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Holmes County, Florida

Principal Officers

Board of County Commissioners

Jeff Good	District 2 District 3 District 4
<u>Tax Collector</u> Harry B. Bell, III	Sheriff John Tate
<u>Property Appraiser</u> Bryan A. Bell	Supervisor of Elections Therisa Meadows

Clerk of the Circuit Court

Sam Bailey



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

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Holmes County, Florida (the "County"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, and the aggregate remaining fund information of the County, as of September 30, 2022 and the respective changes in financial position and the respective budgetary comparison for each major fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Emphasis of Matter

As discussed in Notes 1 and 8 to the financial statements, the County adopted provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, which required a prior period adjustment and a restatement of the 2021 financial statements. Our opinion is not modified with respect to these matters.

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such
 opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 13 through 24, schedule of changes in net OPEB liability and related ratios, schedule of employer's proportionate share of the net pension liability -Florida Retirement Systems Pension Plan, schedule of employer contributions – Florida Retirement Systems Pension Plan, schedule of employer's proportionate share of the net pension liability -Health Insurance Subsidy Program and schedule of employer contributions - Health Insurance Subsidy Program, on pages 98 through 103, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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.

Supplementary 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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Chapter 10.550, Local Governmental Audits, Rules of the Auditor General of the State of Florida, and neither schedule is a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules, 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 27, 2023, 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 effectiveness of the County'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 County's internal control over financial reporting and compliance.

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

Carr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 27, 2023

As management of Holmes County, Florida (the "County"), we offer readers of the County's financial statements this narrative overview of the financial activities of the County for the fiscal year ended September 30, 2022 compared to September 30, 2021. 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, 2022. 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, 2022 by \$60,067,708 (net position).

- Governmental Fund balances increased \$1,083,589 to \$11,756,525.
- The General Fund balance increased \$856,572 to \$5,474,038.
- General Fund revenues increased by \$2,508,287 or 18.91%.
- The County's outstanding capital leases, notes payable and bonded debt decreased \$553,826 or 16.9%.

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 15-17.

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 17 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 14 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 18-26.

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 28 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 \$60,067,708 at September 30, 2022, an increase of \$1,642,191. This increase was primarily due to the American Rescue Plan Act (ARPA) funds reimbursing the Sheriff's 2021-22 Personnel Services.

Holmes County's Net Position – Governmental Activities

As of September 30,	2022	2021
Assets		
Current and other assets	\$ 15,786,113	\$ 16,946,483
Capital assets, net	61,809,002	60,639,163
<u>Total assets</u>	77,595,115	77,585,64 <u>6</u>
<u>Deferred Outflows of Resources</u>	3,469,819	2,685,353
Linkiliainn		
Liabilities	15 020 240	6 902 414
Long-term liabilities outstanding	15,038,248	6,892,414
Other liabilities	4,281,603	6,614,649
Total liabilities	19,319,851	13,507,063
Total liabilities	19,319,831	13,307,003
Deferred Inflows of Resources	1,677,375	8,323,956
Net Position		
Net investment in capital assets	59,085,381	58,637,021
Restricted	7,069,715	6,728,943
Unrestricted (deficit)	(6,087,388)	(6,925,984)
Net position - beginning	58,439,980	58,439,980
Prior period adjustment	(14,463)	<u>-</u>
Net position – beginning, as restated	(58,425,517)	58,439,980
Total net position	\$ 60,067,708	\$ 58,439,980

At September 30, 2022, \$59,085,381 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 .76% 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 11.77% or \$7,069,715 of the County's net position represents resources that are dedicated or subject to restrictions on how they may be used. Unrestricted net deficit of \$6,087,388 reflects a \$838,596 decrease.

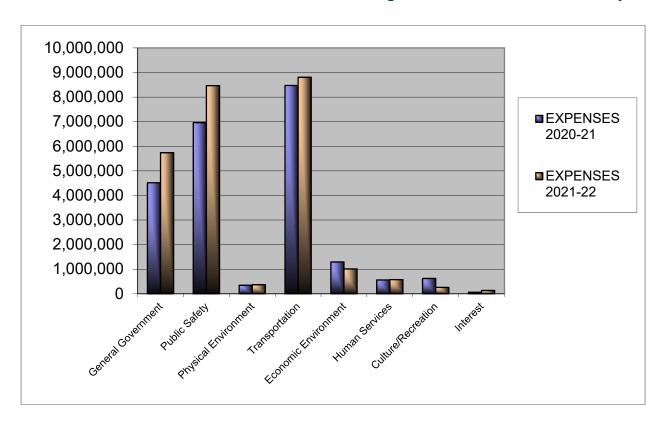
Governmental Activities increased the County's net position by \$1,642,191 compared to an increase of \$2,789,398 in the prior year.

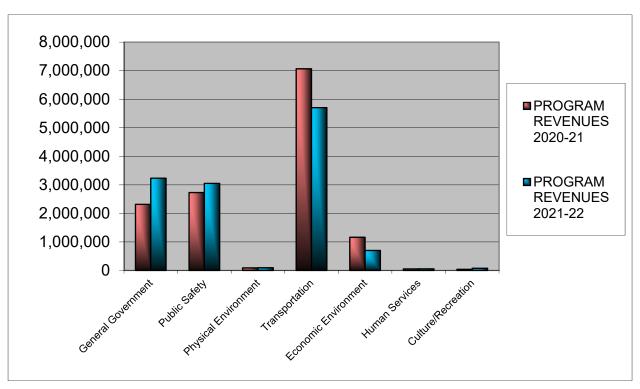
Holmes County's Changes in Net Position – Governmental Activities

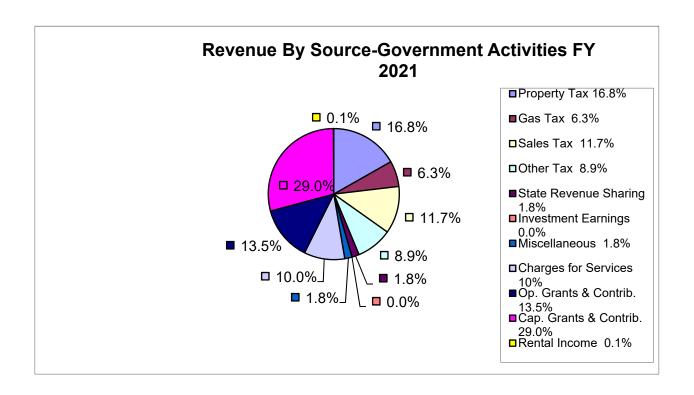
Fiscal years ended September 30,	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 2,586,447	\$ 2,569,221
Operating grants and contributions	3,988,586	3,446,821
Capital grants and contributions	6,337,713	7,439,130
General revenues:		
Property taxes	4,537,736	4,292,354
Other taxes	8,019,371	6,883,895
Other	1,529,594	989,461
Total revenues	26,999,447	25,620,882
Expenses:		
General government	5,737,138	4,516,128
Public safety	8,466,231	6,961,567
Physical environment	367,623	345,855
Transportation*	8,807,237	8,487,331
Economic environment	1,008,903	1,293,503
Human services	575,618	561,659
Culture/Recreation	259,316	621,413
Interest	135,190	58,491
Total expenses	25,357,256	22,845,947
Change in net position*	1,642,191	2,774,935
Net position, beginning*	58,425,517	55,650,582
Total net position – ending*	\$ 60,067,708	\$ 58,425,517

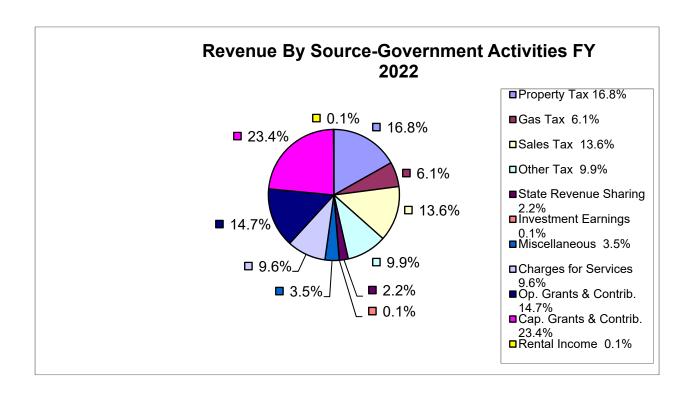
^{*}For comparative purposes, 2021 beginning net position and public safety expenses were restated to reflect the implementation of GASB 87 for lease accounting.

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 \$11,756,525, a \$1,083,589 increase from the prior year. There were no unassigned balances at September 30, 2022. 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, 2022, \$5,474,038 of the general fund was restricted or assigned to reflect budget commitments and judicially controlled funds, an increase of \$856,572 or 18.55% from 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 \$4,445,743 at fiscal year-end. This was an increase of \$338,501 and was due to increased gas taxes and intergovernmental revenue as well as a decrease in road improvement activity.

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 2022, the County expended \$506,870 for program services which is a decrease of \$218,615 from fiscal year 2021.

Major Fund Information

	County Transportation					
		General Fund		Trust		SHIP
Fiscal Year 2022						
Revenues and other sources	\$	15,804,027	\$	9,689,373	\$	506,870
Expenditures and other uses		14,947,455		9,350,872		506,870
Increase (decrease) in fund balance	\$	856,572	\$	338,501	\$	_

	General Fund	County Transportation Trust	SHIP
Fiscal Year 2021 Revenues and other sources Expenditures and other uses	\$ 13,664,046 13,792,041	\$ 10,437,340 10,819,333	\$ 725,485 725,485
Increase (decrease) in fund balance	\$ (127,995)	\$ (381,993)	\$ <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 one Supplemental Budget and amended the budget four 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 \$341,671 or 2.32%, with estimated revenues increasing by the same amount primarily from the American Rescue Plan (ARPA) Funds, COVID & ARPA Grants and the FDLE Salary Assistance Grant.

CAPITAL ASSET AND DEBT ADMINISTRATION

The County's investment in capital assets for its governmental activities was \$61,809,002 at September 30, 2022 compared to \$60,639,163 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,	2022	2021
Land	\$ 6,058,873	\$ 6,058,873
Construction in progress	2,299,816	4,392,516
Buildings	10,616,694	10,608,224
Infrastructure	71,494,600	67,047,226
Equipment	12,357,011	11,689,323
Less: Accumulated depreciation	(41,980,762)	(39,156,999)
Right-to-use lease assets- Equipment*	68,612	68,612
Right-to-use lease assets- Building*	1,352,228	1,352,228
Less: Accumulated amortization*	(458,070)	(160,393)
Total	\$ 61,809,002	\$ 61,899,610

^{*}For comparative purposes, 2021 right-to-use assets and accumulated amortization were restated to reflect the implementation of GASB 87 for lease accounting.

Additional information on the County's capital assets can be found in Note 2 beginning on page 45.

Long-Term Debt

The County had a total bonded debt of \$1,528,617 at fiscal year end, a reduction of \$179,609 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,	2022	2021
Series 2012 Revenue bonds Notes payable Leases*	\$ 1,528,617 157,986 1,037,018	\$ 1,708,226 232,758 1,336,463
<u>Total</u>	\$ 2,723,621	\$ 3,277,447

^{*}For comparative purposes, 2021 leases were restated to reflect the implementation of GASB 87 for lease accounting.

Additional information on the County's debt can be found in Note 2 beginning on page 46.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- * The unemployment rate for the County at fiscal year-end 2022 decreased from 4.1% to 2.8%.
- * The ad valorem tax millage rate is 9.4916 mills for the 2022-23 fiscal year.

Request For Information

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

Holmes County, Florida Statement of Net Position

-Continued-

	Primary	Component
	Government	Unit
	Governmental	Development
September 30, 2022	Activities	Commission
Accete		
Assets Cash and cash equivalents	\$ 13,782,898	\$ 141,059
Investments	7 13,762,636	542,997
Receivables, net	187,100	<u>-</u>
Leases receivable	208,766	•
Prepaid items	18,980	·
Due from other governments	1,372,910	
Inventory	137,399	
Restricted assets	137,333	
Cash and cash equivalents	78,060	_
Investments	70,000	982,000
Capital assets		302,000
Non-depreciable	8,358,689	957,667
Depreciable, net	52,487,543	
Right-to-use lease assets, net	962,770	
riight to use lease assets, het	302,110	
Total assets	77,595,115	4,888,029
Deferred Outflows of Resources		
Deferred outflows related to pension liability	3,410,847	-
Deferred outflows related to post-employment benefits	58,972	
Total deferred outflows of resources	3,469,819	-
Liabilities		
Accounts payable	328,808	5,669
Accrued liabilities	195,120	-
Unearned revenue	2,963,523	-
Due to other governments	146,677	165,447
Unearned rent	2,450	73,814
Accrued interest payable	15,031	-
Non-current liabilities		
Due within one year	629,994	153,760
Due in more than one year	2,143,924	1,296,870
Net pension liability	12,102,003	-
Other post-employment benefit obligation	339,652	-
Compensated absences	452,669	
Total liabilities	19,319,851	1,695,560
rotar nasinties	19,319,631	1,055,500

Holmes County, Florida Statement of Net Position (Continued)

		Primary	Component
	(Government	Unit
	Go	overnmental	Development
September 30, 2022		Activities	Commission
Deferred Inflows of Resources			
Deferred inflows related to leases		203,334	407,068
Deferred inflows related to pension liability		1,149,706	-
Deferred inflows related to post-employment benefits		324,335	
Tatal defermed inflame of management		1 677 275	407.060
Total deferred inflows of resources		1,677,375	407,068
Net Position			
Net investment in capital assets		59,085,381	1,731,310
Restricted for			
Debt service		78,060	_
Capital projects		782,588	-
General government		1,604,166	_
Transportation		4,308,344	-
Public safety		296,557	-
Unrestricted (deficit)		(6,087,388)	1,054,091
Total net position	\$	60,067,708	\$ 2,785,401

Holmes County, Florida Statement of Activities

For the	year en	ided Sep	otember	30,	2022
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			(Charges for	Operating Grants and
Functions/Programs		Expenses		Services	Contributions
Primary Government					
Governmental Activities					
General government	\$	5,737,138	\$	842,280	\$ 2,390,091
Public safety		8,466,231		1,734,872	683,403
Physical environment		367,623		-	94,544
Transportation		8,807,237		-	-
Economic environment		1,008,903		-	700,161
Human services		575,618		9,295	44,988
Culture and recreation		259,316		-	75,399
Interest		135,190		-	-
Total primary government	\$	25,357,256	\$	2,586,447	\$ 3,988,586
Component Unit					
Holmes County Development Commission	\$	305,835	\$	-	\$ -
	Ge	neral Revenue	!S		

Taxes

Property taxes

Sales taxes

Gasoline taxes

Other taxes

State revenue sharing

Rental income

Investment earnings (losses)

Gain (loss) on sale of assets

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year as previously reported

Prior period adjustment (see Note 8)

Net position, beginning of year as restated

Net position, end of year

Holmes County, Florida Statement of Activities

Net Position	
Net (Expense) Revenue and Changes	in

Rev	venues		Net Pos	Net Position			
			Primary		Component		
	Capital		Government		Unit		
	Grants and		Governmental		Development		
	Contributions		Activities		Commission		
\$	_	\$	(2,504,767)	\$	_		
*	632,486	τ.	(5,415,470)	т	_		
	-		(273,079)		-		
	5,705,227		(3,102,010)		_		
	-		(308,742)		-		
	-		(521,335)		-		
	-		(183,917)		-		
	-		(135,190)				
\$	6,337,713		(12,444,510)				
\$	46,255		-		(259,580)		
			4,537,736		-		
			3,679,264		-		
			1,650,724		-		
			2,689,383		-		
			586,033		-		
			26,875		158,679		
			18,115		(219,437)		
			(41,387)		(307,045)		
			939,958		1,420		
			14,086,701		(366,383)		
			1,642,191		(625,963)		
			58,439,980		3,404,264		
			(14,463)		7,100		
		۲	58,425,517		3,411,364		
		\$	60,067,708	\$	2,785,401		

Holmes County, Florida Balance Sheet – Governmental Funds

	County							
			Tı	ransportation				
September 30, 2022	Ge	eneral Fund		Trust	SHIP			
Assets								
Cash and cash equivalents	\$	6,651,390	\$	4,423,870	\$	996,059		
Accounts receivable	•	187,100	·	-	•	-		
Leases receivable		208,766		-		-		
Due from other governments		962,942		150,076		-		
Due from other funds		, -		8,271		-		
Inventory		-		137,399		-		
Restricted assets								
Cash and cash equivalents		-		-		-		
Total assets	\$	8,010,198	\$	4,719,616	\$	996,059		
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	\$	273,208	\$	23,092	\$	-		
Accrued liabilities	·	121,580	·	47,440	•	-		
Unearned revenue		1,752,558		203,259		996,059		
Due to other governments		6,658		82		-		
Due to other funds		8,125		-		-		
Total liabilities		2,162,129		273,873		996,059		
Deferred inflows of resources								
Unavailable revenue on								
settlement allocations		170,697		-		-		
Deferred inflows related to leases		203,334				-		
Total deferred inflows of resources		374,031		-		-		
Fund balances								
Nonspendable		_		137,399		_		
Restricted		958,538		4,308,344		-		
Assigned		4,515,500		-		-		
Total fund balances		5,474,038		4,445,743		-		
Total liabilities, deferred inflows of								
resources, and fund balances	\$	8,010,198	\$	4,719,616	\$	996,059		
,	7	-,,	Τ	.,,	<u> </u>	,		

Holmes County, Florida Balance Sheet – Governmental Funds

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,711,579 - - 259,892	\$ 13,782,898 187,100 208,766 1,372,910
- - 78,060	8,271 137,399 78,060
\$ 2,049,531	\$ 15,775,404
\$ 32,508 26,100 14,096 139,937 146	\$ 328,808 195,120 2,965,972 146,677 8,271
212,787	3,644,848
 -	170,697 203,334
-	374,031
- 1,802,833 33,911	137,399 7,069,715 4,549,411
1,836,744	11,756,525
\$ 2,049,531	\$ 15,775,404



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

September 30, 2022		
Total fund balances - governmental funds		\$ 11,756,525
Amounts reported for governmental activities in the statement of net podifferent because:	osition are	
Future revenue from state settlement allocation appropriations are not to pay current period expenditures and, therefore, are deferred at the fund level.	available	170,695
Capital assets used in governmental activities are not current financial retherefore, are not reported in the funds. Governmental capital assets, net	esources and,	61,809,002
Prepaid items are recorded as an expenditure in governmental funds where than as an asset until consumed, as reported on the Statement of Net Position	nen paid	18,980
Other post-employment benefit ("OPEB") related deferred outflows, deferred inflows and net OPEB obligation represent an acquisition or consumption of net assets that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds. Deferred outflows related to post-employment benefits Deferred inflows related to post-employment benefits	\$ 58,972 (324,335)	
Deferred outflows related to pension liabilities Deferred inflows related to pension liabilities Net pension liabilities Other post-employment benefit obligation	3,410,847 (1,149,706) (12,102,003) (339,652)	(10,445,877)
Other liabilities not due and payable in the current period and, therefore, not reported in the governmental fund are as follows:		
Accrued interest Lease obligations Notes and bonds payable	\$ (15,031) (1,037,018) (1,686,603)	
Compensated absences	(502,965)	(3,241,617)
Net position of governmental activities		\$ 60,067,708

