

# Baker County, Florida

Audit Report

September 30, 2015



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## INDEPENDENT AUDITOR'S REPORT

The Honorable County Commissioners  
Baker County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Baker County, Florida (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Baker Correctional Development Corporation (the "BCDC"), which is the County's discretely presented component unit. Those statements were audited by other auditors, whose report 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

***Basis for Qualified Opinion on Governmental Activities***

As discussed in Note 13 to the financial statements, the County has not recorded a liability for its other postemployment benefits plan in governmental activities as required by accounting principles generally accepted in the United States of America. The effects of this departure on the liabilities, net position, expenses and disclosures of the governmental activities are not reasonably determinable.

***Qualified Opinion***

In our opinion, based on our audit and the report of the other auditors, except for the effects of not recording a liability for other postemployment benefits, as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the County as of September 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

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 the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 18 to the financial statements, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and pension trend information listed in the table of contents as required supplementary information, 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.

Management has omitted the OPEB schedule of funding progress that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the financial statements. The combining financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 August, 26, 2016, 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.

*Caru, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 26, 2016

## Management's Discussion and Analysis

This discussion and analysis of Baker County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the County's financial statements, which follow this section.

### Financial Highlights

The following are various financial highlights for fiscal year 2015:

- The County's overall net position increased by \$2,376,111.
- Total ending net position was approximately \$48,700,000, which includes negative unrestricted net position of approximately \$6,200,000.

The County implemented GASB Statement No. 68, *Accounting & Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which requires employers providing a defined benefit pension plan to report the net pension liability. As a result of implementing the new standards, the County's beginning net position for governmental activities was restated. See Note 18 for more detailed information.

### 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.

## Management's Discussion and Analysis

### 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 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, Fine and Forfeiture Fund, Road Paving Fund, and the Transportation Trust 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 nonmajor 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 nonmajor governmental funds, a combining statement of fiduciary net position, and a schedule of expenditures of federal and state awards.

## Management's Discussion and Analysis

	2015	2014
Current and other assets	\$ 12,903,774	\$ 14,566,265
Capital assets	50,636,656	49,347,580
<b>Total assets</b>	<b>63,540,430</b>	<b>63,913,845</b>
Deferred outflows of resources	5,248,268	-
Current and other liabilities	1,309,462	1,684,299
Long-term liabilities	13,240,741	4,094,712
<b>Total liabilities</b>	<b>14,550,203</b>	<b>5,779,011</b>
Deferred inflows of resources	5,523,222	-
Net position:		
Net investment in capital assets	50,263,392	47,788,573
Restricted	4,664,087	5,116,102
Unrestricted	(6,212,206)	5,230,159
<b>Total net position</b>	<b>\$ 48,715,273</b>	<b>\$ 58,134,834</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 9,277,447	\$ 8,436,040
Operating grants and contributions	4,912,669	2,578,692
General revenues:		
Property taxes	5,437,292	5,273,585
Other taxes	3,860,884	3,649,462
Unrestricted shared revenue	3,724,333	3,450,626
Other	2,377,058	2,470,208
<b>Total revenues</b>	<b>29,589,683</b>	<b>25,858,613</b>
<b>Expenses</b>		
General government	4,823,529	4,222,404
Public safety	14,944,999	15,375,549
Physical environment	938,786	923,200
Transportation	2,998,997	3,971,804
Economic environment	1,010,832	903,167
Human services	1,003,425	949,591
Culture and recreation	368,134	420,413
Court related	1,100,459	1,221,080
Interest on long-term debt	24,411	46,600
<b>Total expenses</b>	<b>27,213,572</b>	<b>28,033,808</b>
<b>Change in net position</b>	<b>2,376,111</b>	<b>(2,175,195)</b>
<b>Net position – beginning of year, as restated in 2015</b>	<b>46,339,162</b>	<b>60,310,029</b>
<b>Net position – end of year</b>	<b>\$ 48,715,273</b>	<b>\$ 58,134,834</b>

## Management's Discussion and Analysis

### OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

#### Governmental Activities

The governmental activities generated \$29,589,683 in revenues and incurred \$27,213,572 of expenses. This resulted in a \$2,376,111 increase in net position.

### THE COUNTY'S INDIVIDUAL FUNDS

The General Fund's fund balance decreased by \$1,267,953, the fund balance of the Fine & Forfeiture Fund decreased by \$73, the fund balance of the Transportation Trust Fund decreased by \$122,853 and the fund balance of the Road Paving Fund decreased by \$11,965.

### GENERAL FUND – BUDGETARY HIGHLIGHTS

Revenues of the General Fund were about \$451,000 less than budgeted amounts. The largest variances between final budget amounts and actual results occurred with taxes revenue and charges for services. Expenditures were less than budgeted amounts by about \$649,000, primarily due to fewer expenditures than expected for the general government and public safety functions.

#### Capital Assets

The County's net investment in capital assets increased by approximately \$1.2 million during the year. Please refer to a note to the accompanying financial statements entitled *Capital Assets* for more detailed information about the County's capital asset activity.

#### Debt Administration

There was no new debt incurred during the 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, 2015

	Primary Government	Component Unit
	Governmental Activities	Baker Correctional Development Corporation
<b>Assets</b>		
Cash and equivalents	\$ 10,340,191	\$ 3,388,382
Investment in state pool	128,483	-
Receivables	748,784	782,434
Due from other governments	1,373,064	-
Due from component unit	271,284	-
Prepays	41,968	171,422
Capital assets:		
Non-depreciable	5,427,944	2,541,842
Depreciable, net	45,208,712	29,574,196
<b>Total assets</b>	<b>63,540,430</b>	<b>36,458,276</b>
<b>Deferred outflows of resources</b>		
Pension related	5,248,268	-
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,256,660	1,002,564
Due to primary government	-	271,284
Accrued interest payable	1,809	-
Unearned revenue	50,993	-
Noncurrent liabilities:		
Due within one year	1,223,795	1,649,865
Due in more than one year	12,016,946	37,170,000
<b>Total liabilities</b>	<b>14,550,203</b>	<b>40,093,713</b>
<b>Deferred inflows of resources</b>		
Pension related	5,523,222	-
<b>Net position</b>		
Net investment in capital assets	50,263,392	(2,947,786)
Restricted:		
General government	660,632	-
Public safety	432,366	-
Transportation	1,094,446	-
Economic development	685,047	-
Court related	1,688,663	-
Other	102,933	-
Unrestricted	(6,212,206)	(687,651)
<b>Total net position</b>	<b>\$ 48,715,273</b>	<b>\$ (3,635,437)</b>

See accompanying notes.

**Baker County, Florida**  
**Statement of Activities**  
**Year ended September 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government	Baker Correctional Development Corporation	
<b>Functions/programs</b>							
Primary government:							
Governmental activities:							
General government	\$ 4,823,529	\$ 552,959	\$ 4,020	\$ (4,266,550)	\$	-	
Public safety	14,944,999	7,789,174	423,539	(6,732,286)		-	
Physical environment	938,786	374,703	186,302	(377,781)		-	
Transportation	2,998,997	-	3,363,267	364,270		-	
Economic environment	1,010,832	-	636,556	(374,276)		-	
Human services	1,003,425	15,202	-	(988,223)		-	
Culture and recreation	368,134	14,831	63,463	(289,840)		-	
Court related	1,100,459	530,578	235,522	(334,359)		-	
Interest on long-term debt	24,411	-	-	(24,411)		-	
<b>Total primary government</b>	<b>\$ 27,213,572</b>	<b>\$ 9,277,447</b>	<b>\$ 4,912,669</b>	<b>(13,023,456)</b>			
Component unit:							
BCDC	\$ 12,494,741	\$ 12,896,488	\$ -	-		401,747	
General revenues:							
Property taxes					5,437,292	-	
Other taxes					3,860,884	-	
Franchise fees					582,548	-	
Communication services taxes					129,314	-	
Unrestricted shared revenues					3,724,333	-	
Investment earnings					37,522	692	
Miscellaneous					1,627,674	-	
<b>Total general revenues</b>					<b>15,399,567</b>	<b>692</b>	
<b>Change in net position</b>					<b>2,376,111</b>	<b>402,439</b>	
<b>Net position – beginning of year, as restated</b>					<b>46,339,162</b>	<b>(4,037,876)</b>	
<b>Net position – end of year</b>					<b>\$ 48,715,273</b>	<b>\$ (3,635,437)</b>	

See accompanying notes.

**Balance Sheet – Governmental Funds  
September 30, 2015**

	General Fund	Fine and Forfeiture	Transportation Trust	Road Paving	Other Govern- mental Funds	Total Govern- mental Funds
<b>Assets</b>						
Cash and equivalents	\$ 5,939,774	\$ -	\$ 310,336	\$ 2,498	\$ 4,087,583	\$ 10,340,191
Investment in state pool	32,548	-	95,935	-	-	128,483
Receivables, net	622,860	-	313	-	125,611	748,784
Prepaid costs	25,231	-	-	-	16,737	41,968
Due from other funds	244,027	103,165	-	-	26,434	373,626
Due from other governments	413,205	1,107	201,416	519,942	2,308	1,137,978
Due from component unit	271,284	-	-	-	-	271,284
<b>Total assets</b>	<b>\$ 7,548,929</b>	<b>\$ 104,272</b>	<b>\$ 608,000</b>	<b>\$ 522,440</b>	<b>\$ 4,258,673</b>	<b>\$ 13,042,314</b>
<b>Liabilities</b>						
Bank overdraft	\$ -	\$ 90,724	\$ -	\$ -	\$ -	\$ 90,724
Accounts payable and accrued liabilities	853,486	8,590	25,333	132,485	146,042	1,165,936
Due to other funds	103,165	-	-	233,887	36,574	373,626
Unearned revenue	36,904	-	-	-	14,089	50,993
<b>Total liabilities</b>	<b>993,555</b>	<b>99,314</b>	<b>25,333</b>	<b>366,372</b>	<b>196,705</b>	<b>1,681,279</b>
<b>Deferred Inflows</b>						
Unavailable revenue	494,868	-	-	-	-	494,868
<b>Fund balances</b>						
Nonspendable	25,231	-	-	-	16,737	41,968
Restricted	212,297	-	582,667	156,068	3,713,055	4,664,087
Assigned	22,367	4,958	-	-	332,176	359,501
Unassigned	5,800,611	-	-	-	-	5,800,611
<b>Total fund balances</b>	<b>6,060,506</b>	<b>4,958</b>	<b>582,667</b>	<b>156,068</b>	<b>4,061,968</b>	<b>10,866,167</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 7,548,929</b>	<b>\$ 104,272</b>	<b>\$ 608,000</b>	<b>\$ 522,440</b>	<b>\$ 4,258,673</b>	<b>\$ 13,042,314</b>

*See accompanying notes.*

**Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2015**

<b>Fund balances – total governmental funds</b>	<b>\$ 10,866,167</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets – net	50,636,656
Amounts due from other taxing authorities (to correct previous overpayments of taxes) affect net position of governmental activities but do not affect fund balances of governmental funds.	
	235,086
Deferred outflows and inflows associated with pensions are not reported in the governmental funds.	
Deferred outflows	5,248,268
Deferred inflows	(5,523,222)
Long-term liabilities are not reported in the governmental funds.	
Capital leases	(153,840)
Notes payable	(219,424)
Due to Baker County School Board	(996,520)
Compensated absences	(1,159,839)
Net pension liability	(10,711,118)
Interest payable on long-term debt is not accrued in the governmental funds.	(1,809)
Unavailable revenue is reported as a deferred inflow in governmental funds but not in governmental activities.	494,868
<b>Net position of governmental activities</b>	<b>\$ 48,715,273</b>

*See accompanying notes.*

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended September 30, 2015**

	General Fund	Fine and Forfeiture	Transportation Trust	Road Paving	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$3,640,761	\$3,303,019	\$ 1,128,558	\$ -	\$ 30,854	\$ 8,103,192
Permits, fees & special assessments	651,581	-	-	-	565,271	1,216,852
Intergovernmental	6,415,946	726,249	1,273,356	1,383,519	971,192	10,770,262
Charges for services	7,086,634	41,807	-	-	345,900	7,474,341
Fines and forfeitures	140,523	-	-	-	98,984	239,507
Miscellaneous	84,176	41,920	627,626	204	411,495	1,165,421
<b>Total revenues</b>	<b>18,019,621</b>	<b>4,112,995</b>	<b>3,029,540</b>	<b>1,383,723</b>	<b>2,423,696</b>	<b>28,969,575</b>
<b>Expenditures</b>						
Current:						
General government	3,689,189	-	-	-	176,293	3,865,482
Public safety	10,606,074	4,034,149	-	-	930,588	15,570,811
Physical environment	163,686	-	-	-	702,073	865,759
Transportation	2,151,480	-	2,055,005	1,600,688	-	5,807,173
Economic environment	83,685	-	-	-	929,799	1,013,484
Human services	774,184	-	-	-	-	774,184
Culture and recreation	356,165	-	-	-	1,926	358,091
Court related	1,046,204	507	-	-	94,643	1,141,354
Debt service:						
Principal retirement	320,893	-	864,850	-	-	1,185,743
Interest and fiscal charges	15,103	-	27,538	-	-	42,641
<b>Total expenditures</b>	<b>19,206,663</b>	<b>4,034,656</b>	<b>2,947,393</b>	<b>1,600,688</b>	<b>2,835,322</b>	<b>30,624,722</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,187,042)</b>	<b>78,339</b>	<b>82,147</b>	<b>(216,965)</b>	<b>(411,626)</b>	<b>(1,655,147)</b>
<b>Other financing sources (uses)</b>						
Transfers in	4,400,983	4,322,571	-	205,000	175,011	9,103,565
Transfers out	(4,481,894)	(4,400,983)	(205,000)	-	(15,688)	(9,103,565)
<b>Total other financing sources (uses)</b>	<b>(80,911)</b>	<b>(78,412)</b>	<b>(205,000)</b>	<b>205,000</b>	<b>159,323</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,267,953)</b>	<b>(73)</b>	<b>(122,853)</b>	<b>(11,965)</b>	<b>(252,303)</b>	<b>(1,655,147)</b>
<b>Fund balances – beginning of year</b>	<b>7,328,459</b>	<b>5,031</b>	<b>705,520</b>	<b>168,033</b>	<b>4,314,271</b>	<b>12,521,314</b>
<b>Fund balances – end of year</b>	<b>\$6,060,506</b>	<b>\$ 4,958</b>	<b>\$ 582,667</b>	<b>\$ 156,068</b>	<b>\$4,061,968</b>	<b>\$10,866,167</b>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities  
Year ended September 30, 2015**

**Net change in fund balances – total governmental funds** \$ (1,655,147)

Amounts reported for governmental activities in the statement of activities are different because:

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.

Acquisitions of capital assets	4,516,991
Current year depreciation expense	(2,587,869)
Loss on disposition of capital assets	(640,046)

The timing of revenue recognition sometimes differs between the governmental funds' financial statements and the statement of activities.

408,112

Repayment of debt is an expenditure in the governmental funds, but the repayment does not effect net position of governmental activities.

Principal payments	1,185,743
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The current year effects of correcting previous errors in tax distributions are reported in governmental activities but not in governmental funds.

Repayment of due to Baker District School Board	270,845
Collection of due from taxing authorities	(58,849)

The net change in net pension liability and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.

