

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-3
<b>Management's Discussion and Analysis</b> .....	4-14
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position.....	15
Statement of Activities .....	16
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds .....	17-18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Net Position - Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds .....	24
Statement of Cash Flows - Proprietary Funds.....	25-26
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	27
<i>Notes to Financial Statements</i> .....	28-69
<b>Required Supplementary Information</b>	
<i>Budgetary Comparison Schedules</i>	
General Fund - Board Only .....	70
County Transportation Fund .....	71
Fire and EMS Fund .....	72
<i>Pension and Other Postemployment Benefits Plans</i>	
Schedule of Funding Progress.....	73
Schedule of Estimated Employer Contributions .....	73

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**  
*(Concluded)*

**Required Supplementary Information (Concluded)**

Schedule of the County's Proportionate Share of the Net Pension Liability Florida Retirement System and Health Insurance Subsidy Pension Plans .....	74
Schedule of the County's Contributions Florida Retirement System and Health Insurance Subsidy Pension Plans .....	75
Notes to Required Supplemental Information .....	76

**Other Supplementary Information**

Combining Balance Sheet - General Fund by Category.....	77-78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	79-80
Combining Balance Sheet - All Nonmajor Governmental Funds .....	81-86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Nonmajor Governmental Funds .....	87-92
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds.....	93-94

**Compliance Section**

Schedule of Expenditures of Federal Awards and State Financial Assistance .....	95-96
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance .....	97
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	98-99
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, <i>Rules of the Auditor General</i> .....	100-101
Schedule of Findings and Questioned Costs - Federal Award Programs and State Financial Assistance Projects.....	102-103
Independent Accountants' Report on Compliance with Florida Statute Section 218.415 - Investment of Public Funds .....	104
Independent Accountants' Report on Compliance with Section 365.172(10) and Section 365.173(2)(d), Florida Statutes .....	105
Management Letter .....	106-108
Management Letter Response .....	109

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DeSoto County, Florida (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**INDEPENDENT AUDITORS' REPORT**  
*(Continued)*

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents (collectively, the "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.

*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 other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is also not a required part of the basic financial statements.

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

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

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018, 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.

*Purvis, Gray and Company, LLP*

May 25, 2018  
Sarasota, Florida



**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

DeSoto County's (the County) Management's Discussion and Analysis (the MD&A) presents an overview of the County's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the County's financial statements following the MD&A.

**Financial Highlights**

- The assets (plus deferred outflows) of the County exceeded its liabilities (plus deferred inflows) at the close of fiscal 2017 by \$41.2 million (*net position*). This is net of a \$19.6 million deficit in unrestricted net position.
- At September 30, 2017, the County's governmental funds reported combined ending fund balances of \$11.0 million, an increase of \$3.0 million for the year.
- At September 30, 2017, unassigned fund balance for the General Fund was \$5.2 million or 19.0% of total General Fund expenditures and other uses.
- Net capital assets decreased by \$1.3 million from the prior fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information and other supplemental information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the County's assets (plus deferred outflows) and liabilities (plus deferred inflows), with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Overview of the Financial Statements (Continued)**

**Government-wide Financial Statements (Concluded)**

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture/recreation, and court-related activities. The business-type activities of the County include solid waste disposal and water and sewer utilities. The government-wide financial statements can be found immediately following the MD&A.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, 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 three categories: governmental funds, proprietary 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 of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financing requirements.

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

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, County Transportation, and Fire and EMS; 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 these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section of this report.

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Overview of the Financial Statements (Concluded)**

**Governmental Funds (Concluded)**

The County adopts an annual appropriated budget for all non-fiduciary funds. Budgetary comparison schedules have been provided for the General Fund and major special revenue funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

**Proprietary Funds**

The County maintains one proprietary fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to solid waste disposal (landfill) and water and sewer utilities.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill and Water/Sewer Utility funds, which are considered to be major enterprise funds of the County.