Holmes County, Florida Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

				County
			Tra	nsportation
For the year ended September 30, 2022	Ge	neral Fund		Trust
Revenues				
Taxes	\$	9,973,296	\$	1,650,724
Licenses and permits	Y	345,229	Y	1,030,724
Intergovernmental		3,668,514		5,705,227
Charges for services		1,154,872		-
Fines and forfeitures		14,220		-
Investment earnings		12,428		5,675
Miscellaneous revenue		602,788		22,311
Total revenues		15,771,347		7,383,937
Expenditures				
Current				
General government		3,589,245		_
Public safety		7,014,183		-
Economic environment		304,359		-
Physical environment		339,751		_
Human services		499,669		_
Culture and recreation		240,526		-
Transportation		500		6,257,613
Capital outlay		294,956		2,752,401
Debt service		,		, ,
Principal		116,830		264,841
Interest		4,407		76,017
Total expenditures		12,404,426		9,350,872
Excess (deficiency) of revenues				
over (under) expenditures		3,366,921		(1,966,935)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets		_		30,180
Transfers in		32,680		2,275,256
Transfers out		(2,543,029)		-
Reversion to State of Florida		-		-
Net other financing sources (uses)		(2,510,349)		2,305,436
Net change in fund balances		856,572		338,501
Fund balances, beginning of year		4,617,466		4,107,242
		, ,		, ,
Fund balances, end of year	\$	5,474,038	\$	4,445,743

		Nonmajor		Total
		Governmental		Governmental
SHIP		Funds		Funds
\$ -	\$	_	\$	11,624,020
٠ -	Y	_	Y	345,229
506,870		1,964,808		11,845,419
-		735,407		1,890,279
-		336,719		350,939
-		12		18,115
		25,170		650,269
506,870		3,062,116		26,724,270
-		1,675,865		5,265,110
-		813,069		7,827,252
506,870		-		811,229
-		-		339,751
-		54,647		554,316
-		193,291		433,817
-		-		6,258,113
-		238,986		3,286,343
-		179,609		553,825
-		49,078		136,957
		•		,
506,870		3,204,545		25,466,713
-		(142,429)		1,257,557
-		-		30,180
-		267,773		2,575,709
-		(32,680)		(2,575,709)
		(204,148)		(204,148)
		30,945		(173,968)
-		(111,484)		1,083,589
		1,948,228		10,672,936
\$ -	\$	1,836,744	\$	11,756,525

Holmes County, Florida

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

For the year ended September 30,	 2022
Net change in fund balances - total governmental funds	\$ 1,083,589
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.	3,115,063
Donated capital assets do not use current financial resources and are not reported in the governmental funds.	148,148
Depreciation and amortization expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(3,282,251)
In the statement of activities, the gain or loss on the disposal of capital assets is reported. Whereas in the governmental funds, total proceeds from disposals are reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.	(71,568)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	553,826
Settlement allocation revenue is not collected within period of availability after year-end and is deferred in the governmental funds.	170,695
Changes in deferred outflows and 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.	(111,957)
Other postemployment benefit obligations reported in the statement of activities does not require the use of current financial resources and therefore, are not reported as an expenditure in governmental funds.	7,423
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.	29,223
Change in net position of governmental activities	\$ 1,642,191

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

				Variance
				with Final
				Budget
	Original	Final		Positive
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
_				_
Revenues	4		4 00-000	4
Taxes	\$ 8,829,098	\$ 8,829,098	\$ 9,973,296	\$ 1,144,198
Licenses and permits	218,804	218,804	345,229	126,425
Intergovernmental	2,614,042	2,987,284	3,668,514	681,230
Charges for services	1,171,939	1,197,421	1,154,872	(42,549)
Fines and forfeitures	37,313	37,313	14,220	(23,093)
Investment earnings	-	-	12,428	12,428
Miscellaneous	214,689	226,609	602,788	376,179
Total revenues	13,085,885	13,496,529	15,771,347	2,274,818
Expenditures				
Current				
General government	3,675,668	3,820,919	3,589,245	231,674
Public safety	6,322,867	6,713,471	7,014,183	(300,712)
Economic environment	2,073,498	2,067,460	304,359	1,763,101
Physical environment	397,863	405,878	339,751	66,127
Human services	575,807	577,991	499,669	78,322
Culture and recreation	193,329	267,547	240,526	27,021
Transportation	500	500	500	27,021
Capital outlay	1,475,001	1,202,438	294,956	907,482
Debt service	1,473,001	1,202,436	234,330	307,462
	-	-	116 020	- (116 020)
Principal	-	-	116,830	(116,830)
Interest	-	-	4,407	(4,407)
Total expenditures	14,714,533	15,056,204	12,404,426	2,651,778
Excess (deficiency) of revenues over				
(under) expenditures	(1,628,648)	(1,559,675)	3,366,921	4,926,596
				-Continued-

Holmes County, Florida General Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Continued)

For the year ended September 30, 2022	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources			22.600	22.600
Transfers in	- (0.607.504)	-	32,680	32,680
Transfers out	(2,697,584)	(2,716,557)	(2,543,029)	173,528
Net other financing sources (uses)	(2,697,584)	(2,716,557)	(2,510,349)	206,208
Net change in fund balance	(4,326,232)	(4,276,232)	856,572	5,132,804
Fund balance, beginning of year	4,617,466	 4,617,466	4,617,466	-
Fund balance, end of year	\$ 291,234	\$ 341,234	\$ 5,474,038	\$ 5,132,804
Reconciliation of GAAP to Budgetary Basis GAAP basis revenues Non-budgeted revenues and other financing sources Intergovernmental Miscellaneous	\$ 13,085,885 - -	\$ 13,496,529 - -	\$ 15,771,347 (519,496) (269,478)	\$ 2,274,818 (519,496) (269,478)
Budgetary basis revenues and other financing sources	\$ 13,085,885	\$ 13,496,529	\$ 14,982,373	\$ 1,485,844
GAAP basis expenditures Non-budgeted expenditures Public safety	\$ 14,714,533	\$ 15,056,204	\$ 12,404,426 (788,974)	\$ 2,651,778 788,974
Budgetary basis expenditures	\$ 14,714,533	\$ 15,056,204	\$ 11,615,452	\$ 3,440,752

Holmes County, Florida County Transportation Trust Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

				Variance with Final
				Budget
	Original	Final		Positive
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
Revenues				
Taxes	\$ 1,480,158	\$ 1,480,158	\$ 1,650,724	\$ 170,566
Intergovernmental	3,500,000	5,819,154	5,705,227	(113,927)
Investment earnings	3,578	3,578	5,675	2,097
Miscellaneous	12,825	12,825	22,311	9,486
Total revenues	4,996,561	7,315,715	7,383,937	68,222
Expenditures				
Transportation	7,887,735	10,492,629	6,257,613	4,235,016
Capital outlay	4,030,937	3,798,542	2,752,401	1,046,141
Debt Service				
Principal	21,647	21,647	264,841	(243,194)
Interest	1,672	1,672	76,017	(74,345)
Total expenditures	11,941,991	14,314,490	9,350,872	4,963,618
Excess (deficiency) of revenues over				
(under) expenditures	(6,945,430)	(6,998,775)	(1,966,935)	5,031,840
Other Financing Sources				
Proceeds from sale of capital assets	-	-	30,180	30,180
Transfers in	2,265,746	2,288,766	2,275,256	(13,510)
Transfers out	-	(14,510)	-	14,510
Net other financing sources	2,265,746	2,274,256	2,305,436	31,180
Net change in fund balance	(4,679,684)	(4,724,519)	338,501	5,063,020
Fund balance, beginning of year	4,679,684	4,724,519	4,107,242	(617,277)
Fund balance, end of year	\$ -	\$ -	\$ 4,445,743	\$ 4,445,743

Holmes County, Florida SHIP Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

					Variance with Final
	Original	Final			Budget Positive
For the year ended September 30, 2022	Budget	Budget	Actual	1	Negative)
Tor the year ended September 30, 2022	Duuget	Duuget	Actual		ivegative)
Revenues					
Intergovernmental	\$ 350,000	\$ 350,000	\$ 506,870	\$	156,870
Expenditures					
Current					
Economic environment	950,497	950,497	506,870		443,627
Excess (deficiency) of revenues					
over (under) expenditures	(600,497)	(600,497)	-		600,497
Fund balance, beginning of year	600,497	600,497	-		(600,497)
Fund balance, end of year	\$ -	\$ -	\$ -	\$	(600,497)

Holmes County, Florida Statement of Fiduciary Net Position – Fiduciary Funds

		Custodial
September 30, 2022		Funds
Assets		
Cash and cash equivalents	\$	532,253
Receivables		14,624
Total assets		546,877
Liabilities		
Due to other governments		201,125
Due to individuals		189,141
Deposits		74,553
Total liabilities		464,819
Total liabilities		404,619
Net Position		
Restricted for inmate welfare		82,058
→ . 10: 100:	A	F 4 C 0 7 7
Total liabilities and net position	\$	546,877

Holmes County, Florida Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2022		Custodial Funds
Additions		
Clerk of circuit and county courts revenue	\$	4,186,606
Tax collections, auto tag fees, and other fees	·	, ,
for other governments		11,846,668
Inmate deposits		730,871
Total additions		16,764,145
Deductions		
Current		
Payments of clerk of circuit and county courts		4,186,606
distributions to other governments		
Payments of tax, auto tag fees, and other fees		
to other governments		11,846,668
Public safety		728,789
Total deductions		16,762,063
Changes in net position		2,082
Net position, beginning of year		79,976
Net position, end of year	\$	82,058

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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.

Reporting Entity

The County is a political subdivision of the State of Florida (the State) 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. In evaluating the County as a reporting entity, management has considered all potential component units in accordance with Section 2100: Defining the Financial Reporting Entity of the GASB Codification.

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.

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 401 East McLaughlin Avenue, Bonifay, Florida 32425.

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 government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the County has one discretely presented component unit, the Development Commission. The Development Commission is a major component unit and reported in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

General Fund accounts 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.

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

SHIP accounts for state grant to improve housing.

The County reports the following fiduciary fund type:

Custodial Funds account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units and/or funds. Custodial 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 Information

Budgetary Basis of Accounting

Annual budgets for governmental fund types that are legally required to prepare an annual budget are adopted on a basis consistent with GAAP except for the general fund. Generally the major differences in the general fund 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.

Budgetary Information (continued)

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.

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.

Excess of expenditures over appropriations

For the year ended September 30, 2022, expenditures exceeded appropriations within the public safety and debt service function of the General Fund by \$300,712 and \$121,237, respectively. The excess expenditures were a result of the County not budgeting \$788,974 of revenues and expenditures. A Reconciliation of GAAP to Budgetary Basis is presented on page 22 to show these unbudgeted revenues and expenditures. During fiscal year 2022, there were general fund supplemental budget appropriations of \$410,644 or 3.14% of the original budget.

General Fund

The following items represent the major additional appropriations:

Various federal and state grants	\$ 398,724
Miscellaneous revenues	\$ 11,920

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. No later than August 1 of each year, the Board shall approve the Sheriff's budget.

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.

Employee Benefits

Compensated Absences

The County's compensated absences (PTO) policy varies between each of the constitutional officers and employees of the Board of County Commissioners. The amount of accrued PTO is generally determined by years of service and is available for use once accrued. PTO that will not be liquidated with expendable available financial resources are reported as long-term debt in the Statement of Net Position.

It is the County's policy to allow employees to accumulate unused paid time off. For the fiscal year ended September 30, 2022 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 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.

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 Postemployment 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.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

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

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:

- 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.

Receivables

The County records accounts receivable for various taxes, fees and services. For emergency medical service fees, uncollectible allowance has been recorded based on contractual and historical experience. All other receivables are considered collectible and, as such, no allowance for uncollectibles is reported.

Interfund Activities and Transactions

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."

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.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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, right-to-use assets, 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 \$5,000 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:

Capital asset classes	Lives
Buildings	25 - 40
Building improvements	7 - 25
System infrastructure	20 - 40
Vehicles	5 - 10
Equipment	5 - 10
Improvements other than buildings	20 - 30
Right-to-use buildings	2 - 7
Right-to-use equipment	5 - 7

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, the County had deferred outflows at year-end related to their other postemployment benefit plan (OPEB).

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Deferred Outflows/Inflows of Resources (continued)

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 County had deferred inflows 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. In addition, the County had deferred inflows at year-end related to their other postemployment benefit plan (OPEB). These amounts are recognized as inflows of resources in the period that they become available. The deferred inflows related to leases relate to a tower lease in which the County is the lessor. Revenue will be recognized over the life of the lease. The County received \$11,655 and \$12,395 in principal and interest payments, respectively, during the year ended September 30, 2022.

Unearned revenues

Unearned revenues are a liability that represents amounts received, but not yet earned.

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.

Lease Obligations

GASB No. 87, Leases, was adopted October 1, 2021. Under this new guidance, all contracts allowing for the County to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. Any contract not meeting the 12-month period requirement is recognized as rental expense.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Lease Obligations (continued)

measurement of lease liability are composed of fixed payments and term options that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease receivable

The County and Commission records revenues from lease in accordance with GASB No. 87, Leases. The lease receivable is initially measured at the present value of the lease payments expected to be received during the lease term. The deferred lease inflow of resources is measured as the sum of the initial measurement of the lease receivable net of lease payments received. Lease receipts result in a reduction of the lease receivable and recognition of inflows of revenues. At September 30, 2022, the County's total lease receivable of \$208,766 was for the lease of towers. At September 30, 2022, the Commission's total lease receivable of \$478,059 was for the lease of buildings.

Categories and Classification of Net Position and Fund Equity

Net position flow assumption and fund balance flow assumption - 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.

Net position on the government-wide financial statements 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 position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Categories and Classification of Net Position and Fund Equity (continued)

Fund Equity is reported in the fund financial statements as either nonspendable or spendable in the following classifications:

Nonspendable— Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of

the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The governing council (Board) has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – Unassigned fund balance is the residual classification.

Revenues and Expenditures/Expenses

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

Revenues and Expenditures/Expenses (continued)

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.

2022 Property tax calendar:

Lien date - January 1, 2021 Levy date - November 1, 2021 Tax bills mailed - November 1, 2021

Collection dates - November 30, 2021: 4% discount

Through January 2, 2022: 3% discountThrough January 31, 2022: 2% discountThrough February 28, 2022: 1% discount

Delinquent date - April 1, 2022

Tax sale - 2021 delinquent property taxes - on or before June 1, 2022

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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued March 27, 2023. See Note 9 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87 (GASB 87), Leases. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Recently Issued and Implemented Accounting Pronouncements (Continued)

Under GASB 87, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 87 resulted in the inclusion of a lease receivable, leases payable and right of use assets in the Statement of Net Position. See note 8 for further discussion on the restatement of beginning balances required for the implementation of GASB 87.

In June 2018, the GASB issued Statement No. 89 (GASB 89), Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The implementation of GASB 89 did not result in any change in the County's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019- 3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting
- for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

Recently Issued and Implemented Accounting Pronouncements (Continued)

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The implementation of GASB 92 did not result in any significant change in the County's financial statements.

In May 2020, the GASB issued Statement No. 93 (GASB 93), Replacement of Interbank Offered Rates. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in GASB 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 93 did not result in any change in the County's financial statements.

In June 2020, the GASB issued Statement No. 97 (GASB 97), Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as

Recently Issued and Implemented Accounting Pronouncements (Continued)

fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. The implementation of GASB 97 did not result in any change in the County's financial statements.

In October 2021, the GASB issued GASB Statement No. 98 (GASB 98), The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The implementation of GASB 98 did not result in any change in the County's financial statements.

Pronouncements Issued But Not Yet Effective

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91 (GASB 91), Conduit Debt Obligations. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees

Holmes County, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022* (GASB 99). This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53,
 Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition
 of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the PPP term and (b)
- recognition and measurement of installment payments and the transfer of the underlying PPP asset,

Pronouncements Issued But Not yet Effective (Continued)

- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections (GASB 100). This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to

Pronouncements Issued But Not yet Effective (Continued)

reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued GASB Statement No. 101, Compensated Absences (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The County is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Custodial Credit Risk

The County maintains its deposits only with qualified public depositories as defined in Chapter 280, Florida Statues. The provisions of this statute generally require public funds to be deposited in a bank or savings association designated by the State Chief Financial Officer as a "Qualified Public Depository". All qualified public depositories must maintain deposit insurance. They also must place with or in the name of the Chief Financial Officer of the State of Florida, collateral in the amount of the greater of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125 percent of the average daily balance of public deposits greater than capital. Collateral requirements may be increased according to statute if specified conditions exist. Eligible collateral includes federal, federally-guaranteed, state and local government obligations and corporate bonds. In the event of default by a qualified public depository excess losses over insurance and collateral will be recovered through assessments to all qualified public depositories of the same type as the depository in default. Under this method, the County's deposits are considered fully insured.

Development Commission

The Commission's investment program is established in accordance with the Commission's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the Commission to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds, and accounts of state qualified public depositories.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Commission's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months. The Commission's investment policy places no limit on the maturity of investments.

The Development Commission's investments at September 30, 2022 were comprised of the following, reported at fair value:

	Maturities (in years)										
				Less						More	
	F	air Value		than 1		1 - 5		5 - 10		than 10	Level
September 30, 2022 U.S. Government and agency securities Corporate bonds Mortgage-backed securities	\$	306,181 607,390 378,079	\$	- 27,650 -	\$	87,751 317,570 18,157	\$	77,144 178,574 56,860	\$	141,286 83,596 303,062	L1 L2 L2
Common stock Total investments	<u> </u>	1,291,650 233,347 1,524,997	\$	27,650	\$	423,478	\$	312,578	\$	527,944	

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 inputs in to three categories – Level 1, Level 2, and Level 3 inputs – considering the relative reliability of 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 fair value hierarchy are as follows:

Development Commission (continued)

- Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.
- Level 2 (L2): Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Highway 179 Corridor

Reporting entity – The Highway 79 Corridor Authority (the Authority) was formed as a legal entity and public body pursuant to Chapters 125, 166 and 163, Florida Statutes and an Interlocal Agreement dated June 11, 2018 (the Interlocal Agreement) by and between the City of Bonifay, Holmes County, and Washington County (the Authority Members), each a local government located in the State of Florida. The purpose of the Authority is to foster and assist economic development and acquire, plan for, develop, fund, construct, own, maintain, manage, improve, operate, and at its option, dispose of the Authority facilities and projects within the Corridor Area.