Change in net pension liability	(4,348,100)
Change in deferred outflows related to pensions	3,741,458
Change in deferred inflows related to pensions	1,416,242

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Landfill postclosure care	42,960
Compensated absences	65,541
Accrued interest	18,230

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**Change in net position of governmental activities** **\$ 2,376,111**

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*See accompanying notes.*

Statement of Fiduciary Net Position  
September 30, 2015

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and equivalents	\$ 457,669
<b>Liabilities</b>	
Assets held for others	457,669
<b>Net position</b>	<u>\$ -</u>

See accompanying notes.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Baker County, Florida, (the “County”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

***Reporting Entity***

The County 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.

The County uses the criteria established in GASB Statement No. 14, as amended, to define the reporting entity and identify component units. Component units are entities for which the County is considered to be financially accountable.

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

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

with or without cause. Financial statements of the Component Unit are separately issued and can be requested at PO Box 749, Macclenny, FL 32063.

***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.

***Government-wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties. The County has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Fund Financial Statements***

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, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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.

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.

Transportation Trust Fund – This fund is used primarily to account for the taxes and other revenues received by the County that are restricted to transportation-related expenditures.

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.

Additionally, the County reports agency funds, which are fiduciary funds used to account for resources held in a purely custodial capacity.

***Measurement Focus and Basis of Accounting***

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 funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits with Financial Institutions**

All deposits are placed in banks that qualify as public depositories, as required by law (Florida Security For Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or collateralized pursuant to Chapter 280, Florida Statutes.

**Allowance for Uncollectible Accounts**

Receivables are reported net of an allowance for uncollectible ambulance service fees of \$2,758,142.

**Capital Assets**

Capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date donated. The threshold for capitalizing property and equipment is generally \$750. The threshold for capitalizing infrastructure is \$50,000.

The County began retroactive reporting of all major general governmental infrastructure assets effective October 1, 2006.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	25 – 100 years
Improvements	15 – 25 years
Equipment	5 – 20 years
Infrastructure	40 – 50 years

**Compensated Absences**

Personnel policies of the various County agencies allow a limited accumulation and vesting of unused employee vacation and sick leave. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

**Deferred Outflows/Inflows of Resources**

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Restricted Net Position***

In the accompanying Statement of Net Position, *restricted net position* is subject to restrictions beyond the County's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation. It is the practice of the County to utilize restricted assets before unrestricted assets.

As of September 30, 2015, approximately \$7,000 was restricted by enabling legislation relating to impact fees.

***Fund Balance***

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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

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

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest level of decision-making authority, which is an ordinance of the Board of County Commissioners or a policy of the constitutional officer. Committed amounts cannot be used for any other purpose unless the County removes those constraints by taking the same type of action.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of County Commissioners or constitutional officer or (b) a body or official to which the Board of County Commissioners or constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

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

The County’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Use of Estimates***

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

**NOTE 2 – PROPERTY TAXES**

Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November - February
Delinquent date	April 1

**NOTE 3 – INVESTMENTS**

The County invests excess public funds pursuant to the guidelines established in Section 218.415, Florida Statutes. Accordingly, the County is authorized to invest excess public funds in the following instruments: the Local Government Investment Pool; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U.S. Treasury.

*State Pool* – As summarized below, the County invests temporarily idle resources in the Local Government Investment Pool (“State Pool”). The State Pool is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight.

Fund	Amount	S & P Rating
Florida PRIME	\$ 128,483	AAAm

The State Pool has adopted operating procedures consistent with the requirements for a 2a7-like fund. The County’s investment in the State Pool is stated at amortized cost. The fair value of the position in the pool is equal to the value of pool shares.

Notes to Financial Statements

**NOTE 3 – INVESTMENTS (CONTINUED)**

**Investment Risks**

The County is exposed to the following risks associated with its investment portfolio:

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The County does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the County’s exposure to credit risk and interest rate risk by limiting authorized investment options as previously described.

**NOTE 4 – FUND BALANCE CLASSIFICATIONS**

Fund balance is *restricted* for the following purposes:

	General Fund	Transportation Trust Fund	Road Paving	Other Governmental Funds	Total
General government	\$ -	\$ -	\$ -	\$ 660,632	\$ 660,632
Public safety	-	-	-	432,366	432,366
Human services	-	-	-	11,548	11,548
Transportation	-	582,667	156,068	355,711	1,094,446
Economic development	-	-	-	685,047	685,047
Culture and recreation	-	-	-	91,385	91,385
Court related	212,297	-	-	1,476,366	1,688,663
<b>Total restricted fund balance</b>	<b>\$ 212,297</b>	<b>\$ 582,667</b>	<b>\$ 156,068</b>	<b>\$ 3,713,055</b>	<b>\$ 4,664,087</b>

Fund balance is *assigned* for the following purposes:

	General Fund	Fine and Forfeiture	Road Paving	Other Governmental Funds	Total
Public safety	\$ -	\$ 4,958	\$ -	\$ 100,700	\$ 105,658
Physical environment	-	-	-	129,895	129,895
Court related	-	-	-	101,581	101,581
Subsequent year's expenditures	22,367	-	-	-	22,367
<b>Total assigned fund balance</b>	<b>\$ 22,367</b>	<b>\$ 4,958</b>	<b>\$ -</b>	<b>\$ 332,176</b>	<b>\$ 359,501</b>

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 5,427,944	\$ -	\$ -	\$ 5,427,944
Construction in progress	77,946	-	77,946	-
<b>Total capital assets not being depreciated</b>	<b>5,505,890</b>	<b>-</b>	<b>77,946</b>	<b>5,427,944</b>
Capital assets being depreciated:				
Buildings	12,880,074	1,097,856	-	13,977,930
Improvements	823,662	1,020,304	-	1,843,966
Equipment	12,795,662	876,089	1,255,168	12,416,583
Infrastructure	54,932,412	1,600,688	-	56,533,100
<b>Total capital assets being depreciated</b>	<b>81,431,810</b>	<b>4,594,937</b>	<b>1,255,168</b>	<b>84,771,579</b>
Less accumulated depreciation for:				
Buildings	3,311,855	189,855	-	3,501,710
Improvements	277,708	75,618	-	353,326
Equipment	8,745,822	957,032	615,122	9,087,732
Infrastructure	25,254,735	1,365,364	-	26,620,099
<b>Total accumulated depreciation</b>	<b>37,590,120</b>	<b>2,587,869</b>	<b>615,122</b>	<b>39,562,867</b>
<b>Total capital assets being depreciated, net</b>	<b>43,841,690</b>	<b>2,007,068</b>	<b>640,046</b>	<b>45,208,712</b>
<b>Total capital assets, net</b>	<b>\$ 49,347,580</b>	<b>\$ 2,007,068</b>	<b>\$ 717,992</b>	<b>\$ 50,636,656</b>

Notes to Financial Statements

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions as follows:

General government	\$ 380,288
Public safety	409,924
Physical environment	135,051
Transportation	1,365,364
Economic environment	325
Human services	230,529
Culture and recreation	33,153
Court related	33,235
<hr/>	
Total depreciation expense	<u>\$ 2,587,869</u>

**Component Unit**

A summary of changes in the Component Unit’s capital assets follows:

	October 1, 2014	Additions	Deductions	September 30, 2015
<hr/>				
Capital assets not being depreciated				
Land	\$ 2,541,842	\$ -	\$ -	\$ 2,541,842
<hr/>				
Capital assets being depreciated				
Equipment	2,604,141	23,254	-	2,627,395
Building and improvements	35,048,477	-	-	35,048,477
<hr/>				
Total capital assets being depreciated	37,652,618	23,254	-	37,675,872
<hr/>				
Less accumulated depreciation	7,165,450	936,226	-	8,101,676
<hr/>				
Total capital assets being depreciated, net	30,487,168	(912,972)	-	29,574,196
<hr/>				
Total capital assets, net	\$ 33,029,010	\$ (912,972)	\$ -	\$ 32,116,038

Notes to Financial Statements

**NOTE 6 – CAPITAL LEASE OBLIGATION**

At September 30, 2015, the County had an outstanding capital lease for equipment with an interest rate of 3.41%. Future lease payments, together with the present value of the minimum lease payments, are summarized in the following tabulation:

Year ending September 30,		
2016	\$	18,000
2017		18,000
2018		132,272
Total		168,272
Less: amount representing interest		(14,432)
Present value of net minimum lease payments	\$	153,840

The historical cost of assets under capital leases was approximately \$198,000.

**NOTE 7 – NOTES PAYABLE**

The County is obligated under a long-term note agreement, issued for capital items, at an interest rate of 3.75%.

Debt service requirements are as follows:

Year ending September 30,	Principal	Interest	Total
2016	\$ 219,424	\$ 5,135	\$ 224,559
Total	\$ 219,424	\$ 5,135	\$ 224,559

The County has pledged certain revenue as security for its note payable. The amount of this pledge is equal to the remaining principal and interest payment of the related note. A summary of the pledged revenue is as follows:

Revenue	Amount of Pledge	Pledged Through	Current Revenue Recognized	Current Debt Service
Local option gas tax	\$ 224,559	2016	\$ 933,026	\$ 224,559

Notes to Financial Statements

**NOTE 8 – LANDFILL POSTCLOSURE CARE**

The Florida Department of Environmental Protection (FDEP) requires landfill owners to perform certain maintenance and monitoring functions at landfill sites for twenty years after closure.

For its landfill, which was closed in 1994, the County incurred approximately \$43,000 for postclosure care costs during the year ended September 30, 2015 and has fully satisfied all requirements of postclosure care as of September 30, 2015.

**NOTE 9 – DUE TO BAKER COUNTY SCHOOL BOARD**

In prior years, errors were made when taxes were distributed to the various taxing authorities, and the Baker County School Board received less than the amounts it was due. An agreement was executed to pay the remaining undistributed amounts as summarized below:

2016	\$ 337,524
2017	351,012
2018	307,984
<hr/>	
Total	\$ 996,520

Remaining amounts distributed in excess to the various taxing authorities are to be repaid to the County under the agreement as follows:

2016	\$ 79,643
2017	84,205
2018	71,238
<hr/>	
Total	\$ 235,086

Notes to Financial Statements

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014, as restated	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Capital lease obligation	\$ 946,154	\$ -	\$ 792,314	\$ 153,840	\$ 12,748
Notes payable	612,853	-	393,429	219,424	219,424
Landfill postclosure care	42,960	-	42,960	-	-
Due to Baker DSB	1,267,365	-	270,845	996,520	337,524
Compensated absences	1,225,380	554,284	619,825	1,159,839	527,899
Net pension liability	6,363,018	4,348,100	-	10,711,118	126,200
<b>Totals</b>	<b>\$10,457,730</b>	<b>\$4,902,384</b>	<b>\$2,119,373</b>	<b>\$ 13,240,741</b>	<b>\$1,223,795</b>

During 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

**NOTE 11 – COMPONENT UNIT LONG-TERM DEBT**

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Notes payable	\$ 327,551	\$150,461	\$ 338,147	\$ 139,865	\$ 139,865
Revenue bonds	40,100,000	-	1,420,000	38,680,000	1,510,000
<b>Totals</b>	<b>\$40,427,551</b>	<b>\$150,461</b>	<b>\$1,758,147</b>	<b>\$ 38,819,865</b>	<b>\$1,649,865</b>

*Note Payable* – payable in monthly installments of \$5,091 including interest at Prime plus 2.75%, with a minimum rate of 6% and a maximum rate of 10% through June 2016.

*Note Payable* – payable in monthly installments of \$9,476 including interest at 7% through January 2016.

*Note Payable* – payable in monthly installments of \$10,447 including interest at 0% through April 2016.

*Revenue Bonds* - \$45,000,000 series 2008 bonds issued to finance the construction of a 512 bed jail facility. Interest is payable monthly at rates ranging from 6% to 7.5%. Principal payments continue until maturity in 2030. Income derived from the future operation of the facility is pledged as collateral for the bonds.

Notes to Financial Statements

**NOTE 11 – COMPONENT UNIT LONG-TERM DEBT (CONTINUED)**

Future requirements are as follows:

	Principal	Interest
2016	\$ 1,649,865	\$ 2,819,866
2017	1,605,000	2,718,735
2018	1,710,000	2,603,250
2019	1,835,000	2,470,312
2020	1,975,000	2,327,438
Thereafter	30,045,000	12,597,187
<b>Total</b>	<b>\$ 38,819,865</b>	<b>\$ 25,536,788</b>

**NOTE 12 – STATE OF FLORIDA PENSION PLANS**

***Defined Benefit Plans***

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Notes to Financial Statements

**NOTE 12 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Benefits Provided***

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

***Contributions***

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The County’s contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The County’s contributions for the year ended September 30, 2015, were \$1,373,194 to the FRS and \$138,657 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2015, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office’s proportions of the net pension liabilities were based on the County’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Notes to Financial Statements

NOTE 12 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	\$ 7,275,272	\$ 3,435,846
Proportion at:		
Current measurement date	0.0563%	0.0337%
Prior measurement date	0.0536%	0.0331%
Pension expense (benefit)	\$ 475,610	\$ 226,641

*Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 768,053	\$ -	\$ -	\$ -
Changes of assumptions	482,884	-	270,311	-
Net difference between projected and actual earnings on pension plan investments	2,562,552	4,472,312	1,860	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	722,242	847,405	59,080	203,505
Employer contributions subsequent to the measurement date	339,542	-	41,744	-
<b>Total</b>	<b>\$ 4,875,273</b>	<b>\$ 5,319,717</b>	<b>\$ 372,995</b>	<b>\$ 203,505</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ (254,449)	\$ 20,770
2017	(254,449)	20,770
2018	(254,449)	20,770
2019	(254,449)	20,770
2020	179,853	20,305
Thereafter	53,957	24,361
<b>Total</b>	<b>\$ (783,986)</b>	<b>\$ 127,746</b>

Notes to Financial Statements

NOTE 12 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

*Actuarial Assumptions*

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Notes to Financial Statements

NOTE 12 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	<u>12%</u>	6.7%	6.1%
	<u>100%</u>		

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the County's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	\$ 18,851,875	\$ 7,275,272	\$ (2,358,363)	\$ 3,914,986	\$ 3,435,846	\$ 3,036,314

**Pension Plans' Fiduciary Net Position**

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Notes to Financial Statements

**NOTE 12 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$74,019.

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN**

The County administers a single employer defined benefit plan for postemployment benefits other than pension benefits (OPEB plan). The OPEB plan provides postemployment health insurance benefits for retirees and eligible dependents.

The County has not adopted the provisions of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which would require the accrual of a liability in the County’s governmental activities. Based on the other postemployment benefits offered, it is the opinion of the County that the omission of the liability required under GASB 45 is not material to the financial statements of the governmental activities; however, because an actuarial valuation was not performed, the amount of the liability is not readily determinable, and required disclosures and supplementary information are not presented.

**NOTE 14 – INTERFUND BALANCES/TRANSFERS**

At September 30, 2015, interfund balances consisted of:

Interfund Receivable	Interfund Payable			Total
	General	Road Paving	All others	
General Fund	\$ -	\$ 233,887	\$ 10,140	\$ 244,027
Fine and Forfeiture	103,165	-	-	103,165
All others	-	-	26,434	26,434
<b>Totals</b>	<b>\$ 103,165</b>	<b>\$ 233,887</b>	<b>\$ 36,574</b>	<b>\$ 373,626</b>

The interfund balances resulted from the normal course of operations and are expected to be paid within one year.

