

BAKER COUNTY, FLORIDA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2018

**BAKER COUNTY, FLORIDA
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SEPTEMBER 30, 2018**

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners,
Baker County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baker County, Florida (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Baker County Development Corporation (the BCDC), which is the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the BCDC, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on each major fund and the aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities.

Basis for Qualified Opinion on Governmental Activities

Management has not acquired an actuarial valuation to determine the amount of its total OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenses of the government-wide financial statements of the County is unknown. Such departure has no impact on the County's fund financial statements.

Qualified Opinion on Governmental Activities

In our opinion, based on our audit and the report of the other auditors, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the governmental activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the County, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Major Funds and Aggregate Remaining Fund Information

In our opinion, based on our audit and the report of the other auditors, 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 County, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

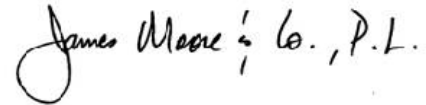
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplemental information, schedule of expenditures of state financial assistance, as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 information is 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 June 12, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James Moore & Co., P.L." The signature is written in dark ink and is positioned to the right of the date and location text.

Daytona Beach, Florida
June 12, 2019

**BAKER COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

As management of the Baker County, Florida, we offer readers of this narrative overview and analysis of the financial activities of the Baker County, Florida for the fiscal year ended September 30, 2018.

Financial Highlights

The following are various financial highlights for fiscal year 2018:

- The County's overall net position decreased by \$(821,636).
- Total ending net position was approximately \$44.5 million, which includes negative unrestricted net position of approximately \$8.1 million.

Overview of the Basic Financial Statements

This annual report contains government-wide financial statements that report on the County's activities as a whole and fund financial statements that report on the County's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the County's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net Position – the difference between assets, liabilities, and deferred outflows/inflows – can be used to measure the County's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the County's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the County.

In these statements, the County's activities are reported as follows:

- Governmental activities – The County's basic services are reported here, including administration, law enforcement and corrections, fire services, road and bridge maintenance, and garbage. Taxes and charges for services finance most of these activities.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate component unit, the Baker County Correctional Development Corporation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are 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 two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term

**BAKER COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

inflows and outflows of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Transportation Trust Fund, the Fine and Forfeiture Fund, the SHIP Fund, and the Road Paving Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund and major special revenue funds and certain information pertaining to the County's participation in the Florida Retirement System. Following the required supplementary information can be found combining balance sheets and combining statements of revenues, expenditures and changes in fund balances for the non-major governmental funds, a combining statement of fiduciary net position, and a schedule of expenditures of federal and state awards.

**BAKER COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Schedule of Net Position

	<u>2018</u>	<u>2017</u>
ASSETS		
Current and other assets	\$ 15,132,955	\$ 15,081,639
Capital assets	48,501,627	47,453,382
Total assets	<u>63,634,582</u>	<u>62,535,021</u>
 Deferred outflows of resources	 <u>8,318,435</u>	 <u>8,516,523</u>
LIABILITIES		
Current and other liabilities	2,895,206	2,451,543
Long-term liabilities	22,112,966	21,443,381
Total liabilities	<u>25,008,172</u>	<u>23,894,924</u>
 Deferred inflows of resources	 <u>2,473,077</u>	 <u>1,863,216</u>
NET POSITION		
Net investment in capital assets	\$ 47,508,906	46,488,624
Restricted	5,191,935	5,444,760
Unrestricted	(8,229,073)	(6,639,980)
Total net position	<u>\$ 44,471,768</u>	<u>\$ 45,293,404</u>

Schedule of Changes in Net Position

	<u>2018</u>	<u>2017</u>
REVENUES		
Program revenues:		
Charges for services	\$ 9,710,841	\$ 9,816,898
Operating grants and contributions	4,004,206	3,607,852
Capital grants and contributions	2,245,345	2,592,433
General revenues		
Property taxes	5,891,212	5,389,486
Other taxes	4,288,811	3,960,831
Unrestricted shared revenue	1,983,009	1,938,374
Other	1,306,983	968,343
Total revenues	<u>29,430,407</u>	<u>28,274,217</u>
EXPENSES		
General government	6,152,628	5,053,291
Public safety	16,411,831	14,548,569
Physical environment	1,135,388	1,033,175
Transportation	3,696,914	1,680,990
Economic environment	982,939	992,264
Human services	391,316	1,524,828
Culture and recreation	573,869	523,397
Court related	875,821	1,021,742
Interest on long-term debt	31,337	39,299
Total expenses	<u>30,252,043</u>	<u>26,417,555</u>
Change in net position	(821,636)	1,856,662
Net position, beginning of year	45,293,404	43,436,742
Net position, end of year	<u>\$ 44,471,768</u>	<u>\$ 45,293,404</u>

**BAKER COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$29.4 million in revenues and incurred \$30.2 million of expenses. This resulted in a decrease in net position of approximately \$820,000. This compares with a prior year decrease in net position of approximately \$570,000. The largest factor in the negative fluctuation in net position compared to prior year related to the change in the County's net pension liability and related items.

The County's Individual Funds

- The General Fund's total fund balance decreased by \$488,551, compared with an increase of approximately \$1,280,000 last year. The most significant cause of this negative fluctuation were the timing of significant capital expenditures during the current year.
- The fund balance of the Fine & Forfeiture Fund increased by \$220,312 due to the timing of expenditures and transfers to/from the general fund.
- Revenues were equal to expenditure in the State Housing Imitative Project fund.
- The Road Paving Fund's total fund balance decreased by \$50,821, primarily due to the timing of reimbursements and transfers from the general fund.

GENERAL FUND – BUDGETARY HIGHLIGHTS

Revenues of the General Fund were approximately \$1.9 million less than budgeted amounts. The largest variance between final budget amounts and actual results occurred with intergovernmental revenues. The primary source of intergovernmental activity that caused the fluctuation was intergovernmental grant revenue. The County budgeted the full grant award amount in the year the grant was awarded rather than the amount earned in the current year, which was recognized in the statements. Expenditures were less than budgeted amounts by about \$2.7 million, primarily due to certain budgeted grant expenditures within the general government and culture and human service related functions not occurring during the year.

CAPITAL ASSETS

The County's capital assets, net of depreciation, increased by approximately \$1 million during the year. Please refer to the note to the accompanying financial statements entitled Capital Assets for more detailed information about the County's capital asset activity.

DEBT ADMINISTRATION

There was one vehicle loan and several capital lease agreements entered into during the current year. Please refer to a note to the accompanying financial statements entitled Changes in Long-Term Liabilities for more detailed information about the County's long-term debt activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the County's financial position or results of operations.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Baker County at 55 N. Third St., Macclenny, Florida 32063.

**BAKER COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Baker County Development Corporation</u>
ASSETS		
Cash and cash equivalents	\$ 10,912,524	\$ 1,969,387
Investments	1,474,697	-
Funds held in escrow	-	2,423,490
Receivables, net	292,597	2,754,933
Internal balances	-	-
Due from other governments	1,841,457	-
Due from component unit	564,482	-
Prepays	47,198	159,230
Capital assets:		
Capital assets, not being depreciated	6,890,497	2,541,842
Other capital assets, net of depreciation	41,611,130	26,815,213
Total assets	<u>\$ 63,634,582</u>	<u>\$ 36,664,095</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	\$ -	\$ 711,300
Deferred outflows related to pensions	8,318,435	-
Total deferred outflows	<u>\$ 8,318,435</u>	<u>\$ 711,300</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,944,730	\$ 1,786,103
Due to other governments	133,089	-
Due to component unit	10,057	-
Unearned revenue	807,330	-
Accrued interest payable	-	-
Noncurrent liabilities:		
Due within one year:		
Bonds and notes payable	-	1,930,090
Current portion, capital lease payable	124,783	-
Compensated absences	859,803	-
Due in more than one year:		
Bonds and notes payable	105,742	32,731,300
Noncurrent portion, capital lease payable	762,196	-
Compensated absences	241,902	-
Net pension liability	20,018,540	-
Total liabilities	<u>\$ 25,008,172</u>	<u>\$ 36,447,493</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>\$ 2,473,077</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 47,508,906	\$ (841,945)
Restricted for:		
Title IV D	229,030	-
Health reimbursements	320,748	-
Public safety	475,286	-
Fire program	4,189	-
Recreation	433,929	-
Human services	333,154	-
Physical environment	27,405	-
Road development	2,007,498	-
Court costs	750,840	-
General government	593,683	-
Other purposes	16,173	-
Unrestricted	(8,229,073)	1,769,847
Total net position	<u>\$ 44,471,768</u>	<u>\$ 927,902</u>

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Governmental	Baker County Development Corporation	
Governmental activities:						
General government	\$ 6,152,628	\$ 1,300,210	\$ 474,605	\$ -	\$ (4,377,813)	\$ -
Public safety	16,411,831	6,730,610	444,939	9,861	(9,226,421)	-
Physical environment	1,135,388	756,442	245,710	-	(133,236)	-
Transportation	3,696,914	-	2,322,815	2,193,361	819,262	-
Human services	982,939	-	-	-	(982,939)	-
Economic environment	391,316	-	402,662	-	11,346	-
Culture and recreation	573,869	20,682	64,581	42,123	(446,483)	-
Court related	875,821	902,897	48,894	-	75,970	-
Interest on long-term debt	31,337	-	-	-	(31,337)	-
Total governmental activities	30,252,043	9,710,841	4,004,206	2,245,345	(14,291,651)	-
Total primary government	<u>\$ 30,252,043</u>	<u>\$ 9,710,841</u>	<u>\$ 4,004,206</u>	<u>\$ 2,245,345</u>	<u>(14,291,651)</u>	<u>-</u>
Component unit:						
Baker County Development Corporation	<u>\$ 13,412,720</u>	<u>\$ 14,735,257</u>	<u>\$ -</u>	<u>\$ -</u>	-	1,322,537
General revenues:						
Property taxes					5,891,212	-
Sales taxes					3,878,942	-
Other taxes					409,869	-
Franchise fees					600,138	-
State revenue sharing					1,983,009	-
Investment earnings					63,773	35,087
Miscellaneous revenues					643,072	720,000
Total general revenues					13,470,015	755,087
Change in net position					(821,636)	2,077,624
Net position, beginning of year					45,293,404	(1,149,722)
Net position, end of year					<u>\$ 44,471,768</u>	<u>\$ 927,902</u>

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General	Transportation Trust	Fine and Forfeiture	SHIP	Road Paving	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,213,900	\$ 360,518	\$ 121,619	\$ 793,369	\$ 496,410	\$ 2,926,708	\$ 10,912,524
Investments	33,714	1,440,983	-	-	-	-	1,474,697
Receivables, net	233,914	-	-	67	-	58,616	292,597
Due from other governments	780,662	352,325	656	-	609,575	98,239	1,841,457
Due from other funds	54,482	-	-	-	-	33,898	88,380
Due from component unit	564,482	-	-	-	-	-	564,482
Prepaid items	37,014	-	-	-	-	10,184	47,198
Total Assets	\$ 7,918,168	\$ 2,153,826	\$ 122,275	\$ 793,436	\$ 1,105,985	\$ 3,127,645	\$ 15,221,335
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,021,000	\$ 146,328	\$ 15,922	\$ -	\$ 593,612	\$ 167,868	\$ 1,944,730
Due to other governments	131,897	-	-	-	-	1,192	133,089
Due to other funds	-	-	33,898	-	-	54,482	88,380
Due to component unit	9,274	-	-	-	-	783	10,057
Unearned revenue	3,710	-	-	793,436	-	10,184	807,330
Total liabilities	1,165,881	146,328	49,820	793,436	593,612	234,509	2,983,586
FUND BALANCES							
Nonspendable:							
Prepaid items	37,014	-	-	-	-	10,184	47,198
Restricted for:							
Title IV D	229,030	-	-	-	-	-	229,030
Health reimbursements	-	-	-	-	-	320,748	320,748
Public safety	-	-	72,455	-	-	402,831	475,286
Fire program	-	-	-	-	-	4,189	4,189
Transportation	-	-	-	-	512,373	-	512,373
Recreation	-	-	-	-	-	433,929	433,929
Human services	-	-	-	-	-	333,154	333,154
Physical environment	-	-	-	-	-	27,405	27,405
Road development	-	2,007,498	-	-	-	-	2,007,498
Law library	-	-	-	-	-	6,827	6,827
Juvenile program	-	-	-	-	-	6,826	6,826
Crime prevention	-	-	-	-	-	2,520	2,520
Court costs	-	-	-	-	-	750,840	750,840
General government	-	-	-	-	-	593,683	593,683
Assigned to:							
Subsequent year's budget	528,909	-	-	-	-	-	528,909
Unassigned	5,957,334	-	-	-	-	-	5,957,334
Total fund balances	6,752,287	2,007,498	72,455	-	512,373	2,893,136	12,237,749
Total Liabilities and Fund Balances	\$ 7,918,168	\$ 2,153,826	\$ 122,275	\$ 793,436	\$ 1,105,985	\$ 3,127,645	\$ 15,221,335

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Fund balances - total governmental funds		\$ 12,237,749
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Total governmental capital assets - nondepreciable	6,890,497	
Total governmental capital assets - depreciable	92,592,219	
Less: accumulated depreciation	(50,981,089)	48,501,627
<p>On the statement of net position, the County's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.</p>		
Net pension liability	(20,018,540)	
Deferred outflows related to pensions	8,318,435	
Deferred inflows related to pensions	(2,473,077)	(14,173,182)
<p>Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:</p>		
Notes payable	(105,742)	
Capital leases	(886,979)	
Compensated absences	(1,101,705)	(2,094,426)
Net position of governmental activities		\$ 44,471,768

The accompanying notes to financial statements are an integral part of this statement.

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

	General	Transportation Trust	Fine and Forfeiture	SHIP	Road Paving	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 4,503,699	\$ 1,315,488	\$ 3,772,821	\$ -	\$ -	\$ 56,736	\$ 9,648,744
Permits and fees	321,908	-	-	-	-	135,452	457,360
Intergovernmental	4,895,698	1,413,191	270,965	342,547	2,163,796	507,248	9,593,445
Charges for services	7,150,172	-	-	-	-	851,661	8,001,833
Fines and forfeitures	154,260	-	343	-	-	136,413	291,016
Investment income	22,815	29,830	801	2,366	-	7,961	63,773
Miscellaneous	474,762	98,103	92,440	-	-	360,677	1,025,982
Total revenues	17,523,314	2,856,612	4,137,370	344,913	2,163,796	2,056,148	29,082,153
Expenditures							
Current:							
General government	4,133,494	-	6,402	-	-	117,140	4,257,036
Public safety	11,795,067	-	2,933,946	-	-	913,068	15,642,081
Physical environment	153,097	-	-	-	-	795,929	949,026
Transportation	-	2,184,353	-	-	2,098,252	-	4,282,605
Economic environment	-	-	-	324,731	-	-	324,731
Human services	698,746	-	-	20,182	-	-	718,928
Culture and recreation	525,171	-	-	-	-	27,454	552,625
Court related	846,637	-	-	-	-	118,212	964,849
Capital outlay	452,835	391,064	-	-	-	854,380	1,698,279
Debt service:							
Principal retirement	177,955	65,627	194,030	-	-	-	437,612
Interest and fiscal charges	-	31,337	-	-	-	-	31,337
Total expenditures	18,783,002	2,672,381	3,134,378	344,913	2,098,252	2,826,183	29,859,109
Excess (deficiency) of revenues over expenditures	(1,259,688)	184,231	1,002,992	-	65,544	(770,035)	(776,956)
Other financing sources (uses)							
Issuance of debt	180,931	-	-	-	-	105,742	286,673
Transfers in	5,050,055	-	3,840,868	-	344,293	193,749	9,428,965
Transfers out	(4,321,039)	-	(4,623,548)	-	(460,658)	(23,720)	(9,428,965)
Transfers out to other governments	(138,810)	-	-	-	-	-	(138,810)
Total other financing sources (uses)	771,137	-	(782,680)	-	(116,365)	275,771	147,863
Net change in fund balances	(488,551)	184,231	220,312	-	(50,821)	(494,264)	(629,093)
Fund balances, beginning of year	7,240,838	1,823,267	(147,857)	-	563,194	3,387,400	12,866,842
Fund balances, end of year	\$ 6,752,287	\$ 2,007,498	\$ 72,455	\$ -	\$ 512,373	\$ 2,893,136	\$ 12,237,749

The accompanying notes to financial statements are an integral part of this statement

BAKER COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds	\$ (629,093)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	3,837,640
Depreciation expense	(2,831,913)
Loss on disposition of capital assets	(9,331)
Repayment of notes payable, capital leases, and other long-term liabilities are expenditures in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	437,612
Proceeds from issuance of long-term liabilities are recognized as other financing sources in the governmental funds, but increase long-term liabilities in the statement of net position. These amounts are as follows:	
Proceeds from issuance of notes payable	(105,742)
The current year effects of correcting previous errors in tax distributions are reported in governmental activities but not in governmental funds.	
	(71,238)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(1,217,048)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in compensated absences liability	(232,523)
Change in net position of governmental activities	<u><u>\$ (821,636)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 493,506
	<u> </u>
LIABILITIES	
Assets held for others	\$ 493,506
	<u> </u>

The accompanying notes to financial statements are an integral part of this statement.