Highway 179 Corridor (continued)

The Authority has a fiscal year end of September 30. Condensed financial statements for the Authority are shown below:

As of September 30,		2022
Total current assets	\$	77,602
Net property and equipment		2,607,160
Total assets	\$	2,684,762
Total current liabilities	\$	12,217
Net position	·	2,672,545
Total liabilities and net position	\$	2,684,762
For the year ended September 30,		2022
Total operating revenues	\$	-
Total operating expenses		182,677
Income (loss) from operations		(182,677)
Total other income		121,192
Income before capital contributions		(61,485)
Capital grants		712,857
Increase in net position		651,372
Net position - beginning of year		2,021,173
Net position - end of year	\$	2,672,545

Highway 179 Corridor (continued)

Net cash provided (used) by:	
Operating activities	\$ (167,835)
Noncapital financing activities	125,000
Capital and related financing activities	(385,474)
	-
Net decrease in cash and cash equivalents	\$ (428,309)

The separate audited financial statements of the Authority may be obtained from the Authority's finance department.

Receivables

Accounts receivable for the County consists primarily of ambulance billings with a balance of \$1,879,286 and an allowance for uncollectible accounts of \$1,698,690, net \$180,596. All other receivables totaling \$6,504 are considered collectible and no allowance for uncollectibles on those accounts is deemed necessary.

The Commission has a receivable of \$385,400 for financing the sale of 227 acres with a sale price of \$477,500. The buyer paid \$52,100 at closing on February 16, 2022. Additional payments on the property made by the buyer during the 2022 FY totaled \$40,000. The balance is due during the year ended September 30, 2023.

Due from Other Governments

Due from Other Governments is comprised of various grant reimbursements, revenue sharing and taxes collected for the County by the State of \$1,202,215, and an allocation by the State of Florida from litigation settlements of \$170,695.

Interfund Balances

Due to/from other funds consists of the following:

Receivable Fund	Payable Fund	 Amount	
Transportation fund Transportation fund	Nonmajor governmental fund General fund	\$ 146 8,125	
·	General fama		
_ Total		\$ 8,271	

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

Interfund Transfers

Transfers to/from other funds consist of the following:

Transfer from	Transfer to	 Amount
(1) Nonmajor governmental funds (2) General Fund	General Fund Nonmajor governmental funds	\$ 32,680 267,773
(3) General Fund	Transportation Trust	 2,275,256
Total		\$ 2,575,709

- (1) reimburse for eligible expenditures
- (2) annual debt service requirements and budgeted appropriations
- (3) budgeted appropriations

Holmes County, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital assets activity for the fiscal year is as follows:

		October 1,					_		Ending
For the year ended September 30, 2022	202	1, as Restated		Increases	Decre	ases	Transfers		Balance
Governmental Activities									
Capital assets, not being depreciated	_		_		_			_	
Land	\$	6,058,873	\$		\$	-	-	\$	
Construction in progress		4,392,516		2,207,715		-	(4,300,415)		2,299,816
Capital assets, not being depreciated		10,451,389		2,207,715		-	(4,300,415)		8,358,689
Capital assets, being depreciated									
Buildings		10,608,224		10,695		2,225	-		10,616,694
Infrastructure		67,047,226		159,206		-	4,288,168		71,494,600
Machinery and equipment		11,689,323		885,595	23	0,154	12,247		12,357,011
Capital assets, being depreciated		89,344,773		1,055,496	23	2,379	4,300,415		94,468,305
Less accumulated depreciation for									
Buildings		5,714,595		288,314		1,914	-		6,000,995
Infrastructure		26,529,021		1,655,648		-	-		28,184,669
Machinery and equipment		6,913,383		1,040,612	15	8,897	-		7,795,098
Total accumulated depreciation		39,156,999		2,984,574	16	0,811	-		41,980,762
Total capital assets being depreciated, net		50,187,774		(1,929,078)	7	1,568	4,300,415		52,487,543

- Continued -

Capital Assets (continued)

		October 1,							Ending
For the year ended September 30, 2022	202	1, as Restated		Increases	De	creases		Transfers	Balance
Right-to-use lease assets, being amortized									
Buildings	\$	68,612	\$	-	\$	-	\$	-	\$ 68,612
_ Equipment		1,352,228		-		-		-	1,352,228
Right-to-use lease assets, being amortized		1,420,840		-		-		-	1,420,840
Less accumulated amortization for									
Buildings		6,198		28,981		-		-	35,179
Equipment		154,195		268,696		-		-	422,891
Total accumulated amortization		160,393		297,677		-		-	458,070
Right-to-use lease assets being amortized, amortized, net		1,260,447		(297,677)		-		-	962,770
Governmental activities capital assets, net	\$	61,899,610	\$	(19,040)	\$	71,568	\$	-	\$ 61,809,002

Depreciation and amortization expense was charged to the functions of government as follows:

For the year ended September 30,	2022
Governmental Activities	_
General government	\$ 248,760
Public safety	612,342
Physical environment	4,940
Transportation	2,374,553
Economic environment	1,809
Human services	21,231
Culture and recreation	18,616
Total depreciation and amortization expense	\$ 3,282,251

Capital Assets (continued)

The Development Commission's capital assets are as follows:

September 30, 2022	Beginning Balance Increases Decreases				Ending Balance
Capital assets, not being depreciated Land	\$ 1,742,212	\$	-	\$ (784,545)	\$ 957,667
Capital assets, being depreciated Buildings and improvements	1,363,924		152,049	-	1,515,973
Less accumulated depreciation for Buildings and improvements	(66,690)		(57,010)	-	(123,700)
Total capital assets being depreciated, net	1,297,234		95,039		1,392,273
Capital assets, net	\$ 3,039,446	\$	95,039	\$ (784,545)	\$ 2,349,940

Unearned Revenue

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

Arthropod grant	\$ 14,096
American Rescue Plan	1,734,890
SHIP	996,060
FEMA grant	218,477
<u>Total</u>	\$ 2,963,523

Long-Term Debt and Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

		Balance						
		10/01/21				Balance	[Due Within
	a	s Restated	Additions	F	Reductions	09/30/22		One Year
Leases	\$	1,336,463	\$ -	\$	299,445	\$ 1,037,018	\$	316,984
Note payable from								
direct borrowings	\$	232,758	\$ -	\$	74,772	\$ 157,986	\$	77,586
Series 2012 revenue								
bonds		1,708,226	-		179,609	1,528,617		185,127
Compensated								
absences		524,534	417,665		439,233	502,966		50,297
Net pension liability		4,184,262	9,195,877		1,278,136	12,102,003		-
Net OPEB liability		518,480	43,250		222,078	339,652		-
	\$	8,504,723	\$ 9,656,792	\$	2,493,273	\$ 15,668,242	\$	629,994

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

Leases - Lessee

The County has entered into multiple lease agreements as lessee for equipment and buildings that qualify as leases for accounting purposes.

Leases - Lessee (continued)

The present value of the future minimum lease payments is as follows:

	S	upervisor		
	of	Elections	Board	Total
2023	\$	8,523	\$ 368,357	\$ 376,880
2024		-	323,039	323,039
2025		-	323,039	323,039
2026		-	136,492	136,492
Total minimum payments		8,523	1,150,927	1,159,450
Less: amount representing				
interest		-	(122,432)	(122,432)
Present value of minimum				
capital lease payments	\$	8,523	\$ 1,028,495	\$1,037,018
Gross capital asset value	\$	34,090	\$ 1,528,903	\$1,562,993
Accumulated depreciation		(7 <i>,</i> 386)	(494,992)	(502,378)
Net capital asset value	\$	26,704	\$ 1,033,911	\$1,060,615

Leases – Lessor

The Commission accounts for leases in accordance with GASB Statement No. 87, *Leases*. The Commission's operations consist of agreements for use of buildings from local businesses. The agreements are made up of various non-cancelable agreements for buildings, which expire between the years 2023 and 2029. The Commission recognized \$91,083 of lease principal and \$35,620 of lease interest for the year ended September 30, 2022.

Leases – Lessor (Continued)

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2022:

				Total Future
				Minimum Lease
For the years ended September 30,	Principal	I	nterest	Payments
2023	\$ 98,851	\$	29,204	\$ 128,055
2024	100,107		22,348	122,455
2025	76,224		16,430	92,654
2026	61,044		11,811	72,855
2027	60,675		7,580	68,255
2028	41,037		4,218	45,255
2029	40,121		1,365	41,486
Total	\$ 478,059	\$	92,956	\$ 571,015

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 \$1,207,680, respectively. Annual principal and interest payments on the bond are expected to require an estimated 25% 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.

Revenue Bonds (continued)

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

Year	Fnc	ling
ı Cuı		

September 30,	Principal	Interest	Total
2023	\$ 185,127 \$	41,922 \$	227,049
2024	190,442	36,372	226,814
2025	196,102	30,656	226,758
2026	201,930	24,771	226,701
2027	207,931	18,711	226,642
2028 - 2030	547,085	19,071	566,156
	\$ 1,528,617 \$	171,503 \$	1,700,120

Note Payable

The Sheriff entered into a promissory note on January 28, 2021, to provide funds to finance the cost of vehicles. The interest rate on the note is 3.53%. Interest and principal is payable annually on March 1st. The original issue was for \$315,000 with principal payments beginning March 1, 2021 through March 1, 2024.

The following table sets forth the annual debt service requirements on the note payable:

Year Ending

September 30,	Principal	Interest	Total
2023	\$ 77,586 \$	5,627 \$	83,213
2024	80,400	2,814	83,214
	\$ 157,986 \$	8,441 \$	166,427

Development Commission

The Development Commission has a note payable from Regions Bank maturing July 20, 2030. The current rate of interest is 3.35% and interest payments are due quarterly. The outstanding balance on the note payable was \$982,000 and \$1,034,000 at September 30, 2022 and 2021, respectively.

The Development Commission also has an owner-financed note payable on the purchase of 97.260 acres of land located in Holmes County that was purchased in December 2020. The balance is to be paid in five annual installments of \$153,760 until the balance is fully paid. The outstanding balance on the note payable was \$468,630 and \$622,390 at September 30, 2022 and 2021, respectively.

Development Commission (continued)

The Development Commission entered into a contract with the Holmes County School Board to pay \$150,000 within 30 days of the Holmes County School Board vacating the middle school property.

Net Position and Fund Balances

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$7,069,715 of restricted net position, of which \$6,395,907 was restricted by enabling legislation.

Governmental Fund Balances

Fund balance is comprised of the following:

-	
County Transportation Tru	st
Inventory	

	4 2 -	7.399	
_	1 - 4	7 444	

Inventory		\$ 137,399
Restricted Fund Balances		
General Fund		
Debt service	\$ 228,688	
Tourist development	528,292	
Code enforcement	201,558	
Total general fund		\$ 958,538
County Transportation Trust		
Transportation		4,308,344
Nonmajor governmental funds		
Child support enforcement	457,750	
Law enforcement	19	
Public safety	329,913	
Court operations	104,124	
Judicial facilities	418,544	
Court innovations	209,336	
Domestic violence	101,218	
Florida arts	1,423	
Drivers education	26,722	
Criminal justice education	3,553	
Boater improvement	14,208	
Emergency Communications	10,363	
Crime prevention	35,040	

Restricted Fund Balances (continued)

Debt service	78,060		
Court technology	12,560		
Total nonmajor governmental funds			1,802,833
Total restricted fund balance		\$	7,069,715
Assigned Fund Balance			
General Fund			
EMPG grant match	\$ 8,118		
Capital projects	748,217		
2023 budget appropriations	3,759,165	•	
Total general fund		\$	4,515,500
Nonmajor governmental funds			
Mosquito control	32,992		
Culture and recreation – library	750		
Public safety	169		
Total nonmajor government funds			33,911
Total assigned fund balances		\$	4,549,411

Note 3: RETIREMENT PLANS

Florida Retirement System Pension Plan

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

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

The System provides for those employees hired prior to July 1, 2011 for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or

Holmes County, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

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-11.91% DROP Program-18.60%, special risk employees-27.89%, senior management-31.57% and elected officials-57.00%. 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 System Pension Plan ("Pension Plan") for the years ended September 30, 2022 and 2021 were \$1,205,053 and \$1,171,226 respectively, and equal to the actuarially determined contributions for each year. The County's contributions to the Retiree Health Insurance Subsidy Program ("HIS") for the years ended September 30, 2022 and 2021 were \$109,950 and \$107,551 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 pension plan and HIS was \$6,893,308 the year ended September 30, 2022. The County's total payroll was \$7,291,268 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, 2022, the County reported a liability of \$10,194,710 for its proportionate share of the collective net pension liability for the Pension Plan. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2022, the System's proportion of the Pension Plan was 0.027399%, which was an increase of 0.000777% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$106,130. At September 30, 2022, the County reported deferred outflows and deferred inflows of resources related to the Pension Plan from the following sources:

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

	0	Deferred outflows of Resources	In	Deferred Inflows of Resources	
Difference between expected and actual experience	\$	484,191	\$	-	
Changes of assumptions		1,255,522		-	
Net difference between projected and actual					
earnings on pension plan investments		673,156		-	
Changes in proportion and difference between					
employer contributions and proportionate		327,642		740,562	
Employer contributions subsequent to the					
measurement date		345,348			
Total	\$	3,085,859	\$	740,562	

\$345,348 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, 2023.

The balance of deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended	Deferred Outflows o	f	Deferred Inflows of		Pension Expense,	
September 30,	Resources		Resources		Net	
2023	\$ 510,51	1 \$	(134,648)	\$	375,866	
2024	510,51	1	(134,648)		375,866	
2025	510,51	1	(134,648)		375,866	
2026	510,51	1	(134,648)		375,866	
2027	510,51	1	(134,648)		375,866	
Thereafter	187,94	L	(67,322)		120,619	
Total	\$ 2,740,51	L \$	(740,562)	\$	1,999,949	

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	6.70%
Projected salary increases	3.25%

^{*} Net of pension plan investment expense

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

The actuarial assumptions used in the actuarial valuation as of June 30, 2022 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 for the period July 1, 2013 to 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:

			Compound	
		Annual	Annual	
	Target	Arithmetic	(Geometric)	Standard
Asset Class	Allocation (1)	Return*	Return	Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
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 6.70%. 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 6.70% 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 (5.70%) or 1-percentage point higher (7.70%) than the current rate:

^{*} Includes assumed rate of inflation of 2.40%

Holmes County, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

	Current	
1%	Discount	1%
Decrease	Rate	Increase
(5.70%)	(6.70%)	(7.70%)

County's proportionate share of collective net pension liability

\$ 17,631,050 \$ 10,194,710 \$ 3,977,045

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2022. The auditor's report dated January 13, 2023 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, 2022 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 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.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2022, the County reported a liability of \$1,907,293 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, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022, the System's proportion of the HIS Plan was 0.018008%, which was an increase of 0.000291% from its proportion measured as of June 30, 2021.

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

For the year ended September 30, 2022, the County recognized HIS Plan pension expense of \$5,827. At September 30, 2022, the County reported deferred outflows and deferred inflows of resources related to the HIS Plan from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
·	IV.	esources	Resources	
Difference between expected and actual experience	\$	57,890	\$ (8,393)	
Changes of assumptions		109,327	(295,056)	
Net difference between projected and actual				
earnings on pension plan investments		2,762	-	
Changes in proportion and difference between				
employer contributions and proportionate		125,473	(105,695)	
Employer contributions subsequent to the				
measurement date		29,536	-	
Total	\$	324,988	\$ (409,144)	

\$29,536 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, 2023. 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		ı	Deferred nflows of Resources	Pension xpense, Net
2023	\$	54,893	\$	(75,767)	\$ (20,874)
2024		54,893		(75,767)	(20,874)
2025		54,893		(75,767)	(20,874)
2026		54,891		(75,767)	(20,876)
2027		54,202		(75,767)	(21,565)
Thereafter		21,680		(30,309)	(8,629)
Total	\$	295,452	\$	(409,144)	\$ (113,692)

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

The total pension liability for the HIS Plan was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	3.54%
Projected salary increases	3.25%

^{*} Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2022 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 for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the Generational PUB-2010 with Projected Scale MP-2018.

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 3.54%. 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 3.54% 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 (2.54%) or 1-percentage point higher (4.54%) than the current rate:

		1%		Current		1%
		Decrease	Dis	count Rate		Increase
		(2.54%)		(3.54%)		(4.54%)
Carret da mara artis mata alcana af a allastica						
County's proportionate share of collective net pension liability	¢	2,182,100	\$	1 907 293	\$	1 679 896
net pension hability	۲	2,102,100	Y	1,507,255	Y	1,075,050

Holmes County, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2022. The auditor's report dated January 13, 2023 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, 2022 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 4: POSTEMPLOYMENT 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 postemployment healthcare coverage to eligible individuals under a self-insured health insurance program. Three plans are offered: (i) a Blue Cross PPO plan with a \$1,000 deductible (Plan 3359), or (ii) a Blue Cross PPO plan with a \$1,500 deductible (Plan 5771) with a maximum out-of-pocket cost of \$4,500, and (iii) a Blue Cross PPO plan with a \$1,500 deductible (Plan 5901) with a maximum out-of-pocket cost of \$6,350. 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 full time employees of the County and of the Constitutional Officers. A retired employee who is participating in the employer's medical program is eligible to elect post-retirement coverage if:

Normal retirement requirements for members initially enrolled before July 1, 2011:

- For Special Risk is at least age 55 with 6 years of service or any age with 25 years of service, and is eligible for immediate retirement benefits under FRS, or
- For Non-Special Risk is at least age 62 with 6 or more years of service, or any age with 30 years of service.

Plan Description (continued)

Normal retirement requirements for members initially enrolled on or after July 1, 2011:

- For Special Risk is at least age 60 with 8 years of service or any age with 30 years of service, and is eligible for immediate retirement benefits under FRS, or
- For Non-Special Risk is at least age 65 with 8 or more years of service, or any age with 33 years of service.

The benefit is payable immediately upon retirement for life.

Funding Policy

A qualifying trust or agency fund has not been authorized by the County. The County negotiates the premium rates with BCBSFL. The required contribution is based on pay-as-you-go financing requirements. Upon a retiree or beneficiary reaching age 65 years of age, they are required to contribute 100% of their current premium costs. Prior to a retiree or beneficiary reaching age 65 years of age, the County pays a portion of the premium and the beneficiary is required to pay the remainder. The County contributes the remainder to cover the costs of providing the benefits to the retirees.