Notes to Financial Statements

**NOTE 14 – INTERFUND BALANCES/TRANSFERS (CONTINUED)**

Interfund transfers are summarized below:

Transfers Out	Transfer In				Total
	General	Fine and Forfeiture	Road Paving	All others	
General fund	\$ -	\$ 4,322,571	\$ -	\$ 159,323	\$ 4,481,894
Fine and forfeiture	4,400,983	-	-	-	4,400,983
Transportation trust	-	-	205,000	-	205,000
All others	-	-	-	15,688	15,688
<b>Totals</b>	<b>\$ 4,400,983</b>	<b>\$ 4,322,571</b>	<b>\$ 205,000</b>	<b>\$ 175,011</b>	<b>\$ 9,103,565</b>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

**NOTE 15 – RISK MANAGEMENT**

***Commercial Insurance***

The County carries commercial insurance for general liability, auto liability, collision, property, inland marine and crime. 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"). 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.

**NOTE 16 – 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.

County resources budgeted for corrections are transferred to the Component Unit. For the year ended September 30, 2015, these transfers totaled approximately \$3,900,000. 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 \$5,100,000 during 2015.

Notes to Financial Statements

**NOTE 16 – RELATED PARTY TRANSACTIONS (CONTINUED)**

In a separate agreement, the Component Unit agreed to pay an amount to the Sheriff’s Office as a management fee of the correctional facility. The amount is approved annually, and was \$200,000 for 2015. The revenues are recognized monthly on a prorated basis net of an allowance for uncollectible accounts, if considered necessary.

***Due from Component Unit***

Amounts due from the Component Unit to the Sheriff’s Office at September 30, 2015, are summarized below:

Correctional operations	\$ 226,212
Facility management fees	23,988
Expense reimbursement	21,084
Allowance for uncollectible accounts	-
<hr/>	
Total	<u>\$ 271,284</u>

**NOTE 17 – CONTINGENCIES**

The County is sometimes involved in litigation arising from the normal operations of a local government. It is the opinion of management that such litigation will not have a material financial impact on the financial statements of the County.

**NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE**

The County restated the beginning net position of the governmental activities to implement the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The restatement is as follows:

Net position - beginning of year, as previously reported	\$ 58,134,834
Restatement:	
Net pension liability	(6,363,018)
Deferred outflow for contributions made subsequent to the measurement date	371,497
Deferred outflow for other than employer contributions subsequent to the measurement date	1,135,313
Deferred inflows related to pensions	(6,939,464)
<hr/>	
Net position - beginning of year, as restated	<u>\$ 46,339,162</u>

**Notes to Financial Statements**

**NOTE 19 – FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective in 2016. The statements address:

- Fair value measurement and application; and
- GAAP hierarchy.

The County is currently evaluating the effects that these statements will have on its financial statements for 2016.

## **Required Supplementary Information**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund  
Year ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,917,239	\$ 3,917,239	\$ 3,640,761	\$ (276,478)
Permits, fees & special assessments	724,000	724,000	651,581	(72,419)
Intergovernmental	6,090,814	6,233,565	6,415,946	182,381
Charges for services	7,295,639	7,338,763	7,086,634	(252,129)
Fines and forfeitures	118,000	104,096	140,523	36,427
Miscellaneous	153,328	153,328	84,176	(69,152)
<b>Total revenues</b>	<b>18,299,020</b>	<b>18,470,991</b>	<b>18,019,621</b>	<b>(451,370)</b>
<b>Expenditures</b>				
Current:				
General government	3,811,350	3,905,676	3,689,189	216,487
Public safety	10,843,176	10,817,907	10,606,074	211,833
Physical environment	177,502	173,320	163,686	9,634
Transportation	2,029,776	2,188,693	2,151,480	37,213
Economic environment	83,843	85,042	83,685	1,357
Human services	823,760	823,760	774,184	49,576
Culture and recreation	377,627	402,874	356,165	46,709
Court related	1,154,785	1,122,395	1,046,204	76,191
Debt service:				
Principal retirement	183,334	320,893	320,893	-
Interest and fiscal charges	4,229	15,151	15,103	48
<b>Total expenditures</b>	<b>19,489,382</b>	<b>19,855,711</b>	<b>19,206,663</b>	<b>649,048</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,190,362)</b>	<b>(1,384,720)</b>	<b>(1,187,042)</b>	<b>197,678</b>
<b>Other financing sources (uses)</b>				
Transfers in	4,247,228	4,400,983	4,400,983	-
Transfers out	(4,370,659)	(4,471,393)	(4,481,894)	(10,501)
<b>Total other financing sources (uses)</b>	<b>(123,431)</b>	<b>(70,410)</b>	<b>(80,911)</b>	<b>(10,501)</b>
<b>Net change in fund balances</b>	<b>(1,313,793)</b>	<b>(1,455,130)</b>	<b>(1,267,953)</b>	<b>187,177</b>
<b>Fund balances – beginning of year</b>	<b>1,758,793</b>	<b>2,017,710</b>	<b>7,328,459</b>	<b>5,310,749</b>
<b>Fund balances – end of year</b>	<b>\$ 445,000</b>	<b>\$ 562,580</b>	<b>\$ 6,060,506</b>	<b>\$ 5,497,926</b>

**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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Fine and Forfeiture**  
**Year ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,346,982	\$ 3,571,264	\$ 3,303,019	\$ (268,245)
Intergovernmental	686,725	726,249	726,249	-
Charges for services	53,000	53,000	41,807	(11,193)
Miscellaneous	27,500	27,500	41,920	14,420
<b>Total revenues</b>	<b>4,114,207</b>	<b>4,378,013</b>	<b>4,112,995</b>	<b>(265,018)</b>
<b>Expenditures</b>				
Current:				
Public safety	3,770,400	4,134,206	4,034,149	100,057
Court related	450	450	507	(57)
<b>Total expenditures</b>	<b>3,770,850</b>	<b>4,134,656</b>	<b>4,034,656</b>	<b>100,000</b>
<b>Excess of revenues over (under) expenditures</b>	<b>343,357</b>	<b>243,357</b>	<b>78,339</b>	<b>(165,018)</b>
<b>Other financing sources (uses)</b>				
Transfers in	4,227,571	4,327,571	4,322,571	(5,000)
Transfers out	(4,400,983)	(4,400,983)	(4,400,983)	-
<b>Total other financing sources (uses)</b>	<b>(173,412)</b>	<b>(73,412)</b>	<b>(78,412)</b>	<b>(5,000)</b>
<b>Net change in fund balances</b>	<b>169,945</b>	<b>169,945</b>	<b>(73)</b>	<b>(170,018)</b>
<b>Fund balances – beginning of year</b>	<b>164,530</b>	<b>164,530</b>	<b>5,031</b>	<b>(159,499)</b>
<b>Fund balances – end of year</b>	<b>\$ 334,475</b>	<b>\$ 334,475</b>	<b>\$ 4,958</b>	<b>\$ (329,517)</b>

**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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – Transportation Trust  
Year ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,067,205	\$ 1,067,205	\$ 1,128,558	\$ 61,353
Intergovernmental	1,248,648	1,248,648	1,273,356	24,708
Miscellaneous	651,000	651,000	627,626	(23,374)
Total revenues	2,966,853	2,966,853	3,029,540	62,687
<b>Expenditures</b>				
Current:				
Transportation	2,119,686	2,119,686	2,055,005	64,681
Debt service:				
Principal retirement	880,438	880,438	864,850	15,588
Interest and fiscal charges	13,452	13,452	27,538	(14,086)
Total expenditures	3,013,576	3,013,576	2,947,393	66,183
<b>Excess of revenues over (under) expenditures</b>	(46,723)	(46,723)	82,147	128,870
<b>Other financing sources (uses)</b>				
Transfers out	(205,000)	(205,000)	(205,000)	-
<b>Net change in fund balances</b>	(251,723)	(251,723)	(122,853)	128,870
<b>Fund balances – beginning of year</b>	119,372	119,372	705,520	586,148
<b>Fund balances – end of year</b>	\$ (132,351)	\$ (132,351)	\$ 582,667	\$ 715,018

**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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – Road Paving  
Year ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 2,330,000	\$ 2,330,000	\$ 1,383,519	\$ (946,481)
Miscellaneous	-	-	204	204
Total revenues	2,330,000	2,330,000	1,383,723	(946,277)
<b>Expenditures</b>				
Current:				
Transportation	2,535,000	2,535,000	1,600,688	934,312
<b>Excess of revenues over (under) expenditures</b>	(205,000)	(205,000)	(216,965)	(11,965)
<b>Other financing sources (uses)</b>				
Transfers in	205,000	205,000	205,000	-
<b>Net change in fund balances</b>	-	-	(11,965)	(11,965)
<b>Fund balances – beginning of year</b>	-	-	168,033	168,033
<b>Fund balances – end of year</b>	\$ -	\$ -	\$ 156,068	\$ 156,068

**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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Schedules of Proportionate Share of Net Pension Liability  
Last 10 Fiscal Years (1)**

<b>Florida Retirement System</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.0563%
Employer's proportionate share of the net pension liability (asset)	\$ 7,275,272
Employer's covered-employee payroll (2)	\$ 10,028,017
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.55%
Plan fiduciary net position as a percentage of the total pension liability	92.00%
<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.0337%
Employer's proportionate share of the net pension liability (asset)	\$ 3,435,846
Employer's covered-employee payroll (2)	\$ 10,028,017
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.26%
Plan fiduciary net position as a percentage of the total pension liability	0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Baker County, Florida

Schedules of Employer Contributions  
Last 10 Fiscal Years

Florida Retirement System	2015
Contractually required contribution	\$ 1,373,194
Contributions in relation to the contractually required contribution	1,373,194
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll (1)	\$ 10,118,703
Contributions as a percentage of covered-employee payroll	13.57%

Health Insurance Subsidy Program	2015
Contractually required contribution	\$ 138,657
Contributions in relation to the contractually required contribution	138,657
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll (1)	\$ 10,118,703
Contributions as a percentage of covered-employee payroll	1.37%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

## **Supplementary Information**

**Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2015**

	Civic Center	Special Law Enforcement Trust	Drivers Ed	Special Garbage	Special Fire
<b>Assets</b>					
Cash and equivalents	\$ 444,314	\$ 19,791	\$ 2,476	\$ 195,918	\$ 115,347
Receivables	-	-	-	2,483	-
Prepaid costs	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	102	-	-	1,506	700
<b>Total assets</b>	<b>\$ 444,416</b>	<b>\$ 19,791</b>	<b>\$ 2,476</b>	<b>\$ 199,907</b>	<b>\$ 116,047</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,469	\$ 70,012	\$ 15,347
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,469</b>	<b>70,012</b>	<b>15,347</b>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	444,416	19,791	7	-	-
Assigned	-	-	-	129,895	100,700
<b>Total fund balances</b>	<b>444,416</b>	<b>19,791</b>	<b>7</b>	<b>129,895</b>	<b>100,700</b>
<b>Total liabilities and fund balances</b>	<b>\$ 444,416</b>	<b>\$ 19,791</b>	<b>\$ 2,476</b>	<b>\$ 199,907</b>	<b>\$ 116,047</b>

(Continued)

**Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2015**

	SHIP	Rescue Grant	Health Reimbursement	Law Library Trust	Legal Aid Trust
<b>Assets</b>					
Cash and equivalents	\$ 694,571	\$ 14,280	\$ 215,696	\$ 7,874	\$ 1,883
Receivables	-	-	520	-	-
Prepaid costs	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 694,571</b>	<b>\$ 14,280</b>	<b>\$ 216,216</b>	<b>\$ 7,874</b>	<b>\$ 1,883</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 9,524	\$ -	\$ -	\$ -	\$ 1,881
Due to other funds	-	-	-	7,874	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>9,524</b>	<b>-</b>	<b>-</b>	<b>7,874</b>	<b>1,881</b>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	685,047	14,280	216,216	-	2
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>685,047</b>	<b>14,280</b>	<b>216,216</b>	<b>-</b>	<b>2</b>
<b>Total liabilities and fund balances</b>	<b>\$ 694,571</b>	<b>\$ 14,280</b>	<b>\$ 216,216</b>	<b>\$ 7,874</b>	<b>\$ 1,883</b>

(Continued)

**Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2015**

	Juvenile Trust	Court Facility	Alcohol/ Drug Abuse	Crime Prevention Trust	Court Innovations Trust
<b>Assets</b>					
Cash and equivalents	\$ 7,814	\$ 406,346	\$ 11,548	\$ 6,044	\$ 85,893
Receivables	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other funds	-	-	-	-	15,688
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 7,814</b>	<b>\$ 406,346</b>	<b>\$ 11,548</b>	<b>\$ 6,044</b>	<b>\$ 101,581</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ -	\$ 1,020	\$ -	\$ -	\$ -
Due to other funds	7,814	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>7,814</b>	<b>1,020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	405,326	11,548	6,044	-
Assigned	-	-	-	-	101,581
<b>Total fund balances</b>	<b>-</b>	<b>405,326</b>	<b>11,548</b>	<b>6,044</b>	<b>101,581</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,814</b>	<b>\$ 406,346</b>	<b>\$ 11,548</b>	<b>\$ 6,044</b>	<b>\$ 101,581</b>

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2015

	Records Modern- ization Fund	Impact Fee Trust Fund	12.50 SC Fund	State Court Grant
<b>Assets</b>				
Cash and equivalents	\$ 368,561	\$ 48,040	\$ 3,800	\$ 702,661
Receivables	-	-	-	-
Prepaid costs	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 368,561</b>	<b>\$ 48,040</b>	<b>\$ 3,800</b>	<b>\$ 702,661</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 184	\$ 40,642	\$ 2,380	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>184</b>	<b>40,642</b>	<b>2,380</b>	<b>-</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	368,377	7,398	1,420	702,661
Assigned	-	-	-	-
<b>Total fund balances</b>	<b>368,377</b>	<b>7,398</b>	<b>1,420</b>	<b>702,661</b>
<b>Total liabilities and fund balances</b>	<b>\$ 368,561</b>	<b>\$ 48,040</b>	<b>\$ 3,800</b>	<b>\$ 702,661</b>

(Continued)

**Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2015**

	Second Dollar	Special Law	School Crossing Guards	Sheriff 911
<b>Assets</b>				
Cash and equivalents	\$ 3,353	\$ 157,798	\$ 42,468	\$ 67,753
Receivables	-	-	-	50,097
Prepaid costs	-	-	-	16,737
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 3,353</b>	<b>\$ 157,798</b>	<b>\$ 42,468</b>	<b>\$ 134,587</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 1,655	\$ -	\$ 194
Due to other funds	-	-	5,504	15,382
Unearned revenue	3,353	-	-	10,736
<b>Total liabilities</b>	<b>3,353</b>	<b>1,655</b>	<b>5,504</b>	<b>26,312</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	16,737
Restricted	-	156,143	36,964	91,538
Assigned	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>156,143</b>	<b>36,964</b>	<b>108,275</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,353</b>	<b>\$ 157,798</b>	<b>\$ 42,468</b>	<b>\$ 134,587</b>

(Continued)

**Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2015**

	Secret Service	Emergency Management	National Forest Title III	Boating Improvement	Section 8	Totals
<b>Assets</b>						
Cash and equivalents	\$ -	\$ 24,445	\$ 348,313	\$ 90,596	\$ -	\$ 4,087,583
Receivables	-	71,722	-	789	-	125,611
Prepaid costs	-	-	-	-	-	16,737
Due from other funds	-	10,746	-	-	-	26,434
Due from other governments	-	-	-	-	-	2,308
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 106,913</b>	<b>\$ 348,313</b>	<b>\$ 91,385</b>	<b>\$ -</b>	<b>\$ 4,258,673</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ -	\$ 734	\$ -	\$ -	\$ -	\$ 146,042
Due to other funds	-	-	-	-	-	36,574
Unearned revenue	-	-	-	-	-	14,089
<b>Total liabilities</b>	<b>-</b>	<b>734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,705</b>
<b>Fund balances</b>						
Nonspendable	-	-	-	-	-	16,737
Restricted	-	106,179	348,313	91,385	-	3,713,055
Assigned	-	-	-	-	-	332,176
<b>Total fund balances</b>	<b>-</b>	<b>106,179</b>	<b>348,313</b>	<b>91,385</b>	<b>-</b>	<b>4,061,968</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 106,913</b>	<b>\$ 348,313</b>	<b>\$ 91,385</b>	<b>\$ -</b>	<b>\$ 4,258,673</b>

(Concluded)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	Civic Center	Special Law Enforcement Trust	Drivers Ed	Special Garbage	Special Fire
<b>Revenues</b>					
Taxes	\$ 30,854	\$ -	\$ -	\$ -	\$ -
Permits, fees & special assessments	-	-	-	362,857	202,414
Intergovernmental	-	-	-	90,909	1,000
Charges for services	-	-	13,829	-	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	2,120	98	-	242,374	842
<b>Total revenues</b>	<b>32,974</b>	<b>98</b>	<b>13,829</b>	<b>696,140</b>	<b>204,256</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	197,716
Physical environment	-	-	-	702,073	-
Economic environment	-	-	-	-	-
Culture and recreation	1,926	-	-	-	-
Court related	-	-	13,829	-	-
<b>Total expenditures</b>	<b>1,926</b>	<b>-</b>	<b>13,829</b>	<b>702,073</b>	<b>197,716</b>
<b>Excess of revenues over (under) expenditures</b>	<b>31,048</b>	<b>98</b>	<b>-</b>	<b>(5,933)</b>	<b>6,540</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	90,075	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,075</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>31,048</b>	<b>98</b>	<b>-</b>	<b>84,142</b>	<b>6,540</b>
<b>Fund balances – beginning of year</b>	<b>413,368</b>	<b>19,693</b>	<b>7</b>	<b>45,753</b>	<b>94,160</b>
<b>Fund balances – end of year</b>	<b>\$ 444,416</b>	<b>\$ 19,791</b>	<b>\$ 7</b>	<b>\$ 129,895</b>	<b>\$ 100,700</b>

(Continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	SHIP	Rescue Grant	Health Reimburse- ment	Law Library Trust	Legal Aid Trust
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees & special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	7,869	7,970
Fines and forfeitures	-	-	-	-	-
Miscellaneous	3,024	71	128,621	5	-
<b>Total revenues</b>	<b>3,024</b>	<b>71</b>	<b>128,621</b>	<b>7,874</b>	<b>7,970</b>
<b>Expenditures</b>					
Current:					
General government	-	-	109,419	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Economic environment	293,243	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	7,968
<b>Total expenditures</b>	<b>293,243</b>	<b>-</b>	<b>109,419</b>	<b>-</b>	<b>7,968</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(290,219)</b>	<b>71</b>	<b>19,202</b>	<b>7,874</b>	<b>2</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	11,235	-	-
Transfer out	-	-	-	(7,874)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>11,235</b>	<b>(7,874)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(290,219)</b>	<b>71</b>	<b>30,437</b>	<b>-</b>	<b>2</b>
<b>Fund balances – beginning of year</b>	<b>975,266</b>	<b>14,209</b>	<b>185,779</b>	<b>-</b>	<b>-</b>
<b>Fund balances – end of year</b>	<b>\$ 685,047</b>	<b>\$ 14,280</b>	<b>\$ 216,216</b>	<b>\$ -</b>	<b>\$ 2</b>

(Continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	Juvenile Trust	Court Facility	Alcohol/ Drug Abuse	Crime Prevention Trust	Court Innovations Trust
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees & special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	7,808	43,887	6,443	10,586	8,042
Fines and forfeitures	-	-	-	-	-
Miscellaneous	6	1,959	10	29	122
<b>Total revenues</b>	<b>7,814</b>	<b>45,846</b>	<b>6,453</b>	<b>10,615</b>	<b>8,164</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	7,886	-
Physical environment	-	-	-	-	-
Economic environment	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	28,913	3,000	-	-
<b>Total expenditures</b>	<b>-</b>	<b>28,913</b>	<b>3,000</b>	<b>7,886</b>	<b>-</b>
<b>Excess of revenues over (under) expenditures</b>	<b>7,814</b>	<b>16,933</b>	<b>3,453</b>	<b>2,729</b>	<b>8,164</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	15,688
Transfers out	(7,814)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(7,814)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,688</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>16,933</b>	<b>3,453</b>	<b>2,729</b>	<b>23,852</b>
<b>Fund balances – beginning of year</b>	<b>-</b>	<b>388,393</b>	<b>8,095</b>	<b>3,315</b>	<b>77,729</b>
<b>Fund balances – end of year</b>	<b>\$ -</b>	<b>\$ 405,326</b>	<b>\$ 11,548</b>	<b>\$ 6,044</b>	<b>\$ 101,581</b>

(Continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	Records Modern- ization Fund	Impact Fee Trust Fund	12.50 SC Fund	State Court Grant
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Permits, fees & special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	21,845	2,385	-	-
Fines and forfeitures	33,093	-	-	-
Miscellaneous	981	78	24,990	3,476
<b>Total revenues</b>	<b>55,919</b>	<b>2,463</b>	<b>24,990</b>	<b>3,476</b>
<b>Expenditures</b>				
Current:				
General government	66,874	-	-	-
Public safety	-	-	29,078	-
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	40,933	-	-	-
<b>Total expenditures</b>	<b>107,807</b>	<b>-</b>	<b>29,078</b>	<b>-</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(51,888)</b>	<b>2,463</b>	<b>(4,088)</b>	<b>3,476</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(51,888)</b>	<b>2,463</b>	<b>(4,088)</b>	<b>3,476</b>
<b>Fund balances – beginning of year</b>	<b>420,265</b>	<b>4,935</b>	<b>5,508</b>	<b>699,185</b>
<b>Fund balances – end of year</b>	<b>\$ 368,377</b>	<b>\$ 7,398</b>	<b>\$ 1,420</b>	<b>\$ 702,661</b>

(Continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	Second Dollar	Special Law	School Crossing Guards	Sheriff 911
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Permits, fees & special assessments	-	-	-	-
Intergovernmental	-	-	-	65,185
Charges for services	-	-	79,757	133,650
Fines and forfeitures	5,296	60,595	-	-
Miscellaneous	3	195	83	176
<b>Total revenues</b>	<b>5,299</b>	<b>60,790</b>	<b>79,840</b>	<b>199,011</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	5,299	6,264	82,948	368,145
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
<b>Total expenditures</b>	<b>5,299</b>	<b>6,264</b>	<b>82,948</b>	<b>368,145</b>
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>54,526</b>	<b>(3,108)</b>	<b>(169,134)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>54,526</b>	<b>(3,108)</b>	<b>(169,134)</b>
<b>Fund balances – beginning of year</b>	<b>-</b>	<b>101,617</b>	<b>40,072</b>	<b>277,409</b>
<b>Fund balances – end of year</b>	<b>\$ -</b>	<b>\$ 156,143</b>	<b>\$ 36,964</b>	<b>\$ 108,275</b>

(Continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	Secret Service	Emergency Management	National Forest Title III	Boating Improvement	Section 8	Totals
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,854
Permits, fees & special assessments	-	-	-	-	-	565,271
Intergovernmental	-	167,031	-	10,511	636,556	971,192
Charges for services	1,829	-	-	-	-	345,900
Fines and forfeitures	-	-	-	-	-	98,984
Miscellaneous	-	86	1,723	423	-	411,495
<b>Total revenues</b>	<b>1,829</b>	<b>167,117</b>	<b>1,723</b>	<b>10,934</b>	<b>636,556</b>	<b>2,423,696</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	176,293
Public safety	1,829	231,423	-	-	-	930,588
Physical environment	-	-	-	-	-	702,073
Economic environment	-	-	-	-	636,556	929,799
Culture and recreation	-	-	-	-	-	1,926
Court related	-	-	-	-	-	94,643
<b>Total expenditures</b>	<b>1,829</b>	<b>231,423</b>	<b>-</b>	<b>-</b>	<b>636,556</b>	<b>2,835,322</b>
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>(64,306)</b>	<b>1,723</b>	<b>10,934</b>	<b>-</b>	<b>(411,626)</b>
<b>Other financing sources (uses)</b>						
Transfers in	-	58,013	-	-	-	175,011
Transfers out	-	-	-	-	-	(15,688)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>58,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,323</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(6,293)</b>	<b>1,723</b>	<b>10,934</b>	<b>-</b>	<b>(252,303)</b>
<b>Fund balances – beginning of year</b>	<b>-</b>	<b>112,472</b>	<b>346,590</b>	<b>80,451</b>	<b>-</b>	<b>4,314,271</b>
<b>Fund balances – end of year</b>	<b>\$ -</b>	<b>\$ 106,179</b>	<b>\$ 348,313</b>	<b>\$ 91,385</b>	<b>\$ -</b>	<b>\$ 4,061,968</b>

(Concluded)

**Combining Statement of Fiduciary Net Position  
September 30, 2015**

	Agency Funds			Totals
	Tax Collector	Clerk of Courts	Sheriff	
<b>Assets</b>				
Cash and equivalents	\$ 335,680	\$ 92,909	\$ 29,080	\$ 457,669
<b>Liabilities</b>				
Assets held for others	335,680	92,909	29,080	457,669
<b>Net position</b>	\$ -	\$ -	\$ -	\$ -

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2015**

Federal Awards	Federal CFDA Number	Contract Number	Expenditures
<b>Department of Housing and Urban Development</b>			
Direct:			
Section 8 Housing Choice Vouchers	14.871	--	\$ 636,556
<b>Department of Justice</b>			
Direct:			
Public Safety Partnership and Community Policing Grant	16.710	--	17,366
Passed through the Office of Agricultural Law Enforcement:			
Domestic Marijuana Eradication Program	16.004	--	2,850
Passed through the Office of the Attorney General of Florida:			
Victim of Crimes Compensation Act	16.575	V14238	39,944
Passed through the Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-BAKE-1-R3-030	36,440
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGD-BAKE-1-R1-031	3,084
Program total			39,524
<b>US Election Assistance Commission</b>			
Passed through Department of State:			
Help America Vote Act	90.401	--	2,728
<b>Department of Health and Human Services</b>			
Passed through the Florida Department of Revenue:			
Child Enforcement Program	93.563	COC01	81,454
Passed through the Florida Department of State:			
Voting Access for Individuals with Disabilities	93.617	--	1,292
<b>Department of Homeland Security</b>			
Passed through Florida Division of Emergency Management:			
Hazard Mitigation Grant Program	97.039	14HM-6B-04-12-01-428	19,065
Emergency Management Performance Grants	97.042	15-BG-83-04-12-01-002	105,806
Emergency Management Performance Grants	97.042	15-FG-4D-04-12-01-069	43,435
Emergency Management Performance Grants	97.042	16-FG-5A-04-12-01-069	5,500
Program total			154,741
Homeland Security Grant Program	97.067	14-DS-C2-04-12-01-172	10,900
<b>Total expenditures of federal awards</b>			<b>\$ 1,006,420</b>

*(Continued)*  
See accompanying notes.

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2015**

<b>State Financial Assistance</b>	State CSFA Number	Contract Number	Expenditures
<b>Department of Environmental Protection</b>			
Small County Consolidated Grants	37.012	401SC	\$ 90,909
<b>Department of State and Secretary of State</b>			
State Aid to Libraries	45.030	15-ST-40	63,463
<b>Department of Transportation</b>			
Public Transit Service Development Program	55.012	AQF01	1,979,748
Small County Road Assistance Program	55.016	431608-1-58-01	833,952
Small County Road Assistance Program	55.016	432598-1-58-01	10,560
Project total			844,512
Transportation Regional Incentive Program	55.026	435715-1-38-01	519,942
<b>Department of Management Services</b>			
Wireless 911 Emergency Telephone System	72.001	14-10-1	28,143
Wireless 911 Emergency Telephone System	72.001	14-4-2	39,426
Project total			67,569
<b>Total expenditures of state financial assistance</b>			<b>\$ 3,566,143</b>

(Concluded)

See accompanying notes.

**Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance**

**NOTE 1 – BASIS OF PRESENTATION**

In the accompanying schedule of expenditures of federal awards and state financial assistance, expenditures were determined in accordance with generally accepted accounting principles, under the modified accrual basis.

**NOTE 2 – SUBRECIPIENTS**

The County provided federal awards to subrecipients as follows:

<u>Program</u>	<u>CFDA</u>	<u>Amount</u>
Section 8 Housing	14.871	\$636,556

The County did not provide state awards to subrecipients.

**Additional Elements Required  
by the Rules of the Auditor General**

## MANAGEMENT LETTER

The Honorable County Commissioners  
Baker County, Florida

We have audited the financial statements of Baker County, Florida (the "County") as of and for the year ended September 30, 2015, and have issued our report thereon dated August 26, 2016. We have also issued our reports on compliance and internal control. Those reports should be considered in conjunction with this management letter.

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; U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Florida Single Audit Act. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### ***Prior Audit Findings***

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings and questioned costs that accompanies this letter.

### ***Financial Condition***

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, that are indicative of a state of financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

### ***Annual Financial Report***

As required by the Rules of the Auditor General, we determined that the annual financial report for the County for the fiscal year ended September 30, 2015, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2015.

### ***Other Matters***

Our audit did not reveal any other matters that we are required to include in this management letter.

As required by the Rules of the Auditor General, we performed separate audits of each of the County's constitutional officers. The comments included in those separately-issued reports should be considered in conjunction with this management letter.

We did not audit the financial statements of the County's discretely presented component unit. The component unit was audited by other auditors, whose report should be considered in conjunction with this management letter.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carri Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 26, 2016

**INDEPENDENT AUDITOR'S 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 County Commissioners  
Baker County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Baker County, Florida (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2016. We did not audit the financial statements of the Baker Correctional Development Corporation (the "BCDC"), which is the County's discretely presented component unit. Our report on the financial statements included a reference to the report of other auditors of the County's discretely presented component unit. The financial statements of the BCDC were not audited in accordance with *Government Auditing Standards*. Our report on the financial statements of the governmental activities was qualified because the County did not record a liability or present required disclosures for its other postemployment benefits plan.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

### ***Compliance and Other Matters***

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

We noted certain matters that are reported in separately-issued reports for the County's Constitutional Officers.

### ***The County's Response to Findings***

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

### ***Purpose of this Report***

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida

August 26, 2016

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable County Commissioners  
Baker County, Florida

We have examined Baker County, Florida's (the "County") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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 and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 26, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES**

The Honorable County Commissioners  
Baker County, Florida

We have examined Baker County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2015. 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 and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 26, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable County Commissioners  
Baker County, Florida

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

We have audited Baker County, Florida's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on its major federal program and each of its major state projects for the year ended September 30, 2015. The County's major federal program and 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 federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the County's major federal program and each of its major state projects based on our audit of the types of compliance requirement 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 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 federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program and Each State Project***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and each of its major state projects for the year ended September 30, 2015.