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

(1) **Summary of Significant Accounting Policies:**

The financial statements of Baker County, Florida (the County), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the County's significant accounting policies:

(a) **Reporting entity**—Baker County, Florida is a non-charter, general purpose local government established under the legal authority of the Constitution of the State of Florida. It is composed of an elected five-member Board of County Commissioners (the "Board") and five elected constitutional officers, who are governed by state statutes and regulations. The Board and the constitutional officers – the Clerk of the Circuit Court, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections – each operate as a separate county agency. Pursuant to Florida law, the Clerk of the Circuit Court is the clerk and accountant of the Board and serves as the auditor, recorder, and custodian of the Board's funds.

Component units are entities for which the County is considered to be financially accountable or entities that would be misleading to exclude.

The County is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. The County may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended Component Units – Although legally separate entities, blended component units are in substance part of the primary government's operations and, accordingly, data from these units, if any, would be combined with the data of the primary government. There are no blended component units included in the accompanying financial statements.

Discretely Presented Component Units – Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate entities.

For one entity, the Baker Correctional Development Corporation (the "Component Unit"), there were positive responses to the criteria used for establishing financial accountability. Accordingly, the Component Unit has been included in the County's financial statements as a discretely presented component unit.

The Component Unit, a not-for-profit organization, was authorized by Sections 125.01 and 130.01, Florida Statutes, as amended. It was established to issue revenue bonds to finance the construction of a new jail facility for the County, and to operate the facility upon completion. The facility has 512 beds and became operational on June 13, 2009. The members of the original governing board were appointed by the Baker County Board of County Commissioners. After these original appointments, new Board members will be appointed by the Component Unit's existing board. However, the Baker County Board of County Commissioners will retain the right to remove the Component Unit's board members with or without cause. Financial statements of the Component Unit are separately issued and can be requested at PO Box 749, Macclenny, FL 32063.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(b) **Joint ventures**—The governments of Baker, Bradford, and Union Counties established the New River Solid Waste Association (the “Association”) through an interlocal agreement. The Association was established to provide a regional approach to solid waste management for the citizens of the tri-county region. The Association is governed by a Board of Directors whose members are appointed by each participating government. The County does not have an ongoing financial interest in the Association. However, the County does have an ongoing financial responsibility to the Association in that the Association's continued existence depends on the County's continuing participation. A copy of the Association's separate financial statements may be obtained from its administrative offices in Raiford, Florida.

The governments of Baker, Bradford, and Union Counties established the New River Public Library Cooperative (the “Cooperative”) through an interlocal agreement. The Cooperative was established to provide unified library services to the citizens of the tri-county region. The Cooperative is governed by a Board of Directors whose members are appointed by each participating government. The County does not have an ongoing financial interest in the Cooperative, however, the County does have an ongoing financial responsibility to the Cooperative in that the Cooperative's continued existence depends on the County's continuing participation. A copy of the Cooperative's separate financial statements may be obtained from its administrative offices in Lake Butler, Florida.

(c) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) concentrate on the County as a whole. In addition, they report information on all of the non-fiduciary activities of the County. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds 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. The nonmajor funds are combined in one column in the fund financial statements.

(d) **Measurement focus and basis of accounting**—The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

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

(1) **Summary of Significant Accounting Policies:** (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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.

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 County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period; except for property taxes which is 60 days.

Property taxes, special assessments, intergovernmental revenues, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditure relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

County Transportation Trust Fund – This fund is used primarily to account for the receipt and expenditure of gas taxes and other funds restricted for transportation.

Fine and Forfeiture Fund – This fund is used primarily to fund operations of the Sheriff’s Office. The operations are primarily financed by ad-valorem taxes and miscellaneous court surcharges.

SHIP Fund – This fund is used to account for the state housing initiatives partnership (SHIP) grant.

Road Paving Fund – This fund is used primarily to account for the grants and other revenues received by the County that are restricted to road paving and road infrastructure needs of the County.

The County reports the following other fund type:

Agency Funds - Agency funds are used to account for assets held by the County in a custodial or trustee capacity (assets equal liabilities). Agency funds do not involve the measurement of results of operations.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash and investments**—The institutions in which the County’s monies are deposited are certified as a “Qualified Public Depository,” as required under the Florida Public Deposits Act. This law requires every qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of an amount to be determined by the State Treasurer and requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year. Therefore, the County’s total deposits are insured by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance.

The County categorizes of fair value measurements within the fair value hierarchy, based on the valuation inputs used to measure the fair value of the asset. Investments in external pools, though measured at fair value, are not categorized within the fair value hierarchy.

(f) **Receivables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” and are eliminated in the government-wide financial statements. All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(g) **Allowance for uncollectible accounts**— Receivables are reported net of an allowance for uncollectible service fees of \$392,387.

(h) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the County. Capital assets are defined by the County as property and equipment with an initial individual cost of \$750 or more and infrastructure of \$50,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Donated assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Donated capital assets are recorded at acquisition value. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and Improvements	15 – 100 years
Infrastructure (Roads and Bridges)	40 – 50 years
Machinery and Equipment	5 – 20 years

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Compensated absences**—The various County agencies maintain policies that permit employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation of service if certain criteria are met. These benefits, plus their related tax and retirement costs, are classified as compensated absences. The policies of the various County agencies vary as to the amount and the vesting of employee vacation leave time and, in some instances, sick time. The amount of vacation time is determined by the period of employment. Gross additions and deletions for compensated absences were not determined, accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

(j) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities on the statement of net position. The compensated absences and net pension liabilities have been liquidated in the past by the reporting units of the underlying employees, including primarily the general fund, with some smaller amounts paid by other governmental funds.

(k) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pensions, as discussed further in Note (10).

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 financial position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the item in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (10).

(l) **Fund equity**—Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The following classifications describe the relative strength of applicable spending constraints:

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Assigned – amounts the County intends to use for a specific purpose. Intent can be expressed by Board of County Commissioners or by an official or body which the Board delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The County does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the County's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the County considers restricted funds to have been spent first. When expenditure is incurred for which assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of assigned funds then unassigned funds, as needed.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November – February
No discount period	March
Delinquent date	April 1

(n) **Budgets and budgetary accounting**—Annual budgets are legally adopted by the Board of County Commissioners, on a basis consistent with generally accepted principles for the General Fund and special revenue funds. Formal budgetary integration is employed as a management control device during the year for all governmental funds.

The annual budget is prepared at the fund, department, and division level. The department directors submit requests for appropriations to the Clerk of Courts. The Clerk submits a recommended budget to the Board of County Commissioners. Public hearings on the proposed budget are held in September. On or before October 1, the budget is adopted by the Board of County Commissioners. Transfers between funds require Board approval. If during the fiscal year, there are additional available revenues for appropriation in excess of those estimated in the budget; the Board may make supplemental appropriations for the year, up to the amount of such excess revenues. Appropriations in all funds lapse at the close of the fiscal year to the extent that it has not been re-budgeted in the following fiscal year. The fund is the legal level of budgetary control.

(o) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**BAKER COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(3) Deposits and Investments:

Florida Statutes authorize the County to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

The Florida Local Government Investment Trust (FLGIT) is a local government investment pool created by the Florida Association of Court Clerks and the Florida Association of Counties for the purpose of providing public entities with an investment program that focuses on longer term securities with the highest credit ratings. The effective maturity of the underlying investment is five years or less. At year-end, the FLGIT was invested in money markets, treasury notes, asset-backed securities and Federal agency obligations. The investment type is subject to some market risk due to fluctuating prices and liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board. The FLGIT maintains a credit rating of AA+ by Standard & Poor's. A copy of FLGIT's most recent financial statements can be found at <http://floridatrustonline.com>. At September 30, 2018, the County had \$1,474,697 invested with FLGIT.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer.

(4) Interfund Balances and Transfers:

Transfers from/to other funds for the year ended September 30, 2018, were as follows:

<u>Recipient Fund</u>	<u>Amount Transferred</u>	<u>Reason for Transfer</u>
Fine and Forfeiture	\$ 3,840,868	Transfer from General Fund to aid in operating costs
General Fund	5,050,055	Transfer from fine and forfeiture fund for public safety reimbursements.
Shoals Park	-	Transfer from General Fund to aid in operating costs
Road Paving Fund	344,293	Transfer from General Fund to aid in operating costs
Emergency Management	57,871	Transfer from General Fund to aid in operating costs
Solid Waste Fund	135,878	Transfer from Law Library Trust to Court Innovations Trust to aid in operating costs
	<u>\$ 9,428,965</u>	

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

(4) **Interfund Balances and Transfers:** (Continued)

As of September 30, 2018, interfund balances consisted of:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 54,482	\$ -
Major Funds:		
Fine and Forfeiture	-	33,898
Non-Major Funds:		
Records Modernization	-	-
911	33,898	26,828
Emergency Management	-	25,762
Total	\$ 88,380	\$ 88,380

(5) **Capital Assets:**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,817,899	\$ -	\$ -	\$ 5,817,899
Construction in progress	828,198	244,400	-	1,072,598
Total assets not being depreciated	6,646,097	244,400	-	6,890,497
Capital assets being depreciated:				
Building & Improvements	17,066,394	787,467	-	17,853,861
Infrastructure	59,347,966	1,767,745	-	61,115,711
Machinery and equipment	13,360,513	1,218,959	(956,825)	13,622,647
Total assets being depreciated	89,774,873	3,774,171	(956,825)	92,592,219
Less accumulated depreciation for:				
Buildings, Improvements	(4,182,742)	(399,520)	-	(4,582,262)
Infrastructure	(34,137,205)	(1,513,950)	-	(35,651,155)
Machinery and equipment	(10,647,641)	(918,443)	818,412	(10,747,672)
Total accumulated depreciation	(48,967,588)	(2,831,913)	818,412	(50,981,089)
Total capital assets being depreciated, net	40,807,285	942,258	(138,413)	41,611,130
Governmental activities capital assets, net	\$ 47,453,382	\$ 1,186,658	\$ (138,413)	\$ 48,501,627

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

(5) **Capital Assets:** (Continued)

Depreciation expense was charged to programs for the County as follows:

General Government	\$ 462,120
Public Safety	435,099
Physical Environment	165,132
Transportation	1,403,681
Economic Environment	386
Human Service	273,737
Culture and Recreation	41,252
Court Related	50,506
	<u>\$ 2,831,913</u>

Capital assets activity for the Component Unit for the year ended September 30, 2018, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,541,842	\$ -	\$ -	\$ 2,541,842
Capital assets being depreciated:				
Equipment	2,673,194	76,743	-	2,749,937
Buildings and improvements	35,067,117	-	-	35,067,117
Total capital assets being depreciated	37,740,311	76,743	-	37,817,054
Less accumulated depreciation	9,989,170	1,012,671	-	11,001,841
Total capital assets being depreciated, net	27,751,141	(935,928)	-	26,815,213
Total capital assets, net	\$ 30,292,983	\$ (935,928)	\$ -	\$ 29,357,055

(6) **Long-Term Debt:**

Notes Payable

The County has entered into various long-term note agreements, which are summarized below:

Note payable to financial institution for vehicle, interest rate of 2.98%, payable from Solid Waste Fund through March 2020. Loan is secured by vehicle. \$ 105,742

The following schedule provides future debt service requirements of the notes payable:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 52,084	\$ 3,195	\$ 55,279
2020	53,658	1,621	55,279
Total	<u>\$ 105,742</u>	<u>\$ 4,816</u>	<u>\$ 110,558</u>

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

(6) **Long-Term Debt:** (Continued)

Capital Leases

The County leases heavy equipment under agreements that are classified as capital leases. The agreements bear interest rates ranging from 3.75% to 6.25%. The future minimum lease payments required and the present value of the net minimum lease payments at September 30, 2018, are as follows:

Year Ending September 30,	Payment
2019	\$ 160,966
2020	160,966
2021	655,000
Total Minimum Lease Payments	976,932
Less: Amount Representing Interest	89,953
Present Value of Minimum Lease Payments	\$ 886,979

Amortization of leased equipment under capital assets is included with depreciation expense.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ -	\$ 105,742	\$ -	\$ 105,742	\$ 52,084
Capital leases	964,758	180,931	258,710	886,979	124,783
Compensated absences	869,182	1,086,949	854,426	1,101,705	859,803
Total Long-Term Liabilities	\$ 1,833,940	\$ 1,373,622	\$ 1,113,136	\$ 2,094,426	\$ 1,036,670

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes payable	\$ 98,823	\$ 278,864	\$ (282,597)	\$ 95,090	\$ 95,090
Revenue bonds	36,276,300	-	(1,710,000)	34,566,300	1,835,000
Totals	\$ 36,375,123	\$ 278,864	\$ (1,992,597)	\$ 34,661,390	\$ 1,930,090

(7) **Commitments and Contingencies:**

Various suits and claims arising in the ordinary course of the County's operations, some of which involve substantial amounts, are pending against the County.

The ultimate effect of such litigation cannot be ascertained at this time. However, in the opinion of counsel for the County, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the County or the results of its operations, nor is it anticipated that any material amount will be paid for claims and judgments in the next fiscal year.

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

(8) Risk Management:

Commercial Insurance

The County is exposed to various risks of loss related to general liability, auto liability, collision, property, island marine and crime liability. The County carries commercial insurance for coverage of those risks. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Public Entity Risk Pool

The County is exposed to a risk of loss related to worker's compensation. To manage this risk, the County joined a public entity risk pool (the "pool"). The County pays annual premiums to the pool for its coverage. Premiums paid to the pool are designed to fund the risks assumed by the pool and are based on certain actual exposures of each member.

(9) Related Party Transactions:

Facility operations agreements between the Component Unit and the Baker County Sheriff's Office were executed to facilitate operations of the correctional facility. The Component Unit is the owner of the correctional facility and issuer of revenue bonds for the cost of construction of the facility. Construction of the correctional facility was completed in May 2009. The Sheriff's Office is responsible for the operation of the facility and resources are provided from the Component Unit to the Sheriff's Office to cover the costs associated with correctional operations and facility management.

Costs covering the correctional operations, such as salaries and benefits of corrections officers and administrative staff, are reimbursed by the Component Unit to the Sheriff's Office at the actual costs incurred; approximately \$5,400,000 during 2018.

Due from Component Unit

Amounts due from the Component Unit to the Sheriff's Office at September 30, 2018, for various fees and reimbursements totaled \$564,482.