Membership

At September 30, 2022, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	90
Retirees and beneficiaries currently receiving benefits	5
Total membership	95
Participating employers	1

Net OPEB Liability

The County's net OPEB liability is reported herein as of September 30, 2022 for the County's fiscal year and reporting period of October 1, 2021 to September 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of September 30, 2022 and the corresponding measurement period of October 1, 2021 to September 30, 2022. The measurement of the total OPEB liability is based on a valuation date of October 1, 2021. The following shows the changes in the County's net OPEB liability:

Net OPEB Liability (continued)

	Increases (Decreases)			
	Total OPEB	Plan Fiduciary	Net OPEB	
	Liability	Net Pension	Liability	
	(a)	(b)	(a)+(b)	
Balance at October 1, 2021	\$ 518,480	\$ -	\$ 518,480	
Service cost	18,176	-	18,176	
Interest cost	25,073	-	25,073	
Difference between expected and actual experience	(111,032)	-	(111,032)	
Changes in assumptions	(88,752)	-	(88,752)	
Benefit payments	(22,293)	-	(22,293)	
Net changes	(178,828)	-	(178,828)	
Balance at September 30, 2022	\$ 339,652	\$ -	\$ 339,652	

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 or 1- percentage-point higher than the current discount rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	3.77%	4.77%	5.77%
Net OPEB liability	\$ 367,209	\$ 339,652	\$ 314,926

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 or 1-percentage-point higher than the current healthcare trend rates:

	Trend	Current Trend	Trend
	Rate	Rate, then	Rate
	Minus	9.00% graded	Plus
	1.00%	down to 5.00%	1.00%
Net OPEB liability	\$ 307,879	\$ 339,652	\$ 376,363

For the year ended September 30, 2022, the County recognized OPEB expense of (\$7,423).

Net OPEB Liability (continued)

At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of		Deferred		
			Infl	ows of	
	Re	Resources		Resources	
Balance at October 1, 2021	\$	66,290	\$	160,247	
Amortization payments		(7,318)		(35,697)	
Demographic gain/loss		-		111,033	
Changes in assumptions		-		88,752	
Balance at September 30, 2022	\$	58,972	\$	324,335	

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

	OPEB
Year Ended	Expense,
September 30,	Net
2023	\$ (28,379)
2024	(28,379)
2025	(28,379)
2026	(28,379)
2027	(28,379)
Thereafter	(123,468)
	\$ (265,363)

Actuarial Methods and Assumptions - The valuation report dated February 20, 2023 for the fiscal year end date of September 30, 2022 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, 2022 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 4.77% discount rate, general wage increases of 3.0% and a healthcare cost trend rate for the year-ended September 30, 2022 of 9.00%, graded down by 1.00% per year to 5.00% for the year-ended September 30, 2026 and later fiscal years. The discount rate represents the S&P Municipal Bond

Net OPEB Liability (continued)

20-year High Grade yield curve rates as of September 30, 2022. Mortality rates were based on the PUB-2010 Mortality Table (without income adjustments), with full generational improvements in mortality using Scale MP-2020.

Note 5: 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, 2022, as follows:

Contract amounts	\$ 4,306,707
Amount expended through September 30, 2022	4,059,763
Remaining commitment on contract	\$ 246,944

Note 6: 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 7: 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, 2022. Accordingly, no accruals for loss contingency have been made in the accompanying financial statements.

Note 8: RESTATEMENT OF BEGINNING BALANCES

As discussed in Note 1, the implementation of GASB Statement No. 87 required the County to restate the beginning fund balance for one non-major fiduciary fund. A reconciliation of the prior period ending fund balance to the current year beginning fund balance is as follows:

Government-Wide

Beginning net position	\$ 58,439,980
Adjustment for implementation of GASB 87	(14,463)
Beginning net position, as restated	\$ 58,425,517

Note 9: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2022 through March 27, 2023 the date the current year's financial statements were available to be issued. The following events occurred:

Subsequent to September 30, 2022, the County entered into an Interlocal Agreement (the Agreement) between the County and Holmes County Development Commission, whereas the County and the Development Commission obtained financing to provide for the acquisition of land and other improvements located within the County. The loan obtained was dated November 29, 2022 in the amount of \$4,419,714. Payments begin March 1, 2023, with interest calculated on the unpaid principal balances using an interest rate of 6.740% annually. The note matures on December 1, 2037.

Holmes County, Florida Required Other Postemployment Benefits Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios Last Five Fiscal Years*

As of and for the year ended September 30,		2022		2021		2020		2019		2018
Total OPEB Liability										
Service cost	\$	18,176	\$	36,246	\$	40,567	\$	33,204	\$	32,853
Interest		25,073		15,292		12,734		19,331		18,096
Differences between expected and actual experience		(111,032)		(41,538)		77,934		-		-
Changes of assumptions		(88,752)		(68,948)		(72,981)		3,314		-
Benefit payments		(22,293)		(31,077)		(8,379)		(7,921)		(9,018)
Net change in total OPEB liability		(178,828)		(90,025)		49,875		47,928		41,931
Total OPEB liability - beginning		518,480		608,505		558,630		510,702		468,771
Total OPEB liability - ending (a)		339,652		518,480		608,505		558,630		510,702
Plan Fiduciary Net Position										
Contributions - employer		22,293		31,077		8,379		7,921		9,018
Benefit payments		(22,293)		(31,077)		(8,379)		(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)	\$	339,652	\$	518,480	\$	608,505	\$	558,630	\$	510,702
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%		0.00%		0.00%		0.00%		0.00%
Covered-employee payroll	\$3	3,675,621	\$3	3,938,487	\$4	1,132,337	\$3	3,964,061	\$3	,964,061
Net OPEB liability as a percentage of covered-employee payroll		9.24%		13.16%		14.73%		14.09%		12.88%
Contributions as a percentage of covered-employee payroll		0.61%		0.79%		0.20%		0.20%		0.23%

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

Schedule of Employer's Proportionate Share of the Net Pension Liability Florida Retirement System Pension Plan Last Eight Fiscal Years (1)

As of and for the year ended June 30,	2022	2021	2020
Employer's proportion of the net pension liability	0.027399%	0.026622%	0.028816%
Employer's proportionate share of the net pension liability	\$ 10,194,710 \$	2,010,985 \$	12,489,420
Employer's covered payroll*	\$ 6,894,360 \$	6,526,663 \$	6,276,796
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	147.87%	30.81%	198.98%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%

⁽¹⁾ This schedule is intended to show information for 10 years. Additional years will be presented as they become 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.

2019	2018	2017	2016	2015
0.030612%	0.029778%	0.029280%	0.029259%	0.029483%
\$ 10,542,400	\$ 8,969,236	\$ 8,660,918	\$ 7,387,877	\$ 3,808,127
\$ 6,035,130	\$ 6,034,655	\$ 5,770,369	\$ 5,412,180	\$ 5,397,160
174.68%	148.63%	150.09%	136.50%	70.56%
82.61%	84.26%	83.89%	84.88%	92.00%
02.01/0	34.2070	03.03/0	04.0070	J2.0070

Schedule of Employer Contributions Florida Retirement Systems Pension Plan Last Eight Fiscal Years (1)

As of and for the year ended September 30,		2022	2021	2020
Contractually required contribution**	\$	1,205,053	\$ 1,171,226 \$	1,046,313
Contributions in relation to the actuarially determine contribution	d	1,205,053	1,171,226	1,046,313
Contribution deficiency (excess)	\$	-	\$ - \$	-
Employer's covered payroll*	\$	6,893,308	\$ 6,578,203 \$	6,229,286
Contributions as a percentage of covered payroll		17.48%	17.80%	16.80%

⁽¹⁾ This schedule is intended to show information for 10 years. Additional years will be presented as they become 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.

	2019	2018	2017	2016	2015
\$	1,018,651	\$ 931,242	\$ 828,761	\$ 757,755	\$ 737,281
	1,018,651	931,242	828,761	757,755	737,281
\$	-	\$ -	\$ -	\$ -	\$ -
\$	6,090,888	\$ 6,059,238	\$ 5,789,294	\$ 5,423,471	\$ 5,408,518
	16.72%	15.37%	14.32%	13.97%	13.63%

Schedule of Employer's Proportionate Share of the Net Pension Liability Health Insurance Subsidy Program Last Eight Fiscal Years (1)

As of and for the year ended June 30,	2022	2021	2020
Employer's proportion of the net pension liability	0.018008%	0.017717%	0.017134%
Employer's proportionate share of the net pension liability	\$ 1,907,293	\$ 2,173,277	\$ 2,091,987
Employer's covered payroll*	\$ 6,894,360	\$ 6,526,663	\$ 6,276,796
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	27.66%	33.30%	33.33%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.00%	3.00%

⁽¹⁾ This schedule is intended to show information for 10 years. Additional years will be presented as they become 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.

2015	2016	2017	2018	2019
0.017001%	0.017436%	0.017968%	0.018254%	0.018354%
\$ 1,733,791	\$ 2,032,105	\$ 1,921,232	\$ 1,932,055	\$ 2,053,618
\$ 5,397,160	\$ 5,412,180	\$ 5,770,369	\$ 6,034,655	\$ 6,035,130
32.12%	37.55%	33.29%	32.02%	34.03%
0.50%	0.97%	1.64%	2.15%	2.63%

Schedule of Employer Contributions Health Insurance Subsidy Program Last Eight Fiscal Years (1)

As of and for the year ended September 30,		2022	2021	2020
Contractually required contribution**	\$	109,950	\$ 107,551	\$ 98,814
Contributions in relation to the actuarially determin contribution	ed	109,950	107,551	98,814
Contribution deficiency (excess)	\$	-	\$ -	\$ -
Employer's covered payroll*	\$	6,893,308	\$ 6,578,203	\$ 6,229,286
Contributions as a percentage of covered payroll		1.60%	1.63%	1.59%

⁽¹⁾ This schedule is intended to show information for 10 years. Additional years will be presented as they become 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.

2019	2018	2017	2016	2015
\$ 101,109	\$ 100,583	\$ 96,102	\$ 90,030	\$ 89,781
101,109	100,583	96,102	90,030	89,781
\$ _	\$ -	\$ -	\$ -	\$ -
\$ 6,090,888	\$ 6,059,238	\$ 5,789,294	\$ 5,423,471	\$ 5,408,518
1.66%	1.66%	1.66%	1.66%	1.66%

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Note 1: OTHER POSTEMPLOYMENT BENEFITS PLAN

The defined benefit OPEB plan does not have any assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension OPEB Plan.

The following actuarial assumptions changed in 2022:

- The discount rate was increased from 2.43% to 4.77%
- Healthcare cost trend rate increased from 0.00% graded down to 5.00% to 9.00% for the year-ended September 30, 2022, graded down by 1.00% per year to 5.00%.
- The implied monthly subsidy at age 62 for the year-ended September 30, 2022 was changed from \$400.00 for the retiree and \$325.00 for the retiree 's spouse under the PPO 3359 plan, \$575.00 for the retiree and \$475.00 for the retiree 's spouse under the PPO 5771 plan, and \$575.00 for the retiree and \$450.00 for the retiree 's spouse under the PPO 5902 plan to \$325.00 for the retiree and \$250.00 for the retiree 's spouse under the PPO 3359 plan, \$575.00 for the retiree and \$475.00 for the retiree 's spouse under the PPO 5771 plan, and \$600.00 for the retiree and \$475.00 for the retiree 's spouse under the PPO 5902 plan

Note 2: FLORIDA RETIREMENT SYSTEMS (FRS)

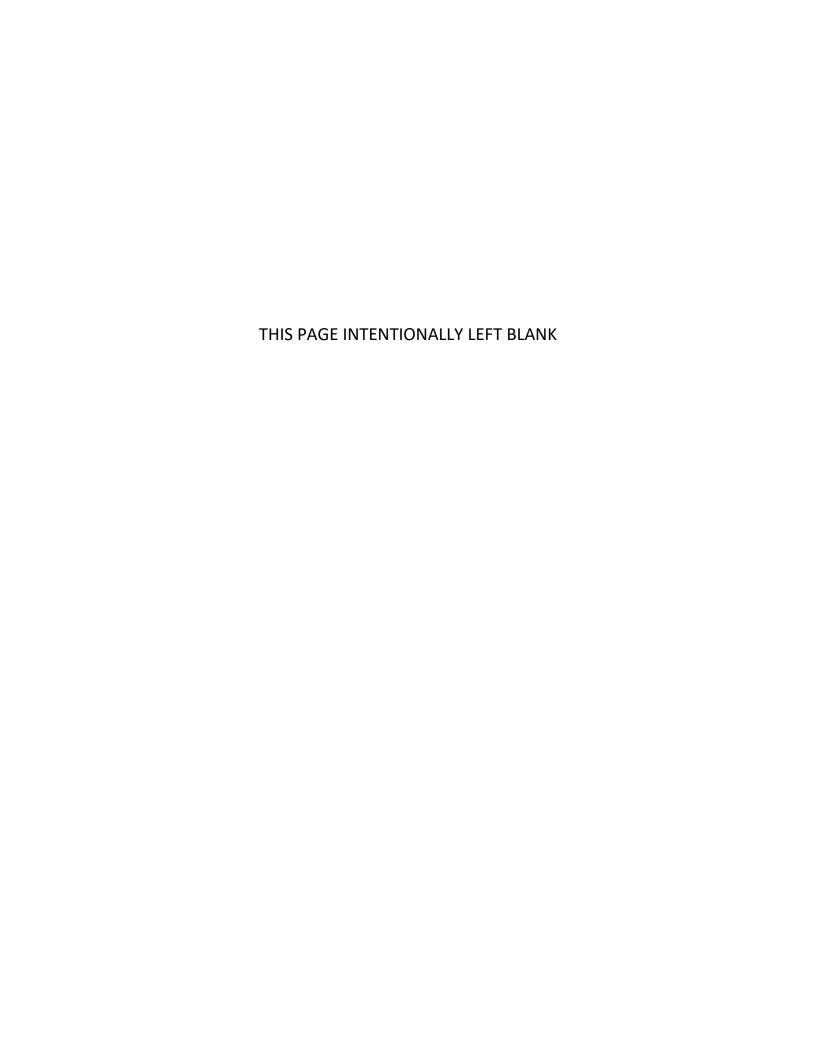
The following actuarial assumptions changed in 2022:

- Actuarial valuation date updated from June 30, 2021 to June 30, 2022.
- The long-term expected rate of return was decreased from 6.80% to 6.70%.

Note 3: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2022:

- The demographic assumptions for Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.



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.

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.

Holmes County, Florida Combining Balance Sheet -Nonmajor Governmental Funds

				Special
September 30, 2022	Arthropod Control	S	Emergency ervices 911	Child Support
Assets				
Cash and cash equivalents Due from other governments Restricted assets: Cash and cash equivalents	\$ 48,554 - -	\$	44,165 89,679	\$ 448,017 10,653
Total assets	\$ 48,554	\$	133,844	\$ 458,670
Liabilities and Fund Balances Liabilities Accounts payable Accrued liabilities Unearned revenue Due to other governments Due to other funds	\$ 1,320 14,096 - 146	\$	29,903 - - - -	\$ 100 820 - - -
Total liabilities	15,562		29,903	920
Fund balances Restricted Assigned	- 32,992		103,941 -	457,750 <u>-</u>
Total fund balances	32,992		103,941	457,750
Total liabilities and fund balances	\$ 48,554	\$	133,844	\$ 458,670

Revenue Funds

Teen Court	Inmate Canteen	Community Development Block Grant	Federal Interdiction	Fine and Forfeiture
\$ 4,039 -	\$ 139,602	\$ -	\$ 19	\$ 110,314 9,573
-	-	-	-	-
\$ 4,039	\$ 139,602	\$ -	\$ 19	\$ 119,887
\$ -	\$ - -	\$ - -	\$ - -	\$ 67 19,735
-	-	-	-	-
-	-	-	-	-
-	-	-	-	19,802
4,039 -	139,602 -	-	19 -	100,085
4,039	139,602	-	 19	100,085
\$ 4,039	\$ 139,602	\$ -	\$ 19	\$ 119,887

⁻ Continued -

Holmes County, Florida Combining Balance Sheet (Continued) -Nonmajor Governmental Funds

			Special
September 30, 2022	Civil Trust	Commissioners Trust	Record Modernization
Assets Cash and cash equivalents Due from other governments	\$ 	\$ 798,661 149,987	\$ 14,070
Restricted assets: Cash and cash equivalents	-	<u>-</u>	-
Total assets	\$ 	\$ 948,648	\$ 14,070
Liabilities and Fund Balances Liabilities			
Accounts payable Accrued liabilities	\$ -	\$ 1,455 -	\$ - -
Unearned revenue Due to other governments Due to other funds	- - -	- 139,937 -	- - -
Total liabilities	-	141,392	-
Fund balances Restricted Assigned	- <u>-</u>	806,337 919	14,070 -
Total fund balances	-	807,256	14,070
Total liabilities and fund balances	\$ -	\$ 948,648	\$ 14,070

Rever	nue Funds			Debt Service Fund							
							Total Nonmajor				
	Court						Governmental				
	Technology		Probation		Workcamp		Funds				
\$	13,771	\$	90,367	\$	-	\$	1,711,579				
	-		-		-		259,892				
			-		78,060		78,060				
\$	13,771	\$	90,367	\$	78,060	\$	2,049,531				
\$	983	\$	_	\$	_	\$	32,508				
Y	228	7	3,997	Y	-	7	26,100				
	-		-		-		14,096				
	-		-		-		139,937				
	-		-		-		146				
	1,211		3,997		-		212,787				
	,		·				·				
			00.0==				4 000 00-				
	12,560		86,370		78,060		1,802,833				
	-		-		-		33,911				
	12,560		86,370		78,060		1,836,744				
\$	13,771	\$	90,367	\$	78,060	\$	2,049,531				

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

		Special Reve	nue Funds
For the year ended September 30, 2022	Arthropod Control	Emergency Services 911	Child Support
Revenues			
Intergovernmental	\$ 44,341	\$ 518,486	\$ 48,673
Fines and forfeitures	-	-	-
Charges for services	9,295	-	2,273
Investment earnings	3	-	-
Miscellaneous	-	-	
Total revenues	53,639	518,486	50,946
Expenditures			
Current			
General government	-	-	83,602
Public safety	-	506,783	-
Human services	54,647	-	-
Economic environment	-	-	-
Capital outlay	-	31,625	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	54,647	538,408	83,602
Excess of revenues over (under) expenditures	(1,008)	(19,922)	(32,656)
Other Financing Sources (Uses)			
Transfers in	1,077	-	-
Transfers out	-	-	-
Reversion to State of Florida	-	-	
Total other financing sources (uses)	1,077	-	
Net change in fund balances	69	(19,922)	(32,656)
Fund balances, beginning of year	32,923	123,863	490,406
Fund balances, end of year	\$ 32,992	\$ 103,941	\$ 457,750