The basic proprietary fund financial statements follow the governmental fund financial statements.

**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 statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found after the basic proprietary fund financial statements.

**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. The notes to the financial statements can be found after the fiduciary fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents budgetary comparison schedules for the County's general fund and other budgeted major special revenue funds. In addition, schedules providing information on the County's net pension liabilities and other postemployment benefits plan are also in this section. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented in the other supplemental information section of this report. Combining and individual fund schedules can be found after the required supplementary information.

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets (plus deferred outflows) exceeded liabilities (plus deferred inflows) by \$41.2 million at the close of the year ended September 30, 2017. The County is able to report positive balances in net investment in capital assets and restricted net position, but has a deficit in unrestricted net position for both its governmental and business-type activities. Following is a summarized version of the statement of net position found in the financial section of this report, with comparative information for 2016:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and Other Assets	\$ 13,849,826	\$ 10,856,631	\$ 8,989,494	\$ 7,648,891	\$ 22,839,320	\$ 18,505,522
Capital Assets (Net)	44,496,282	45,084,592	34,106,369	34,828,233	78,602,651	79,912,825
<b>Total Assets</b>	<b>58,346,108</b>	<b>55,941,223</b>	<b>43,095,863</b>	<b>42,477,124</b>	<b>101,441,971</b>	<b>98,418,347</b>
<b>Deferred Outflows</b>	<b>10,896,971</b>	<b>9,909,751</b>	<b>644,075</b>	<b>709,192</b>	<b>11,541,046</b>	<b>10,618,943</b>
Current and Other Liabilities	2,790,596	2,896,637	248,100	382,672	3,038,696	3,279,309
Long-term Liabilities	44,582,696	43,312,023	21,894,895	20,710,729	66,477,591	64,022,752
<b>Total Liabilities</b>	<b>47,373,292</b>	<b>46,208,660</b>	<b>22,142,995</b>	<b>21,093,401</b>	<b>69,516,287</b>	<b>67,302,061</b>
<b>Deferred Inflows</b>	<b>2,246,612</b>	<b>882,478</b>	<b>67,025</b>	<b>20,274</b>	<b>2,313,637</b>	<b>902,752</b>
Net Position:						
Net Investment in Capital Assets	31,554,375	31,760,331	22,746,453	24,280,261	54,300,828	56,040,592
Restricted	4,917,271	3,310,119	1,601,540	1,703,100	6,518,811	5,013,219
Unrestricted	(16,848,471)	(16,310,614)	(2,818,075)	(3,910,720)	(19,666,546)	(20,221,334)
<b>Total Net Position</b>	<b>\$ 19,623,175</b>	<b>\$ 18,759,836</b>	<b>\$ 21,529,918</b>	<b>\$ 22,072,641</b>	<b>\$ 41,153,093</b>	<b>\$ 40,832,477</b>

A substantial portion of the County's net position (131.9%) reflects its net investments in capital assets (e.g. land, buildings, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (15.8%) represents restricted resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net position.

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Government-wide Financial Analysis (Concluded)**