(10) Employees' Retirement Plans:

A. Florida Retirement System

Plan Description and Administration

The County participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the County's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

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

(10) **Employees' Retirement Plans:** (Continued)

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

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

(10) **Employees' Retirement Plans:** (Continued)

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
 Division of Retirement, Research and Education Services
 P.O. Box 9000
 Tallahassee, FL 32315-9000
 850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 1,567,565
Entity Contributions – HIS	176,825
Employee Contributions – FRS	319,564

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 16,567,441
HIS	3,451,099
Total	\$ 20,018,540

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

(10) **Employees' Retirement Plans:** (Continued)

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2018	2017
FRS	0.055003836%	0.002658232%
HIS	0.032606414%	0.001337531%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 2,765,925
HIS	214,208
Total	\$ 2,980,133

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,403,510	\$ (50,941)	\$ 52,834	\$ (5,864)
Changes of assumptions	5,413,433	-	383,805	(364,879)
Net different between projected and actual investment earnings	-	(1,280,036)	2,083	-
Change in proportionate share	427,699	(544,489)	140,242	(226,868)
Contributions subsequent to measurement date	446,915	-	47,914	-
	\$ 7,691,557	\$ (1,875,466)	\$ 626,878	\$ (597,611)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$ 2,132,588
2020	1,474,246
2021	197,476
2022	971,379
2023	618,067
Thereafter	(43,226)
Total	\$ 5,350,530

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

(10) **Employees' Retirement Plans:** (Continued)

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	<u>100.0%</u>	

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

(10) **Employees' Retirement Plans:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 54,971,209,391	\$ 30,120,518,391	\$ 9,480,550,391
HIS	3.87%	12,054,683,680	10,584,112,254	9,358,305,758

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the County's financial statements:

- (a) GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB 83 are effective for periods beginning after June 15, 2018.
- (b) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (c) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.
- (d) GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.
- (e) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.

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

(12) **Subsequent Event:**

Subsequent to September 30, 2018, the component unit (The Baker County Development Corporation) finalized an agreement to sell its assets and liabilities, inclusive of the outstanding taxable bonds, to the Baker County Corrections Management Corporation (BCCMC). The BCCMC closed on a USDA rural development loan on February 6, 2019, to facilitate the payment of the outstanding taxable bonds. The transfer of assets and liabilities is ongoing and is expected to be completed by June 30, 2019. Upon completion, BCDC will be dissolved.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 4,011,797	\$ 4,011,797	\$ 4,503,699	\$ 491,902
Permits and fees	276,600	276,600	321,908	45,308
Intergovernmental	4,297,159	6,644,214	4,895,698	(1,748,516)
Charges for services	7,908,821	8,318,192	7,150,172	(1,168,020)
Fines and forfeitures	20,200	20,200	154,260	134,060
Investment income	8,100	8,100	22,815	14,715
Miscellaneous	68,250	117,376	474,762	357,386
Total revenues	<u>16,590,927</u>	<u>19,396,479</u>	<u>17,523,314</u>	<u>(1,873,165)</u>
EXPENDITURES				
Current:				
General government	4,276,784	4,332,410	4,133,494	198,916
Public safety	11,373,972	12,050,266	11,795,067	255,199
Physical environment	177,506	177,506	153,097	24,409
Human services	711,703	3,008,758	698,746	2,310,012
Culture and recreation	556,201	639,181	525,171	114,010
Court related	610,969	610,969	846,637	(235,668)
Capital outlay	445,721	458,049	452,835	5,214
Debt service:				
Principal retirement	177,955	177,955	177,955	-
Total expenditures	<u>18,330,811</u>	<u>21,455,094</u>	<u>18,783,002</u>	<u>2,672,092</u>
Excess (deficiency) of revenues over expenditures	<u>(1,739,884)</u>	<u>(2,058,615)</u>	<u>(1,259,688)</u>	<u>798,927</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	180,931	180,931
Transfers in	3,940,237	3,990,036	5,050,055	1,060,019
Transfers out	(2,900,000)	(3,800,000)	(4,321,039)	(521,039)
Transfers out to other governments	-	-	(138,810)	(138,810)
Total other financing sources (uses)	<u>1,040,237</u>	<u>190,036</u>	<u>771,137</u>	<u>581,101</u>
Net change in fund balances	<u>(699,647)</u>	<u>(1,868,579)</u>	<u>(488,551)</u>	<u>1,380,028</u>
Fund balances, beginning of year	7,240,838	7,240,838	7,240,838	-
Fund balances, end of year	<u>\$ 6,541,191</u>	<u>\$ 5,372,259</u>	<u>\$ 6,752,287</u>	<u>\$ 1,380,028</u>

The accompanying note to schedules of revenues, expenditures, and changes in fund balance - budgetary information is an integral part of this schedule.

BAKER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COUNTY TRANSPORTATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,092,446	\$ 1,092,446	\$ 1,315,488	\$ 223,042
Intergovernmental	1,303,947	1,303,947	1,413,191	109,244
Investment income	7,500	7,500	29,830	22,330
Miscellaneous	150,000	150,000	98,103	(51,897)
Total revenues	2,553,893	2,553,893	2,856,612	302,719
EXPENDITURES				
Current:				
Transportation	1,968,824	2,488,824	2,184,353	304,471
Capital outlay	458,000	458,000	391,064	66,936
Debt service:				
Principal retirement	254,236	254,236	65,627	188,609
Interest and fiscal charges	-	-	31,337	(31,337)
Total expenditures	2,681,060	3,201,060	2,672,381	528,679
Excess (deficiency) of revenues over expenditures	(127,167)	(647,167)	184,231	831,398
OTHER FINANCING SOURCES (USES)				
Transfers in	-	520,000	-	(520,000)
Total other financing sources (uses)	-	520,000	-	(520,000)
Net change in fund balances	(127,167)	(127,167)	184,231	311,398
Fund balances, beginning of year	1,823,267	1,823,267	1,823,267	-
Fund balances, end of year	\$ 1,696,100	\$ 1,696,100	\$ 2,007,498	\$ 311,398

The accompanying note to schedules of revenues, expenditures, and changes in fund balance - budgetary information is an integral part of this schedule.

BAKER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FINE AND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,022,273	\$ 4,022,273	\$ 3,772,821	\$ (249,452)
Intergovernmental	334,508	840,564	270,965	(569,599)
Fines and forfeitures	250	250	343	93
Investment income	1,500	1,500	801	(699)
Miscellaneous	48,000	48,000	92,440	44,440
Total revenues	4,406,531	4,912,587	4,137,370	(775,217)
EXPENDITURES				
Current:				
General government	20,000	20,000	6,402	13,598
Public safety	3,065,334	3,527,540	2,933,946	593,594
Debt service:				
Principal retirement	194,030	194,030	194,030	-
Total expenditures	3,279,364	3,741,570	3,134,378	607,192
Excess (deficiency) of revenues over expenditures	1,127,167	1,171,017	1,002,992	(168,025)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,900,000	4,143,868	3,840,868	(303,000)
Transfers out	-	(40,868)	-	40,868
Transfers out	(4,369,810)	(5,572,810)	(4,623,548)	949,262
Total other financing sources (uses)	(1,469,810)	(1,469,810)	(782,680)	687,130
Net change in fund balances	(342,643)	(298,793)	220,312	519,105
Fund balances, beginning of year	(147,857)	(147,857)	(147,857)	-
Fund balances, end of year	\$ (490,500)	\$ (446,650)	\$ 72,455	\$ 519,105

The accompanying note to schedules of revenues, expenditures, and changes in fund balance - budgetary information is an integral part of this schedule.

BAKER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SHIP FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 342,547	\$ (7,453)
Investment income	1,100	1,100	2,366	1,266
Total revenues	<u>351,100</u>	<u>351,100</u>	<u>344,913</u>	<u>(6,187)</u>
EXPENDITURES				
Current:				
Economic environment	1,095,000	1,210,000	324,731	885,269
Human services	35,000	35,000	20,182	14,818
Total expenditures	<u>1,130,000</u>	<u>1,245,000</u>	<u>344,913</u>	<u>900,087</u>
Net change in fund balances	<u>(778,900)</u>	<u>(893,900)</u>	<u>-</u>	<u>893,900</u>
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (778,900)</u>	<u>\$ (893,900)</u>	<u>\$ -</u>	<u>\$ 893,900</u>

The accompanying note to schedules of revenues, expenditures, and changes in fund balance - budgetary information is an integral part of this schedule.

BAKER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD PAVING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 6,373,600	\$ 11,633,600	\$ 2,163,796	\$ (9,469,804)
Total revenues	<u>6,373,600</u>	<u>11,633,600</u>	<u>2,163,796</u>	<u>(9,469,804)</u>
EXPENDITURES				
Current:				
Transportation	11,088,600	11,633,600	2,098,252	9,535,348
Total expenditures	<u>11,088,600</u>	<u>11,633,600</u>	<u>2,098,252</u>	<u>9,535,348</u>
Excess (deficiency) of revenues over expenditures	<u>(4,715,000)</u>	<u>-</u>	<u>65,544</u>	<u>65,544</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	344,293	344,293	-
Transfers out	-	(344,293)	(460,658)	(116,365)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(116,365)</u>	<u>(116,365)</u>
Net change in fund balances	<u>(4,715,000)</u>	<u>-</u>	<u>(50,821)</u>	<u>(50,821)</u>
Fund balances, beginning of year	563,194	563,194	563,194	-
Fund balances, end of year	<u>\$ (4,151,806)</u>	<u>\$ 563,194</u>	<u>\$ 512,373</u>	<u>\$ (50,821)</u>

The accompanying note to schedules of revenues, expenditures, and changes in fund balance - budgetary information is an integral part of this schedule.

BAKER COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2018

Note to Budgetary Comparison Schedules:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end. Budgeted excess expenditures over revenues are funded through transfers in and use of fund balance reserves.

BAKER COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	For the Plan Year Ending June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.055003836%	0.054897926%	0.055978745%	0.056326104%
Proportionate share of the net pension liability	\$ 16,657,441	\$ 16,238,437	\$ 14,134,677	\$ 7,275,272
Covered payroll	10,652,133	10,051,718	9,991,268	10,028,017
Proportionate share of the net pension liability as a percentage of its covered payroll	156.38%	161.55%	143.32%	72.55%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.032606414%	0.031526930%	0.031886264%	0.033689953%
Proportionate share of the net pension liability	\$ 3,451,099	\$ 3,371,004	\$ 3,716,212	\$ 3,435,846
Covered payroll	10,652,133	10,051,718	9,862,241	10,028,017
Proportionate share of the net pension liability as a percentage of its covered payroll	32.40%	33.54%	37.68%	34.26%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**BAKER COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ending June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Contractually required contribution	\$ 1,567,565	\$ 1,538,209	\$ 1,365,131	\$ 1,373,194
Contributions in relation to the contractually required contribution	(1,567,565)	(1,538,209)	(1,365,131)	(1,373,194)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,652,133	\$ 10,051,718	\$ 9,991,268	\$ 10,028,017
Contributions as a percentage of covered-employee payroll	14.72%	15.30%	13.66%	13.57%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 176,825	\$ 166,859	\$ 163,437	\$ 138,657
Contributions in relation to the contractually required contribution	(176,825)	(166,859)	(163,437)	(138,657)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,652,133	\$ 10,051,718	\$ 9,991,268	\$ 10,028,017
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.37%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

SUPPLEMENTAL INFORMATION

**BAKER COUNTY, FLORIDA
COMBINING BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

	<u>BCC</u>	<u>Sheriff</u>	<u>Property Appraiser</u>	<u>Supervisor of Elections</u>	<u>Tax Collector</u>	<u>Clerk of Courts</u>	<u>Subtotals</u>	<u>Interfund Eliminations</u>	<u>Total General Fund</u>
ASSETS									
Cash and cash equivalents	\$ 5,551,232	\$ 47,423	\$ 15,249	\$ 6,968	\$ 118,830	\$ 474,198	\$ 6,213,900	\$ -	\$ 6,213,900
Investments	33,714	-	-	-	-	-	33,714	-	33,714
Receivables, net	230,188	3,726	-	-	-	-	233,914	-	233,914
Due from other governments	717,746	54,123	-	-	-	8,793	780,662	-	780,662
Due from other funds	217,527	54,482	-	-	-	-	272,009	(217,527)	54,482
Due from component unit	-	564,482	-	-	-	-	564,482	-	564,482
Prepaid items	-	37,014	-	-	-	-	37,014	-	37,014
Total Assets	<u>\$ 6,750,407</u>	<u>\$ 761,250</u>	<u>\$ 15,249</u>	<u>\$ 6,968</u>	<u>\$ 118,830</u>	<u>\$ 482,991</u>	<u>\$ 8,135,695</u>	<u>\$ (217,527)</u>	<u>\$ 7,918,168</u>
LIABILITIES									
Accounts payable and accrued liabilities	\$ 265,249	\$ 699,965	\$ -	\$ -	\$ 108	\$ 55,678	\$ 1,021,000	\$ -	\$ 1,021,000
Due to other governments	-	-	1,312	-	-	130,585	131,897	-	131,897
Due to other funds	-	13,912	13,937	3,258	118,722	67,698	217,527	(217,527)	-
Due to component unit	-	9,274	-	-	-	-	9,274	-	9,274
Unearned revenue	-	-	-	3,710	-	-	3,710	-	3,710
Total liabilities	<u>265,249</u>	<u>723,151</u>	<u>15,249</u>	<u>6,968</u>	<u>118,830</u>	<u>253,961</u>	<u>1,383,408</u>	<u>(217,527)</u>	<u>1,165,881</u>
FUND BALANCES									
Nonspendable:									
Prepaid items	-	37,014	-	-	-	-	37,014	-	37,014
Restricted for:									
Title IV D	-	-	-	-	-	229,030	229,030	-	229,030
Assigned to:									
Subsequent year's budget	528,909	-	-	-	-	-	528,909	-	528,909
Unassigned	5,956,249	1,085	-	-	-	-	5,957,334	-	5,957,334
Total fund balances	<u>6,485,158</u>	<u>38,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,030</u>	<u>6,752,287</u>	<u>-</u>	<u>6,752,287</u>
Total Liabilities and Fund Balances	<u>\$ 6,750,407</u>	<u>\$ 761,250</u>	<u>\$ 15,249</u>	<u>\$ 6,968</u>	<u>\$ 118,830</u>	<u>\$ 482,991</u>	<u>\$ 8,135,695</u>	<u>\$ (217,527)</u>	<u>\$ 7,918,168</u>

See accompanying notes to financial statements.

BAKER COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BCC</u>	<u>Sheriff</u>	<u>Property Appraiser</u>	<u>Supervisor of Elections</u>	<u>Tax Collector</u>	<u>Clerk of Courts</u>	<u>Subtotals</u>	<u>Interfund Eliminations</u>	<u>Total General Fund</u>
Revenues									
Taxes	\$ 4,503,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,503,699	\$ -	\$ 4,503,699
Permits and fees	321,908	-	-	-	-	-	321,908	-	321,908
Intergovernmental	4,487,602	85,644	-	77,263	-	245,189	4,895,698	-	4,895,698
Charges for services	547,255	5,442,195	60,077	-	678,283	422,362	7,150,172	-	7,150,172
Fines and forfeitures	21,629	-	-	-	-	132,631	154,260	-	154,260
Investment income	20,974	21	-	258	165	1,397	22,815	-	22,815
Miscellaneous	143,690	321,746	29	-	-	9,297	474,762	-	474,762
Total revenues	<u>10,046,757</u>	<u>5,849,606</u>	<u>60,106</u>	<u>77,521</u>	<u>678,448</u>	<u>810,876</u>	<u>17,523,314</u>	<u>-</u>	<u>17,523,314</u>
Expenditures									
Current:									
General government	1,834,009	-	684,671	472,437	756,635	385,742	4,133,494	-	4,133,494
Public safety	1,526,347	10,268,720	-	-	-	-	11,795,067	-	11,795,067
Physical environment	153,097	-	-	-	-	-	153,097	-	153,097
Human services	698,746	-	-	-	-	-	698,746	-	698,746
Culture and recreation	525,171	-	-	-	-	-	525,171	-	525,171
Court related	2,774	299,549	-	-	-	544,314	846,637	-	846,637
Capital outlay	386,384	-	-	62,764	3,687	-	452,835	-	452,835
Debt service:									
Principal retirement	113,954	64,001	-	-	-	-	177,955	-	177,955
Total expenditures	<u>5,240,482</u>	<u>10,632,270</u>	<u>684,671</u>	<u>535,201</u>	<u>760,322</u>	<u>930,056</u>	<u>18,783,002</u>	<u>-</u>	<u>18,783,002</u>
Excess (deficiency) of revenues over expenditures	<u>4,806,275</u>	<u>(4,782,664)</u>	<u>(624,565)</u>	<u>(457,680)</u>	<u>(81,874)</u>	<u>(119,180)</u>	<u>(1,259,688)</u>	<u>-</u>	<u>(1,259,688)</u>
Other financing sources (uses)									
Issuance of debt	-	180,931	-	-	-	-	180,931	-	180,931
Transfers in	463,044	-	-	-	-	21,334	484,378	4,565,677	5,050,055
Transfers out	(4,321,039)	-	-	-	-	-	(4,321,039)	-	(4,321,039)
Appropriations to constitutional officers	(1,621,961)	4,623,548	638,502	460,938	200,596	264,054	4,565,677	(4,565,677)	-
Reversions from constitutional officers	205,695	(2,080)	(13,937)	(3,258)	(118,722)	(67,698)	-	-	-
Transfers out to other governments	-	-	-	-	-	(138,810)	(138,810)	-	(138,810)
Total other financing sources (uses)	<u>(5,274,261)</u>	<u>4,802,399</u>	<u>624,565</u>	<u>457,680</u>	<u>81,874</u>	<u>78,880</u>	<u>771,137</u>	<u>-</u>	<u>771,137</u>
Net change in fund balances	<u>(467,986)</u>	<u>19,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,300)</u>	<u>(488,551)</u>	<u>-</u>	<u>(488,551)</u>
Fund balances, beginning of year	6,953,144	18,364	-	-	-	269,330	7,240,838	-	7,240,838
Fund balances, end of year	<u>\$ 6,485,158</u>	<u>\$ 38,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,030</u>	<u>\$ 6,752,287</u>	<u>\$ -</u>	<u>\$ 6,752,287</u>

See accompanying notes to financial statements.