Teen Court	Inmate Canteen	Community Development Block Grant	Federal Interdiction	Fine and Forfeiture
\$ -	\$ -	\$ 193,291	\$ -	\$ 112,930
-	- 240,331	-	-	208,207 244,627
_	240,331	<u>-</u>	<u>-</u>	-
6,596	-	-	-	12,955
6,596	240,331	193,291	-	578,719
-	-	-	-	610,667
8,516	135,547	-	-	-
-	-	102 201	-	-
-	52,839	193,291 -	-	-
_	_	_	_	_
-	-	-	-	-
8,516	188,386	193,291	-	610,667
(1,920)	51,945	-	-	(31,948)
-	-	-	-	-
-	-	-	-	- (204,148)
<u> </u>	-	<u>-</u>	<u>-</u>	(204,148)
(1,920)	51,945	-	-	(236,096)
 5,959	87,657	-	19	336,181
\$ 4,039	\$ 139,602	\$ <u> </u>	\$ 19	\$ 100,085

-Continued-

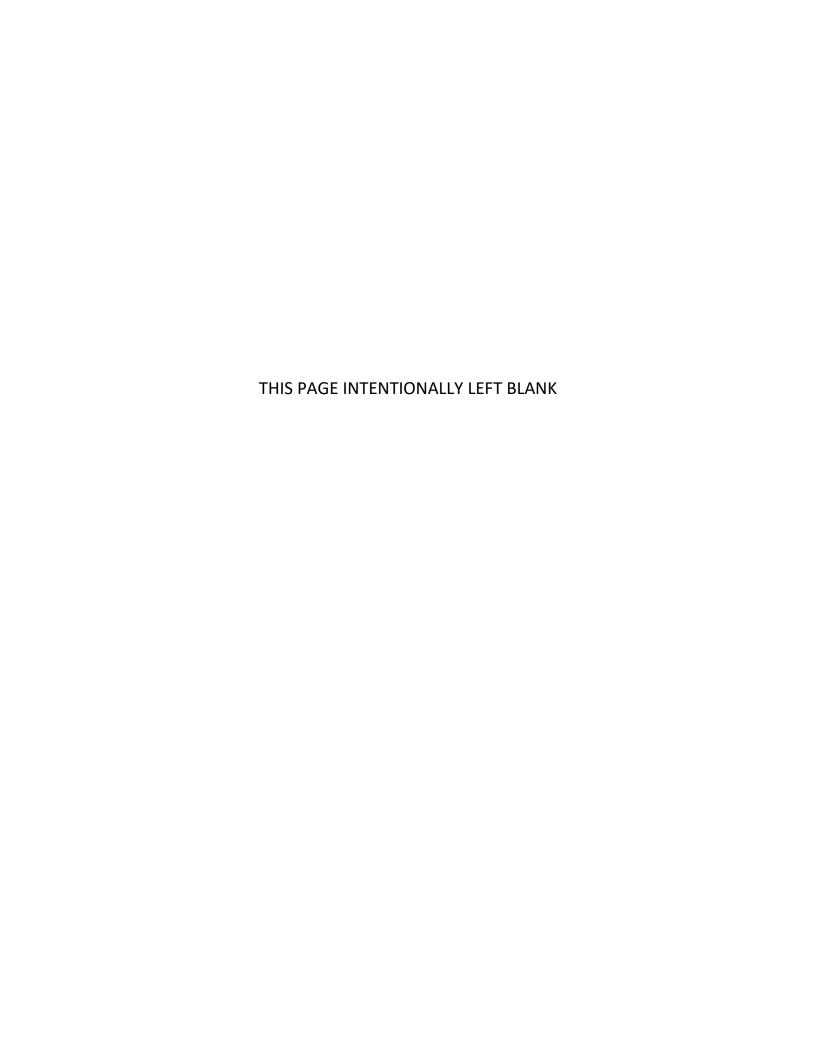
Holmes County, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued) Nonmajor Governmental Funds

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

For the year ended September 30, 2022	Civil Trust	Commissioners Trust	Record Modernization
,			
Revenues			
Intergovernmental	\$ -	\$ 1,047,087	\$ -
Fines and forfeitures	-	128,512	-
Charges for services	34,212	-	7,927
Investment earnings	-	-	-
Miscellaneous	-	5,495	-
Total revenues	34,212	1,181,094	7,927
Expenditures			
Current			
General government	-	957,000	1,738
Public safety	1,532	24,513	-
Human services	-	· -	-
Culture and recreation	-	-	-
Capital outlay	-	154,522	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,532	1,136,035	1,738
Excess (deficiency) of revenues			
over (under) expenditures	32,680	45,059	6,189
Other Financing Sources (Uses)			
Transfers in	_	38,000	-
Transfers out	(32,680)	-	-
Reversion to State of Florida	-	-	
Total other financing sources (uses)	(32,680)	38,000	
Net change in fund balances	-	83,059	6,189
Fund balances, beginning of year	-	724,197	7,881
Fund balances, end of year	\$ -	\$ 807,256	\$ 14,070

Debt Service Fund

Court Technolo	ogy		Probation		Workcamp	-	Total Nonmajor Governmental Funds
\$	_	\$	-	\$	-	\$	1,964,808
Ψ	_	Ψ	_	Ψ	-	Υ	336,719
23,3	62		173,380		-		735,407
-,-	_		-		9		12
	_		124		-		25,170
23,3	62		173,504		9		3,062,116
22,8	58		-		_		1,675,865
,	-		136,178		-		813,069
	_		-		-		54,647
	-		-		-		193,291
	-		-		-		238,986
	-		-		179,609		179,609
	-		-		49,078		49,078
22,8	58		136,178		228,687		3,204,545
5	04		37,326		(228,678)		(142,429)
	_		-		228,696		267,773
	-		-		-		(32,680)
	-		-		-		(204,148)
	-		-		228,696		30,945
5	04		37,326		18		(111,484)
12,0	56		49,044		78,042		1,948,228
\$ 12,5	60	\$	86,370	\$	78,060	\$	1,836,744



FIDUCIARY FUNDS

CUSTODIAL FUNDS

Tax Collector

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

Department of Motor Vehicles ("DMV") - To account for the collection of motor vehicle and driver's license registration receipts and disbursement remitted to the Florida Department of Motor Vehicles.

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 Custodial Funds

	Tax Collector								
September 30, 2022	Property Tax					Concealed Weapons			
Assets									
Cash and cash equivalents Receivables	\$	106,383 -	\$	86,648 14,587	\$	680 			
Total assets		106,383		101,235		680			
Liabilities									
Due to other governments		93,036		101,235		680			
Due to individuals		13,347		-		-			
Deposits		-		-					
Total liabilities		106,383		101,235		680			
Net Position									
Restricted		-		-		-			
Total liabilities and net position	\$	106,383	\$	101,235	\$	680			

	Sheriff		Clerk of the Court								
			General		Juror and		Registry of				
Inm	ate Trust		Agency		Witness		Court	C	ash Bonds		Total
\$	82,058	\$	175,757	\$	6,174	\$	41,085	\$	33,468	\$	532,253
	-		37		-		-		-		14,624
	02.050		175 704		C 174		44 005		22.460		F4C 077
	82,058		175,794		6,174		41,085		33,468		546,877
	-		-		6,174		-		-		201,125
	-		175,794		-		-		-		189,141
	-		-		-		41,085		33,468		74,553
							-				
	-		175,794		6,174		41,085		33,468		464,819
	82,058		-		-		-		-		82,058
,	02.050	,	475.704	,	6 474	4	44.005	.	22.462	<u>۸</u>	F 4 C 077
\$	82,058	\$	175,794	\$	6,174	\$	41,085	\$	33,468	\$	546,877

Holmes County, Florida Combining Statement of Changes in Fiduciary Net Position Custodial Funds

		Tax Collector	
			Concealed
For the year ended September 30, 2022	Property Tax	DMV	Weapons
Additions			
Clerk of circuit and county courts revenue	\$ -	\$ -	\$ -
Tax collections, auto tag fees, and other fees			
for other governments	8,491,344	3,333,024	22,300
Inmate Deposits	-	-	-
Total additions	8,491,344	3,333,024	22,300
Total dualitions	0,451,544	3,333,024	22,300
Deductions			
Current			
Payments of clerk of circuit and county courts			
distributions to other governments	-	-	-
Payments of tax, auto tag fees, and other fees			
to other governments	8,491,344	3,333,024	22,300
Public Safety		_	
Total deductions	8,491,344	3,333,024	22,300
Changes in not position			
Changes in net position	-	-	-
Net position - beginning of year	-	-	-
Net position - end of year	\$ -	\$ -	\$ -

	Sheriff	Clerk of the Court									
Inm	nate Trust	General e Trust Agency		General Juror and Agency Witness		Registry of Court (Cash Bonds		Total
			<u> </u>								
\$	-	\$	3,271,693	\$	5,030	\$	847,569	\$	62,314	\$	4,186,606
	-		-		-		-		-		11,846,668
	730,871		-		-		-		-		730,871
											_
	730,871		3,271,693		5,030		847,569		62,314		16,764,145
	-		3,271,693		5,030		847,569		62,314		4,186,606
	- 720 700		-		-		-		-		11,846,668
	728,789										728,789
	728,789		3,271,693		5,030		847,569		62,314		16,762,063
							-				
	2,082		-		-		-		-		2,082
	70.076										70.076
	79,976		-		-		-		-		79,976
\$	82,058	\$	-	\$	-	\$	-	\$	-	\$	82,058



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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

To the 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 the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Holmes County, Florida (the "County"), as of and for the year ended September 30, 2022, 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 27, 2023.

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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Enterprise, Alabama March 27, 2023



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

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

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

Opinion on Each Major Federal Program and Major State Project

We have audited Holmes County, Florida's (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the County's major federal programs and major state projects for the year ended September 30, 2022. The County's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 major state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and Major State Project

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 of the State of Florida. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and
 design and perform audit procedures responsive to those risks. Such procedures include
 examining, on a test basis, evidence regarding the County's compliance with the compliance
 requirements referred to above and performing such other procedures as we considered
 necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the
 audit in order to design audit procedures that are appropriate in the circumstances 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 of the State of Florida, but not
 for the purpose of expressing an opinion on the effectiveness of the County's internal
 control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 of the State of Florida. Accordingly, this report is not suitable for any other purpose.

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

Enterprise, Alabama March 27, 2023

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance For the Year Ended September 30, 2022

	Assistance			
Federal Agency Pass-through	Listing	Contract/		Payments to
Grantor Program Title	Number	Grant Number	Expenditures	Subrecipients
Department of Treasury				
Pass-through Florida Executive Office of Governor				
COVID-19 Coronavirus State and Local Fiscal				
Recovery	21.027	COVID-19 1505-0271	\$ 1,957,218	\$ -
National Endowment for the Humanities				
Pass-through Florida Executive Office of Governor				
COVID-19 Grants to States	45.310	COVID-19	48,154	<u>-</u>
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	20DB-OO-02-42-01-H01	193,291	_
U.S. Department of Health and Human Services				
Pass-through Florida Department of Revenue	00.500	07000	6.17	
Child Support Enforcement	93.563	CTS30	647	-
Child Support Enforcement	93.563	COC30	48,673	
Total ALN 93.563			49,320	
Pass-through Human Resources and Services Administ	ration			
COVID-19 Provider Relief Fund	93.498	N/A	20,776	-
Total U.S. Department of Health and Human Services		,	70,096	_
U.S. Department of Justice				
Pass-through Florida Department of Law				
Enforcement	V	OCA-2020-Holmes County Sheriff's		
Crime Victims Assistance	16.575	0 - 00736	44,950	_
Support for Adam Walsh Act Implementation	20.575	0 - 00/30	. 1,550	
Grant Program	16.750	2020-AW-BX-0028	536	-
Edward Byrne Memorial Justice Assistance	16.738	2022-JAGD-HOLM-1-4B-039	1,677	-
Edward Byrne Memorial Justice Assistance	16.738	2022-JAGC-HOLM-1-3B-129	23,446	-
Edward Byrne Memorial Justice Assistance	16.738	2021-JAGC-HOLM-1-Y5-172	28,987	-
Total ALN 16.738/U.S. Department of Justice			54,110	
			3 1,110	
Total U.S. Department of Justice			99,596	

-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, 2022

Federal/State Agency Pass-through	Assistance Listing/	Contract/ Grant Number	Evnandituras	Payments to
Grantor Program Title	CSFA Number	Grant Number	Expenditures	Subrecipients
U.S. Election Assistance Commission				
Pass-through Florida Department of State				
COVID-19 2018 HAVA Election Security Grants	90.404	COVID-19 200.029	11,385	-
COVID-19 2018 HAVA Election Security Grants	90.404	COVID-19 300.029	47,911	-
Total ALN 90.404/U.S. Election Assistance Commiss	ion		59,296	-
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	2,624,079	-
Disaster Grants - Public Assistance	97.036	65923088	10,201	-
Total ALN 97.036			2,634,280	-
Pass-through Florida Executive Office of Governor				
-				
Emergency Management Performance	97.042	G0222	18,977	-
Emergency Management Performance	97.042	G0393	11,624	-
Emergency Management Performance	97.042	G0212	8,316	-
COVID-19 Emergency Management Performance	97.042	COVID-19 GS0140	44,908	-
Total ALN 97.042			83,825	
Total U.S. Department of Homeland Security			2,718,105	
Total Expenditures of Federal Awards			\$ 5,145,756	\$ -
Executive Office of the Governor				
Emergency Management Projects	31.067	T0148	\$ 1,366	\$ -
Emergency Management Programs	31.063	A0259	27,063	-
Emergency Management Programs	31.063	A0166	77,049	
Total CSFA 31.063			104,112	
Total Executive Office of the Governor			105,478	

-Continued-

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) For the Year Ended September 30, 2022

State Agency Pass-through	CSFA Contract/			Payments to
Grantor Program Title	Number	Grant Number	Expenditures	Subrecipients
Florida Department of Environmental Protection				
Small County Consolidated Grants	37.012	SC116	94,544	-
oman county consonance crames	07.1012	30110	3 1,3 1 1	
Florida Department of Agriculture and				
Consumer Services				
Mosquito Control	42.003	2021	20,412	-
Mosquito Control	42.003	2022	23,929	-
Total Florida Department of Agriculture and				
Consumer Services and CSFA 42.003			44,341	
Florida Department of Law Enforcement				
Law Enforcement Salary Assistance for Fiscally				-
Constrained Counties	71.067	7G030	158,750	
Florida Department of State and				
Secretary of State				
State Aid to Libraries	45.030	22-ST-67	27,245	-
Florida Housing Finance Corporation				
State Housing Initiatives Partnership	40.004	LILIDD	100 007	
Program (SHIP)	40.901	HHRP	160,687	-
State Housing Initiatives Partnership	40.901	NI/A	246 102	
Program (SHIP)	40.901	N/A	346,183	
Total CSFA 40.901/Florida Housing Finance Corporation			506,870	
Florida Department of Transportation				
Small County Outreach Programs (SCOP)	55.009	44240713401	1,450,090	-
Small County Road Assistance Program (SCRAP)	55.016	44240713401	756,365	
Total Florida Department of Transportation			2,206,455	

-Continued-

Holmes County, Florida Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) For the Year Ended September 30, 2022

State Agency Pass-through	CSFA	Contract/		Payments to
Grantor Program Title	Number	Grant Number	Expenditures	Subrecipients
Florida Department of Management Services				
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	22-04-20	5,332	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	22-04-21	8,438	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	22-04-22	36,831	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	22-04-23	25,306	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	20-04-15	30,318	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	S17-21-02-21	43,562	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	S17-21-02-20	12,792	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	21-04-12	30,638	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	21-04-13	17,000	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	21-04-14	146,636	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	21-04-15	1,346	-
Wireless 911 Emergency Telephone System Rural				
County Grant Program	72.001	21-04-16	7,443	-
Total CSFA 72.001/Florida Department of Managemen	nt Services		365,642	
Florida Department of Health				
Emergency Medical Services Matching Awards	64.003	M9052	114,000	_
Emergency Medical Services Matering Awards	07.003	1413032	114,000	
Total Expenditures of State Financial Assistance			\$ 3,623,325 \$	-

Holmes County, Florida
Notes to the Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) includes the federal and state grant spending of Holmes County, Florida (the "County") and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not represent the financial position of the County.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2022, the County did not elect to use this rate.

Note 3: 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, 2022.

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.

NOTE 5: SUBRECIPIENTS

During the year ended September 30, 2022, the County had no subrecipients.

Note 6: NONCASH ASSISTANCE

The County did not receive any noncash assistance or federally funded insurance during the fiscal year ended September 30, 2022.

Holmes County, Florida
Notes to the Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 2022

Note 7: 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.

Holmes County, Florida Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

Section I - Summary of Auditors' Results

Fi.	~ ~ ~	اسن	Ctata	ments
rın	anc	Iai	State	ments

1.	, · · · · · · · · · · · · · · · · · · ·		Unmodified
2.	Internal control over final a. Material weaknesse	. •	No
		cies identified not considered to be	NO
	material weaknesse		None noted
		terial to the financial statements noted?	No
Federa	al Awards		
1.	Type of auditors' report is	ssued on compliance for major programs	Unmodified
2.	Internal control over major	or programs:	
	a. Material weaknesse	es identified?	No
	 b. Significant deficient 		
	material weaknesse		None noted
3.	Any audit findings disclos		
	accordance with 2CFR sec	• •	None noted
4.	Identification of major pro	ograms	
	Assistance		
	Listing Number	Federal Program	
	21.027	COVID-19 Coronavirus State and Local Fiscal Re	covery
	Dollar threshold used to d Auditee qualified as low-r	distinguish between type A and type B programs risk under 2CFR 200.520	\$750,000 Yes
State I	Projects		
1.		ssued on compliance for major programs	Unmodified
2.	,	. •	
	a. Material weaknesse		No
	_	cies identified not considered to be	
_	material weaknesse		None noted
3.		ed that are required to be reported in	
4	accordance with Florida S	_	None noted
4.	Identification of major pro		
	CFSA Number	State Project	
	55.009	Small County Outreach Program (SCOP)	
	55.016	Small County Road Assistance Program (SCF	RAP)
5.	Dollar threshold used to o	distinguish between type A and type B programs	\$750,000

-Continued-

Holmes County, Florida Schedule of Findings and Questioned Costs (Continued)

Section II - Financial Statements Findings

No such findings to report.

Section III - Federal Award Findings and Questioned Costs

No such findings to report.