### ***Report on Internal Control Over Compliance***

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, 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 federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida

August 26, 2016

Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

**PART I – SUMMARY OF AUDITOR’S RESULTS**

- (i) The independent auditor’s report on the financial statements expressed a qualified opinion on governmental activities and an unmodified opinion on the other opinion units.
- (ii) The audit disclosed significant deficiencies in internal control over financial reporting that were considered to be material weaknesses.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not disclose material weaknesses or report significant deficiencies for the major federal program or major state projects.
- (v) The report on compliance with requirements applicable to the major federal program and state projects expressed an unmodified opinion.
- (vi) The audit did not disclose findings relative to the major federal program or major state projects.
- (vii) The County's major program/projects were:

<u>Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
<u>State Projects</u>	<u>CSFA Number</u>
Public Transit Service Development Program	55.012
Transportation Regional Incentive Program	55.026

- (viii) The threshold for distinguishing between Type A and Type B programs/projects was \$300,000 for both major federal awards programs and major state financial assistance projects.
- (ix) The County did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**Schedule of Findings and Questioned Costs  
Year ended September 30, 2015**

**PART II – FINANCIAL STATEMENT FINDINGS**

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

*Condition* – Because of a limited number of available personnel, it was not always possible to adequately segregate certain incompatible duties so that no one employee had access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, throughout the audit period, there was a possibility that unintentional or intentional errors or irregularities could exist and not be promptly detected.

*Recommendation* – To the extent possible, given the availability of personnel, the County should implement a system of checks and balances. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

2015-002 (Reported in previous audit reports as items 2014-002 and 2013-002.)

*Condition* – Generally accepted auditing standards require auditors to prepare a written communication if they identified misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. It was necessary for us to assist with the preparation of the financial statements in order to ensure that the financial statements were fairly presented in conformity with generally accepted accounting principles.

*Recommendation* – We recommend that the County consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process.

**PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no findings relative to the major federal program.

**PART IV – STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

There were no findings relative to the major state projects.



STACIE D. HARVEY  
CLERK TO BOARD

# Baker County Board of Commissioners

55 NORTH THIRD STREET  
MACCLENNY, FLORIDA 32063  
(904) 259-3613 • (904) 259-7610  
[www.bakercountyfl.org](http://www.bakercountyfl.org)



James G. Bennett  
Chairman

August 26, 2016

David W. Martin, CPA  
Auditor General, State of Florida  
111 West Madison St.  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

This letter is in response to the Auditor's Financial Statement Findings for the Baker County Board of County Commissioners' audit for the fiscal year ending September 30, 2015.

2014-001 This comment has been noted. At this time we are unable to add the necessary staff to adequately segregate incompatible duties.

2014-002 We have evaluated the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the County's best interest to outsource this task to our independent auditors.

Sincerely,

A handwritten signature in cursive script that reads "Stacie D. Harvey".

Stacie D. Harvey  
Clerk to the Board of County Commissioners

SDH/cr

JAMES CROFT  
DISTRICT 1

JIMMY ANDERSON  
DISTRICT 2

GORDON CREWS  
DISTRICT 3

JAMES G. BENNETT  
DISTRICT 4

MARK HARTLEY  
DISTRICT 5

**Baker County  
Clerk of the Circuit Court**

**Audit Report**

**September 30, 2015**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Stacie D. Harvey  
Clerk of the Circuit Court  
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 office of the Baker County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Office as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 Office's special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose 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 special purpose 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 August 01, 2016, on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**Baker County Clerk of the Circuit Court**

**Balance Sheet - Governmental Funds  
September 30, 2015**

	General Fund	Records Modernization Fund	Total Governmental Funds
<b>Assets</b>			
Cash and equivalents	\$ 329,721	\$ 368,561	\$ 698,282
Due from other governments	25,245	-	25,245
<b>Total assets</b>	<b>\$ 354,966</b>	<b>\$ 368,561</b>	<b>\$ 723,527</b>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 7,723	\$ 184	\$ 7,907
Due to other governments	36,019	-	36,019
Due to other county agencies	98,927	-	98,927
<b>Total liabilities</b>	<b>142,669</b>	<b>184</b>	<b>142,853</b>
Fund balances:			
Restricted:			
Title IV D	212,297	-	212,297
Records modernization	-	368,377	368,377
<b>Total fund balances</b>	<b>212,297</b>	<b>368,377</b>	<b>580,674</b>
<b>Total liabilities and fund balances</b>	<b>\$ 354,966</b>	<b>\$ 368,561</b>	<b>\$ 723,527</b>

*See accompanying notes.*

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended September 30, 2015**

	General Fund	Records Modernization Fund	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental revenue	\$ 286,668	\$ -	\$ 286,668
Charges for services	399,242	21,845	421,087
Fines and forfeitures	133,866	33,093	166,959
Miscellaneous revenue	6,706	981	7,687
<b>Total revenues</b>	<b>826,482</b>	<b>55,919</b>	<b>882,401</b>
<b>Expenditures</b>			
Current:			
General government services	171,625	66,874	238,499
Court related	569,820	40,933	610,753
<b>Total expenditures</b>	<b>741,445</b>	<b>107,807</b>	<b>849,252</b>
<b>Excess of revenues over (under) expenditures</b>	<b>85,037</b>	<b>(51,888)</b>	<b>33,149</b>
<b>Other financing sources (uses)</b>			
Appropriation from board of county commissioners	97,467	-	97,467
Reversion to board of county commissioners	(98,927)	-	(98,927)
Reversion to clerk of courts operations corporation	(51,146)	-	(51,146)
<b>Total other financing sources (uses)</b>	<b>(52,606)</b>	<b>-</b>	<b>(52,606)</b>
<b>Net change in fund balances</b>	<b>32,431</b>	<b>(51,888)</b>	<b>(19,457)</b>
<b>Fund balances - October 1, 2014</b>	<b>179,866</b>	<b>420,265</b>	<b>600,131</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ 212,297</b>	<b>\$ 368,377</b>	<b>\$ 580,674</b>

*See accompanying notes.*



Baker County Clerk of the Circuit Court

Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2015

**Assets**

Cash and equivalents	\$	92,909
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**Liabilities**

Assets held for others		92,909
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Net position	\$	-
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*See accompanying notes.*

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the office of the Baker County Clerk of the Circuit Court (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

***Reporting Entity***

The Clerk of the Circuit Court 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.

The Office is an integral part of Baker County, which is the primary government for financial reporting purposes.

***Basis of Presentation***

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

***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. 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. All nonmajor funds are aggregated and displayed in a single column.

The Office 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.

Records Modernization Fund – This fund is used to account for fines and fees collected and associated expenditures related to equipment upgrades, modernization of all official and court records of the County and other court-related expenditures.

The Office also reports the following fiduciary funds:

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

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Fund Balance***

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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

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

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

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

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Measurement Focus/Basis of Accounting***

All governmental funds are accounted for on a current financial resources measurement focus. 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.

**Notes to Financial Statements**

**NOTE 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.

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

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

***Capital Assets and Long-Term Liabilities***

Capital assets used by the Office are 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 noncurrent 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 government-wide financial statements of the County.

***Cash and Equivalents***

All deposits are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources***

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

***Use of Estimates***

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

**NOTE 2 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	\$ 45,470	\$ 29,353	\$ 35,812	\$ 39,011	\$ 17,190
Net pension liability	300,851	188,418	-	489,269	5,600
<b>Total</b>	<b>\$ 346,321</b>	<b>\$217,771</b>	<b>\$ 35,812</b>	<b>\$ 528,280</b>	<b>\$ 22,790</b>

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

**NOTE 3 – STATE OF FLORIDA PENSION PLANS**

***Defined Benefit Plans***

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

Notes to Financial Statements

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***Benefits Provided***

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

***Contributions***

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office’s contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The Office’s contributions for the year ended September 30, 2015, were \$63,395 to the FRS and \$6,327 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office’s proportions of the net pension liabilities were based on the Office’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS		HIS	
Net pension liability	\$	337,097	\$	152,172
Proportion at:				
Current measurement date		0.0026%		0.0015%
Prior measurement date		0.0025%		0.0016%
Pension expense (benefit)	\$	41,861	\$	5,980

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2015, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 35,587	\$ 7,995	\$ -	\$ -
Changes of assumptions	22,374	-	11,972	-
Net difference between projected and actual earnings on pension plan investments	118,735	199,228	82	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	79,891	-	-	29,299
Employer contributions subsequent to the measurement date	15,803	-	2,128	-
<b>Total</b>	<b>\$ 272,390</b>	<b>\$ 207,223</b>	<b>\$ 14,182</b>	<b>\$ 29,299</b>

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ 4,380	\$ (2,774)
2017	4,380	(2,774)
2018	4,380	(2,774)
2019	4,379	(2,776)
2020	24,503	(2,795)
Thereafter	7,342	(3,352)
<b>Total</b>	<b>\$ 49,364</b>	<b>\$ (17,245)</b>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	<u>100%</u>		

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

*Sensitivity Analysis*

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	(6.65%)	(7.65%)	(8.65%)	(2.80%)	(3.80%)	(4.80%)
Employer's proportionate share of the net pension liability	\$ 873,494	\$ 337,097	\$ (109,274)	\$ 173,393	\$ 152,172	\$ 134,477

*Pension Plans’ Fiduciary Net Position*

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

*Defined Contribution Plan*

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$6,680.

## **Required Supplementary Information**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year ended September 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
<b>Revenues</b>				
Intergovernmental revenue	\$ 272,023	\$ 263,975	\$ 286,668	\$ 22,693
Charges for services	402,100	393,249	399,242	5,993
Fines and forfeitures	110,000	95,000	133,866	38,866
Miscellaneous revenue	22,100	22,100	6,706	(15,394)
<b>Total revenues</b>	<b>806,223</b>	<b>774,324</b>	<b>826,482</b>	<b>52,158</b>
<b>Expenditures</b>				
Current:				
General government services	271,467	271,467	171,625	99,842
Court related	632,223	600,324	569,820	30,504
<b>Total expenditures</b>	<b>903,690</b>	<b>871,791</b>	<b>741,445</b>	<b>130,346</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(97,467)</b>	<b>(97,467)</b>	<b>85,037</b>	<b>182,504</b>
<b>Other financing sources (uses)</b>				
Appropriation from board of county commissioners	97,467	97,467	97,467	-
Reversion to board of county commissioners	-	-	(98,927)	(98,927)
Reversion to clerk of courts operations corporation	-	-	(51,146)	(51,146)
<b>Total other financing sources (uses)</b>	<b>97,467</b>	<b>97,467</b>	<b>(52,606)</b>	<b>(150,073)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>32,431</b>	<b>32,431</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>179,866</b>	<b>179,866</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 212,297</b>	<b>\$ 212,297</b>

## Notes to Schedule:

Pursuant to Section 28.36, Florida Statutes, the budget for court-related functions of the Office is subject to the General Appropriations Act of the Florida Legislature and is prepared on a basis that does not differ materially from generally accepted accounting principles. The State of Florida releases this appropriation on a monthly basis. The noncourt-related functions are funded by Board appropriations and user fees. The fund is the legal level of control.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Records Modernization Fund  
Year ended September 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 28,400	\$ 28,400	\$ 21,845	\$ (6,555)
Fines and forfeitures	31,000	31,000	33,093	2,093
Miscellaneous revenue	69,000	69,000	981	(68,019)
<b>Total revenues</b>	<b>128,400</b>	<b>128,400</b>	<b>55,919</b>	<b>(72,481)</b>
<b>Expenditures</b>				
Current:				
General government	26,800	26,800	66,874	(40,074)
Court related	101,600	101,600	40,933	60,667
<b>Total expenditures</b>	<b>128,400</b>	<b>128,400</b>	<b>107,807</b>	<b>20,593</b>
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>(51,888)</b>	<b>(51,888)</b>
<b>Fund balances - October 1, 2014</b>	<b>365,998</b>	<b>365,998</b>	<b>420,265</b>	<b>54,267</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ 365,998</b>	<b>\$ 365,998</b>	<b>\$ 368,377</b>	<b>\$ 2,379</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**Baker County Clerk of the Circuit Court**

**Schedules of Proportionate Share of Net Pension Liability  
Last 10 Fiscal Years (1)**

	<b>Florida Retirement System</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)		0.0026%
Employer's proportionate share of the net pension liability (asset)	\$	337,097
Employer's covered-employee payroll (2)	\$	437,982
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		76.97%
Plan fiduciary net position as a percentage of the total pension liability		92.00%
	<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)		0.0015%
Employer's proportionate share of the net pension liability (asset)	\$	152,172
Employer's covered-employee payroll (2)	\$	437,982
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		34.74%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Baker County Clerk of the Circuit Court**

**Schedules of Employer Contributions  
Last 10 Fiscal Years**

<b>Florida Retirement System</b>	<b>2015</b>
Contractually required contribution	\$ 63,395
Contributions in relation to the contractually required contribution	63,395
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 446,692
Contributions as a percentage of covered-employee payroll	14.19%

<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Contractually required contribution	\$ 6,327
Contributions in relation to the contractually required contribution	6,327
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 446,692
Contributions as a percentage of covered-employee payroll	1.42%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

## **Supplementary Information**

Baker County Clerk of the Circuit Court

Combining Statement of Fiduciary Net Position  
 Agency Funds  
 September 30, 2015

	Witness Fund	Clerk's Trust Fund	Fine and Forfeiture Fund	Domestic Relations Fund	Registry of the Court Fund	Total
<b>Assets</b>						
Cash and equivalents	\$ 3,361	\$ 10,235	\$ 30,206	\$ 2,611	\$ 46,496	\$ 92,909
<b>Liabilities</b>						
Assets held for others	3,361	10,235	30,206	2,611	46,496	92,909
Net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Additional Elements Required by  
the Rules of the Auditor General**

## MANAGEMENT LETTER

The Honorable Stacie D. Harvey  
Clerk of the Circuit Court  
Baker County, Florida

We have audited the financial statements of the office of the Baker County Clerk of the Circuit Court (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated August 01, 2016. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Stacie D. Harvey  
Clerk of the Circuit Court  
Baker County, Florida

We have examined the Baker County Clerk of the Circuit Court's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

## **INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES**

The Honorable Stacie D. Harvey  
Clerk of the Circuit Court  
Baker County, Florida

We have examined the Baker County Clerk of the Circuit Court's (the "Office") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

The Honorable Stacie D. Harvey  
Clerk of the Circuit Court  
Baker County, Florida

We have examined the office of the Baker County Clerk of the Circuit Court's compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support, Payments; Fees*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016



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**INDEPENDENT AUDITOR’S 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 Stacie D. Harvey  
Clerk of the Circuit Court  
Baker County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the office of the Baker County Clerk of the Circuit Court (the “Office”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office’s special purpose financial statements, and have issued our report thereon dated August 01, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 opinions on the 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 Office’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a 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 deficiency described in the accompanying schedule of findings as item 2015-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Office'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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Office's Response to Finding**

The Office's response to the finding identified in our audit is described in its accompanying letter of response. The Office'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.

*Caru, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

Schedule of Findings

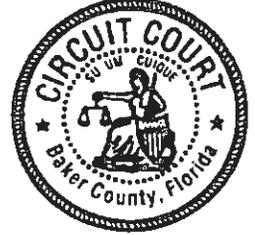
2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

**Condition** – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of a transaction.



STACIE D. HARVEY  
CLERK OF COURTS  
BAKER COUNTY, FLORIDA



August 1, 2016

Ms. Sherrill F. Norman, CPA  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Re: 2014-2015 Fiscal year – Auditors Report Baker County

Dear Ms. Norman:

The Accounting Policies of the Baker county Clerk of the Circuit and County Court conforms to the accounting principles generally accepted as applicable to governments. This letter is intended as notification to your office that as Clerk of Courts, I have addressed the findings as noted in the Independent Auditors Reports, dated August 1, 2016 and was conducted by the firm of Carr, Riggs & Ingram, LLC.