The following table is a summary of the information presented in the statement of activities found in the financial section of this report, with comparative information for 2016:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b><u>REVENUES</u></b>						
Program Revenues:						
Charges for Services	\$ 9,572,210	\$ 10,004,972	\$ 5,431,497	\$ 5,023,648	\$ 15,003,707	\$ 15,028,620
Operating Grants and Contributions	2,478,481	1,720,577	90,909	90,909	2,569,390	1,811,486
Capital Grants and Contributions	1,500,509	1,729,232	187,975	1,674,898	1,688,484	3,404,130
General Revenues:						
Property Taxes	12,430,736	12,199,973	0	0	12,430,736	12,199,973
Other Taxes	7,997,334	7,742,644	0	0	7,997,334	7,742,644
Shared Revenues	5,125,978	4,975,220	0	0	5,125,978	4,975,220
Other	648,168	388,660	21,582	70,289	669,750	458,949
<b>Total Revenues</b>	<b>39,753,416</b>	<b>38,761,278</b>	<b>5,731,963</b>	<b>6,859,744</b>	<b>45,485,379</b>	<b>45,621,022</b>
<b><u>EXPENSES</u></b>						
General Government	8,730,153	10,211,777	0	0	8,730,153	10,211,777
Public Safety	17,607,215	16,566,708	0	0	17,607,215	16,566,708
Physical Environment	2,248,378	2,149,313	0	0	2,248,378	2,149,313
Transportation	4,234,491	3,775,210	0	0	4,234,491	3,775,210
Economic Environment	807,620	802,628	0	0	807,620	802,628
Human Services	1,769,596	1,716,839	0	0	1,769,596	1,716,839
Culture/Recreation	1,794,332	908,971	0	0	1,794,332	908,971
Court-related	1,240,788	1,231,688	0	0	1,240,788	1,231,688
Interest on Long-term Debt	455,367	471,730	0	0	455,367	471,730
Landfill	0	0	1,924,594	1,761,250	1,924,594	1,761,250
Water and Sewer Utility	0	0	4,354,097	4,522,471	4,354,097	4,522,471
<b>Total Expenses</b>	<b>38,887,940</b>	<b>37,834,864</b>	<b>6,278,691</b>	<b>6,283,721</b>	<b>45,166,631</b>	<b>44,118,585</b>
Excess (Deficiency)						
Before Transfers	865,476	926,414	(546,728)	576,023	318,748	1,502,437
Transfers	(4,005)	(2,439)	4,005	2,439	0	0
Change in Net Position	861,471	923,975	(542,723)	578,462	318,748	1,502,437
<b>Net Position, Beginning of Year:</b>						
As Originally Reported	18,759,836	17,835,861	22,072,641	21,494,179	40,832,477	39,330,040
Adjustment (See Note 15)	1,868	0	0	0	1,868	0
As Adjusted	18,761,704	17,835,861	22,072,641	21,494,179	40,834,345	39,330,040
<b>Net Position, End of Year</b>	<b>\$ 19,623,175</b>	<b>\$ 18,759,836</b>	<b>\$ 21,529,918</b>	<b>\$ 22,072,641</b>	<b>\$ 41,153,093</b>	<b>\$ 40,832,477</b>

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Governmental Activities**

Governmental activities increased the County's net position by \$861 thousand during 2017. Following is a further detail of the revenues and expenses for governmental activities in 2017, compared to 2016:

**Governmental Activities - Expenses and Net Revenue (Cost) by Function**

	Expenses				Net Revenue (Cost) of Services	
	% of		2016	% Change	2017	2016
	2017	Total				
<b>Functions/Programs</b>						
General Government	\$ 8,730,153	22.4%	\$ 10,211,777	-14.5%	\$ (5,879,627)	\$ (7,300,541)
Public Safety	17,607,215	45.3%	16,566,708	6.3%	(11,923,040)	(11,496,466)
Physical Environment	2,248,378	5.8%	2,149,313	4.6%	(493,437)	(435,294)
Transportation	4,234,491	10.9%	3,775,210	12.2%	(3,438,337)	(2,135,259)
Economic Environment	807,620	2.1%	802,628	0.6%	492,267	12,350
Human Services	1,769,596	4.6%	1,716,839	3.1%	(1,541,933)	(1,354,888)
Culture/Recreation	1,794,332	4.5%	908,971	97.4%	(1,399,151)	(567,499)
Court-related	1,240,788	3.2%	1,231,688	0.7%	(698,115)	(630,756)
Interest on Long-term Debt	455,367	1.2%	471,730	-3.5%	(455,367)	(471,730)
	<u>\$ 38,887,940</u>	<u>100%</u>	<u>\$ 37,834,864</u>		<u>\$ (25,336,740)</u>	<u>\$ (24,380,083)</u>