Section IV - State Projects Findings and Questioned Costs

The audit did not disclose any audit findings required to be reported pursuant to Section 10.557, Rules of the Auditor General. (Section 10.554(1)(I)1.f, Rules of the Auditor General).

Section V – Summary Schedule of Prior Audit Findings

There were no federal or state audit findings from the prior year to report.



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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, 2022.

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, 2022.

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.

Parr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 27, 2023



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INDEPENDENT AUDITORS' 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, 2022, and have issued our report thereon dated March 27, 2023.

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 on 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 Major 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 27, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial 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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Special District Component Units

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Holmes County Development Commission reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year was 1.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$31,699.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$45,000.
- e. No construction projects with a total cost of at least \$65,000 were approved by the district that is scheduled to begin on or after October 1 of the fiscal year.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The district did not amend their budget, this is not applicable.

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 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.

Carr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 27, 2023

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.



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INDEPENDENT AUDITORS' REPORT

Honorable Sam Bailey Clerk of the Circuit Court Holmes County, Florida

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Clerk as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund, Fine and Forfeiture 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clerk, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing
 an opinion on the effectiveness of the Clerk's internal control. Accordingly, no such opinion
 is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 nonmajor 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. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual

nonmajor fund financial statements are fairly stated, in all material respects, in relation to the 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 24, 2023 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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023

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

September 30, 2022	G	Fine and Forfeiture		
Assets				_
Cash and cash equivalents	\$	22,481	\$	110,314
Due from other governmentals	•	6,292	•	9,573
Total assets	\$	28,773	\$	119,887
Liabilities and Fund Balances Liabilities				
Accounts payable	\$	515	\$	67
Accrued wages and benefits	*	13,040	*	19,735
Unearned revenue		15,218		-
Total liabilities		28,773		19,802
Fund balances				
Restricted		-		100,085
Total liabilities and fund balances	\$	28,773	\$	119,887

							Total
	Child Support				Nonmajor	(Governmental
	Trust		Probation		Funds		Funds
\$	448,017	\$	90,367	\$	27,841	\$	699,020
	10,653		-		-		26,518
\$	458,670	\$	90,367	\$	27,841	\$	725,538
\$	100	\$	_	\$	983	\$	1,665
•	820	•	3,997	•	228	,	37,820
	-		, -		-		15,218
	020		2.007		4 244		· ·
	920		3,997		1,211		54,703
	457.750		06.270		25.520		670.025
	457,750		86,370		26,630		670,835
\$	458,670	\$	90,367	\$	27,841	\$	725,538

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, 2022	General Fund			Fine and Forfeiture
Revenues				
Intergovernmental	\$	-	\$	112,930
Charges for services		77,449		244,627
Fines and forfeitures		-		208,207
Miscellaneous revenue		33,916		7,473
Total revenues		111,365		573,237
Expenditures				
General government				
Personnel services		407,559		542,415
Operating		86,924		68,252
Total expenditures		494,483		610,667
Excess of revenues over (under) expenditures		(383,118)		(37,430)
Other Financing Sources (Uses)				
Appropriations from Board of County Commissioners		383,118		_
Proceeds from Pandemic Recovery Plan		-		5,482
Reversions:				•
Justice Administrative Commission		-		(204,148)
Net other financing sources (uses)		383,118		(198,666)
Net change in fund balances		_		(236,096)
Fund balances, beginning of year		-		336,181
Fund balances, end of year	\$	-	\$	100,085

Child Support Trust	Probation	Nonmajor Funds	Total Governmental Funds
\$ 48,673 2,273	\$ - 173,380 -	\$ - 31,289	\$ 161,603 529,018 208,207
-	124	-	41,513
50,946	173,504	31,289	940,341
27,316 56,256	115,478 20,700	6,855 17,741	1,099,623 249,873
83,572	136,178	24,596	1,349,496
(32,626)	37,326	6,693	(409,155)
-	-	-	383,118 5,482
-	-	-	(204,148)
-	-	-	184,452
 (32,626) 490,376	37,326 49,044	6,693 19,937	(224,703) 895,538
\$ 457,750	\$ 86,370	\$ 26,630	\$ 670,835

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

				Variance with Final
				Budget
	Original	Final		Positive
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
Revenues				
Charges for services	\$ 73,190	\$ 78,480	\$ 77,449	\$ (1,031)
Miscellaneous revenue	28,000	35,700	33,916	(1,784)
Total revenues	101,190	114,180	111,365	(2,815)
Expenditures				
General government				
Personnel services	390,985	390,985	407,559	(16,574)
Operating	90,298	103,288	86,924	16,364
Capital outlay	3,025	3,025	-	3,025
Total expenditures	484,308	497,298	494,483	2,815
Excess of revenues over (under) expenditures	(383,118)	(383,118)	(383,118)	-
Other Financing Sources (Uses)				
Appropriations from Board of	202 440	202 440	202 440	
County Commissioners	383,118	383,118	383,118	
Net other financing sources (uses)	383,118	383,118	383,118	
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-		<u>-</u>
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fine and Forfeiture Fund

For the year ended September 30, 2022		Original Budget		Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Intergovernmental	\$	109,913	\$	109,913	\$ 112,930	\$ 3,017
Charges for services	•	263,766	т.	263,766	244,627	(19,139)
Fines and forfeitures		232,070		232,070	208,207	(23,863)
Miscellaneous revenue		3,769		3,769	7,473	3,704
Total revenues		609,518		609,518	573,237	(36,281)
Expenditures						
General government						
Personnel services		554,789		558,820	542,415	16,405
Operating		58,841		54,810	68,252	(13,442)
Total expenditures		613,630		613,630	610,667	2,963
Excess of revenues over (under) expenditures		(4,112)		(4,112)	(37,430)	(33,318)
Other Financing Sources (Uses) Proceeds from Pandemic Recovery Reversions:		4,112		4,112	5,482	1,370
Justice Administrative Commission		_		_	(204,148)	(204,148)
					, , ,	
Net other financing sources (uses)		4,112		4,112	(198,666)	(202,778)
Net change in fund balance Fund balance, beginning of year		- 336,181		- 336,181	(236,096) 336,181	(236,096)
Fund balance, end of year	\$	336,181	\$	336,181	\$ 100,085	\$ (236,096)

Holmes County, Florida Clerk of the Circuit Court Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Child Support Trust

				Variance
				with Final
	Original	Final		Budget Positive
For the year anded Contember 20, 2022	Original		Actual	
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
Revenues				
Intergovernmental	\$ 61,000	\$ 61,000 \$	48,673 \$	(12,327)
Charges for services	1,600	1,600	2,273	673
Total revenues	62,600	62,600	50,946	(11,654)
Expenditures				
General government				
Personnel services	25,980	25,980	27,316	(1,336)
Operating	523,720	523,720	56,256	467,464
Total expenditures	549,700	549,700	83,572	466,128
Excess of revenues over (under)				
expenditures	(487,100)	(487,100)	(32,626)	454,474
Fund balance, beginning of year	490,376	490,376	490,376	_
	12 2,2 7 2	,		
Fund balance, end of year	\$ 3,276	\$ 3,276 \$	457,750 \$	454,474

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

				Variance
				with Final
	0-1-11	F:I		Budget
Fanthaman and deathamhan 20, 2022	Original	Final	A -+I	Positive
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
Revenues				
Charges for services	\$ 154,834	\$ 154,834	173,380	\$ 18,546
Miscellaneous revenue	153	153	124	(29)
				10 -1-
Total revenues	154,987	154,987	173,504	18,517
Expenditures				
General government				
Personnel services	130,815	130,815	115,478	15,337
Operating	75,172	75,172	20,700	54,472
Capital outlay	1,000	1,000	-	1,000
Tabel and an difference	206 007	206 007	126 170	70.000
Total expenditures	206,987	206,987	136,178	70,809
Excess of revenues over (under)				
expenditures	(52,000)	(52,000)	37,326	89,326
Fund balance, beginning of year	49,044	49,044	49,044	_
Turiu balance, beginning of year	43,044	43,044	43,044	
Fund balance, end of year	\$ (2,956)	\$ (2,956)	\$ 86,370	\$ 89,326

Holmes County, Florida Clerk of the Circuit Court Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2022	Custodial Funds				
Assets					
Cash and cash equivalents	\$ 256,484				
Accounts receivable	37				
Total assets	256,521				
Liabilities					
Deposits	74,553				
Due to individuals	175,794				
Due to other governments	6,174				
Total liabilities	256,521				
Total net position	\$ -				

Holmes County, Florida Clerk of the Circuit Court Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2022	Custodial Funds		
Additions Clerk of circuit and county courts revenue	\$ 4,186,606		
Deductions			
Distributions to other governments	4,186,606		
Changes in net position	-		
Net position, beginning of year	_		
Net position, end of year	\$ -		

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. 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures and issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. The operations of the Clerk are funded by the Board of County Commissioners and other taxing authorities. The appropriations from the Board are recorded as other financing sources.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

Fund Financial Statements

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 county-wide financial statements.

The fund financial statements provide information about the Clerk's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Clerk reports the following major governmental funds:

General Fund - Primary operating fund that accounts for all financial resources of the general government, except those accounted for in another fund.

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

Child Support Trust Fund - 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 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 Fund - Special revenue fund to account for probation activities within the court system.

Fund Financial Statements (continued)

The Clerk has two 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.

Additionally, the Clerk reports the following fiduciary fund type:

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

Budgetary Information

Budgetary Basis of Accounting

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.

Excess of Revenues over Expenditures

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.

Budgetary Information (continued)

Excess of Revenues over Expenditures (continued)

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 State of Florida Justice Administrative Commission (the "Commission"). 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 Commission as well. For the year ended September 30, 2022, excess court revenues exceeded 1/12 of revenue projections in the amount of \$204,148 and were remitted to the Commission.

Employee Benefits

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 of accrued PTO over the 900 hours, up to 100 hours annually. Accumulated PTO is payable on termination at 80% of the hours accumulated. 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 Clerk are the obligation of the County and are reported at the county-wide level.

Retirement Plan

The Clerk and all qualified County employees participate 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 in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Clerk are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

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 Statement of Net Position of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand as well as demand deposits and certificates of deposit with original maturities of three months or less.

Investments

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.

Receivables and Payables

Accounts Receivable – All accounts receivable and amounts due from other governments is deemed collectible. The Clerk does not record an allowance for uncollectibles.

Unearned Revenue — Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

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 Clerk has custodial responsibility for capital assets used by the office and maintains a \$5,000 threshold for capitalization of equipment. Additionally, the Clerk maintains an inventory of all tangible personal property with a value or cost of \$5,000 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. Title in all capital assets owned by the County is retained by the Board and the Clerk's capital assets are reported in the county-wide financial statements. At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the county-wide level, capital assets are capitalized at cost if purchased and if donated at acquisition value when received. Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property.

Assets, Liabilities, and Net Position or Equity (continued)

Categories and Classification of Fund Equity

Fund balance flow assumptions — Sometimes the Clerk will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Clerk's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Clerk can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Clerk's highest level of decision-making authority. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assets, Liabilities, and Net Position or Equity (continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Clerk for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2023 and determined there was no event that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Clerk adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and

Recently Issued and Implemented Accounting Pronouncements (continued)

(2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Clerk adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

• The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Clerk adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Clerk adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Clerk adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Clerk adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

Classification and reporting of derivative instruments within the scope of Statement No. 53,
 Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

Recently Issued and Implemented Accounting Pronouncements (continued)

- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships
 and Availability Payment Arrangements, related to the determination of the PPP term and (b)
 recognition and measurement of installment payments and the transfer of the underlying PPP
 asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Clerk is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. At year-end, all cash held in demand deposits was fully insured by the Federal Deposit Insurance Corporation and the multiple financial institutions collateral pool required by Section 280, Florida Statutes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Due from Other Governments

Receivables, all of which are deemed collectible are as follows:

Source	Amount
State of Florida	\$ 26,518

Unearned Revenue

Unearned revenue of \$15,218 represents grant revenues received but not earned as of September 30, 2022. The Holmes County Board of County Commissioners advanced the Clerk \$20,000 of FEMA grant proceeds during the year for administrative services related to FEMA grant projects. Revenues are recognized when qualified administrative expenditures are incurred on those FEMA projects.

Note 3: RETIREMENT PLAN

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

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

Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. 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.

Note 3: RETIREMENT PLAN (Continued)

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: DROP Program – 18.60%, regular employees – 11.91%, senior management – 31.57%, and elected officials – 57.00%. 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, 2022, total payroll for the Clerk's employees covered by the System was \$731,568 and total payroll was \$773,764. The Clerk's contributions to the plan for the years ended September 30, 2022, 2021 and 2020 were \$165,777, \$138,920, and \$125,894, 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 4: COMMITMENTS AND CONTINGENCIES

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 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

The following capital assets and compensated absences are in the custody of and accounted for by the Clerk and reported in the county-wide financial statements.

Capital Assets

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

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Capital Assets (continued)

Summary of changes in capital assets during the year ended September 30, 2022:

		Balance 10/1/21	Additions	Deletions	Balance 9/30/22
Governmental Activities					
Capital assets, being depreciated					
Equipment	\$	293,116	\$ -	\$ (35,070)	\$ 258,046
Buildings and improvements		7,556	-	-	7,556
Capital assets, being depreciated		300,672	-	(35,070)	265,602
Less accumulated depreciation for					
Equipment		(255,894)	(13,174)	35,070	(233,998)
Buildings and improvements		(7,556)	-	-	(7 <i>,</i> 556)
Total accumulated depreciation		(263,450)	(13,174)	35,070	(241,554)
Total governmental activities capital assets, net	\$	37,222	\$ (13,174)	\$ -	\$ 24,048
	_				

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

Governmental Activities

	*	42 474
General government		13,174
deneral government	J	13.1/4

Compensated Absences

Compensated absences that will not be liquidated with expendable available financial resources of the Clerk is the obligation of the County and reported in the county-wide financial statements.

Summary of changes in compensated absences for the year ended September 30, 2022.

	Balance			Balance
	 10/1/21	Additions	Deletions	9/30/22
				_
Compensated absences	\$ 56,483	\$ 60,970	\$ 49,874	\$ 67,579

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Holmes County, Florida Clerk of the Circuit Court Combining Balance Sheet – Nonmajor Governmental Funds

	Special Revenue Funds								
				Court					
		Record		Technology					
September 30, 2022	Mod	lernization		Fund	Total				
Assets									
Cash and cash equivalents	\$	14,070	\$	13,771	\$	27,841			
Liabilities and Fund Balances									
Accounts payable	\$	-	\$	983	\$	983			
Accrued wages and benefits		-		228		228			
Total liabilities		-		1,211		1,211			
Fund balances Restricted		14,070		12,560		26,630			
Total liabilities and fund balances	\$	14,070	\$	13,771	\$	27,841			

Holmes County, Florida Clerk of the Circuit Court Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds

	Special Revenue Funds								
				Court					
For the year ended September 30, 2022	Mod	Record Iernization	10	echnology Fund		Total			
For the year ended September 50, 2022	IVIOU	iemization		ruiiu		TOtal			
Revenues									
Charges for services	\$	7,927	\$	23,362	\$	31,289			
Expenditures									
General government									
Personnel services		-		6,855		6,855			
Operating		1,738		16,003		17,741			
Total expenditures		1,738		22,858		24,596			
·									
Excess of revenues over (under) expenditures		6,189		504		6,693			
Fund balances, beginning of year		7,881		12,056		19,937			
Fund balances, end of year	\$	14,070	\$	12,560	\$	26,630			

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 – Custodial Funds

September 30, 2022	General Agency	Juror and Witness	R	egistry of Court	Cash Bonds	Total
Assets						
Cash and cash equivalents	\$ 175,757	\$ 6,174	\$	41,085	\$ 33,468	\$ 256,484
Accounts receivable	37	-		-	-	37
						_
Total assets	175,794	6,174		41,085	33,468	256,521
Liabilities						
Deposits	-	-		41,085	33,468	74,553
Due to individuals	175,794	-		-	-	175,794
Due to other governments	-	6,174		-	-	6,174
Total liabilities	175,794	6,174		41,085	33,468	256,521
Total net position	\$ -	\$ -	\$	-	\$ -	\$ -

Holmes County, Florida Clerk of the Circuit Court Combining Statement of Changes in Fiduciary Net Position – Custodial Funds

For the year ended September 30, 2022	Agency	Juror and Witness	Registry of Court	Cash Bonds	Total
Additions Clerk of circuit and county courts revenue	\$ 3,271,693	\$ 5,030	\$ 847,569	\$ 62,314	\$ 4,186,606
Deductions Distributions to other governments	3,271,693	5,030	847,569	62,314	4,186,606
Changes in net position	-	-	-	-	-
Net position, beginning of year	-	-	-	-	_
Net position, end of year	\$ -	\$ -	\$ -	\$ -	\$ -



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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 Sam Bailey 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 and the aggregate remaining fund information of the Holmes County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated March 24, 2023.

Reports on 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) are a basis for designing 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

err, Kiggs & Chyram, L.L.C.

Enterprise, Alabama March 24, 2023



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

Honorable Sam Bailey 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, 2022.

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

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

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements, for the year ended September 30, 2022.

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.

rr, Riggs & Chapan, L.L.C.

Enterprise, Alabama March 24, 2023



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MANAGEMENT LETTER

Honorable Sam Bailey 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, 2022, and have issued our report thereon dated March 24, 2023.

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 24, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Management

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

Additional Matters

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

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



Property Appraiser Holmes County, Florida FINANCIAL STATEMENTS September 30, 2022

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INDEPENDENT AUDITORS' REPORT

Honorable Bryan Bell Property Appraiser Holmes County, Florida

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Property Appraiser as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Property Appraiser, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing
 an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, no
 such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, 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 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 Property Appraiser'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 Property Appraiser's internal control over financial reporting and compliance.