I acknowledge our responsibilities as addressed in the audit and as to:

15-1 The finding is duly noted. We recognize that a weakness does exist in the Internal Control Structure. We have corrected and segregated the duties to the extent possible given the available personnel. However at this time, Clerk Harvey has implemented the following changes due to the budget constraints and that we are unable to add the necessary staff to adequately segregate incompatible duties due to limited budgets.

1. Clerk Harvey opens and reviews all bank statements as they come into the office before they are given to the finance department.
2. As of February 2016 Donna Stafford the Finance/HR clerk is no longer able to sign any checks, they are signed by Clerk Harvey, Cheryl Rewis, BOCC Finance Director, or Cathy Williams, BOCC HR Director.
3. Clerk Harvey approves any orders that are made for the Clerk of Courts Office prior to the order being made and also opens and approves all bills that are received prior to the finance office receiving and paying the bills.

Should you have any questions, please feel free to contact my office.

Sincerely,

*Stacie D. Harvey*

Stacie D. Harvey  
Clerk of Courts

**Baker County Sheriff**

**Audit Report**

**September 30, 2015**



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Joey B. Dobson  
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 office of the Baker County Sheriff (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Office as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

We also draw attention to Note 4 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 Office's special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose 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 special purpose 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 August 01, 2016, on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**Balance Sheet - Governmental Funds  
September 30, 2015**

	General Fund	911	Special Law	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and equivalents	\$ 432,833	\$ 67,753	\$ 157,798	\$ 70,266	\$ 728,650
Accounts receivable	-	50,097	-	71,722	121,819
Prepaid costs	25,231	16,737	-	-	41,968
Due from other county agencies	6,300	-	-	-	6,300
Due from other funds	10,140	-	-	10,746	20,886
Due from other governments	27,869	-	-	-	27,869
Due from BCDC	271,284	-	-	-	271,284
<b>Total assets</b>	<b>\$ 773,657</b>	<b>\$ 134,587</b>	<b>\$ 157,798</b>	<b>\$ 152,734</b>	<b>\$ 1,218,776</b>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 734,314	\$ 194	\$ 1,655	\$ 734	\$ 736,897
Due to other funds	-	15,382	-	5,504	20,886
Due to board of county commissioners	10,803	-	-	-	10,803
Unearned revenue	28,540	10,736	-	3,353	42,629
<b>Total liabilities</b>	<b>773,657</b>	<b>26,312</b>	<b>1,655</b>	<b>9,591</b>	<b>811,215</b>
Fund balances:					
Nonspendable	-	16,737	-	-	16,737
Restricted for public safety	-	91,538	156,143	143,143	390,824
<b>Total fund balances</b>	<b>-</b>	<b>108,275</b>	<b>156,143</b>	<b>143,143</b>	<b>407,561</b>
<b>Total liabilities and fund balances</b>	<b>\$ 773,657</b>	<b>\$ 134,587</b>	<b>\$ 157,798</b>	<b>\$ 152,734</b>	<b>\$ 1,218,776</b>

*See accompanying notes.*

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended September 30, 2015**

	General Fund	911	Special Law	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental revenue	\$ 150,799	\$ 65,185	\$ -	\$ 167,031	\$ 383,015
Charges for services	5,063,420	133,650	-	81,586	5,278,656
Fines and forfeitures	1,096	-	60,595	5,296	66,987
Interest income	11	-	-	172	183
Miscellaneous revenue	-	176	195	-	371
<b>Total revenues</b>	<b>5,215,326</b>	<b>199,011</b>	<b>60,790</b>	<b>254,085</b>	<b>5,729,212</b>
<b>Expenditures</b>					
Current:					
Public safety	9,206,631	368,145	6,264	321,499	9,902,539
Court related	255,651	-	-	-	255,651
Debt service:					
Principal	137,560	-	-	-	137,560
Interest	10,921	-	-	-	10,921
<b>Total expenditures</b>	<b>9,610,763</b>	<b>368,145</b>	<b>6,264</b>	<b>321,499</b>	<b>10,306,671</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,395,437)</b>	<b>(169,134)</b>	<b>54,526</b>	<b>(67,414)</b>	<b>(4,577,459)</b>
<b>Other financing sources (uses)</b>					
Budget appropriations:					
County	3,714,258	-	-	58,013	3,772,271
City	686,725	-	-	-	686,725
Reversion to Board of County Commissioners	(5,546)	-	-	-	(5,546)
<b>Total other financing sources (uses)</b>	<b>4,395,437</b>	<b>-</b>	<b>-</b>	<b>58,013</b>	<b>4,453,450</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(169,134)</b>	<b>54,526</b>	<b>(9,401)</b>	<b>(124,009)</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>277,409</b>	<b>101,617</b>	<b>152,544</b>	<b>531,570</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ 108,275</b>	<b>\$ 156,143</b>	<b>\$ 143,143</b>	<b>\$ 407,561</b>

See accompanying notes.



**Baker County Sheriff**

**Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2015**

**Assets**

Cash and equivalents \$ 29,080

**Liabilities**

Assets held for others 29,080

---

**Net position**

\$ -

---

*See accompanying notes.*

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the office of the Baker County Sheriff (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

***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.

The Office is an integral part of Baker County, which is the primary government for financial reporting purposes.

***Basis of Presentation***

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

***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. 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. All nonmajor funds are aggregated and displayed in a single column.

The Office 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.

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.

The Office also reports the following fiduciary funds:

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

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balance**

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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

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

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

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

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

**Measurement Focus/Basis of Accounting**

All governmental funds are accounted for on a current financial resources measurement focus. 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.

Notes to Financial Statements

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

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

***Capital Assets and Long-Term Liabilities***

Because of the current financial resources measurement focus, the accompanying fund financial statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the government-wide financial statements of the County.

The Office defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Equipment	5-25 years
Vehicles	5 years

***Cash and Equivalents***

All deposits are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

***Facility Operations Agreements***

Facility Operations Agreements between the Baker Correctional Development Corporation (the Corporation) and the Baker County Sheriff’s Office (the Office) were entered into to facilitate operations of the correctional facility. The Corporation 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 Office is responsible for the operation of the facility and funds are provided from the Corporation to the Office to cover the costs associated with correction operations and facility management.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Costs covering the correctional operations, such as salaries and benefits of corrections officers and administrative staff, are reimbursed by the Corporation to the Office at the actual costs incurred.

In a separate agreement, the Corporation agreed to pay an amount to the Office as a management fee of the correctional facility. The amount is approved annually, and was \$200,000 for 2015. Revenues are recognized by the Office monthly on a prorated basis, net of an allowance for uncollectible accounts, if applicable.

The Baker Correctional Development Corporation has been included in the County's financial statements as a discretely presented component unit.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources***

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

***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.

Notes to Financial Statements

**NOTE 2 – DUE FROM BAKER CORRECTIONAL DEVELOPMENT CORPORATION**

Amounts reported in the General Fund as due from BCDC are comprised of the following:

Correction operations	\$ 226,212
Facility management fees	23,988
Expense reimbursement	21,084
Allowance for uncollectible accounts	-
<u>Total</u>	<u>\$ 271,284</u>

**NOTE 3 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Tangible personal property	\$ 3,186,530	\$ 296,500	\$ 89,588	\$ 3,393,442
Less: accumulated depreciation	2,303,371	409,924	80,429	2,632,866
<u>Total capital assets, net</u>	<u>\$ 883,159</u>	<u>\$ (113,424)</u>	<u>\$ 9,159</u>	<u>\$ 760,576</u>

Depreciation expense of \$409,924 applies to the public safety function.

**NOTE 4 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Capital lease obligation	\$ 137,560	\$ -	\$ 137,560	\$ -	\$ -
Compensated absences	701,365	336,742	397,170	640,937	350,000
Net pension liability	3,862,438	2,632,095	-	6,494,533	75,600
<u>Total</u>	<u>\$ 4,701,363</u>	<u>\$ 2,968,837</u>	<u>\$ 534,730</u>	<u>\$ 7,135,470</u>	<u>\$ 425,600</u>

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

**Notes to Financial Statements****NOTE 5 – STATE OF FLORIDA PENSION PLANS*****Defined Benefit Plans***

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***Benefits Provided***

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Notes to Financial Statements

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

**Contributions**

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office’s contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office’s contributions for the year ended September 30, 2015, were \$840,643 to the FRS and \$81,993 to the HIS.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office’s proportions of the net pension liabilities were based on the Office’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 4,436,320	\$ 2,058,213
Proportion at:		
Current measurement date	0.0343%	0.0202%
Prior measurement date	0.0333%	0.0196%
Pension expense (benefit)	\$ 147,389	\$ 147,367

**Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2015, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Notes to Financial Statements

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 468,344	\$ 105,216	\$ -	\$ -
Changes of assumptions	294,453	-	161,928	-
Net difference between projected and actual earnings on pension plan investments	1,562,595	2,621,914	1,114	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	139,152	842,962	46,111	69,715
Employer contributions subsequent to the measurement date	203,838	-	23,045	-
<b>Total</b>	<b>\$ 2,668,382</b>	<b>\$ 3,570,092</b>	<b>\$ 232,198</b>	<b>\$ 69,715</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ (273,551)	\$ 22,589
2017	(273,551)	22,589
2018	(273,551)	22,589
2019	(273,552)	22,587
2020	(8,724)	22,310
Thereafter	(2,619)	26,774
<b>Total</b>	<b>\$(1,105,548)</b>	<b>\$ 139,438</b>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Notes to Financial Statements

**NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	<u>12%</u>	6.7%	6.1%
	<u><u>100%</u></u>		

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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.

Notes to Financial Statements

**NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	(6.65%)	(7.65%)	(8.65%)	(2.80%)	(3.80%)	(4.80%)
Employer's proportionate share of the net pension liability	\$ 11,495,508	\$4,436,320	\$ (1,438,084)	\$ 2,345,238	\$2,058,213	\$ 1,818,877

***Pension Plans’ Fiduciary Net Position***

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. The Office made no contributions to the plan during the year ended September 30, 2015.

**Notes to Financial Statements**

**NOTE 6 – INMATE WELFARE**

The Baker Correctional Development Corporation, in an understanding with the Office, elected to assume responsibility for administration of the inmate welfare and inmate commissary funds from the Office during 2010. It is the opinion of the Office that, according to Chapters 941 and 945, Florida Statutes, and Florida Model Jail Standards as established by FS 951.23(4), the responsibility for the inmate funds would remain with the institution and would be in no way a duty or responsibility of the Sheriff or Sheriff's Office. Based on the previously referenced statutes, the Florida Model Jail Standards, and the understanding that the Corporation is responsible for the inmates, the funds were transferred to the Corporation effective October 1, 2009.

## **Required Supplementary Information**

**Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Budget and Actual - General Fund  
Year ended September 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ 150,799	\$ 150,799	\$ -
Charges for services	5,182,526	5,227,526	5,063,420	(164,106)
Fines and forfeitures		1,096	1,096	-
Interest income	-	-	11	11
<b>Total revenues</b>	<b>5,182,526</b>	<b>5,379,421</b>	<b>5,215,326</b>	<b>(164,095)</b>
<b>Expenditures</b>				
Current:				
Public safety	9,319,018	9,367,432	9,206,631	160,801
Court related	264,491	264,491	255,651	8,840
Debt service:				
Principal	-	137,560	137,560	-
Interest	-	10,921	10,921	-
<b>Total expenditures</b>	<b>9,583,509</b>	<b>9,780,404</b>	<b>9,610,763</b>	<b>169,641</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,400,983)</b>	<b>(4,400,983)</b>	<b>(4,395,437)</b>	<b>5,546</b>
<b>Other financing sources (uses)</b>				
Budget appropriations:				
County	3,714,258	3,714,258	3,714,258	-
City	686,725	686,725	686,725	-
Reversion to Board of County Commissioners	-	-	(5,546)	(5,546)
<b>Total other financing sources (uses)</b>	<b>4,400,983</b>	<b>4,400,983</b>	<b>4,395,437</b>	<b>(5,546)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Budget and Actual - 911 Fund  
Year ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ 65,185	\$ 65,185	\$ -
Charges for services	186,744	302,960	133,650	(169,310)
Miscellaneous revenue	-	-	176	176
<hr/>				
Total revenues	186,744	368,145	199,011	(169,134)
<b>Expenditures</b>				
Current:				
Public safety	186,744	368,145	368,145	-
<hr/>				
<b>Excess of revenues over (under) expenditures</b>	-	-	(169,134)	(169,134)
<hr/>				
<b>Fund balances - October 1, 2014</b>	-	-	277,409	277,409
<hr/>				
<b>Fund balances - September 30, 2015</b>	\$ -	\$ -	\$ 108,275	\$ 108,275

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Budget and Actual - Special Law  
Year ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 300,000	\$ 300,000	\$ 60,595	\$ (239,405)
Miscellaneous revenue	-	-	195	195
<b>Total revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>60,790</b>	<b>(239,210)</b>
<b>Expenditures</b>				
Current:				
Public safety	300,000	300,000	6,264	293,736
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>54,526</b>	<b>54,526</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>101,617</b>	<b>101,617</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 156,143</b>	<b>\$ 156,143</b>

## Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Schedules of Proportionate Share of Net Pension Liability  
Last 10 Fiscal Years (1)

	Florida Retirement System	2015
Employer's proportion of the net pension liability (asset)		0.0343%
Employer's proportionate share of the net pension liability (asset)	\$	4,436,320
Employer's covered-employee payroll (2)	\$	6,015,037
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		73.75%
Plan fiduciary net position as a percentage of the total pension liability		92.00%
	Health Insurance Subsidy Program	2015
Employer's proportion of the net pension liability (asset)		0.0202%
Employer's proportionate share of the net pension liability (asset)	\$	2,058,213
Employer's covered-employee payroll (2)	\$	6,015,037
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		34.22%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Baker County Sheriff**

**Schedules of Employer Contributions  
Last 10 Fiscal Years**

<b>Florida Retirement System</b>	<b>2015</b>
Contractually required contribution	\$ 840,643
Contributions in relation to the contractually required contribution	840,643
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 6,066,306
Contributions as a percentage of covered-employee payroll	13.86%

<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Contractually required contribution	\$ 81,993
Contributions in relation to the contractually required contribution	81,993
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 6,066,306
Contributions as a percentage of covered-employee payroll	1.35%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

## **Supplementary Information**

**Combining Balance Sheet - Nonmajor Governmental Funds  
September 30, 2015**

	Secret Service Fund	Second Dollar Fund	School Crossing Guards Fund	Emergency Management Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and equivalents	\$ -	\$ 3,353	\$ 42,468	\$ 24,445	\$ 70,266
Accounts receivable	-	-	-	71,722	71,722
Due from other funds	-	-	-	10,746	10,746
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 3,353</b>	<b>\$ 42,468</b>	<b>\$ 106,913</b>	<b>\$ 152,734</b>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 734	\$ 734
Due to other funds	-	-	5,504	-	5,504
Unearned revenue	-	3,353	-	-	3,353
<b>Total liabilities</b>	<b>-</b>	<b>3,353</b>	<b>5,504</b>	<b>734</b>	<b>9,591</b>
Fund balances:					
Restricted	-	-	36,964	106,179	143,143
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 3,353</b>	<b>\$ 42,468</b>	<b>\$ 106,913</b>	<b>\$ 152,734</b>

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended September 30, 2015**

	Secret Service Fund	Second Dollar Fund	School Crossing Guards Fund	Emergency Management Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 167,031	\$ 167,031
Charges for services	1,829	-	79,757	-	81,586
Fines and forfeitures	-	5,296	-	-	5,296
Interest income	-	3	83	86	172
<b>Total revenues</b>	<b>1,829</b>	<b>5,299</b>	<b>79,840</b>	<b>167,117</b>	<b>254,085</b>
<b>Expenditures</b>					
Current:					
Public safety	1,829	5,299	82,948	231,423	321,499
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>(3,108)</b>	<b>(64,306)</b>	<b>(67,414)</b>
<b>Other financing sources</b>					
Budget appropriations:					
County	-	-	-	58,013	58,013
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(3,108)</b>	<b>(6,293)</b>	<b>(9,401)</b>
<b>Fund balances – October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>40,072</b>	<b>112,472</b>	<b>152,544</b>
<b>Fund balances – September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,964</b>	<b>\$ 106,179</b>	<b>\$ 143,143</b>

Combining Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2015

	Bond Fund	Individual Deposits Fund	Evidence Escrow Fund	Total Agency Funds
<b>Assets</b>				
Cash and equivalents	\$ 8,774	\$ -	\$ 20,306	\$ 29,080
<b>Liabilities</b>				
Assets held for others	8,774	-	20,306	29,080
<b>Net position</b>	\$ -	\$ -	\$ -	\$ -

**Additional Elements Required by the  
Rules of the Auditor General**

## MANAGEMENT LETTER

The Honorable Joey B. Dobson  
Sheriff  
Baker County, Florida

We have audited the special purpose financial statements of the office of the Baker County Sheriff (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated August 01, 2016. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**INDEPENDENT AUDITOR'S 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 Joey B. Dobson  
Sheriff  
Baker County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the office of the Baker County Sheriff (the "Office"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated August 01, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 opinions on the 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 Office's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 deficiencies described in the accompanying schedule of findings as items 2015-001 through 2015-003 to be material weaknesses.