**BAKER COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Fire	National Forest Title III	EMS Grant	Health Reimbursement	Civic Center	Law Library Trust	Legal Aid Trust	Juvenile Trust	Crime Prevention Trust	Solid Waste	Alcohol and Drug Abuse Trust	Court Facility	Drivers Ed Trust	Special Law Enforcement Trust	Shoals Park
ASSETS															
Cash and cash equivalents	\$ 10,868	\$ 335,853	\$ -	\$ 320,748	\$ 586,399	\$ 6,827	\$ 383	\$ 6,826	\$ 4,412	\$ 69,997	\$ 27,405	\$ 170,355	\$ 1,173	\$ 7,442	\$ 332,261
Receivables, net	-	-	-	-	-	-	-	-	-	-	-	2,500	7	-	-
Due from other governments	1,100	-	-	-	7,400	-	-	-	-	2,757	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 11,968	\$ 335,853	\$ -	\$ 320,748	\$ 593,799	\$ 6,827	\$ 383	\$ 6,826	\$ 4,412	\$ 72,754	\$ 27,405	\$ 172,855	\$ 1,180	\$ 7,442	\$ 332,261
LIABILITIES															
Accounts payable and accrued liabilities	\$ 7,779	\$ 2,699	\$ -	\$ -	\$ 116	\$ -	\$ 383	\$ -	\$ -	\$ 72,754	\$ -	\$ 4,426	\$ 1,180	\$ -	\$ 22,050
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	1,892	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	7,779	2,699	-	-	116	-	383	-	1,892	72,754	-	4,426	1,180	-	22,050
FUND BALANCES															
Nonspendable:															
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for:															
Health reimbursements	-	-	-	320,748	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	7,442	-
Fire program	4,189	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	333,154	-	-	-	-	-	-	-	-	-	-	-	-	310,211
Human services	-	-	-	-	-	-	-	-	-	-	27,405	-	-	-	-
Law library	-	-	-	-	-	6,827	-	-	-	-	-	-	-	-	-
Juvenile program	-	-	-	-	-	-	-	6,826	-	-	-	-	-	-	-
Crime prevention	-	-	-	-	-	-	-	-	2,520	-	-	-	-	-	-
Court costs	-	-	-	-	-	-	-	-	-	-	-	168,429	-	-	-
General government	-	-	-	-	593,683	-	-	-	-	-	-	-	0	-	-
Total fund balances	4,189	333,154	-	320,748	593,683	6,827	-	6,826	2,520	-	27,405	168,429	-	7,442	310,211
Total Liabilities and Fund Balances	\$ 11,968	\$ 335,853	\$ -	\$ 320,748	\$ 593,799	\$ 6,827	\$ 383	\$ 6,826	\$ 4,412	\$ 72,754	\$ 27,405	\$ 172,855	\$ 1,180	\$ 7,442	\$ 332,261

See accompanying notes to financial statements.

**BAKER COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Boating Improvement	Court Innovations Trust	12.50 SC	State Court Grant	Impact Fees	Records Modernization	911	Special Law	Second Dollar	School Crossing Guards	Emergency Management	Total Nonmajor Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 123,718	\$ 120,548	\$ 2,817	\$ 262,941	\$ 26,652	\$ 214,364	\$ 3,102	\$ 208,181	\$ 4,994	\$ 54,474	\$ 23,968	\$ 2,926,708
Receivables, net	-	-	-	-	-	-	56,109	-	-	-	-	58,616
Due from other governments	-	-	-	-	-	44	57,019	-	-	-	29,919	98,239
Due from other funds	-	-	-	-	-	-	33,898	-	-	-	-	33,898
Prepaid items	-	-	-	-	-	-	10,184	-	-	-	-	10,184
Total Assets	\$ 123,718	\$ 120,548	\$ 2,817	\$ 262,941	\$ 26,652	\$ 214,408	\$ 160,312	\$ 208,181	\$ 4,994	\$ 54,474	\$ 53,887	\$ 3,127,645
LIABILITIES												
Accounts payable and accrued liabilities	\$ -	\$ 16,701	\$ -	\$ -	\$ 25,460	\$ 1,602	\$ 8,162	\$ 1,840	\$ -	\$ 875	\$ 1,841	\$ 167,868
Due to other governments	-	-	-	-	1,192	-	-	-	-	-	-	1,192
Due to other funds	-	-	-	-	-	-	26,828	-	-	-	25,762	54,482
Due to component unit	-	-	-	-	-	-	-	-	-	-	783	783
Unearned revenue	-	-	-	-	-	-	10,184	-	-	-	-	10,184
Total liabilities	-	16,701	-	-	26,652	1,602	45,174	1,840	-	875	28,386	234,509
FUND BALANCES												
Nonspendable:												
Prepaid items	-	-	-	-	-	-	10,184	-	-	-	-	10,184
Restricted for:												
Health reimbursements	-	-	-	-	-	-	-	-	-	-	-	320,748
Public safety	-	-	-	-	-	-	-	-	-	-	-	402,831
Fire program	-	-	-	-	-	-	104,954	206,341	4,994	53,599	25,501	4,189
Recreation	123,718	-	-	-	-	-	-	-	-	-	-	433,929
Physical environment	-	-	-	-	-	-	-	-	-	-	-	333,154
Human services	-	-	-	-	-	-	-	-	-	-	-	27,405
Law library	-	-	-	-	-	-	-	-	-	-	-	6,827
Juvenile program	-	-	-	-	-	-	-	-	-	-	-	6,826
Crime prevention	-	-	-	-	-	-	-	-	-	-	-	2,520
Court costs	-	103,847	2,817	262,941	-	212,806	-	-	-	-	-	750,840
General government	-	-	0	-	-	-	-	-	-	-	-	593,683
Total fund balances	123,718	103,847	2,817	262,941	-	212,806	115,138	206,341	4,994	53,599	25,501	2,893,136
Total Liabilities and Fund Balances	\$ 123,718	\$ 120,548	\$ 2,817	\$ 262,941	\$ 26,652	\$ 214,408	\$ 160,312	\$ 208,181	\$ 4,994	\$ 54,474	\$ 53,887	\$ 3,127,645

See accompanying notes to financial statements.

BAKER COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Fire	National Forest Title III	EMS Grant	Health Reimbursement	Civic Center	Law Library Trust	Legal Aid Trust	Juvenile Trust	Crime Prevention Trust	Solid Waste	Alcohol and Drug Abuse Trust	Court Facility	Drivers Ed Trust	Special Law Enforcement Trust	Shoals Park	Boating Improvement
REVENUES																
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 56,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits and fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	34,183	9,861	-	-	-	-	-	-	90,909	-	-	-	-	-	13,000
Charges for services	207,603	-	-	-	-	-	-	-	-	601,556	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	6,827	6,816	6,826	8,997	-	7,394	30,604	9,383	-	-	-
Investment income	401	968	(15)	870	1,675	-	-	-	4	120	-	592	7	20	891	346
Miscellaneous	15,826	500	-	118,456	-	-	-	-	-	13,122	-	-	-	7,158	182,650	-
Total revenues	223,830	35,651	9,846	119,326	58,411	6,827	6,816	6,826	9,001	705,707	7,394	31,196	9,390	7,178	183,541	13,346
EXPENDITURES																
Current:																
General government	-	-	-	100,934	-	-	6,816	-	-	-	-	-	9,390	-	-	-
Public safety	268,391	-	-	-	-	-	-	-	4,095	-	-	-	-	13,391	-	-
Physical environment	-	28,611	-	-	-	-	-	-	-	762,343	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,454	-
Court related	-	-	-	-	-	-	-	-	-	-	-	41,642	-	-	-	-
Capital outlay	86,377	-	9,846	-	-	-	-	-	-	186,062	-	47,225	-	-	19,800	-
Total expenditures	354,768	28,611	9,846	100,934	-	-	6,816	-	4,095	948,405	-	88,867	9,390	13,391	47,254	-
Excess (deficiency) of revenues over expenditures	(130,938)	7,040	-	18,392	58,411	6,827	-	6,826	4,906	(242,698)	7,394	(57,671)	-	(6,213)	136,287	13,346
Other financing sources (uses)																
Issuance of debt	-	-	-	-	-	-	-	-	-	105,742	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	135,878	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(2,386)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(2,386)	241,620	-	-	-	-	-	-
Net change in fund balances	(130,938)	7,040	-	18,392	58,411	6,827	-	6,826	2,520	(1,078)	7,394	(57,671)	-	(6,213)	136,287	13,346
Fund balances, beginning of year	135,127	326,114	-	302,356	535,272	-	-	-	-	1,078	20,011	226,100	-	13,655	173,924	110,372
Fund balances, end of year	\$ 4,189	\$ 333,154	\$ -	\$ 320,748	\$ 593,683	\$ 6,827	\$ -	\$ 6,826	\$ 2,520	\$ -	\$ 27,405	\$ 168,429	\$ -	\$ 7,442	\$ 310,211	\$ 123,718

See accompanying notes to financial statements.

BAKER COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Court Innovations Trust	12.50 SC	State Court Grant	Impact Fees	Records Modernization	911	Special Law	Second Dollar	School Crossing Guards	Emergency Management	Total Nonmajor Governmental Funds
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,736
Permits and fees	-	-	-	-	-	135,452	-	-	-	-	135,452
Intergovernmental	-	-	-	-	-	130,189	-	-	79,757	149,349	507,248
Charges for services	-	-	-	4,976	37,526	-	-	-	-	-	851,661
Fines and forfeitures	6,833	14,249	-	-	33,908	-	-	4,576	-	-	136,413
Investment income	-	6	1,301	(12)	403	16	264	6	65	33	7,961
Miscellaneous	-	-	-	-	-	1,000	21,965	-	-	-	360,677
Total revenues	<u>6,833</u>	<u>14,255</u>	<u>1,301</u>	<u>4,964</u>	<u>71,837</u>	<u>266,657</u>	<u>22,229</u>	<u>4,582</u>	<u>79,822</u>	<u>149,382</u>	<u>2,056,148</u>
EXPENDITURES											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	117,140
Public safety	-	11,438	-	-	-	231,085	24,531	4,644	77,566	277,927	913,068
Physical environment	-	-	-	4,975	-	-	-	-	-	-	795,929
Culture and recreation	-	-	-	-	-	-	-	-	-	-	27,454
Court related	372	-	-	-	76,198	-	-	-	-	-	118,212
Capital outlay	46,373	-	448,991	-	9,706	-	-	-	-	-	854,380
Total expenditures	<u>46,745</u>	<u>11,438</u>	<u>448,991</u>	<u>4,975</u>	<u>85,904</u>	<u>231,085</u>	<u>24,531</u>	<u>4,644</u>	<u>77,566</u>	<u>277,927</u>	<u>2,826,183</u>
Excess (deficiency) of revenues over expenditures	<u>(39,912)</u>	<u>2,817</u>	<u>(447,690)</u>	<u>(11)</u>	<u>(14,067)</u>	<u>35,572</u>	<u>(2,302)</u>	<u>(62)</u>	<u>2,256</u>	<u>(128,545)</u>	<u>(770,035)</u>
Other financing sources (uses)											
Issuance of debt	-	-	-	-	-	-	-	-	-	-	105,742
Transfers in	-	-	-	-	-	-	-	-	-	57,871	193,749
Transfers out	-	-	-	-	(21,334)	-	-	-	-	-	(23,720)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,871</u>	<u>275,771</u>
Net change in fund balances	<u>(39,912)</u>	<u>2,817</u>	<u>(447,690)</u>	<u>(11)</u>	<u>(35,401)</u>	<u>35,572</u>	<u>(2,302)</u>	<u>(62)</u>	<u>2,256</u>	<u>(70,674)</u>	<u>(494,264)</u>
Fund balances, beginning of year	143,759	-	710,631	11	248,207	79,566	208,643	5,056	51,343	96,175	3,387,400
Fund balances, end of year	<u>\$ 103,847</u>	<u>\$ 2,817</u>	<u>\$ 262,941</u>	<u>\$ -</u>	<u>\$ 212,806</u>	<u>\$ 115,138</u>	<u>\$ 206,341</u>	<u>\$ 4,994</u>	<u>\$ 53,599</u>	<u>\$ 25,501</u>	<u>\$ 2,893,136</u>

See accompanying notes to financial statements.

**BAKER COUNTY, FLORIDA
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018**

	<u>Tax Collector</u>	<u>Clerk of Courts</u>	<u>Sheriff</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 316,886	\$ 150,844	\$ 25,776	\$ 493,506
LIABILITIES				
Assets held for others	\$ 316,886	\$ 150,844	\$ 25,776	\$ 493,506

See accompanying notes to financial statements.

**BAKER COUNTY, FLORIDA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>State Agency / Pass-Through Entity / State Program</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>STATE FINANCIAL ASSISTANCE</u>			
<u>Florida Department of Environmental Protection</u> Small County Consolidated Grants	37.012	SC801	\$ 90,909
<u>State of Florida Department Economic Opportunity</u> Growth Management Implementation	40.024	P0246	25,932
<u>Florida Department of State and Secretary of State</u> State Aid to Libraries	45.030	18-ST-38	51,581
Old Historic Jail Renovations	45.031	18.h.sm.100.012	42,123
Total Florida Department of State and Secretary of State			93,704
<u>Florida Housing Finance Corporation</u> State Housing Initiatives Partnership	40.901	-	342,547
<u>Florida Department of Transportation</u> Small County Road Assistance Program	55.016	G0J33	3,854
Small County Road Assistance Program	55.016	G0880	554,714
Program Total			558,568
Small County Outreach Program	55.009	ARQ59	1,251,377
Small County Outreach Program	55.009	G0L19	32,204
Small County Outreach Program	55.009	G0M04	75,000
Program Total			1,358,581
Transportation Regional Incentive Program	55.026	ARE32	65,506
County Incentive Grant Program	55.008	G0634	181,141
Total Florida Department of Transportation			2,163,796
<u>Florida Department of Health</u> Emergency Medical Services County Grant	64.005	C6002	9,861
<u>Florida Department of Management Services</u> Prepaid Next Generation 911 (NG911) State Grant Program	72.003	S11-18-05-01	67,364
Wireless 911 Emergency Telephone System	72.001	17-04-01	2,749
Wireless 911 Emergency Telephone System	72.001	17-11-01	44,336
Wireless 911 Emergency Telephone System	72.001	18-04-01	15,740
Program Total			62,825
Total Florida Department of Management Services			130,189
Total State Financial Assistance			\$ 2,856,938

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this schedule.