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

rr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023

Holmes County, Florida Property Appraiser Balance Sheet – Governmental Funds

September 30, 2022	General Fund		
Assets			
Cash and cash equivalents	\$ 17,587		
Liabilities and Fund Balance			
Liabilities			
Due to Board of County Commissioners	 17,587		
Total liabilities	17,587		
Fund balance	-		
Total liabilities and fund balance	\$ 17,587		

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

For the year ended September 30, 2022	General Fund
Revenues	
Charges for services	1,190
Interest and other	12
Total revenues	1,202
Expenditures	
General government	
Personnel services	541,907
Operating	79,802
Capital outlay	1,300
Total expenditures	623,009
Excess (deficiency) of revenues	
over (under) expenditures	(621,807)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	639,394
Reversion to Board of County Commissioners	(17,587)
Net other financing sources (uses)	621,807
Net change in fund balance	-
Fund balance, beginning of year	
Fund balance, end of year	\$ <u> </u>

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

				ariance with Final Budget
	Original	Final		Positive
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
Revenues				
Charges for services	\$ -	\$ -	1,190	\$ 1,190
Interest and other	-	-	12	12
Total revenues	-	-	1,202	1,202
Expenditures				
General government				
Personnel services	542,203	548,203	541,907	6,296
Operating	91,191	91,191	79,802	11,389
Capital outlay	-	-	1,300	(1,300)
Total expenditures	633,394	639,394	623,009	16,385
Excess (deficiencey) of revenues				
over (under) expenditures	(633,394)	(639,394)	(621,807)	17,587
Other Financing Sources (Uses)				
Appropriations from Board of				
County Commissioners	633,394	639,394	639,394	-
Reversion to Board of County	,	, , , , ,	,	
Commissioners	-	-	(17,587)	(17,587)
Net other financing sources (uses)	633,394	639,394	621,807	(17,587)
Net change in fund balance	_	_	_	_
Fund balance, beginning of year				_
Tana balance, beginning of year				
Fund balance, end of year	\$ -	\$ -	\$ -	\$

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, Rules of the Auditor General, State of Florida. The more significant of these governmental 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 is to serve the geographic boundary established in Florida Statutes chapter 7.30. Although the Property Appraiser office is operationally autonomous from the Board of County Commissioners, (the "Board"), it does not hold sufficient corporate powers 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 Appraiser's financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of Holmes County, Florida (the "County").

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Property Appraiser considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures and issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. The operations of the Property Appraiser are funded by the Board of County Commissioners and other taxing authorities in the County. The appropriations from the Board are recorded as other financing sources.

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental 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.

Fund Financial Statements

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.

The Property Appraiser reports the following major governmental fund:

The *General Fund* accounts for all financial resources that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

Budgetary Information

Budgetary Basis of Accounting

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. Budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department of Revenue and 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 Property Appraiser.

Excess of Revenues over Expenditures

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."

Employee Benefits

Compensated Absences

It is the Property Appraiser's policy to allow employees to accumulate earned but unused paid time off benefits, which are eligible for payment upon separation of government service. Employees are allowed to accumulate up to a maximum of 90 working days. Accumulated paid time off is payable on termination at 100% of the value of the hours accumulated. If the employee retires, 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 the County and are reported at the county-wide level.

Retirement Plan

The Property Appraiser and all qualified County employees participate 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 in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Comprehensive Annual Financial Report. Assets, liabilities and cash inflows/outflows related to the Property Appraiser are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

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.

Assets, Liabilities and Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Holmes County, Florida Property Appraiser Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (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 material.

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. At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the county-wide level, capital assets are capitalized at cost when purchased and if donated at acquisition value when received. Depreciation is determined using the straight line method with estimated useful lives of 5 to 10 years for all tangible personal property.

Categories and Classification of Fund Equity

Fund balance flow assumptions — Sometimes the Property Appraiser will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Property Appraiser's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Property Appraiser itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Assets, Liabilities and Equity (continued)

Categories and Classification of Fund Equity (continued)

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Property Appraiser's highest level of decision-making authority. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Property Appraiser for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2023, and determined there were no events that required disclosure.

Holmes County, Florida Property Appraiser Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Property Appraiser adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period (GASB 89). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Property Appraiser adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019- 3, Leases, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial

Recently Issued and Implemented Accounting Pronouncements (Continued)

- Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Property Appraiser adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

Recently Issued and Implemented Accounting Pronouncements (continued)

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Property Appraiser adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Property Appraiser adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, The Annual Comprehensive Financial Report (GASB 98). GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Property Appraiser adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

Holmes County, Florida Property Appraiser Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all

Recently Issued and Implemented Accounting Pronouncements (continued)

reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships* and *Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement No. 53 to refer to resource flows statements.

Recently Issued and Implemented Accounting Pronouncements (continued)

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Property Appraiser is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for

Holmes County, Florida Property Appraiser Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents (continued)

payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. At year-end, all cash held in demand deposits was fully insured by the Federal Deposit Insurance Corporation and the multiple financial institutions collateral pool required by Section 280, Florida Statutes.

Due to Board of County Commissioners

The excess revenues over expenditures remitted to the Board after year end was \$17,587 in accordance with Section 218.36(2) Florida Statutes. This amount is reported as Reversion to Board of County Commissioners on the Statement of Revenues, Expenditures and Changes in Fund Balance.

Note 3: 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

Holmes County, Florida Property Appraiser Notes to Financial Statements

Note 3: RETIREMENT PLAN (Continued)

employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service. 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 – 11.91%, DROP Program – 18.60%, senior management – 31.57%, and elected officials – 57.00%. 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, 2022, total payroll for the Property Appraiser's employees covered by the System was \$363,921. The Property Appraiser's total payroll was \$363,921 for the same period. The Property Appraiser's contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$95,777, \$88,568, and \$79,172, respectively, and were paid by the due date for the contributions.

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

Note 4: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

The following capital assets and compensated absences are in the custody of and accounted for by the Property Appraiser and reported in the county-wide financial statements.

Capital Assets

Title in capital assets owned by the County is retained by the Board of County Commissioners. The below noted capital asset information and activity is reported in the county-wide financial statements.

Summary of capital asset activity for the year ended September 30, 2022:

	Balance			Balance
	10/01/21	Increases	Decreases	9/30/22
Governmental Activities				
Capital assets, not being depreciated				
Construction in progress	\$ 10,947	\$ 1,300	\$ 12,247	\$ -
Capital assets, being depreciated				
Machinery and equipment	145,166	13,847	-	159,013
Less accumulated depreciation for				
Machinery and equipment	(113,132)	(15,683)	-	(128,815)
				_
Total capital assets being				
depreciated, net	32,034	(1,836)	-	30,198
Captial assets, net	\$ 42,981	\$ (536)	\$ 12,247	\$ 30,198

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

Governmental Activities	
General government	\$ 15,683

Note 4: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Compensated Absences

Compensated absences that will not be liquidated with expendable available financial resources of the Property Appraiser is the obligation of the County and reported in the county-wide financial statements.

Summary of changes in compensated absences for the year ended September 30, 2022:

	Balance			Balance	Due In
	10/01/21	Additions	Reductions	9/30/22	One Year
Compensated absences	\$ 48,885	\$ 28,531	\$ (19,665)	\$ 57,751	\$ 5,775



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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

The 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, 2022, 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 24, 2023.

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) as a basis for designing 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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 financial statements. 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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specified 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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.

Parr, Riggs & Chopan, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022, and have issued our report thereon dated March 24, 2023.

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 24, 2023, 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.

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 recommendation 2012-02 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 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.

Parr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023

Supervisor of Elections Holmes County, Florida

September 30, 2022

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Supervisor of Elections as of September 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1 to the financial statements ("Recently Issued and Implemented Accounting Pronouncements"), the Supervisor adopted provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to these matters.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such
 opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the
 aggregate, that raise substantial doubt about the County's ability to continue as a going
 concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 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, 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 Supervisor of Election'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 Supervisor of Elections' internal control over financial reporting and compliance.

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

Carr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023

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

September 30, 2022	General Fund					
Assets	\$ <u>-</u>					
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, 2022		General Fund
Revenues		
	\$	59,296
Intergovernmental	Ş	39,290
Expenditures		
General government		
Personnel services		273,888
Operating expenses		164,295
Debt service		
Principal Principal		8,523
Total expenditures		446,706
Excess (deficiency) of revenues over (under) expenditures		(387,410)
		(007):=0)
Other Financing Sources (Uses)		
Appropriations from Board of County Commissioners		387,410
Net change in fund balance		-
Fund balance, beginning of year		_
Tunu balance, beginning of year		
Fund balance, end of year	\$	

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

				riance with inal Budget
	Original	Final		Positive
For the year ended September 30, 2022	Budget	Budget	Actual	(Negative)
				_
Revenues				
Intergovernmental	\$ -	\$ -	\$ 59,296	\$ 59,296
Expenditures				
General government				
Personnel services	290,405	290,225	273,888	16,337
Operating expenses	207,053	201,664	164,295	37,369
Capital outlay	4,000	8,523	-	8,523
Debt service				
Principal Principal	-	-	8,523	(8,523)
Total expenditures	501,458	500,412	446,706	53,706
Total expenditures	301,436	300,412	440,700	33,700
Excess (deficiency) of revenues				
over (under) expenditures	(501,458)	(500,412)	(387,410)	113,002
Other Financing Sources (Uses)				
Appropriations from Board of				
County Commissioners	501,458	500,412	387,410	(113,002)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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. Although the Supervisor of Elections office is operationally autonomous from the Board of County Commissioners, (the "Board"), it does not hold sufficient corporate powers 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 Supervisor of Elections' financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of Holmes County, Florida (the "County").

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Supervisor of Elections considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. The operations of the Supervisor of Elections are funded by the Board of County Commissioners. The appropriations from the Board are recorded as other financing sources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

Fund Financial Statements

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'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.

The Supervisor of Elections reports the following major governmental fund:

The *General Fund* accounts for all financial resources that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

Budgetary Information

Budgetary Basis of Accounting

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.

Excess of Revenues over Expenditures

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." Rather than having an accounting system independent of the Board, the Supervisor of Elections is accounted for as a department by the Board. Therefore, appropriations by the Board will equal actual expenditures and the Supervisor of Elections will not report revenues in excess of expenditures.

Assets, Liabilities, and Equity

Cash and Cash Equivalents

The Supervisor of Elections does not maintain a separate operating bank account. Operations are accounted for through a department within the Board's General Fund.

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 material.

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 \$5,000 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. At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the county-wide level, capital assets are capitalized at cost when purchased and if donated at acquisition value when received. Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property.

Leases

Lease contracts that provide the Supervisor with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Assets, Liabilities, and Equity (continued)

Compensated Absences

The Supervisor of Elections' compensated absences policy allows employees to accumulate unused sick and vacation leave up to a maximum of 90 days of sick leave and 30 days of annual leave. Upon separating from service all employees will be paid 100% of accumulated annual leave and retiring employees will also be paid 100% of accumulated sick leave. Upon resignation employees with ten years of service will be paid one-half of accumulated sick leave. Employees with more than ten years seniority may accrue sick leave in excess of 90 days in a personal sick leave bank. Accrued leave in a personal sick leave bank may only be used in the event of a catastrophic illness.

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 Supervisor of Elections are the obligation of the County and are reported at the county-wide level.

Retirement Plan

The Supervisor of Elections and all qualified County employees 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 in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Supervisor of Elections are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Post-Employment Benefits (OPEB) Liability

The Supervisor of Elections, 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.

Categories and Classification of Fund Equity

Fund balance flow assumptions — Sometimes the Supervisor of Elections will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (continued)

Categories and Classification of Fund Equity (continued)

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Supervisor of Elections can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Supervisor of Elections' highest level of decision-making authority. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Supervisor of Elections for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Assets, Liabilities, and Equity (continued)

Categories and Classification of Fund Equity (continued)

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2023, and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Supervisor of Elections adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020.

Recently Issued and Implemented Accounting Pronouncements (continued)

The Supervisor of Elections adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Supervisor of Elections adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Supervisor of Elections adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Supervisor of Elections adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Supervisor of Elections adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

Classification and reporting of derivative instruments within the scope of Statement No. 53,
 Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

Recently Issued and Implemented Accounting Pronouncements (continued)

- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships
 and Availability Payment Arrangements, related to the determination of the PPP term and (b)
 recognition and measurement of installment payments and the transfer of the underlying PPP
 asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Supervisor of Elections is evaluating the requirements of the above statements and the impact on reporting.

Note 2: RETIREMENT PLAN

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

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

The System provides for employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired

Note 2: RETIREMENT PLAN (Continued)

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 – 11.91%, DROP Program – 18.60%, senior management – 31.57% and elected officials – 57.00%. 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 Supervisor of Elections' employees covered by the System was \$174,339 for the year ended September 30, 2022. The Supervisor of Elections' total payroll was \$174,339 for the same period. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2022, 2021 and 2020 was \$62,295, \$57,571, and \$54,182, 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 3: CONTINGENCIES

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 4: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

The following capital assets and long term debt are in the custody of and accounted for by the Supervisor of Elections and reported in the county-wide financial statements.

Note 4: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Capital Assets

Title in capital assets owned by the County is retained by the Board of County Commissioners. The below noted capital asset information and activity is reported in the county-wide financial statements.

Summary of capital asset activity for the year ended September 30, 2022:

	Balance				Balance
	10/1/2021	Additions	Deletions	ç	9/30/2022
Governmental Activities					
Capital assets, being depreciated and amortized:					
Machinery and equipment	\$ 246,064	\$ 9,268	\$ -	\$	255,332
Right of use asset - machinery					
and equpment	34,090	-	-		34,090
Less accumulated dpreciation and amortization for:					
Machinery and equipment	(214,642)	(18,033)	-		(232,675)
Right of use asset - machinery					
and equpment	(568)	(6,818)			(7,386)
Total governmental activities					
capital assests, net	\$ 64,944	\$ (15,583)	\$ -	\$	49,361

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

Governmental Activities

General government \$ 24,851

Long-Term Debt

Debt that will not be liquidated with expendable available financial resources of the Supervisor of Elections is the obligation of the County and reported in the county-wide financial statements.

Summary of long-term debt activity for the year ended September 30, 2022:

	Balance			Balance	Due In
	10/01/21	Additions	Reductions	9/30/22	One Year
Leases Compensated absences	\$ 17,046 3,144	\$ - 5,940	\$ 8,523 4,479	\$ 8,523 4,605	\$ 8,523 461
<u>Total</u>	\$ 20,190	\$ 5,940	\$ 13,002	\$ 13,128	\$ 8,984

Note 4: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Long-Term Debt (continued)

The following is an analysis of leased equipment as of September 30, 2022:

	Capital Assets
Machinery and equipment <u>Less: accumulated depreciation</u>	\$ 34,090 (6,818)
Net leased machinery and equipment	\$ 27,272



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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, 2022, 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 24, 2023.

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) as a basis for designing 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. 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.

Report on 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 financial statements. 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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified 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

We are required to be independent and to meet other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022, and have issued our report thereon dated March 24, 2023.

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 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 24, 2023, 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 did not have any such recommendations.

Additional Matters

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

Enterprise, Alabama March 24, 2023



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INDEPENDENT AUDITORS' REPORT

Honorable John Tate Sheriff Holmes County, Florida

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Holmes County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2022, and the respective changes in financial position thereof and 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing
 an opinion on the effectiveness of the Sheriff's internal control. Accordingly, no such
 opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, 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.

Carr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023

Holmes County, Florida Sheriff Balance Sheet – Governmental Funds

	Emergency					
September 30, 2022	General Fund		Services 911		Inmate Canteen	
					_	
Assets						
Cash and cash equivalents	\$ 91,729	\$	44,165	\$	139,602	
Due from other governments	189,519		89,679			
		_		_		
Total assets	\$ 281,248	\$	133,844	Ş	139,602	
Liabilities and Fund Balances						
Liabilities						
Accounts payable	237,911		29,903		-	
Accrued wages and benefits	41,772		-		-	
Due to Board of County Commissioners	1,565		-			
Total liabilities	281,248		29,903		-	
Fund balances						
Restricted for						
Public safety - law enforcement	-		103,941		139,602	
Total liabilities and fund balances	\$ 281,248	\$	133,844	\$	139,602	

	Total
Nonmajor	Governmental
 Funds	Funds
\$ 4,058	\$ 279,554
-	279,198
\$ 4,058	\$ 558,752
-	267,814
-	41,772
-	1,565
-	311,151
4,058	247,601
\$ 4,058	\$ 558,752

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

For the year ended September 30, 2022	General Fund	Emergency Services 911	Inmate Canteen	
Revenues				
Charges for services	\$ -	\$	-	\$ 240,331
Intergovernmental	519,496		518,486	-
Miscellaneous	269,478		-	
Total revenues	788,974		518,486	240,331
Expenditures				
Public safety				
Personnel services	3,542,084		110,234	-
Operating	1,271,181		399,824	132,644
Capital outlay	93,181		28,350	55,742
Debt service				
Principal	74,772		-	-
Interest	8,442		-	-
Total expenditures	4,989,660		538,408	188,386
Excess (deficiency) of revenues over (under) expenditures	(4,200,686)		(19,922)	51,945
Other Financing Sources (Uses) Appropriations from Board of County				
Commissioners	4,202,251		_	-
Reversion to Board of County Commissioners	(1,565)		-	-
Net other financing sources (uses)	4,200,686		-	
Net change in Fund balances	-		(19,922)	51,945
Fund balances, beginning of year	 -		123,863	 87,657
Fund balances, end of year	\$ 	\$	103,941	\$ 139,602

Nonmajor Funds	Total Governmental Funds
\$ 34,212 - 6,596	\$ 274,543 1,037,982 276,074
40,808	1,588,599
- 10,048 -	3,652,318 1,813,697 177,273
- -	74,772 8,442
10,048	5,726,502
30,760	(4,137,903)
- (32,680)	4,202,251 (34,245)
(32,680)	4,168,006
(1,920) 5,978	30,103 217,498
\$ 4,058	\$ 247,601

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

								Variance with Final Budget
		Original		Final				Positive
For the year ended September 30, 2022		Budget		Budget		Actual		(Negative)
Revenues	¢		۲		¢	F10 40C	,	F10.40C
Intergovernmental Miscellaneous	\$	-	\$	-	\$	519,496	\$	519,496 260,478
Miscenarieous		-		-		269,478		269,478
Total revenues		-		-		788,974		788,974
Expenditures								
Public safety								
Personnel services	2	2,976,474		2,976,474		3,542,084		(565,610)
Operating		755,816		755,816		1,271,181		(515,365)
Capital outlay		75,000		75,000		93,181		(18,181)
Debt service								
Principal		-		-		74,772		(74,772)
Interest		-		-		8,442		(8,442)
Total expenditures	3	3,807,290		3,807,290		4,989,660		(1,182,370)
Excess (deficiency) of revenues over (under) expenditures	(3	3,807,290)		(3,807,290)	(4,200,686)		(393,396)
Other Financing Sources (Uses) Appropriations from Board of								
County Commissioners Reversion to Board of County	3	3,807,290		3,807,290		4,202,251		394,961
Commissioners		-		-		(1,565)		(1,565)
Net other financing sources (uses)	3	3,807,290		3,807,290		4,200,686		393,396
Net change in fund balance Fund balance, beginning of year		-		-		-		-
Fund balance, end of year	\$	-	\$		\$	-	\$	<u>-</u>
								<u> </u>

-Continued-

Holmes County, Florida Sheriff Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund (Continued)

								Variance with Final
								Budget
		Original		Final				Positive
For the year ended September 30, 2022		Budget		Budget		Actual		(Negative)
Reconciliation of GAAP to Budgetary Basis								
GAAP basis revenues	\$	-	\$	-	\$	788,974	\$	788,974
Non-budgeted revenues								
Intergovernmental		-		-		(519,496)		(519,496)
Miscellaneous		-		-		(269,478)		(269,478)
Budgetary basis revenues					_		_	
and other financing sources	\$	-	Ş	-	Ş	-	Ş	-
GAAD basis expanditures	ċ	3,807,290	ç	2 907 200	ć	4,989,660	\$	(1 102 270)
GAAP basis expenditures Non-budgeted expenses	Ş	3,607,290	Ş	3,807,290	Ş	4,363,000	Ą	(1,182,370)
Personnel services		_		_		(383,163)		383,163
Operating		_		_		(405,811)		405,811
<u> </u>						•	_	•
Budgetary basis expenditures	\$	3,807,290	\$	3,807,290	\$	4,200,686	\$	(393,396)

Holmes County, Florida Sheriff Statement of Fiduciary Net Position — Fiduciary Funds

September 30, 2022	Custodial Fund Inmate Trust
Assets Cash	\$ 82,058
Net Position Restricted for Inmate Purchases	\$ 82,058

Holmes County, Florida Sheriff Statement of Changes in Fiduciary Net Position — Fiduciary Funds

	Cu	stodial Fund
For the year ended September 30, 2022	l	nmate Trust
Additions Inmate Deposits	\$	730,871
Deductions Current		
Public Safety		728,789
Net increase in fiduciary net position		2,082
Net position, beginning of year		79,976
Net position, end of year	\$	82,058

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. 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures and issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. The operations of the Sheriff are funded by the Board of County Commissioners and other taxing authorities in the County. The appropriations from the Board are recorded as other financing sources.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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 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 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.

