8,000 | \$ | 54,159 | |

NOTE 3: CAPITAL ASSETS (Continued)

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

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

Governmental Activities

General government \$ 8,663

NOTE 4: EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, whenever a tax collector has excess revenue over expenditures determined as of the fiscal year end, "....he or she shall distribute the excess to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of his or her office." Excess revenues over expenditures of \$5,760 were returned to the Board by October 31, 2019 as required by Florida Statutes and are accrued and reported as reversion to Board.

NOTE 5: RETIREMENT PLAN

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

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

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service.

NOTE 5: RETIREMENT PLAN (Continued)

Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.47%, DROP Program – 14.60%, senior management – 25.41% and elected officials – 48.82%. These rates applied to employee salaries at year end for employee contributions are 3.00% for all classifications, with the exception of the DROP program.

Total payroll for the Tax Collector's employees covered by the System was \$279,334 for the year ended September 30, 2019. The Tax Collector's total payroll was \$284,909 for the same period. The Tax Collector's contributions to the plan for the years ended September 30, 2019, 2018, and 2017 were \$73,912, \$70,632, and \$64,553, respectively, and were paid by the due date for the contributions.

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

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

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

NOTE 7: SUBSEQUENT EVENTS

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

Fiduciary Funds

Tag — To account for collection of motor vehicle registration receipts and subsequent disbursement.

Property Tax – To account for the collection and disbursement of local property taxes.

Driver's License – To account for the collection of driver's license registration receipts and subsequent remittance of licenses and permits.

Concealed Weapons ("CWIS") – To account for the collection of concealed weapons licenses registration receipts and subsequent remittance of licenses and permits.

Holmes County, Florida Tax Collector Combining Statement of Fiduciary Net Position September 30, 2019

| | Driver's | | | | | | | | | |
|---------------------------|----------|--------|-----|----------------------|----|-------|----|----|-------|---------|
| | | Tag | Pro | Property Tax License | | CWIS | | | Total | |
| Assets | | | | | | | | | | |
| Cash and cash equivalents | \$ | 13,875 | \$ | 134,465 | \$ | 3,945 | \$ | 97 | \$ | 152,382 |
| | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Due to other governments | \$ | 13,852 | \$ | 83,665 | \$ | 3,945 | \$ | 97 | \$ | 101,559 |
| Due to individuals | | 23 | | 50,800 | | - | | - | | 50,823 |
| Total liabilities | \$ | 13,875 | \$ | 134,465 | \$ | 3,945 | \$ | 97 | \$ | 152,382 |



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

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify a certain deficiency in internal control, described in the accompanying Management Letter as item 2013-01 that we consider to be a material weakness.

Compliance and Other Matters

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

Tax Collector's Response to Findings

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

Purpose of this Report

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

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

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

Enterprise, Alabama

March 31, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Harry B. Bell III Tax Collector Holmes County, Florida

We have examined the Holmes County, Florida's Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019.

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

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

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

Enterprise, Alabama

March 31, 2020



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MANAGEMENT LETTER

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on and examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2013-01 - Information Technology General Controls – Passwords (Repeat)

Condition - Passwords to log in to the AS400 financial system do not expire and do not require both an alpha and numeric code and lockout has not been enabled.

Cause - Management has not utilized the AS400 system password protocols to comply with best practices.

Effect - This could expose the information technology system to internal and external threats resulting in unauthorized users gaining access to financial and nonfinancial data including personally identifiable information.

Recommendation - We recommend the password policy to require that current passwords expire every 90 days and include at least one numeric code in addition to the alpha code.

View of Responsible Officials and Planned Corrective Actions - The Tax Collector acknowledges the finding and will evaluate their IT policies and procedures.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the recommendation 2013-01 above.

Additional Matters

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

Purpose of this Letter

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

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

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

Enterprise, Alabama

March 31, 2020