BAKER COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Baker County, Florida (the County), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) **Subrecipients:**

During the year ended September 30, 2018, the County provided no state awards to subrecipients.

(3) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the County. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

OTHER REPORTS AND SCHEDULE

**BAKER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? yes none reported

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Identification of major State programs:

CSFA Number	Program Name
55.009	Small County Outreach Program Agreement (SCOP)
55.016	Small County Road Assistance Program (SCRAP)

BAKER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

B. Financial Statement Findings:

2018-001: Segregation of Duties

Condition and Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Cause: For the year ended September 30, 2018, we noted the following:

- The employee opening the mail and creating the deposit slips for general cash receipts is also able to input those receipts into the County's accounting software.
- There is no employee designated to review journal entries in the accounting software. Journal entries made in the accounting system do not require any approval.

Effect: Assets could potentially be misappropriated. Adjusting journal entries could be posted to the accounting system to conceal fraud.

Recommendation: We recommend that the County implement the following:

- Have mail opened by an employee that does not have access to the accounting software. Have this employee records the cash receipts on a receipt log, give the receipts to the bookkeeper to input into the account software and lastly have this person prepare the deposit.
- Have an individual who does not create journal entries review and approve any journal entries in the accounting system.

2018-002: Cash to Accrual Basis Audit Adjustments

Condition and Criteria: Internal controls over financial reporting should include year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities.

Cause: For the year ended September 30, 2018, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. Had these adjustments not been recorded, the financial statements would have been materially misstated.

Effect: Financial statements would be materially misstated if significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

C. State Project Findings and Questioned Costs: None

D. Summary Schedule of Prior Audit Findings: See Summary Schedule of Prior Audit Findings / Management's Response to Current Year Findings as listed in the table of contents.

E. Corrective Action Plan: See Corrective Action Plan as listed in the table of contents.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Board of County Commissioners,
Baker County, Florida:

Report on Compliance for Each Major State Project

We have audited Baker County, Florida (the County)'s compliance with the types of compliance 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 state projects for the year ended September 30, 2018. The County's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

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

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

Opinion on Each Major State Project

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

Report on Internal Control over Compliance

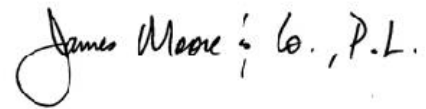
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types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

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

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

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

Daytona Beach, Florida
June 12, 2019

Handwritten signature of James Moore & Co., P.L.

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 Board of County Commissioners,
Baker 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 governmental activities, each major fund, and the aggregate remaining fund information of Baker County, Florida (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Baker County, Florida's basic financial statements, and have issued our report thereon dated June 12, 2019. Our report includes a reference to other auditors who audited the financial statements of the Baker Correctional Development Corporation (the BCDC), as described in our report on the County's financial statements.

Because Baker County, Florida's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenditures of the government-wide financial statements of Baker County, Florida is unknown.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses as items 2018-001 and 2018-002.

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

Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 12, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Board of County Commissioners,
Baker County, Florida:

Report on the Financial Statements

We have audited the financial statements of Baker County, Florida (the County), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019. We did not audit the financial statements of the Baker County Development Corporation (the BCDC), which is the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the BCDC, are based solely on the report of the other auditors.

Because the County's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenditures of the government-wide financial statements of the County is unknown.

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*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, 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 June 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2017 Finding #	2016 Finding #
2018-001	2017-001	2016-001
2018-002	2017-002	2016-002

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and component units of the reporting entity is disclosed in Note 1 of the basic financial statements. Baker County, Florida included the following component unit: Baker Correctional Development Corporation.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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 had the following recommendations:

2018-003 City of Macclenny Police Protection Agreement

We noted the County received approximately \$271,000 in revenues from the City of Macclenny for police protection services. However, no formal agreement is in place related to these services. Due to the magnitude of the services provided and to ensure a formal understanding is established between both parties, we recommend consideration be given to documenting this arrangement in a formal written agreement.

Additional Matters

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

Purpose of this Letter

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

Daytona Beach, Florida
June 12, 2019

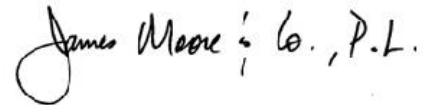
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Board of County Commissioners,
Baker County, Florida

We have examined the compliance of Baker County, Florida (the County) with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County'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 County complied with the aforementioned statutes, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

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



Daytona Beach, Florida
June 12, 2019

BAKER COUNTY, FLORIDA
SCHEDULE OF PRIOR AUDIT FINDINGS / MANAGEMENT'S RESPONSE TO CURRENT
YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Summary Schedule of Prior Audit Findings / Management's Response to Current Year Findings

2017-001 – Segregation of Duties: See response below for current corrective action plan.

2017-002 – Reconciliation of Account Balances and Prior Period Adjustment: Partially corrected in current year. See response below for current corrective action plan.

2017-003 – Supervisor Approval of Time Cards: Corrective action taken.

Management's Response to Current Year Findings

2018-001: Segregation of Duties: Certain modifications and have been made to the structure of the finance function within the County, as well as various increased review of key functions. While some of this comment relates to the inherent challenges of properly segregating key duties in a small government, these changes and future changes to be made are expected to address all or most of this comment.

2018-002: Cash to Accrual Basis Audit Adjustments: Certain modifications have been made to the structure of the finance function within the County, as well as various increased review of year-end close activity. These changes and future changes to be made are expected to address all or most of this comment.

2018-003 City of Macclenny Police Protection Agreement: This arrangement will be revisited during the year to determine the appropriateness of establishing a written agreement.

BAKER COUNTY CLERK OF COURTS
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2018

BAKER COUNTY CLERK OF COURTS
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Stacie D. Harvey, Baker County Clerk of Courts,
Baker County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Baker County Clerk of the Courts (the Office), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Baker County Clerk of Courts' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

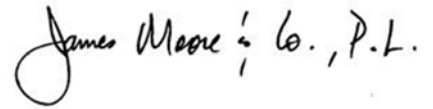
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baker County Clerk of Courts' basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 on our consideration of the Baker County Clerk of Courts' 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 included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Baker County Clerk of Courts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 12, 2019

**BAKER COUNTY CLERK OF COURTS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Records Modernization Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 474,198	\$ 214,364	\$ 688,562
Due from other governments	8,793	44	8,837
Total Assets	<u>\$ 482,991</u>	<u>\$ 214,408</u>	<u>\$ 697,399</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 55,678	\$ 1,602	\$ 57,280
Due to other governments	130,585	-	130,585
Due to Board of County Commissioners	67,698	-	67,698
Total liabilities	<u>253,961</u>	<u>1,602</u>	<u>255,563</u>
FUND BALANCES			
Restricted for:			
Title IV D	229,030	-	229,030
Records modernization	-	212,806	212,806
Total fund balances	<u>229,030</u>	<u>212,806</u>	<u>441,836</u>
Total Liabilities and Fund Balances	<u>\$ 482,991</u>	<u>\$ 214,408</u>	<u>\$ 697,399</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<u>General Fund</u>	<u>Records Modernization Fund</u>	<u>Governmental Funds</u>
Revenues			
Intergovernmental	\$ 245,189	\$ -	\$ 245,189
Charges for services	422,362	37,526	459,888
Fines and forfeitures	132,631	33,908	166,539
Investment income	1,397	403	1,800
Miscellaneous	9,297	-	9,297
Total revenues	<u>810,876</u>	<u>71,837</u>	<u>882,713</u>
Expenditures			
Current:			
General government	385,742	-	385,742
Court related	544,314	76,198	620,512
Capital outlay	-	9,706	9,706
Total expenditures	<u>930,056</u>	<u>85,904</u>	<u>1,015,960</u>
Excess (deficiency) of revenues over expenditures	<u>(119,180)</u>	<u>(14,067)</u>	<u>(133,247)</u>
Other financing sources (uses)			
Transfers in	21,334	-	21,334
Transfers out	-	(21,334)	(21,334)
Appropriations from Board of County Commissioners	264,054	-	264,054
Title IV D reversion	(138,810)	-	(138,810)
Reversions to Board of County Commissioners	(67,698)	-	(67,698)
Total other financing sources (uses)	<u>78,880</u>	<u>(21,334)</u>	<u>57,546</u>
Net change in fund balances	<u>(40,300)</u>	<u>(35,401)</u>	<u>(75,701)</u>
Fund balances, beginning of year	269,330	248,207	517,537
Fund balances, end of year	<u>\$ 229,030</u>	<u>\$ 212,806</u>	<u>\$ 441,836</u>

The accompanying notes to financial statements are an integral part of this statement

**BAKER COUNTY CLERK OF COURTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 150,844
	<u> </u>
LIABILITIES	
Assets held for others	\$ 150,844
	<u> </u>

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:**

The accounting policies of the Baker County Clerk of Courts (the “Office”) conform to generally accepted accounting principles as applicable to governments in the Governmental Accounting Standards Board (GASB) Codification. The following is a summary of the more significant policies.

(a) **Reporting entity**— The Clerk is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Clerk, was established by Chapter 8516, Laws of Florida in 1921. The Office is an integral part of Baker County, the reporting entity for financial reporting purposes.

(b) **Basis of presentation**—The Office’s financial statements are special-purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

(c) **Fund accounting**—Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

General Fund – The principal operating fund of the office. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Office reports the following Special Revenue fund:

Records Modernization Trust Fund- Used to account for additional recording fees, which are collected by the Clerk’s office and are earmarked for the modernization of recording service operations.

Additionally, the Office reports the following fiduciary fund type:

Agency Fund - Used to account for assets held by the Office as an agent for individuals, private organizations, other governments, and/or other funds.

(d) **Measurement focus/basis of accounting**—All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Office considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

(e) **Cash and cash equivalents**—The Office’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.

(f) **Capital assets and long-term liabilities**—Capital assets used by the Office are capitalized (recorded and accounted for) by the Baker County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **Compensated absences**—The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. Compensated absences are expected to be paid out of the General Fund of the Office and this practice is expected to continue in the future. The Office kept compensated absence records for the hours earned, used and available.

(i) **Fund balance**—Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Clerk is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners. Unassigned fund balance represents funds available for spending at the government’s discretion.

The Office does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Office’s general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Fair value measurement**—The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2018.

(2) **Budgets and Budgetary Accounting:**

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

(3) **Investments:**

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer’s Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100 percent of excess deposits in a checking account with a local financial institution subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

(4) **Risk Management:**

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

(5) **Long-term Liabilities:**

A summary of changes in long-term liabilities of the Office for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>		<u>Due Within One Year</u>
Compensated absences	\$ 30,570	\$	21,808	\$	(22,777)	\$	29,601	\$	26,577

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) Pension Plan:

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 73,470
Entity Contributions – HIS	8,944
Employee Contributions – FRS	16,164

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 776,502
HIS	174,562
Total	<u>\$ 951,064</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.002577982%	0.002407628%
HIS	0.001649283%	0.001572269%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 151,002
HIS	9,810
Total	<u>\$ 160,812</u>

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65,781	\$ (2,388)	\$ 2,672	\$ (297)
Changes of assumptions	253,723	-	19,413	(18,456)
Net different between projected and actual investment earnings	-	(59,994)	105	-
Change in proportionate share	52,241	(18,357)	12,373	(13,228)
Contributions subsequent to measurement date	21,635	-	2,652	-
	<u>\$ 393,380</u>	<u>\$(80,739)</u>	<u>\$ 37,215</u>	<u>\$(31,981)</u>

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$	106,706
2020		71,459
2021		14,443
2022		51,557
2023		31,344
Thereafter		18,079
Total	\$	<u>293,588</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**BAKER COUNTY CLERK OF COURTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued),

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 1,417,148	\$ 776,502	\$ 244,407
HIS	3.87%	198,816	174,562	154,345

REQUIRED SUPPLEMENTARY INFORMATION

**BAKER COUNTY CLERK OF COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 78,424	\$ 78,424	\$ 245,189	\$ 166,765
Charges for services	692,969	692,969	422,362	(270,607)
Fines and forfeitures	3,800	3,800	132,631	128,831
Investment income	100	100	1,397	1,297
Miscellaneous	-	-	9,297	9,297
Total revenues	<u>775,293</u>	<u>775,293</u>	<u>810,876</u>	<u>35,583</u>
Expenditures				
Current:				
General government	428,012	428,012	385,742	42,270
Court related	604,469	604,469	544,314	60,155
Total expenditures	<u>1,032,481</u>	<u>1,032,481</u>	<u>930,056</u>	<u>102,425</u>
Excess (deficiency) of revenues over expenditures	<u>(257,188)</u>	<u>(257,188)</u>	<u>(119,180)</u>	<u>138,008</u>
Other financing sources (uses)				
Transfers in	-	-	21,334	21,334
Title IV D reversion	-	-	(138,810)	(138,810)
Appropriations from Board of County Commissioners	237,188	237,188	264,054	26,866
Reversions to Board of County Commissioners	-	-	(67,698)	(67,698)
Total other financing sources (uses)	<u>237,188</u>	<u>237,188</u>	<u>78,880</u>	<u>(158,308)</u>
Net change in fund balances	<u>(20,000)</u>	<u>(20,000)</u>	<u>(40,300)</u>	<u>(20,300)</u>
Fund balances, beginning of year	269,330	269,330	269,330	-
Fund balances, end of year	<u>\$ 249,330</u>	<u>\$ 249,330</u>	<u>\$ 229,030</u>	<u>\$ (20,300)</u>

The accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual - governmental funds are an integral part of this schedule.

BAKER COUNTY CLERK OF COURTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECORDS MODERNIZATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 24,000	\$ 24,000	\$ 37,526	\$ 13,526
Fines and forfeitures	9,000	9,000	33,908	24,908
Investment income	450	450	403	(47)
Total revenues	<u>33,450</u>	<u>33,450</u>	<u>71,837</u>	<u>38,387</u>
Expenditures				
Current:				
Court related	58,450	58,450	76,198	(17,748)
Capital outlay	18,000	18,000	9,706	8,294
Total expenditures	<u>76,450</u>	<u>76,450</u>	<u>85,904</u>	<u>(9,454)</u>
Excess (deficiency) of revenues over expenditures	<u>(43,000)</u>	<u>(43,000)</u>	<u>(14,067)</u>	<u>28,933</u>
Other financing sources (uses)				
Transfers out	-	-	(21,334)	(21,334)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(21,334)</u>	<u>(21,334)</u>
Net change in fund balances	<u>(43,000)</u>	<u>(43,000)</u>	<u>(35,401)</u>	<u>7,599</u>
Fund balances, beginning of year	248,207	248,207	248,207	-
Fund balances, end of year	<u>\$ 205,207</u>	<u>\$ 205,207</u>	<u>\$ 212,806</u>	<u>\$ 7,599</u>

The accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual - governmental funds are an integral part of this schedule.

**BAKER COUNTY CLERK OF COURTS
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

(1) **Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and the records modernization trust fund. All annual appropriations lapse at fiscal year-end.

The Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

BAKER COUNTY CLERK OF COURTS
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.002407628%	0.002407628%	0.002509293%	0.002609848%
Proportionate share of the net pension liability	\$ 776,502	\$ 712,160	\$ 633,598	\$ 337,097
Covered payroll	538,801	501,158	470,666	453,430
Proportionate share of the net pension liability as a percentage of covered payroll	144.12%	142.10%	134.62%	74.34%
Plan fiduciary net position as a percentage of the total pension liability	86.87%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.001572269%	0.001572269%	0.001494876%	0.001492114%
Proportionate share of the net pension liability	\$ 174,562	\$ 168,114	\$ 174,222	\$ 152,172
Covered payroll	538,801	501,158	470,666	453,430
Proportionate share of the net pension liability as a percentage of covered payroll	32.40%	33.55%	37.02%	33.56%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**BAKER COUNTY CLERK OF COURTS
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Contractually required contribution	\$ 73,470	\$ 65,028	\$ 62,867	\$ 63,244
Contributions in relation to the contractually required contribution	(73,470)	(65,028)	(62,867)	(63,244)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 538,801	\$ 501,158	\$ 470,666	\$ 453,430
Contributions as a percentage of covered-employee payroll	13.64%	12.98%	13.36%	13.95%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 8,944	\$ 8,319	\$ 7,813	\$ 7,527
Contributions in relation to the contractually required contribution	(8,319)	(8,319)	(7,813)	(7,527)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 538,801	\$ 501,158	\$ 470,666	\$ 453,430
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

**BAKER COUNTY CLERK OF COURTS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018**

	<u>Witness Fund</u>	<u>Clerk's Trust Fund</u>	<u>Fine and Forfeiture Fund</u>	<u>Domestic Relations Fund</u>	<u>Registry of the Court Fund</u>	<u>Total Agency Funds</u>
ASSETS						
Cash and cash equivalents	\$ 62,860	\$ 46,192	\$ 2,014	\$ 3,650	\$ 36,128	\$ 150,844
LIABILITIES						
Assets held for others	\$ 62,860	\$ 46,192	\$ 2,014	\$ 3,650	\$ 36,128	\$ 150,844

See accompanying notes to financial statements.

ADDITIONAL INFORMATION

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

The Honorable Stacie D. Harvey, Baker County Clerk of Courts,
Baker 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 general fund of the Baker County Clerk of Courts (the Office) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Baker County Clerk of Courts' special-purpose financial statements, and have issued our report thereon dated June 12, 2019, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described below to be a material weakness: Finding 2018-001.

Finding 2018-001: Segregation of Duties

Condition and Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Cause: For the year ended September 30, 2018, we noted there was no employee designated to review journal entries in the accounting software. Journal entries made in the accounting system do not require any approval.

Effect: Adjusting journal entries could be posted to the accounting system to conceal fraud or erroneous journal entries may not be identified as such on a timely basis.

Recommendation: We recommend the Office have an individual who does not create journal entries review and approve any journal entries in the accounting system.

Compliance and Other Matters

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

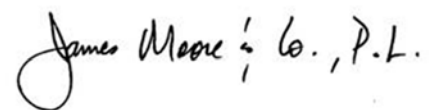
Baker County Clerk of Courts' Response to Findings

The Baker County Clerk of Courts' response to the findings identified in our audit are described in the accompanying management's response. The 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.

Daytona Beach, Florida
June 12, 2019



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

The Honorable Stacie D. Harvey, Baker County Clerk of Courts,
Baker County, Florida:

We have audited the financial statements of the Baker County Clerk of Courts (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Baker County Clerk of Courts is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Clerk, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Baker County Clerk of Courts to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

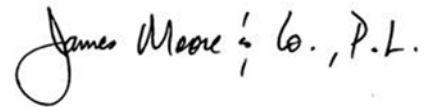
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 12, 2019

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

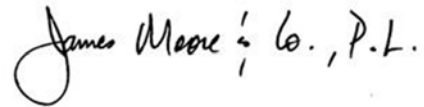
The Honorable Stacie D. Harvey, Baker County Clerk of Courts,
Baker County, Florida:

We have examined the Baker County Clerk of Courts' (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 28.35, 28.36, 218.415, and 61.181 Florida Statutes, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

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

Daytona Beach, Florida
June 12, 2019



**BAKER COUNTY CLERK OF COURTS
MANAGEMENT'S RESPONSE TO FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

2018-001: Segregation of Duties: Certain modifications and have been made to the structure of the finance function within the Office, as well as various increased review of key functions. While some of this comment relates to the inherent challenges of properly segregating key duties in a small government, these changes and future changes to be made are expected to address all or most of this comment.

BAKER COUNTY PROPERTY APPRAISER
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2018

BAKER COUNTY PROPERTY APPRAISER
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Timothy Sweat, Baker County Property Appraiser,
Baker County, Florida:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinion

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

Emphasis of Matter

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

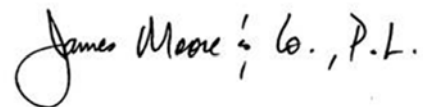
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Baker County 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 included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Baker County Property Appraiser's internal control over financial reporting and compliance.



Daytona Beach, Florida
June 12, 2019

**BAKER COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash and cash equivalents	<u>\$ 15,249</u>
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LIABILITIES AND FUND BALANCES

Liabilities:

Due to other governments	\$ 1,312
Due to Board of County Commissioners	13,937

Total liabilities	<u>15,249</u>
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Fund Balance:

Unassigned	-
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Total Liabilities and Fund Balances	<u><u>\$ 15,249</u></u>
--	-------------------------

The accompanying notes to financial statements are an integral part of this statement.

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

Revenues	
Charges for services	\$ 60,077
Miscellaneous	29
Total revenues	60,106
 Expenditures	
Current:	
General government	684,671
 Excess (deficiency) of revenues over expenditures	 (624,565)
 Other financing sources (uses)	
Appropriations to constitutional officers	638,502
Reversions from constitutional officers	(13,937)
Total other financing sources (uses)	624,565
 Net change in fund balances	 -
 Fund balances, beginning of year	 -
 Fund balances, end of year	 \$ -

The accompanying notes to financial statements are an integral part of this statement

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:**

The accounting policies of the Baker County Property Appraiser (the “Office”) conform to generally accepted accounting principles as applicable to governments in the Governmental Accounting Standards Board (GASB) Codification. The following is a summary of the more significant policies.

(a) **Reporting entity**—The Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Property Appraiser, was established by Chapter 8516, Laws of Florida in 1921. The Office is an integral part of Baker County, the reporting entity for financial reporting purposes.

(b) **Basis of presentation**—The Office’s financial statements are special-purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

(c) **Fund accounting**—Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

General Fund – The principal operating fund of the Office. It is used to account for all financial resources.

(d) **Measurement focus/basis of accounting**—All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Office considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash**—The Office’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.

(f) **Capital assets and long-term liabilities**—Capital assets used by the Office are capitalized (recorded and accounted for) by the Baker County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **Compensated absences**—The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. Compensated absences are expected to be paid out of the General Fund of the Office and this practice is expected to continue in the future. The Office kept compensated absence records for the hours earned, used and available.

(i) **Fund balance**—Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Property Appraiser is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners. Unassigned fund balance represents funds available for spending at the government’s discretion.

The Office does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Office’s general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(k) **Fair value measurement**—The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2018.

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(2) **Budgets and Budgetary Accounting:**

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

(3) **Investments:**

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100 percent of excess deposits in a checking account with a local financial institution subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

(4) **Risk Management:**

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

(5) **Long-term Liabilities:**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 16,195	\$ 29,159	\$ (33,835)	\$ 11,518	\$ 11,518

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:**

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 67,798
Entity Contributions – HIS	6,220
Employee Contributions – FRS	11,242

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 716,546
HIS	121,404
Total	<u>\$ 837,950</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.002378928%	0.002312927%
HIS	0.001147044%	0.001056701%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 154,255
HIS	8,818
Total	<u>\$ 163,073</u>

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 60,702	\$ (2,203)	\$ 1,859	\$ (206)
Changes of assumptions	234,132	-	13,502	(12,836)
Net different between projected and actual investment earnings	-	(55,362)	73	-
Change in proportionate share	62,696	(20,377)	8,558	(7,210)
Contributions subsequent to measurement date	18,322	-	1,568	-
	<u>\$ 375,852</u>	<u>\$(77,942)</u>	<u>\$ 25,560</u>	<u>\$(20,252)</u>

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$	105,465
2020		63,039
2021		8,230
2022		43,585
2023		28,454
Thereafter		34,555
Total	\$	<u>283,328</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**BAKER COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	100.0%	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 1,307,726	\$ 716,546	\$ 225,535
HIS	3.87%	138,272	121,404	107,344

REQUIRED SUPPLEMENTARY INFORMATION

**BAKER COUNTY PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 60,077	\$ 60,077	\$ 60,077	\$ -
Miscellaneous	-	-	29	29
Total revenues	<u>60,077</u>	<u>60,077</u>	<u>60,106</u>	<u>29</u>
Expenditures				
Current:				
General government	685,147	698,580	684,671	13,909
Excess (deficiency) of revenues over expenditures	<u>(625,070)</u>	<u>(638,503)</u>	<u>(624,565)</u>	<u>13,938</u>
Other financing sources (uses)				
Appropriations to constitutional officers	564,993	578,426	638,502	60,076
Reversions from constitutional officers	-	-	(13,937)	(13,937)
Total other financing sources (uses)	<u>564,993</u>	<u>578,426</u>	<u>624,565</u>	<u>46,139</u>
Net change in fund balances	<u>(60,077)</u>	<u>(60,077)</u>	<u>-</u>	<u>60,077</u>
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (60,077)</u>	<u>\$ (60,077)</u>	<u>\$ -</u>	<u>\$ 60,077</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund is an integral part of this schedule.

**BAKER COUNTY PROPERTY APPRAISER
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

(1) **Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Property Appraiser follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**BAKER COUNTY PROPERTY APPRAISER
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.002378928%	0.002312927%	0.002397250%	0.002549500%
Proportionate share of the net pension liability	\$ 716,546	\$ 684,148	\$ 605,308	\$ 329,302
Covered payroll	374,726	336,819	339,049	353,780
Proportionate share of the net pension liability as a percentage of covered payroll	191.22%	203.12%	178.53%	93.08%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.001147044%	0.001056701%	0.001098292%	0.001166095%
Proportionate share of the net pension liability	\$ 121,404	\$ 112,987	\$ 128,001	\$ 118,923
Covered payroll	374,726	336,819	339,049	353,780
Proportionate share of the net pension liability as a percentage of covered payroll	32.40%	33.55%	37.75%	33.61%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**BAKER COUNTY PROPERTY APPRAISER
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Contractually required contribution	\$ 67,798	\$ 62,127	\$ 61,084	\$ 63,268
Contributions in relation to the contractually required contribution	(62,127)	(62,127)	(61,084)	(63,268)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 374,726	\$ 336,819	\$ 339,049	\$ 353,780
Contributions as a percentage of covered payroll	18.09%	18.45%	18.02%	17.88%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 6,220	\$ 5,591	\$ 5,628	\$ 5,873
Contributions in relation to the contractually required contribution	(6,220)	(5,591)	(5,628)	(5,873)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 374,726	\$ 336,819	\$ 339,049	\$ 353,780
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

ADDITIONAL INFORMATION

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

The Honorable Timothy Sweat, Baker County Property Appraiser,
Baker 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 general fund of the Baker County Property Appraiser (the Office) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Baker County Property Appraiser's special-purpose financial statements, and have issued our report thereon dated June 12, 2019, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

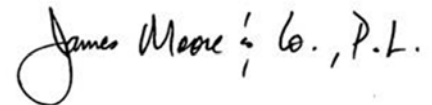
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 12, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

The Honorable Timothy Sweat, Baker County Property Appraiser,
Baker County, Florida:

We have audited the financial statements of the Baker County Property Appraiser (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Baker County Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Property Appraiser, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Baker County Property Appraiser to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

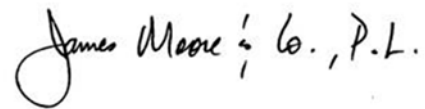
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 Baker County Property Appraiser, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Daytona Beach, Florida
June 12, 2019

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

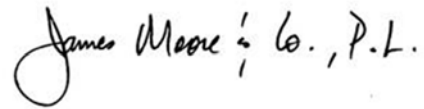
The Honorable Timothy Sweat, Baker County Property Appraiser,
Baker County, Florida:

We have examined the Baker County Property Appraiser's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

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

Daytona Beach, Florida
June 12, 2019



BAKER COUNTY SHERIFF
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2018

BAKER COUNTY SHERIFF
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Scotty Rhoden, Baker County Sheriff,
Baker County, Florida:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinions

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 Baker County Sheriff as of September 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

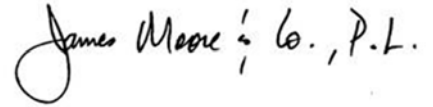
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baker County Sheriff's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 on our consideration of the Baker County 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 included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Baker County Sheriff's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 12, 2019

**BAKER COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>911</u>	<u>Special Law</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 47,423	\$ 3,102	\$ 208,181	\$ 83,436	\$ 342,142
Receivables, net	3,726	56,109	-	-	59,835
Due from other governments	54,123	57,019	-	29,919	141,061
Due from other funds	52,590	-	-	-	52,590
Due from Board of County Commissioners	1,892	33,898	-	-	35,790
Due from Baker County Detention Center	564,482	-	-	-	564,482
Prepaid items	37,014	10,184	-	-	47,198
Total Assets	<u>\$ 761,250</u>	<u>\$ 160,312</u>	<u>\$ 208,181</u>	<u>\$ 113,355</u>	<u>\$ 1,243,098</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 699,965	\$ 8,162	\$ 1,840	\$ 2,716	\$ 712,683
Unearned revenue	-	10,184	-	-	10,184
Due to other funds	-	26,828	-	25,762	52,590
Due to Board of County Commissioners	13,912	-	-	-	13,912
Due to Baker County Detention Center	9,274	-	-	783	10,057
Total liabilities	<u>723,151</u>	<u>45,174</u>	<u>1,840</u>	<u>29,261</u>	<u>799,426</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	37,014	10,184	-	-	47,198
Restricted for:					
Public safety	-	104,954	206,341	84,094	395,389
Unassigned	1,085	-	-	-	1,085
Total fund balances	<u>38,099</u>	<u>115,138</u>	<u>206,341</u>	<u>84,094</u>	<u>443,672</u>
Total Liabilities and Fund Balances	<u>\$ 761,250</u>	<u>\$ 160,312</u>	<u>\$ 208,181</u>	<u>\$ 113,355</u>	<u>\$ 1,243,098</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	General Fund	911	Special Law	Other Governmental Funds	Total Governmental Funds
Revenues					
Permits and fees	\$ -	\$ 135,452	\$ -	\$ -	\$ 135,452
Intergovernmental	85,644	130,189	-	229,106	444,939
Charges for services	5,442,195	-	-	-	5,442,195
Fines and forfeitures	-	-	-	4,576	4,576
Investment income	21	16	264	104	405
Miscellaneous	321,746	1,000	21,965	-	344,711
Total revenues	<u>5,849,606</u>	<u>266,657</u>	<u>22,229</u>	<u>233,786</u>	<u>6,372,278</u>
Expenditures					
Current:					
Public safety	10,268,720	231,085	24,531	360,137	10,884,473
Court related	299,549	-	-	-	299,549
Debt service:					
Principal retirement	64,001	-	-	-	64,001
Total expenditures	<u>10,632,270</u>	<u>231,085</u>	<u>24,531</u>	<u>360,137</u>	<u>11,248,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,782,664)</u>	<u>35,572</u>	<u>(2,302)</u>	<u>(126,351)</u>	<u>(4,875,745)</u>
Other financing sources (uses)					
Appropriations from Board of County Commissioners	4,327,949	-	-	57,871	4,385,820
Appropriations from City of Macclenny	295,599	-	-	-	295,599
Reversions to Board of County Commissioners	(2,080)	-	-	-	(2,080)
Proceeds from capital lease	180,931	-	-	-	180,931
Total other financing sources (uses)	<u>4,802,399</u>	<u>-</u>	<u>-</u>	<u>57,871</u>	<u>4,860,270</u>
Net change in fund balances	<u>19,735</u>	<u>35,572</u>	<u>(2,302)</u>	<u>(68,480)</u>	<u>(15,475)</u>
Fund balances, beginning of year	18,364	79,566	208,643	152,574	459,147
Fund balances, end of year	<u>\$ 38,099</u>	<u>\$ 115,138</u>	<u>\$ 206,341</u>	<u>\$ 84,094</u>	<u>\$ 443,672</u>

The accompanying notes to financial statements are an integral part of this statement

**BAKER COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 25,776</u>
LIABILITIES	
Assets held for others	<u>\$ 25,776</u>

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:**

The accounting policies of the Baker County Sheriff (the “Office”) conform to generally accepted accounting principles as applicable to governments in the Governmental Accounting Standards Board (GASB) Codification. The following is a summary of the more significant policies.