### **Compliance and Other Matters**

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

### **The Office's Response to Findings**

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

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES, SECTION 218.415, FLORIDA STATUTES**

The Honorable Joey B. Dobson  
Sheriff  
Baker County, Florida

We have examined the office of the Baker County Sheriff's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

Schedule of Findings

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

**Condition** – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

2015-002 (Reported in previous audit reports as items 2014-002 and 2013-002.)

**Condition** – The State of Florida has established rules and regulations for tangible personal property owned by local government entities. They indicate that each item of property shall be accounted for in a separate record including various detailed information pertaining to the item. In prior years the Office implemented a computerized system to maintain the required property records. The computer file used by the Office to account for property records became unreliable. Accordingly, the Office could not produce a subsidiary record for the tangible property items belonging to the Office. Additionally, the rules indicate that a physical inventory must be taken annually and whenever there is a change of custodian. Our audit indicated that physical inventories were not taken during the year.

**Recommendation** – The Office has partially corrected this audit finding. The property records have been computerized in compliance with the State's rules. An annual physical inventory has not been performed, however, routine backups are being made.

2015-003 (Reported in previous audit reports as items 2014-003 and 2013-003.)

**Condition** – It was necessary for us to assist with the preparation of your financial statements, and we proposed journal entries. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

**Recommendation** – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving the financial reporting process, the Office will have an enhanced ability to monitor its budget position on an ongoing basis.

BAKER  
COUNTY



SHERIFF JOEY B. DOBSON

1 Sheriff's Office Drive • Macclenny, Florida 32063-8833

Telephone (904) 259-2231

August 1, 2016

Ms. Sherrill F. Norman, CPA  
Auditor General  
111 West Madison Street  
Tallahassee, FL 32399

Dear Madam:

In response to an audit performed by Lyons & Lyons CPAs for the fiscal year ending September 30, 2015, it is duly noted that the following items were found and are addressed as follows:

2015-001        During the 2014-2015 audit period duties were segregated to the extent possible given the available personnel. Currently, we have assigned specific duties to existing employees to help correct this finding.

2015-002        The finding is duly noted. The Sheriff's Office is in the process of completing an inventory that is in compliance with the rules and regulations established by the Auditor General, which includes proper documentation of an annual inventory of all tangible property. Also, we are in the process of transferring all items to reliable inventory software system within our current accounting software. Partial property inventories were completed during the audited fiscal year.

An inventory specialist was hired during the 2008-2009 fiscal year to assist with this task; however, this position was later eliminated due to budget deficiencies. The position still remains eliminated.

2015-003        The finding is duly noted and the Sheriff's Office does produce internal financial statements on a monthly basis that are reviewed by management to ensure spending is within budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Joey B. Dobson", written over a circular stamp or seal that is partially obscured by the signature.

Joey B. Dobson  
Sheriff

*"An Honor to Protect and Serve"*

*An Equal Opportunity Employer*

# Baker County Tax Collector

## Audit Report

September 30, 2015



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRICpa.com](http://CRICpa.com)

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**September 30, 2015**

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**SPECIAL PURPOSE FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Gene Harvey  
Tax Collector  
Baker County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the office of the Baker County Tax Collector (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Office as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 Office's special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose 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 special purpose 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 August 01, 2016, on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

Balance Sheet - Governmental Funds  
September 30, 2015

	General Fund
<hr/>	
<b>Assets</b>	
Cash and equivalents	\$ 86,408
<hr/>	
<b>Liabilities and fund balance</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 2,188
Due to board of county commissioners	84,220
<hr/>	
Total liabilities	86,408
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 86,408
<hr/>	

See accompanying notes.



Baker County Tax Collector

Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
Year ended September 30, 2015

	General Fund
<b>Revenues</b>	
Charges for services	\$ 606,571
<b>Expenditures</b>	
Current:	
General government services	688,597
<b>Excess of revenues under expenditures</b>	<b>(82,026)</b>
<b>Other financing sources (uses)</b>	
Appropriation from board of county commissioners	166,246
Reversion to board of county commissioners	(84,220)
Total other financing sources (uses)	82,026
<b>Net change in fund balance</b>	<b>-</b>
<b>Fund balance – October 1, 2014</b>	<b>-</b>
<b>Fund balance – September 30, 2015</b>	<b>\$ -</b>

See accompanying notes.

Statement of Fiduciary Net Position  
Agency Funds  
As of September 30, 2015

<b>Assets</b>	
Cash and equivalents	\$ 335,680
<b>Liabilities</b>	
Assets held for others	335,680
<hr/>	
Net position	\$ -
<hr/>	

See accompanying notes.

**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the office of the Baker County Tax Collector (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

***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.

The Office is an integral part of Baker County, which is the primary government for financial reporting purposes.

***Basis of Presentation***

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

***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. 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. All nonmajor funds are aggregated and displayed in a single column.

The Office reports the following major governmental fund:

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.

The Office also reports the following fiduciary funds:

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

***Fund Balance***

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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

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

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

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

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Measurement Focus/Basis of Accounting***

All governmental funds are accounted for on a current financial resources measurement focus. 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.

**Notes to Financial Statements**

**NOTE 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 long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

***Cash***

All deposits are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

***Capital Assets and Long-Term Liabilities***

Capital assets used by the Office are 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 noncurrent 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 government-wide financial statements of the County.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources***

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Use of Estimates*

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

**NOTE 2 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Balance October 1,			Balance September 30,	
	2014	Additions	Deductions	2015	Due Within One Year
Compensated absences	\$ 32,236	\$ 23,720	\$ 23,977	\$ 31,979	\$ 25,000
Net pension liability	273,714	228,849	-	502,563	5,000
<b>Total</b>	<b>\$ 305,950</b>	<b>\$252,569</b>	<b>\$ 23,977</b>	<b>\$ 534,542</b>	<b>\$ 30,000</b>

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

**NOTE 3 – STATE OF FLORIDA PENSION PLANS**

*Defined Benefit Plans*

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided**

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

**Contributions**

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office's contributions for the year ended September 30, 2015, were \$68,646 to the FRS and \$5,488 to the HIS.

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

*Pension Liabilities and Pension Expense*

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office’s proportions of the net pension liabilities were based on the Office’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS		HIS	
Net pension liability	\$	366,717	\$	135,846
Proportion at:				
Current measurement date		0.0028%		0.0013%
Prior measurement date		0.0025%		0.0013%
Pension expense (benefit)	\$	60,118	\$	9,723

*Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2015, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 38,714	\$ 8,697	\$ -	\$ -
Changes of assumptions	24,340	-	10,688	-
Net difference between projected and actual earnings on pension plan investments	129,168	216,734	74	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	155,037	-	1,022	2,924
Employer contributions subsequent to the measurement date	16,700	-	1,676	-
<b>Total</b>	<b>\$ 363,959</b>	<b>\$ 225,431</b>	<b>\$ 13,460</b>	<b>\$ 2,924</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Year ending September 30,	FRS	HIS
2016	\$ 17,617	\$ 1,435
2017	17,617	1,435
2018	17,617	1,435
2019	17,617	1,435
2020	39,506	1,419
Thereafter	11,854	1,701
<b>Total</b>	<b>\$ 121,828</b>	<b>\$ 8,860</b>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Notes to Financial Statements

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	<u>100%</u>		

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	\$ 950,246	\$ 366,717	\$ (118,875)	\$ 154,791	\$ 135,846	\$ 120,050

Notes to Financial Statements

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

*Pension Plans’ Fiduciary Net Position*

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

*Defined Contribution Plan*

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$6,680.

**NOTE 4 – DISTRIBUTIONS OF TAXES**

During 2013, the Office discovered that errors had been previously made when taxes were distributed to the various taxing authorities. All taxing authorities except the Baker County School Board received excess distributions, while the School Board received distributions less than the amounts it was due. The Office executed an agreement with the School Board to pay the undistributed amounts over a five-year period. Remaining payments are summarized below:

2016	\$ 337,524
2017	351,012
2018	307,984
<hr/>	
Total	\$ 996,520
<hr/>	

## **Required Supplementary Information**

**Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Budget and Actual - General Fund  
Year ended September 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 515,380	\$ 522,355	\$ 606,571	\$ 84,216
<b>Expenditures</b>				
Current:				
General government services	681,626	688,601	688,597	4
<b>Excess of revenues over (under) expenditures</b>	<b>(166,246)</b>	<b>(166,246)</b>	<b>(82,026)</b>	<b>84,220</b>
<b>Other financing sources (uses)</b>				
Appropriation from board of county commissioners	166,246	166,246	166,246	-
Reversion to board of county commissioners	-	-	(84,220)	(84,220)
<b>Total other financing sources (uses)</b>	<b>166,246</b>	<b>166,246</b>	<b>82,026</b>	<b>(84,220)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Schedules of Proportionate Share of Net Pension Liability  
Last 10 Fiscal Years (1)

	Florida Retirement System	2015
Employer's proportion of the net pension liability (asset)		0.0028%
Employer's proportionate share of the net pension liability (asset)	\$	366,717
Employer's covered-employee payroll (2)	\$	404,110
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		90.75%
Plan fiduciary net position as a percentage of the total pension liability		92.00%
	Health Insurance Subsidy Program	2015
Employer's proportion of the net pension liability (asset)		0.0013%
Employer's proportionate share of the net pension liability (asset)	\$	135,846
Employer's covered-employee payroll (2)	\$	404,110
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Baker County Tax Collector**

**Schedules of Employer Contributions  
Last 10 Fiscal Years**

<b>Florida Retirement System</b>	<b>2015</b>
Contractually required contribution	\$ 68,646
Contributions in relation to the contractually required contribution	68,646
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 403,486
Contributions as a percentage of covered-employee payroll	17.01%
<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Contractually required contribution	\$ 5,488
Contributions in relation to the contractually required contribution	5,488
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 403,486
Contributions as a percentage of covered-employee payroll	1.36%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

## **Supplementary Information**

**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**As of September 30, 2015**

	Tax Fund	Tag Fund	Total Agency Funds
<b>Assets</b>			
Cash and equivalents	\$ 280,233	\$ 55,447	\$ 335,680
<b>Liabilities</b>			
Assets held for others	280,233	55,447	335,680
 Net position	 \$ -	 \$ -	 \$ -

**Additional Elements Required by the  
Rules of the Auditor General**

## MANAGEMENT LETTER

The Honorable Gene Harvey  
Tax Collector  
Baker County, Florida

We have audited the financial statements of the office of the Baker County Tax Collector (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated August 01, 2016. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**INDEPENDENT AUDITOR’S 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 Gene Harvey  
Tax Collector  
Baker County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the office of the Baker County Tax Collector (the “Office”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office’s special purpose financial statements, and have issued our report thereon dated August 01, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 opinions on the 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 Office’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a 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 deficiency described in the accompanying schedule of findings as item 2015-001 to be a material weakness.

### **Compliance and Other Matters**

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

### **The Office's Response to Finding**

The Office's response to the finding identified in our audit is described in its accompanying letter of response. The Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES, SECTION 218.415, FLORIDA STATUTES**

The Honorable Gene Harvey  
Tax Collector  
Baker County, Florida

We have examined the office of the Baker County Tax Collector's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**Schedule of Findings**

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

**Condition** – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.



**GENE HARVEY, C.F.C.**  
**BAKER COUNTY TAX COLLECTOR**

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32 N. 5th Street • Macclenny, FL 32063  
(904) 259-6880 Fax (904) 259-2279

August 1, 2016

Auditor General, State of Florida  
Mrs. Sherrill Norman  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mrs. Norman:

This is to respond to the findings of the 2015-16 audit of this office conducted by Carr, Riggs, and Ingram, Certified Public Accountants and Advisors, received July 15, 2015.

Finding

2015-001 The comment is duly noted. We recognize that a weakness does exist in the Internal Control Structure due to a limited number of personnel. However, at this time, we are unable to add the necessary staff to adequately segregate incompatible duties.

Should you have any questions, please feel free to contact us.

Sincerely,

  
Gene Harvey, Tax Collector  
Baker County, Florida

**Baker County  
Property Appraiser**

**Audit Report**

**September 30, 2015**



**CRI** CARR  
RIGGS &  
INGRAM  
CPAs and Advisors

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Timothy P. Sweat  
Property Appraiser  
Baker County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the office of the Baker County Property Appraiser (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office as of September 30, 2015, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinion is not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 dated August 01, 2016, on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**Baker County Property Appraiser**

**Balance Sheet - Governmental Funds  
As of September 30, 2015**

	General Fund
<hr/>	
<b>Assets</b>	
Cash and equivalents	\$ 12,445
<hr/>	
<b>Liabilities and fund balance</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 130
Due to other governmental agencies	972
Due to board of county commissioners	11,343
<hr/>	
Total liabilities	12,445
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 12,445
<hr/>	

*See accompanying notes.*

**Baker County Property Appraiser**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
Year ended September 30, 2015**

	General Fund
<hr/>	
<b>Revenues</b>	
Charges for services	\$ 49,770
Miscellaneous revenue	35
<hr/>	
Total revenues	49,805
<b>Expenditures</b>	
Current:	
General government services	630,835
<hr/>	
<b>Excess of revenues under expenditures</b>	<b>(581,030)</b>
<hr/>	
<b>Other financing sources (uses)</b>	
Appropriation from board of county commissioners	592,373
Reversion to board of county commissioners	(11,343)
<hr/>	
Total other financing sources (uses)	581,030
<hr/>	
<b>Net change in fund balance</b>	<b>-</b>
<hr/>	
<b>Fund balance - October 1, 2014</b>	<b>-</b>
<hr/>	
<b>Fund balance - September 30, 2015</b>	<b>\$ -</b>
<hr/> <hr/>	

*See accompanying notes.*

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the office of the Baker County Property Appraiser (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

***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.

The Office is an integral part of Baker County, which is the primary government for financial reporting purposes.