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Sheriff reports the following 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 – Special revenue fund used 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

The Sheriff also reports the following fiduciary fund type:

Inmate Trusts – This fund is custodial in nature and accounts for assets held in a trust capacity or as an agent for individuals. Custodial funds only report assets and liabilities and do not measure results of operations. These funds are accounted for on an accrual basis of accounting.

Budgetary Information

Budgetary Basis of Accounting

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 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 reported on the statement of budget and actual for General Fund.

Excess Revenues over Expenditures

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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

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, and 240 hours thereafter. Accumulated annual leave is payable upon termination at the full value of the hours accumulated, while sick leave is forfeited. 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 Sheriff are the obligation of the County and are reported at the county-wide level.

Retirement Plan

The Sheriff and all qualified County employees participate 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 in accordance with the requirements of the *Retirement Plan (continued)* GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Comprehensive Annual Financial Report. Assets, liabilities and cash inflows/outflows related to the Sheriff are combined with all the County's participants and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

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 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.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Receivables

Receivables – Amounts due from other governments are deemed to be fully collectable and no allowance for doubtful accounts is required.

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 material.

Capital Assets

The Sheriff has custodial responsibility for capital assets used by his office and maintains a \$5,000 threshold for capitalization of equipment. Additionally, the Sheriff maintains an inventory of all tangible personal property with a value or cost of \$5,000 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. 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. At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the county-wide level, capital assets are capitalized at cost if purchased and if donated at acquisition value when received. Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property.

Categories and Classification of Net Position and Fund Balance

Fund balance flow assumptions — The Sheriff funds outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Sheriff's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Sheriff can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Sheriff's highest level of decision-making authority. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Sheriff for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2023 and determined there were no events that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Sheriff adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Sheriff adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

The Sheriff adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Sheriff adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Sheriff adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Sheriff adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

- Classification and reporting of derivative instruments within the scope of Statement No.
 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- Clarification of provisions in *Statement No. 96, Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Sheriff is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. At year-end, all cash held in demand deposits was fully insured by the Federal Deposit Insurance Corporation and the multiple financial institutions collateral pool required by Section 280, Florida Statutes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Due From Other Governments

Due from other governments at September 30, 2022 consisted of the following:

	General Fund	Emergency Services 911	
State of Florida	\$ 68,790	\$	89,679
U.S. Department of Justice	45,062		-
Victims of Crime Act (VOCA)	30,305		-
Holmes County Board of Education	34,732		-
U.S. Marshall	4,863		-
E-911	5,767		-
Total	\$ 189,519	\$	89,679

Due to Board of County Commissioners

The excess revenues over expenditures remitted to the Board after year end was \$1,565 in accordance with Section 30.50(6) Florida Statutes. This amount is reported as Reversion to Board of County Commissioners on the Statement of Revenues Expenditures and Changes in Fund Balance.

Note 3: 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.

Note 3: 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. 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.

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 - 11.91%, DROP Program - 18.60%, senior management - 31.57% and elected officials - 57.00%. 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 Sheriff's employees covered by the System was \$2,410,669 for the year ended September 30, 2022. The Sheriff's total payroll was \$2,497,995 for the same period. The Sheriff's contribution to the plan for the years ended September 30, 2022, 2021, and 2020 were \$518,005 \$476,769, and \$419,017, 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 4: CONTINGENCIES

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 5: 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 6: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

The following capital assets and long term debt are in the custody of and accounted for by the Sheriff and reported in the county-wide financial statements.

Capital Assets

Title in capital assets owned by the County is retained by the Board of County Commissioners. The below noted capital asset information and activity is reported in the county-wide financial statements.

Capital asset activity for the fiscal year is as follows:

	Balance			Balance
	10/1/2021	Additions	Deletions	9/30/2022
Governmental Activities Capital assets depreciated: Machinery and equipment	\$ 1,800,292 \$	176,967 \$	- \$	1,977,259
Less: accumulated depreciation	(1,034,556)	(241,739)	-	(1,276,295)
Total governmental activities				
capital assets, net	\$ 765,736 \$	(64,772) \$	- \$	700,964

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

Governmental Activities	
<u>Public safety</u>	\$ 241,739

Note 6: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Long-Term Debt

Long-term debt that will not be liquidated with expendable available financial resources of the Sheriff is the obligation of the County and reported in the county-wide financial statements.

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

	Balance 10/1/2021	Additions	F	Reductions	Balance 9/30/2022	Due in One Year
Compensated absences	\$ 139,102	\$ 128,877	\$	121,514	\$ 146,465	\$ 14,647
Note payable	232,758	-		74,772	\$ 157,986	77,586
Total	\$ 371,860	\$ 128,877	\$	196,286	\$ 304,451	\$ 92,233

The following is a schedule of principal and interest payments on notes payable at September 30, 2022:

	I	Long-term Debt
2023	\$	83,214
2024		83,214
Total minimum payments		166,428
Less: amount representing interest		(8,442)
Note payable	\$	<u> 157,986</u>

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

	Special Revenue Funds								
	I	Federal		Civil	Teen				
September 30, 2022	Inter	diction		Trust	Court	Total			
Assets									
Cash and cash equivalents	\$	19	\$	-	4,039 \$	4,058			
Fund Balances									
Restricted for:									
Public safety - law enforcement		19		-	4,039	4,058			
Total liabilities and fund balances	\$	19	\$	- \$	4,039 \$	4,058			

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

	Special Revenue Funds						
	F	ederal		Civil	Teen		
For the year ended September 30, 2022	Inter	diction		Trust	Court	-	Total
Revenues							
Charges for services	\$	-	\$	34,212	- \$,212
Miscellaneous		_		-	6,596	6,	,596
Total revenues				24 212	6 506	40	909
Total revenues		-		34,212	6,596	40,	,808
Expenditures							
Public safety							
Operating		-		1,532	8,516	10,	,048
Excess (deficiency) of revenues		-		32,680	(1,920)	30,	,760
over (under) expenditures							
Other Financing Sources (Uses)							
Reversion to Board of County							
Commissioners		-		(32,680)	-	(32,	,680)
Net change in Fund balances		-		-	(1,920)	(1,	,920)
Fund balances, beginning of year		19		-	5,959	5,	,978
					•	·	
Fund balances, end of year	\$	19	\$	- \$	4,039	5 4,	,058



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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 the major fund, and the aggregate remaining fund information of Holmes County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated March 24, 2023.

Reports on 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") as a basis for designing 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 may have not been identified. We consider the deficiency described in the accompanying management letter as item 2010-01 to be a material weakness.

Report on 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, noncompliance with which could have a direct and material effect on the financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the Sheriff's response to the findings identified in our audit and described 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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022. Management is responsible for the Sheriff's compliance with the specified 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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.

err, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022, and have issued our report thereon dated March 24, 2023.

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 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 24, 2023, 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-Segregation of Duties identified above 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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



Tax Collector Holmes County, Florida

FINANCIAL STATEMENTS

September 30, 2022

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INDEPENDENT AUDITORS' REPORT

Honorable Harry B. Bell, III Tax Collector Holmes County, Florida

Opinions

We have audited the accompanying financial statements of the major fund and the fiduciary fund type of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the fiduciary fund type of the Tax Collector, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such
 opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 fiduciary fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fiduciary fund financial statements 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 24, 2023 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.

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

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023

Holmes County, Florida Tax Collector Balance Sheet – Governmental Funds

September 30, 2022		General Fund
Assets		
Due from other governments	\$	13,845
Liabilities and Fund Balance		
Liabilities		
Ledger overdraft	\$	10,140
Due to Board of County Commissioners		205
Due to individuals	_	3,500
Total liabilities		13,845
Fund balance		-
Total liabilities and fund balance	\$	13,845

Holmes County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

For the year ended September 30, 2022	(General Fund
Revenues		
Charges for services	\$	382,853
Interest		21
Tatalyayaya		202.074
Total revenues		382,874
Expenditures		
General government		
Personnel services		463,247
Operating		116,765
Capital outlay		15,158
Total expenditures		595,170
Excess (deficiency) of revenues over (under) expenditures		(212,296)
Other Financing Sources (Uses)		
Appropriations from Board of County Commissioners		212,501
Reversion to Board of County Commissioners		(205)
Net other financing sources		212,296
Net other maneing sources		212,230
Net change in fund balance		-
Fund balance, beginning of year		
Fund balances, end of year	\$	_

Holmes County, Florida Tax Collector Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund

							Variance With Final
							Budget
	Original						Positive
For the year ended September 30, 2022	Budget	Fii	nal Budget		Actual		(Negative)
Revenues							
Charges for services	\$ 367,604	\$	403,286	\$	382,853	\$	(20,433)
Interest	21	т	21	т	21	Τ.	-
Total revenues	367,625		403,307		382,874		(20,433)
Expenditures							
General government							
Personnel services	475,741		511,423		463,247		48,176
Operating	104,385		104,385		116,765		(12,380)
Capital outlay	-		-		15,158		(15,158)
Total expenditures	580,126		615,808		595,170		20,638
Excess revenues over (under) expenditures	(212,501)		(212,501)		(212,296)		205
Other Financing Sources (Uses)							
Appropriations from Board of							
County Commissioners	212,501		212,501		212,501		-
Reversion to Board of County							
Commissioners	-		-		(205)		(205)
Net other financing sources (uses)	212,501		212,501		212,296		(205)
Net change in fund balance	_		_		_		_
Fund balance, beginning of year	_		_		_		_
rana balance, beginning or year							
Fund balance, end of year	\$ -	\$	_	\$	_	\$	

Holmes County, Florida Tax Collector Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2022		Custodial Funds	
Assets			
Cash	\$	193,711	
Due from other governments	Ÿ	14,587	
Total assets		208,298	
Liabilities			
Due to other governments		194,951	
Due to individuals		13,347	
Total liabilities		208,298	
Net position	\$		

Holmes County, Florida Tax Collector Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2022	Cı	ustodial Funds
Additions		
Tax collections, auto tag fees, and other		
fees for other governments	\$	11,846,668
Deductions		
Payments of tax, auto tag fees, and other		
fees to other governments		11,846,668
Net change in fiduciary net position		-
Net position, beginning of year		
Net position, end of year	\$	-

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. 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 Holmes County, Florida (the "County").

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Tax Collector considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures and issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. The operations of the Tax Collector are funded by the Board of County Commissioners and other taxing authorities in the County. The appropriations from the Board are recorded as other financing sources.

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,

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

Fiduciary fund (custodial fund) statements are reported using *economic resources measurement* focus and the accrual basis of accounting.

Fund Financial Statements

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 county-wide financial statements.

The fund financial statements provide information about the Tax Collector's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The Tax Collector reported the following major governmental fund:

General Fund – Accounts for all financial resources 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:

Custodial Funds – These funds are custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units, and/or other funds. Custodial funds only report assets and liabilities and do not measure results of operations.

The Tax Collector has three custodial 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. Custodial funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary Basis of Accounting

Florida Statutes, Chapter 195.087 details the preparation, adoption, and administration of the Tax Collector's annual budget. On or before August 1 of each year, the Tax Collector submits an annual budget to the Department of Revenue (the "Department"). If the Department finds the budget inadequate or excessive, it shall return such budget to the Tax Collector, together with its ruling thereon. The Tax Collector shall revise the budget as required and resubmit it to the Department. After final approval by the Department, there shall be no reduction or increase by the Tax Collector or Board without the approval of the Department. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector.

Excess Revenue over Expenditures

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."

Employee Benefits

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)

Employee Benefits (continued)

Retirement Plan

The Tax Collector and all qualified County employees 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 in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Tax Collector are combined with all the County's participants and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

The Tax Collector, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in its group health plan while employed. Employees of the Tax Collector are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County, recognize an

Other Postemployment Benefits (OPEB) (continued)

OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

The Tax Collector's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 material.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

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 \$5,000 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. 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.

Depreciation is determined using the straight-line method with estimated useful lives of 5 to 10 years for all tangible personal property.

Categories and Classification of Net Position and Fund Balance

Fund balance flow assumptions — Sometimes the Tax Collector will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Tax Collector can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Categories and Classification of Net Position and Fund Balance (continued)

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Tax Collector's highest level of decision-making authority. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Categories and Classification of Net Position and Fund Balance (continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Tax Collector for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2023 and determined there were no events that occurred that required disclosure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

The Tax Collector adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Tax Collector adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Tax Collector adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (GASB 93). The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Tax Collector adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued GASB Statement No. 97, Certain Component Unit Criteria (GASB 97), and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Tax Collector adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, The Annual Comprehensive Financial Report (GASB 98). GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Tax Collector adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

(governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53,
 Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships
 and Availability Payment Arrangements, related to the determination of the PPP term and (b)
 recognition and measurement of installment payments and the transfer of the underlying PPP
 asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Tax Collector is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. At year-end, all cash held in demand deposits was fully insured by the Federal Deposit Insurance Corporation and the multiple financial institutions collateral pool required by Section 280, Florida Statutes.

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, 2022, all deposits were fully insured by the Federal Deposit Insurance Corporation and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Due to Board of County Commissioners

Excess revenues over expenditures of \$205 were returned to the Board by October 31, 2022 as required by Florida Statutes Section 218.36(2). This amount is reported as Reversion to Board of County Commissioners on the Statement of Fund Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.

Note 3: 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

Note 3: RETIREMENT PLAN (Continued)

changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service.

Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 11.91%, DROP Program – 18.60%, senior management – 31.57% and elected officials – 57.00%. 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 \$293,675 for the year ended September 30, 2022. The Tax Collector's total payroll was \$322,732 for the same period. The Tax Collector's contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$82,706, \$83,361, and \$76,147, 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 4: FINANCIAL DISCLOSURES REPORTED AT COUNTY-WIDE LEVEL

The following capital assets and compensated absences are in the custody of and accounted for by the Tax Collector and reported in the county-wide financial statements.

Capital Assets

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

Capital asset activity for the fiscal year is as follows:

	Balance			Balance
	10/01/21	Additions	Deletions	9/30/22
Governmental Activities				
Capital assets depreciated:				
Machinery and equipment	\$ 116,327	\$ 8,679	\$ (3,599)	\$ 121,407
Improvements	25,911	-	-	25,911
Less accumulated depreciation:				
Machinery and equipment	(113,940)	(11,392)	3,599	(121,733)
Total governmental activities				
capital assets, net	\$ 28,298	\$ (2,713)	\$ -	\$ 25,585

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

Governmental Activities

General government \$ 11.

Compensated Absences

Compensated absences that will not be liquidated with expendable available financial resources of the Tax Collector is the obligation of the County and reported in the county-wide financial statements.

Summary of changes in compensated absences for the year ended September 30, 2022.

		Balance					Balance	D	ue in One
	10/1/2021		Additions Reduc		eductions	9/30/2022			Year
Compensated Absences	\$	7,045	\$ 18,720	\$	13,073	\$	12,692	\$	1,269

Fiduciary Funds

Property Tax – To account for the collection and disbursement of local property taxes.

Department of Motor Vehicles ("DMV") - To account for the collection of motor vehicle and 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 –

Custodial Funds

September 30, 2022	Property Tax			DMV		CWIS		Total
Assets								
Cash and cash equivalents	\$	106,383	\$	86,648	\$	680	\$	193,711
Due from other governments	Ψ	-	Ψ	14,587	Y	-	Ψ	14,587
				, , , , , , , , , , , , , , , , , , ,				<u> </u>
Total assets	\$	106,383	\$	101,235	\$	680	\$	208,298
Liabilities								
Due to other governments	\$	93,036	\$	101,235	\$	680	\$	194,951
Due to individuals		13,347		-		-		13,347
Total liabilities		106,383		101,235		680		208,298
AL								
Net position		-		-		-		
Total liabilities and net position	\$	106,383	\$	101,235	\$	680	\$	208,298

Holmes County, Florida Tax Collector Combining Statement of Changes in Fiduciary Net Position – Custodial Funds

For the year ended September 30, 2022	Property Tax	DMV	CWIS	Total
Additions				
Tax collections, auto tag fees, and other fees for other governments	\$ 8,491,344	\$ 3,333,024 \$	22,300	\$ 11,846,668
Deductions				
Payments of tax, auto tag fees, and other				
fees to other governments	8,491,344	3,333,024	22,300	11,846,668
Net change in fiduciary net position	-	-	-	-
Net position, beginning of year	-	-	-	
Net position, end of year	\$ -	\$ - \$	- :	\$ -



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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 major fund and aggregate remaining fund information of the Holmes County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2022, 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 24, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

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

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

Report on 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 financial statements. 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.

Carr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022. 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.

We are required to be independent and to meet other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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.

arr, Riggs & Ungram, L.L.C.

Enterprise, Alabama March 24, 2023



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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, 2022, and have issued our report thereon dated March 24, 2023

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 24, 2023, 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 Management

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

Additional Matters

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

arr, Riggs & Chopan, L.L.C.

Enterprise, Alabama March 24, 2023