(a) **Reporting entity**—The Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Sheriff, was established by Chapter 8516, Laws of Florida in 1921. The Office is an integral part of Baker County, the reporting entity for financial reporting purposes.

(b) **Basis of presentation**—The Office’s financial statements are special-purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

(c) **Fund accounting**—Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental funds:

General Fund - The principal operating fund of the office. It is used to account for all financial resources, except those required to be accounted for in another fund.

911 Fund – This fund is used to account for the proceeds of 911 charges which are restricted as to their authorized use.

Special Law Fund – This fund is used to account for the proceeds of certain fines and forfeitures which are restricted as to their authorized use.

Additionally, the Sheriff reports the following fiduciary fund type:

Agency Funds – Agency funds are used to account for assets held in a custodial capacity.

(d) **Measurement focus/basis of accounting**—All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Office considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

(e) **Cash**—The Office’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.

(f) **Capital assets and long-term liabilities**—Capital assets used by the Office are capitalized (recorded and accounted for) by the Baker County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **Compensated absences**—The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. Compensated absences are expected to be paid out of the General Fund of the Office and this practice is expected to continue in the future. The Office kept compensated absence records for the hours earned, used and available.

(i) **Fund balance**—Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Sheriff is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners. Unassigned fund balance represents funds available for spending at the government’s discretion.

The Office does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Office’s general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Fair value measurement**—The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2018.

(2) **Budgets and Budgetary Accounting:**

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund, 911 Fund, and Special Law Fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end

(3) **Investments:**

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer’s Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100 percent of excess deposits in a checking account with a local financial institution subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

(4) **Risk Management:**

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

(5) **Long-term Liabilities:**

A summary of changes in long-term liabilities of the Office for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>		<u>Due Within One Year</u>
Compensated absences	\$ 489,447	\$	799,934	\$	(600,326)	\$	689,055	\$	620,040

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:**

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees is 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 998,589
Entity Contributions – HIS	107,503
Employee Contributions – FRS	194,283

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 10,553,988
HIS	2,098,139
Total	<u>\$ 12,652,127</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.035039199%	0.034981068%
HIS	0.019823479%	0.019089591%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 1,654,097
HIS	146,131
Total	<u>\$ 1,800,228</u>

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 894,081	\$ (32,451)	\$ 32,122	\$ (3,565)
Changes of assumptions	3,448,530	-	233,339	(221,833)
Net different between projected and actual investment earnings	-	(815,424)	1,266	-
Change in proportionate share	174,854	(337,772)	87,819	(91,877)
Contributions subsequent to measurement date	283,633	-	29,113	-
	<u>\$ 4,801,098</u>	<u>\$(1,185,647)</u>	<u>\$ 383,659</u>	<u>\$(317,275)</u>

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$ 1,354,199
2020	975,296
2021	141,669
2022	619,648
2023	395,946
Thereafter	<u>(117,669)</u>
Total	<u>\$ 3,369,089</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**BAKER COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued),

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 19,261,471	\$ 10,553,988	\$ 3,321,909
HIS	3.87%	2,389,658	2,098,139	1,855,142

(7) **Subsequent Events:**

Subsequent to year-end, certain operational functions related to the County's correctional facility were transferred to the Office from the Baker County Development Corporation (BCDC), a component unit of Baker County, effective February 2019. The Office expects a substantial increase in expenditures for fiscal year 2019, as well as increased financing sources/inflows from the BCDC and its' successor corporation, the Baker County Correctional Management Corporation (BCCMC).

REQUIRED SUPPLEMENTARY INFORMATION

BAKER COUNTY SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 81,422	\$ 85,644	\$ 85,644	\$ -
Charges for services	5,356,251	5,459,314	5,442,195	(17,119)
Investment income	-	-	21	21
Miscellaneous	-	298,212	321,746	23,534
Total revenues	<u>5,437,673</u>	<u>5,843,170</u>	<u>5,849,606</u>	<u>6,436</u>
Expenditures				
Current:				
Public safety	9,529,464	10,188,698	10,268,720	(80,022)
Court related	278,020	278,020	299,549	(21,529)
Debt service:				
Principal retirement	-	-	64,001	(64,001)
Total expenditures	<u>9,807,484</u>	<u>10,466,718</u>	<u>10,632,270</u>	<u>(165,552)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,369,811)</u>	<u>(4,623,548)</u>	<u>(4,782,664)</u>	<u>(159,116)</u>
Other financing sources (uses)				
Appropriations from Board of County Commissioners	4,074,212	4,327,949	4,327,949	-
Appropriations from City of Macclenny	295,599	295,599	295,599	-
Reversions to Board of County Commissioners	-	-	(2,080)	(2,080)
Proceeds from capital lease	-	-	180,931	180,931
Total other financing sources (uses)	<u>4,369,811</u>	<u>4,623,548</u>	<u>4,802,399</u>	<u>178,851</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>19,735</u>	<u>19,735</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>18,364</u>	<u>18,364</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,099</u>	<u>\$ 38,099</u>

The accompanying note to schedules of revenues, expenditures, and changes in fund balances - budget and actual - governmental funds is an integral part of this schedule.

BAKER COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 911 FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ 46,185	\$ 186,468	\$ 135,452	\$ (51,016)
Intergovernmental	130,189	130,189	130,189	-
Investment income	-	-	16	16
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>176,374</u>	<u>316,657</u>	<u>266,657</u>	<u>(50,000)</u>
Expenditures				
Current:				
Public safety	176,374	231,085	231,085	-
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>85,572</u>	<u>35,572</u>	<u>(50,000)</u>
Fund balances, beginning of year	79,566	79,566	79,566	-
Fund balances, end of year	<u>\$ 79,566</u>	<u>\$ 165,138</u>	<u>\$ 115,138</u>	<u>\$ (50,000)</u>

The accompanying note to schedules of revenues, expenditures, and changes in fund balances - budget and actual - governmental funds is an integral part of this schedule.

BAKER COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL LAW FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget -
				Positive
				(Negative)
Revenues				
Investment income	\$ -	\$ -	\$ 264	\$ 264
Miscellaneous	300,000	22,229	21,965	(264)
Total revenues	<u>300,000</u>	<u>22,229</u>	<u>22,229</u>	<u>-</u>
Expenditures				
Current:				
Public safety	300,000	26,186	24,531	1,655
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,957)</u>	<u>(2,302)</u>	<u>1,655</u>
Fund balances, beginning of year	208,643	208,643	208,643	-
Fund balances, end of year	<u>\$ 208,643</u>	<u>\$ 204,686</u>	<u>\$ 206,341</u>	<u>\$ 1,655</u>

The accompanying note to schedules of revenues, expenditures, and changes in fund balances - budget and actual - governmental funds is an integral part of this schedule.

**BAKER COUNTY SHERIFF
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

(1) **Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds, with the exception of long-term debt issuance and related items. All annual appropriations lapse at fiscal year-end.

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgetary Basis Reconciliation: Total expenditures for financial statement purposes of \$10,632,270 were reduced by \$180,931 to a net of \$10,451,339 of expenditures for purposes of comparison to the final budget, whereby the Office was in compliance with its authorized budget.

BAKER COUNTY SHERIFF
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.035039199%	0.034981068%	0.035759357%	0.034346566%
Proportionate share of the net pension liability	\$ 10,553,988	\$ 10,347,165	\$ 9,029,266	\$ 4,436,320
Covered payroll	6,476,098	6,084,759	5,941,486	6,122,773
Proportionate share of the net pension liability as a percentage of covered payroll	162.97%	170.05%	151.97%	72.46%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.019823479%	0.019089591%	0.019246301%	0.020181669%
Proportionate share of the net pension liability	\$ 2,098,139	\$ 2,041,147	\$ 2,243,077	\$ 2,058,213
Covered payroll	6,476,098	6,084,759	5,941,486	6,122,773
Proportionate share of the net pension liability as a percentage of covered payroll	32.40%	33.55%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**BAKER COUNTY SHERIFF
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Contractually required contribution	\$ 998,589	\$ 997,738	\$ 967,427	\$ 908,624
Contributions in relation to the contractually required contribution	(998,589)	(997,738)	(967,427)	(908,624)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,476,098	\$ 6,084,759	\$ 5,941,486	\$ 6,122,773
Contributions as a percentage of covered-employee payroll	15.42%	16.40%	16.28%	14.84%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 107,503	\$ 101,007	\$ 98,629	\$ 101,638
Contributions in relation to the contractually required contribution	(107,503)	(101,007)	(98,629)	(101,638)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,476,098	\$ 6,084,759	\$ 5,941,486	\$ 6,122,773
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

**BAKER COUNTY SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>Second Dollar Fund</u>	<u>School Crossing Guards Fund</u>	<u>Emergency Management Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,994	\$ 54,474	\$ 23,968	\$ 83,436
Due from other governments	-	-	29,919	29,919
Total Assets	<u>\$ 4,994</u>	<u>\$ 54,474</u>	<u>\$ 53,887</u>	<u>\$ 113,355</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 875	\$ 1,841	\$ 2,716
Due to other funds	-	-	25,762	25,762
Due to Baker County Detention Center	-	-	783	783
Total liabilities	<u>-</u>	<u>875</u>	<u>28,386</u>	<u>29,261</u>
FUND BALANCES				
Restricted for:				
Public safety	4,994	53,599	25,501	84,094
Total Liabilities and Fund Balances	<u>\$ 4,994</u>	<u>\$ 54,474</u>	<u>\$ 53,887</u>	<u>\$ 113,355</u>

See accompanying notes to financial statements.

**BAKER COUNTY SHERIFF
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Second Dollar Fund</u>	<u>School Crossing Guards Fund</u>	<u>Emergency Management Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Intergovernmental	\$ -	\$ 79,757	\$ 149,349	\$ 229,106
Fines and forfeitures	4,576	-	-	4,576
Investment income	6	65	33	104
Total revenues	<u>4,582</u>	<u>79,822</u>	<u>149,382</u>	<u>233,786</u>
Expenditures				
Current:				
Public safety	4,644	77,566	277,927	360,137
Excess (deficiency) of revenues over (under) expenditures	<u>(62)</u>	<u>2,256</u>	<u>(128,545)</u>	<u>(126,351)</u>
Other financing sources (uses)				
Appropriations from Board of County Commissioners	-	-	57,871	57,871
Net change in fund balances	<u>(62)</u>	<u>2,256</u>	<u>(70,674)</u>	<u>(68,480)</u>
Fund balances, beginning of year	5,056	51,343	96,175	152,574
Fund balances, end of year	<u>\$ 4,994</u>	<u>\$ 53,599</u>	<u>\$ 25,501</u>	<u>\$ 84,094</u>

See accompanying notes to financial statements.

**BAKER COUNTY SHERIFF
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018**

	Bond Fund	Individual Deposits Fund	Evidence Escrow Fund	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 5,882	\$ 355	\$ 19,539	\$ 25,776
LIABILITIES				
Assets held for others	\$ 5,882	\$ 355	\$ 19,539	\$ 25,776

See accompanying notes to financial statements.

ADDITIONAL INFORMATION

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

The Honorable Scotty Rhoden, Baker County Sheriff,
Baker 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 general fund of the Baker County Sheriff (the Office) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Baker County Sheriff's special-purpose financial statements, and have issued our report thereon dated June 12, 2019, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

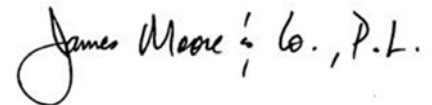
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 12, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

The Honorable Scotty Rhoden, Baker County Sheriff,
Baker County, Florida:

We have audited the financial statements of the Baker County Sheriff (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Baker County Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Sheriff, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Baker County Sheriff to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

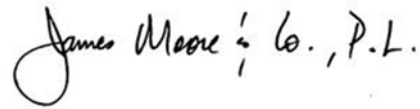
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 12, 2019

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

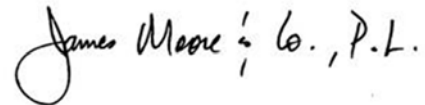
The Honorable Scotty Rhoden, Baker County Sheriff,
Baker County, Florida:

We have examined the Baker County Sheriff's (the Office) compliance with Section 365.172, Florida Statutes, *Emergency Communications Number "E911"*, Section 365.173, Florida Statutes, *Communications Number E911 System Fund*, and Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 365.172, Florida Statutes, *Emergency Communications Number "E911"*, Section 365.173, Florida Statutes, *Communications Number E911 System Fund*, and Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

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

Daytona Beach, Florida
June 12, 2019



BAKER COUNTY SUPERVISOR OF ELECTIONS

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2018

BAKER COUNTY SUPERVISOR OF ELECTIONS

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Nita D. Crawford, Baker County Supervisor of Elections,
Baker County, Florida:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinion

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

Emphasis of Matter

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

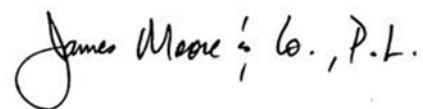
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Baker County Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Baker County Supervisor of Elections' internal control over financial reporting and compliance.



Daytona Beach, Florida
June 12, 2019

**BAKER COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS	
Cash and cash equivalents	<u><u>\$ 6,968</u></u>
LIABILITIES	
Unearned revenue	\$ 3,710
Due to Board of County Commissioners	<u>3,258</u>
Total liabilities	<u>6,968</u>
FUND BALANCE	
Unassigned	-
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Revenues	
Intergovernmental	\$ 77,263
Investment income	258
Total revenues	77,521
 Expenditures	
Current:	
General government	472,437
Capital outlay	62,764
Total expenditures	535,201
 Excess (deficiency) of revenues over expenditures	 (457,680)
 Other financing sources (uses)	
Appropriations to constitutional officers	460,938
Reversions from constitutional officers	(3,258)
Total other financing sources (uses)	457,680
 Net change in fund balances	 -
 Fund balances, beginning of year	 -
 Fund balances, end of year	 \$ -

The accompanying notes to financial statements are an integral part of this statement

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:**

The accounting policies of the Baker County Supervisor of Elections (the “Office”) conform to generally accepted accounting principles as applicable to governments in the Governmental Accounting Standards Board (GASB) Codification. The following is a summary of the more significant policies.

(a) **Reporting entity**—The Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Supervisor of Elections, was established by Chapter 8516, Laws of Florida in 1921. The Office is an integral part of Baker County, the reporting entity for financial reporting purposes.

(b) **Basis of presentation**—The Office’s financial statements are special-purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

(c) **Fund accounting**—Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

General Fund – The principal operating fund of the Office. It is used to account for all financial resources.

(d) **Measurement focus/basis of accounting**—All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Office considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash**—The Office’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.

(f) **Capital assets and long-term liabilities**—Capital assets used by the Office are capitalized (recorded and accounted for) by the Baker County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **Compensated absences**—The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. Compensated absences are expected to be paid out of the General Fund of the Office and this practice is expected to continue in the future. The Office kept compensated absence records for the hours earned, used and available.

(i) **Fund balance**—Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Supervisor of Elections is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners. Unassigned fund balance represents funds available for spending at the government’s discretion.

The Office does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Office’s general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(k) **Fair value measurement**—The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2018.