***Basis of Presentation***

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

***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. 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. All nonmajor funds are aggregated and displayed in a single column.

The Office reports the following major governmental fund:

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.

***Fund Balance***

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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

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

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

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

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Measurement Focus/Basis of Accounting***

All governmental funds are accounted for on a current financial resources measurement focus. 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.

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

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Cash***

All deposits are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

***Capital Assets and Long-Term Liabilities***

Capital assets used by the Office are 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 noncurrent 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 government-wide financial statements of the County.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources***

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

***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.

Notes to Financial Statements

**NOTE 2 – CHANGES IN LONG-TERM DEBT**

A summary of changes in long-term debt follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	\$ 6,415	\$ 15,127	\$ 12,284	\$ 9,258	\$ 9,258
Net pension liability	244,852	203,374	-	448,226	4,400
<b>Total</b>	<b>\$ 251,267</b>	<b>\$ 218,501</b>	<b>\$ 12,284</b>	<b>\$ 457,484</b>	<b>\$ 13,658</b>

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

**NOTE 3 – STATE OF FLORIDA PENSION PLANS**

***Defined Benefit Plans***

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Notes to Financial Statements

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Benefits Provided***

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

***Contributions***

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office’s contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office’s contributions for the year ended September 30, 2015, were \$60,813 to the FRS and \$4,738 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office’s proportions of the net pension liabilities were based on the Office’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

## Baker County Property Appraiser

### Notes to Financial Statements

#### NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	\$ 329,302	\$ 118,924
Proportion at:		
Current measurement date	0.0025%	0.0012%
Prior measurement date	0.0023%	0.0011%
Pension expense (benefit)	\$ 58,464	\$ 8,827

#### *Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2015, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 34,765	\$ 7,810	\$ -	\$ -
Changes of assumptions	21,857	-	9,356	-
Net difference between projected and actual earnings on pension plan investments	115,989	194,621	64	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	157,529	-	1,312	1,272
Employer contributions subsequent to the measurement date	14,772	-	1,450	-
Total	\$ 344,912	\$ 202,431	\$ 12,182	\$ 1,272

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ 19,274	\$ 1,532
2017	19,274	1,532
2018	19,274	1,532
2019	19,274	1,532
2020	38,932	1,516
Thereafter	11,681	1,816
Total	\$ 127,709	\$ 9,460

Notes to Financial Statements

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

## Baker County Property Appraiser

### Notes to Financial Statements

#### NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	<u>12%</u>	6.7%	6.1%
	<u><u>100%</u></u>		

#### ***Discount Rate***

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

#### ***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	\$ 853,296	\$ 329,302	\$ (106,747)	\$ 135,508	\$ 118,924	\$ 105,095

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Pension Plans’ Fiduciary Net Position***

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$5,433.

## **Required Supplementary Information**

Baker County Property Appraiser

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Budget and Actual - General Fund  
Year ended September 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 50,742	\$ 50,742	\$ 49,770	\$ (972)
Miscellaneous revenue	-	-	35	35
<b>Total revenues</b>	<b>50,742</b>	<b>50,742</b>	<b>49,805</b>	<b>(937)</b>
<b>Expenditures</b>				
Current:				
General government services	643,115	643,115	630,835	12,280
<b>Excess of revenues over (under) expenditures</b>	<b>(592,373)</b>	<b>(592,373)</b>	<b>(581,030)</b>	<b>11,343</b>
<b>Other financing sources (uses)</b>				
Appropriation from board of county commissioners	592,373	592,373	592,373	-
Reversion to board of county commissioners	-	-	(11,343)	(11,343)
<b>Total other financing sources (uses)</b>	<b>592,373</b>	<b>592,373</b>	<b>581,030</b>	<b>(11,343)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

## Baker County Property Appraiser

### Schedules of Proportionate Share of Net Pension Liability Last 10 Fiscal Years (1)

	<b>Florida Retirement System</b>	2015
Employer's proportion of the net pension liability (asset)		0.0025%
Employer's proportionate share of the net pension liability (asset)	\$	329,302
Employer's covered-employee payroll (2)	\$	281,448
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		117.00%
Plan fiduciary net position as a percentage of the total pension liability		92.00%
	<b>Health Insurance Subsidy Program</b>	2015
Employer's proportion of the net pension liability (asset)		0.0012%
Employer's proportionate share of the net pension liability (asset)	\$	118,924
Employer's covered-employee payroll (2)	\$	281,448
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		42.25%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Baker County Property Appraiser**

**Schedules of Employer Contributions  
Last 10 Fiscal Years**

<b>Florida Retirement System</b>	<b>2015</b>
Contractually required contribution	\$ 60,813
Contributions in relation to the contractually required contribution	60,813
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 274,283
Contributions as a percentage of covered-employee payroll	22.17%

<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Contractually required contribution	\$ 4,738
Contributions in relation to the contractually required contribution	4,738
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 274,283
Contributions as a percentage of covered-employee payroll	1.73%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Additional Elements Required by the  
Rules of the Auditor General**

## MANAGEMENT LETTER

The Honorable Timothy P. Sweat  
Property Appraiser  
Baker County, Florida

We have audited the special purpose financial statements of the office of the Baker County Property Appraiser (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated August 01, 2016. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**INDEPENDENT AUDITOR’S 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 Timothy P. Sweat  
Property Appraiser  
Baker County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the office of the Baker County Property Appraiser (the “Office”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office’s special purpose financial statements, and have issued our report thereon dated August 01, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 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 Office’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a 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 deficiency described in the accompanying schedule of findings as item 2015-001 to be a material weakness.

### **Compliance and Other Matters**

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

### **The Office's Response to Finding**

The Office's response to the finding identified in our audit is described in its accompanying letter of response. The Office'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.

*Carly Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES, SECTION 218.415, FLORIDA STATUTES**

The Honorable Timothy P. Sweat  
Property Appraiser  
Baker County, Florida

We have examined the office of the Baker County Property Appraiser's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 01, 2016

**Schedule of Findings**

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

**Condition** – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

# Timothy P. Sweat, C.F.A.

BAKER COUNTY PROPERTY APPRAISER

32 N. Fifth Street, Suite B

Macclenny, Florida 32063

(904) 259-3191



August 1, 2016

Mrs. Sherrill F. Norman, CPA  
State of Florida Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mrs. Norman:

This is in response to the findings of the 2014-15 audit of this office conducted by Carr, Riggs, & Ingram, Certified Public Accountants and Advisors, received August 1, 2016.

Comment is noted with regards to 2015-001 Condition - The Internal Control Structure. We recognize that weaknesses do exist in the Internal Control Structure due to a limited number of personnel. However, at this time, we are unable to add the necessary staff to adequately segregate incompatible duties.

If you should have any questions, please let me know.

Sincerely,

Timothy P. Sweat, CFA  
Property Appraiser  
Baker County

TPS/pmb

xc: Carr, Riggs, & Ingram, CPA's

**Baker County  
Supervisor of Elections**

**Audit Report**

**September 30, 2015**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Nita Crawford  
Supervisor of Elections  
Baker County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the office of the Baker County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office as of September 30, 2015, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. In accordance with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in conformity with generally accepted accounting principles. Our opinion is not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 dated August 1, 2016, on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida

August 1, 2016

**Baker County Supervisor of Elections**

**Balance Sheet – Governmental Funds  
As of September 30, 2015**

	General Fund
<hr/>	
<b>Assets</b>	
Cash	\$ 18,387
<hr/>	
<b>Liabilities and fund balance</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 470
Unearned revenue	8,364
Due to board of county commissioners	9,553
<hr/>	
Total liabilities	18,387
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 18,387
<hr/>	

*See accompanying notes.*

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Year ended September 30, 2015**

	General Fund
<b>Revenues</b>	
Intergovernmental:	
Federal grants	\$ 2,728
<b>Expenditures</b>	
Current:	
General government services	370,627
<hr/>	
<b>Excess of revenues under expenditures</b>	<b>(367,899)</b>
<hr/>	
<b>Other financing sources (uses)</b>	
Appropriation from board of county commissioners	377,372
Reversion to board of county commissioners	(9,473)
<hr/>	
Total other financing sources (uses)	367,899
<hr/>	
<b>Net change in fund balance</b>	<b>-</b>
<hr/>	
<b>Fund balance - October 1, 2014</b>	<b>-</b>
<hr/>	
<b>Fund balance - September 30, 2015</b>	<b>\$ -</b>
<hr/> <hr/>	

*See accompanying notes.*

## Notes to Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office of the Baker County Supervisor of Elections (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

#### ***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.

The Office is an integral part of Baker County, which is the primary government for financial reporting purposes.

#### ***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”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

#### ***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. 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. All nonmajor funds are aggregated and displayed in a single column.

The Office reports the following major governmental fund; there are no nonmajor 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.

#### ***Fund Balance***

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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

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

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

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

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Measurement Focus/Basis of Accounting***

All governmental funds are accounted for on a current financial resources measurement focus. 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.

**NOTE 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.

***Capital Assets and Long-Term Liabilities***

Capital assets used by the Office are 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 noncurrent 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 government-wide financial statements of the County.

***Cash***

All deposits are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources***

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

***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.

Notes to Financial Statements

**NOTE 2 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	\$ 85,155	\$ 6,912	\$ 4,823	\$ 87,244	\$ 14,000
Net pension liability	143,676	157,091	-	300,767	2,200
<b>Total</b>	<b>\$ 228,831</b>	<b>\$ 164,003</b>	<b>\$ 4,823</b>	<b>\$388,011</b>	<b>\$ 16,200</b>

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

**NOTE 3 – STATE OF FLORIDA PENSION PLANS**

***Defined Benefit Plans***

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Benefits Provided***

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

***Contributions***

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office’s contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office’s contributions for the year ended September 30, 2015, were \$37,189 to the FRS and \$2,208 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office’s proportions of the net pension liabilities were based on the Office’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

## Baker County Supervisor of Elections

### Notes to Financial Statements

#### NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

		FRS		HIS
Net pension liability	\$	240,728	\$	60,039
Proportion at:				
Current measurement date		0.0019%		0.0006%
Prior measurement date		0.0015%		0.0005%
Pension expense (benefit)	\$	44,787	\$	4,637

#### *Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2015, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 25,414	\$ 5,709	\$ -	\$ -
Changes of assumptions	15,978	-	4,724	-
Net difference between projected and actual earnings on pension plan investments	84,791	142,273	33	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	126,350	-	4,928	3,280
Employer contributions subsequent to the measurement date	5,608	-	689	-
Total	\$ 258,141	\$ 147,982	\$ 10,374	\$ 3,280

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Notes to Financial Statements

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Year ending September 30,	FRS	HIS
2016	\$ 16,203	\$ 1,036
2017	16,203	1,036
2018	16,203	1,036
2019	16,202	1,036
2020	30,572	1,029
Thereafter	9,168	1,232
<b>Total</b>	<b>\$ 104,551</b>	<b>\$ 6,405</b>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

## Baker County Supervisor of Elections

### Notes to Financial Statements

#### NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	<u>100%</u>		

#### **Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

#### **Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	(6.65%)	(7.65%)	(8.65%)	(2.80%)	(3.80%)	(4.80%)
Employer's proportionate share of the net pension liability	\$ 623,780	\$ 240,728	\$ (78,035)	\$ 68,412	\$ 60,039	\$ 53,057

**NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. The Office made no contributions to the plan during the year ended September 30, 2015.

## **Required Supplementary Information**

**Baker County Supervisor of Elections**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund  
Year ended September 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
Federal grants	\$ -	\$ -	\$ 2,728	\$ 2,728
<b>Expenditures</b>				
Current:				
General government services	377,372	377,372	370,627	6,745
<b>Excess of revenues over (under) expenditures</b>	<b>(377,372)</b>	<b>(377,372)</b>	<b>(367,899)</b>	<b>9,473</b>
<b>Other financing sources (uses)</b>				
Appropriation from board of county commissioners	377,372	377,372	377,372	-
Reversion to board of county commissioners	-	-	(9,473)	(9,473)
<b>Total other financing sources (uses)</b>	<b>377,372</b>	<b>377,372</b>	<b>367,899</b>	<b>(9,473)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - October 1, 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - September 30, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

## Baker County Supervisor of Elections

### Schedules of Proportionate Share of Net Pension Liability Last 10 Fiscal Years (1)

	<b>Florida Retirement System</b>	2015
Employer's proportion of the net pension liability (asset)		0.0019%
Employer's proportionate share of the net pension liability (asset)	\$	240,728
Employer's covered-employee payroll (2)	\$	178,602
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		134.78%
Plan fiduciary net position as a percentage of the total pension liability		92.00%
	<b>Health Insurance Subsidy Program</b>	2015
Employer's proportion of the net pension liability (asset)		0.0006%
Employer's proportionate share of the net pension liability (asset)	\$	60,039
Employer's covered-employee payroll (2)	\$	178,602
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Baker County Supervisor of Elections**

**Schedules of Employer Contributions  
Last 10 Fiscal Years**

<b>Florida Retirement System</b>	<b>2015</b>
Contractually required contribution	\$ 37,189
Contributions in relation to the contractually required contribution	37,189
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 162,043
Contributions as a percentage of covered-employee payroll	22.95%

<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Contractually required contribution	\$ 2,208
Contributions in relation to the contractually required contribution	2,208
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 162,043
Contributions as a percentage of covered-employee payroll	1.36%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

## **Additional Elements Required by the Rules of the Auditor General**

## MANAGEMENT LETTER

The Honorable Nita Crawford  
Supervisor of Elections  
Baker County, Florida

We have audited the special purpose financial statements of the Baker County Supervisor of Elections (the "Office"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated August 1, 2016. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the provisions of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 1, 2016

**INDEPENDENT AUDITOR’S 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 Nita Crawford  
Supervisor of Elections  
Baker County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the office of the Baker County Supervisor of Elections (the “Office”) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office’s special purpose financial statements and have issued our report thereon dated August 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 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 Office’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a 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 deficiency described in the accompanying schedule of findings as item 2015-001 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Office’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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **The Office's Response to Finding**

The Office's response to the finding identified in our audit is described in the accompanying letter of response. The Office'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.

*Caru, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 1, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES, SECTION 218.415, FLORIDA STATUTES**

The Honorable Nita Crawford  
Supervisor of Elections  
Baker County, Florida

We have examined the office of the Baker County Supervisor of Elections (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
August 1, 2016

Schedule of Findings

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

**Condition** – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors and irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

# Supervisor of Elections



NITA D. CRAWFORD • Baker County

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E-mail: [vote@bakercountyfl.org](mailto:vote@bakercountyfl.org)

August 1, 2016

Mrs. Sherrill F. Norman, CPA  
Claude Denson Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mrs. Norman:

This letter is a response to the findings of 2014-2015 audit of our office conducted by Lyons and Lyons, Certified Public Accountants.

2015-001 Because of a limited number of personnel, this has been corrected to the best of our ability.

If you have any further questions, contact our office.

Cordially,

A handwritten signature in cursive script that reads "Nita D. Crawford".

Nita D. Crawford  
Supervisor of Elections

cc: Carr Riggs & Ingram CPA



\*\*\*\*\* YOUR VOTE IS YOUR VOICE IN AMERICA