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(2) **Budgets and Budgetary Accounting:**

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end

(3) **Investments:**

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100 percent of excess deposits in a checking account with a local financial institution subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

(4) **Risk Management:**

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

(5) **Long-term Liabilities:**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 82,307	\$ 14,703	\$ (7,005)	\$ 90,005	\$ 8,967

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:**

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 26,458
Entity Contributions – HIS	3,121
Employee Contributions – FRS	5,640

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 279,631
HIS	60,908
Total	<u>\$ 340,539</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.000928375%	0.001050397%
HIS	0.000575467%	0.000612672%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 54,468
HIS	4,528
Total	<u>\$ 58,996</u>

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,689	\$ (860)	\$ 932	\$ (103)
Changes of assumptions	91,370	-	6,774	(6,440)
Net different between projected and actual investment earnings	-	(21,605)	37	-
Change in proportionate share	55,010	(87,222)	7,371	(7,039)
Contributions subsequent to measurement date	10,424	-	1,100	-
	<u>\$ 180,493</u>	<u>\$(109,687)</u>	<u>\$ 16,214</u>	<u>\$ (13,582)</u>

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$	29,357
2020		7,085
2021		(4,923)
2022		14,360
2023		8,283
Thereafter		<u>7,752</u>
Total	\$	<u>61,914</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	100.0%	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 510,339	\$ 279,631	\$ 88,015
HIS	3.87%	69,371	60,908	53,854

REQUIRED SUPPLEMENTARY INFORMATION

**BAKER COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 77,263	\$ 77,263
Investment income	-	-	258	258
Total revenues	<u>-</u>	<u>-</u>	<u>77,521</u>	<u>77,521</u>
EXPENDITURES				
Current:				
General government	389,411	398,174	395,174	3,000
Grant expenditures	-	-	77,263	(77,263)
Capital outlay	<u>62,764</u>	<u>62,764</u>	<u>62,764</u>	<u>-</u>
Total expenditures	<u>452,175</u>	<u>460,938</u>	<u>535,201</u>	<u>(74,263)</u>
Excess (deficiency) of revenues over expenditures	<u>(452,175)</u>	<u>(460,938)</u>	<u>(457,680)</u>	<u>3,258</u>
Other financing sources (uses)				
Appropriations to constitutional officers	452,175	460,938	460,938	-
Reversions from constitutional officers	-	-	(3,258)	(3,258)
Total other financing sources (uses)	<u>452,175</u>	<u>460,938</u>	<u>457,680</u>	<u>(3,258)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund is an integral part of this schedule.

**BAKER COUNTY SUPERVISOR OF ELECTIONS
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

(1) **Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Supervisor of Elections follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Expenditures exceeded appropriations in the general fund by \$74,263. These over-expenditures were funded by grant revenues for which the related revenue and expense budget amendment was not made.

BAKER COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.000928375%	0.001050397%	0.000943500%	0.001863745%
Proportionate share of the net pension liability	\$ 279,631	\$ 310,700	\$ 238,234	\$ 240,728
Covered payroll	187,998	168,178	168,178	178,602
Proportionate share of the net pension liability as a percentage of covered payroll	148.74%	184.74%	141.66%	134.78%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.000575467%	0.000612672%	0.000544791%	0.000588708%
Proportionate share of the net pension liability	\$ 60,908	\$ 65,510	\$ 63,493	\$ 60,039
Covered payroll	187,998	168,178	168,178	178,602
Proportionate share of the net pension liability as a percentage of covered payroll	32.40%	38.95%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**BAKER COUNTY PROPERTY APPRAISER
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Contractually required contribution	\$ 26,458	\$ 27,376	\$ 23,024	\$ 44,778
Contributions in relation to the contractually required contribution	(26,458)	(27,376)	(23,024)	(44,778)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 187,998	\$ 195,288	\$ 168,178	\$ 178,602
Contributions as a percentage of covered-employee payroll	14.07%	14.02%	13.69%	25.07%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 3,121	\$ 3,242	\$ 2,792	\$ 2,965
Contributions in relation to the contractually required contribution	(3,121)	(3,242)	(2,792)	(2,965)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 187,998	\$ 195,288	\$ 168,178	\$ 178,602
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

ADDITIONAL INFORMATION

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

The Honorable Nita D. Crawford, Baker County Supervisor of Elections,
Baker 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 general fund of the Baker County Supervisor of Elections (the Office) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Baker County Supervisor of Elections' special-purpose financial statements, and have issued our report thereon dated June 12, 2019, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

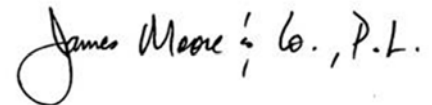
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida
June 12, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

The Honorable Nita D. Crawford, Baker County Supervisor of Elections,
Baker County, Florida:

We have audited the financial statements of the Baker County Supervisor of Elections (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Baker County Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Supervisor of Elections, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Baker County Supervisor of Elections to be disclosed as required by accounting principles generally accepted in the United States of America.

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 following recommendations:

2018-001 – Budget Amendments for Grants

We noted the Office was awarded and spent approximately \$77,000 of grant revenues during the fiscal year. These amounts were not included in the original approved budget, and due to the offsetting nature of the revenue and expenditure, no formal amendment of the budget was prepared. To ensure all expenditures are appropriately budgeted for and approved, we recommend the Office consider requesting budget amendments throughout the year for any unbudgeted or unplanned items such as a grant awarded mid-year.

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 Baker County Supervisor of Elections, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Daytona Beach, Florida
June 12, 2019

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

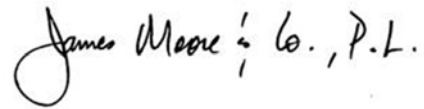
The Honorable Nita D. Crawford, Baker County Supervisor of Elections,
Baker County, Florida:

We have examined the Baker County Supervisor of Elections' (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

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

Daytona Beach, Florida
June 12, 2019



Supervisor of Elections



NITA D. CRAWFORD • Baker County

Office Phone: (904) 259-6339
Fax: (904) 259-2799
Website: bakerelections.com

P.O. Box 505
Macclenny, Florida 32063
E-mail: vote@bakercountyfl.org

June 12, 2019

Zach Chalifour, CPA
James Moore Certified Public Accountants and Consultants
Daytona Beach, Florida

Dear Zach,

Response to finding:

2018-001 – Budget Amendments for Grants

Upon receiving these findings, in the future we will file an amendment to the Budget when necessary.

Sincerely,

A handwritten signature in cursive script that reads "Nita D. Crawford".

Nita D. Crawford
Supervisor of Elections

/djc



***** **YOUR VOTE IS YOUR VOICE IN AMERICA**

BAKER COUNTY TAX COLLECTOR
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2018

BAKER COUNTY TAX COLLECTOR
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Amy Dugger, Baker County Tax Collector,
Baker County, Florida:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

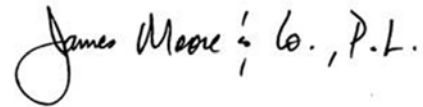
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baker County Tax Collector's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 on our consideration of the Baker County 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 included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Baker County Tax Collector's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida
June 12, 2019

**BAKER COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash and cash equivalents	\$ 118,830
---------------------------	------------

LIABILITIES

Accounts payable and accrued liabilities	\$ 108
Due to Board of County Commissioners	118,722
Total liabilities	<u>118,830</u>

FUND BALANCES

Total fund balances	-
---------------------	---

Total Liabilities and Fund Balances	<u><u>\$ -</u></u>
--	--------------------

The accompanying notes to financial statements are an integral part of this statement.

**BAKER COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Revenues	
Charges for services	\$ 678,283
Investment income	165
Total revenues	678,448
 Expenditures	
Current:	
General government	756,635
Capital outlay	3,687
Total expenditures	760,322
 Excess (deficiency) of revenues over expenditures	 (81,874)
 Other financing sources (uses)	
Appropriations from Board of County Commissioners	200,596
Reversions to Board of County Commissioners	(118,722)
Total other financing sources (uses)	81,874
 Net change in fund balances	 -
 Fund balances, beginning of year	 -
 Fund balances, end of year	 \$ -

The accompanying notes to financial statements are an integral part of this statement

**BAKER COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 316,886</u>
LIABILITIES	
Assets held for others	<u>\$ 316,886</u>

The accompanying notes to financial statements are an integral part of this statement.

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

(1) **Summary of Significant Accounting Policies:**

The accounting policies of the Baker County Tax Collector (the “Office”) conform to generally accepted accounting principles as applicable to governments in the Governmental Accounting Standards Board (GASB) Codification. The following is a summary of the more significant policies.

(a) **Reporting entity**— The Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Tax Collector, was established by Chapter 8516, Laws of Florida in 1921. The Office is an integral part of Baker County, the reporting entity for financial reporting purposes.

(b) **Basis of presentation**—The Office’s financial statements are special-purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

(c) **Fund accounting**—Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

General Fund - The principal operating fund of the office. It is used to account for all financial resources, except those required to be accounted for in another fund.

Additionally, the Tax Collector reports the following fiduciary fund type:

Agency Fund - Used to account for assets held by the Office as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Tax Collector’s Agency Fund is used to account for the collection and distribution of property taxes, sales tax, vehicle tags and titles, boat registrations and titles, fishing licenses, and driver’s licenses.

(d) **Measurement focus/basis of accounting**—All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Office considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

(e) **Cash**—The Office’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.

(f) **Capital assets and long-term liabilities**—Capital assets used by the Office are capitalized (recorded and accounted for) by the Baker County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **Compensated absences**—The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. Compensated absences are expected to be paid out of the General Fund of the Office and this practice is expected to continue in the future. The Office kept compensated absence records for the hours earned, used and available.

(i) **Fund balance**—Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Tax Collector is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners. Unassigned fund balance represents funds available for spending at the government’s discretion.

The Office does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Office’s general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(k) **Fair value measurement**—The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2018.

**BAKER COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(2) **Budgets and Budgetary Accounting:**

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end

(3) **Investments:**

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100 percent of excess deposits in a checking account with a local financial institution subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

(4) **Risk Management:**

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

(5) **Long-term Liabilities:**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 30,251	\$ 32,791	\$ (50,055)	\$ 12,987	\$ 12,987

**BAKER COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:**

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

**BAKER COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 76,073
Entity Contributions – HIS	7,528
Employee Contributions – FRS	13,604

**BAKER COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 804,006
HIS	146,916
Total	<u>\$ 950,922</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.002669297%	0.002658232%
HIS	0.001388080%	0.001337531%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 167,855
HIS	11,334
Total	<u>\$ 179,189</u>

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,111	\$ (2,472)	\$ 2,249	\$ (250)
Changes of assumptions	262,710	-	16,339	(15,533)
Net different between projected and actual investment earnings	-	(62,119)	89	-
Change in proportionate share	55,002	(17,259)	6,791	(2,364)
Contributions subsequent to measurement date	20,698	-	1,940	-
	<u>\$ 406,521</u>	<u>\$ (81,850)</u>	<u>\$ 27,408</u>	<u>\$ (18,147)</u>

**BAKER COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$	118,296
2020		72,108
2021		8,966
2022		47,377
2023		30,423
Thereafter		34,124
Total	<u>\$</u>	<u>311,294</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**BAKER COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 1,467,345	\$ 804,006	\$ 253,064
HIS	3.87%	167,329	146,916	129,901

REQUIRED SUPPLEMENTARY INFORMATION

BAKER COUNTY TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 560,702	\$ 564,576	\$ 678,283	\$ 113,707
Investment income	-	-	165	165
Total revenues	<u>560,702</u>	<u>564,576</u>	<u>678,448</u>	<u>113,872</u>
Expenditures				
Current:				
General government	759,798	763,672	756,635	7,037
Capital outlay	1,500	1,500	3,687	(2,187)
Total expenditures	<u>761,298</u>	<u>765,172</u>	<u>760,322</u>	<u>4,850</u>
Excess (deficiency) of revenues over expenditures	<u>(200,596)</u>	<u>(200,596)</u>	<u>(81,874)</u>	<u>118,722</u>
Other financing sources (uses)				
Appropriations to constitutional officers	200,596	200,596	200,596	-
Reversions from constitutional officers	-	-	(118,722)	(118,722)
Total other financing sources (uses)	<u>200,596</u>	<u>200,596</u>	<u>81,874</u>	<u>(118,722)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balances - budget and actual - general fund is an integral part of this schedule.

**BAKER COUNTY TAX COLLECTOR
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

(1) **Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Tax Collector follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

BAKER COUNTY TAX COLLECTOR
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.002658232%	0.002658232%	0.002775509%	0.002839168%
Proportionate share of the net pension liability	\$ 804,006	\$ 786,287	\$ 700,818	\$ 366,717
Covered payroll	453,469	426,340	404,866	404,110
Proportionate share of the net pension liability as a percentage of its covered payroll	177.30%	184.43%	173.10%	90.75%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.001337531%	0.001337531%	0.001311468%	0.001332033%
Proportionate share of the net pension liability	\$ 146,916	\$ 143,015	\$ 152,846	\$ 135,846
Covered payroll	453,469	426,340	404,866	404,110
Proportionate share of the net pension liability as a percentage of its covered payroll	32.40%	33.54%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**BAKER COUNTY TAX COLLECTOR
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	For the Plan Year Ended June 30,			
	2018	2017	2016	2015
Florida Retirement System (FRS)				
Contractually required contribution	\$ 76,073	\$ 70,033	\$ 67,817	\$ 67,753
Contributions in relation to the contractually required contribution	(76,073)	(70,033)	(67,817)	67,753
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 453,469	\$ 426,340	\$ 404,866	\$ 404,110
Contributions as a percentage of covered-employee payroll	16.78%	16.43%	16.75%	16.77%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 7,528	\$ 7,077	\$ 6,721	\$ 6,708
Contributions in relation to the contractually required contribution	(7,528)	(7,077)	(6,721)	(6,708)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 453,469	\$ 426,340	\$ 404,866	\$ 404,110
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

**BAKER COUNTY TAX COLLECTOR
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018**

	Tax Fund	Tag Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 254,337	\$ 62,549	\$ 316,886
LIABILITIES			
Assets held for others	\$ 254,337	\$ 62,549	\$ 316,886

ADDITIONAL INFORMATION

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

The Honorable Amy Dugger, Baker County Tax Collector,
Baker 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 general fund of the Baker County Tax Collector (the Office) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Baker County Tax Collector's special-purpose financial statements, and have issued our report thereon dated June 12, 2019, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the following paragraph as item 2018-001, that we consider to be a significant deficiency.

2018-001 Segregation of Duties

Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. We noted the Office implemented various improvements during the year, however, the underlying weaknesses over the payroll and journal entry processes existed during the majority of the fiscal year due to the timing of such changes. As substantial improvements were made late in the fiscal year, we recommend that the Tax Collector continue to maintain the full implementation the designed processes of segregating key financial duties for the entirety of fiscal year 2019 and beyond.

Compliance and Other Matters

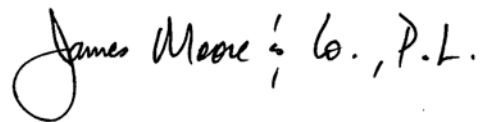
As part of obtaining reasonable assurance about whether the Baker County Tax Collector's special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which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

Baker County Tax Collector's Response to Findings

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

Purpose of this Report

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 12, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

The Honorable Amy Dugger, Baker County Tax Collector,
Baker County, Florida:

We have audited the financial statements of the Baker County Tax Collector (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 12, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2017 FY Finding #	2016 FY Finding #
Segregation of Duties	2018-001	2017-001	2016-001

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Baker County Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Baker County, including the Office of the Tax Collector, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Baker County Tax Collector to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

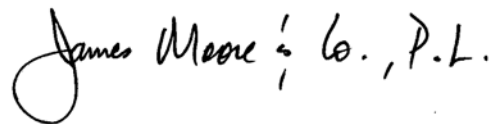
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida
June 12, 2019

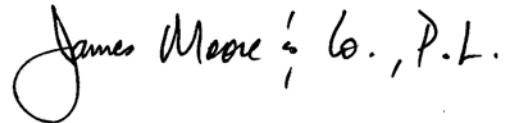
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

The Honorable Amy Dugger, Baker County Tax Collector,
Baker County, Florida:

We have examined the Baker County Tax Collector's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

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



Daytona Beach, Florida
June 12, 2019



AMY DUGGER, C.F.C.
BAKER COUNTY TAX COLLECTOR

32 N. 5th Street • Macclenny, FL 32063
(904) 259-6880 Fax (904) 259-2279

June 12, 2019

James Moore & Co., P.L.
121 Executive Circle
Daytona Beach, FL 32114-1180

To Whom This May Concern:

This is in response to the findings in the audit for period ending September 30, 2018 of the Baker Co Tax Collectors Office by James Moore and Co, received June 11, 2019.

Comment is noted with regards to 2018-001; Segregation of Duties. Based upon the recommendations of the auditor and as noted in the finding we have already implemented changes to our procedures that should rectify this finding in the future.

Should you have any questions, please feel free to contact us.

Sincerely,


Amy Dugger, Tax Collector

Baker County, Florida