**Governmental Activities - Revenues by Source**

Description	% of			
	2017	Total	2016	% Change
<b>Program Revenues:</b>				
Charges for Services	\$ 9,572,210	24.1%	\$ 10,004,972	-4.3%
Operating Grants and Contributions	2,478,481	6.2%	1,720,577	44.0%
Capital Grants and Contributions	1,500,509	3.8%	1,729,232	-13.2%
<b>General Revenues:</b>				
Property Tax	12,430,736	31.3%	12,199,973	1.9%
Small County Surcharge	2,130,963	5.4%	2,050,662	3.9%
Law Enforcement	1,826,211	4.6%	1,769,260	100.0%
Business Tax	8,496	0.0%	26,722	-68.2%
Communications Service	207,618	0.5%	192,731	7.7%
Tourist Development	83,198	0.2%	83,337	-0.2%
Gas and Fuel Taxes	2,490,423	6.3%	2,426,953	2.6%
Franchise Fees	1,250,425	3.1%	1,192,979	4.8%
Pari-mutuel Tax	314,333	0.8%	314,333	0.0%
State Shared Revenue	821,672	2.1%	791,762	3.8%
Local Shared Revenue	858,293	2.2%	858,293	0.0%
State Sales Tax	3,131,680	7.7%	3,010,832	4.0%
Miscellaneous	648,168	1.6%	388,660	66.8%
	<u>\$ 39,753,416</u>	<u>100%</u>	<u>\$ 38,761,278</u>	

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Governmental Activities (Concluded)**

During the year, two new special revenue funds were created, Emergency Management Fund, and Hurricane Fund. Revenues for governmental activities increased \$992 thousand from the prior year. The additional increase in revenues was mainly due to \$758 thousand in increased Operating grants. Expenses for governmental activities increased by \$1.1 million, including the increase in net pension liability.

**Business-type Activities**

Business-type activities decreased the County's net position by \$543 thousand in 2017 compared to an increase of \$578 thousand in 2016. Expenses decreased by \$5 thousand. Of that \$5 thousand, \$168 thousand was related to Water/Sewer, which was offset by increased expenses of \$163 thousand in Landfill. The decrease in Water/Sewer was primarily due to decreased interest expense. The increase in Landfill expenses is related to depreciation and closure amortization, which increased \$72 thousand in 2017. During the year, revenues decreased by \$1.1 million, primarily related to less contributions in 2017. Following is further detail of the business-type activities financial results for 2017, compared to 2016:

**Business-type Activities - Expenses and Net Revenue (Cost) by Function**

	2017			2016		
	Revenues	Expenses	Net	Revenues	Expenses	Net
Functions/Programs:						
Landfill	\$ 1,911,310	\$ 1,924,594	\$ (13,284)	\$ 1,783,742	\$ 1,761,250	\$ 22,492
Water and Sewer	3,799,071	4,354,097	(555,026)	5,005,713	4,522,471	483,242
	5,710,381	6,278,691	(568,310)	6,789,455	6,283,721	505,734
General Revenues (Expenses)	21,582	0	21,582	70,289	0	70,289
Transfers	4,005	0	4,005	2,439	0	2,439
<b>Net</b>	<b>\$ 5,735,968</b>	<b>\$ 6,278,691</b>	<b>\$ (542,723)</b>	<b>\$ 6,862,183</b>	<b>\$ 6,283,721</b>	<b>\$ 578,462</b>

**Business-type Activities - Revenues by Source**

	2017	% of Total	2016	% of Total
Charges for Services	\$ 5,431,497	94.8%	\$ 5,023,648	73.2%
Operating Grants and Contributions	90,909	1.5%	90,909	1.3%
Capital Grants and Contributions	187,975	3.3%	1,674,898	24.5%
Miscellaneous	21,582	0.4%	70,289	1.0%
	<b>\$ 5,731,963</b>	<b>100.0%</b>	<b>\$ 6,859,744</b>	<b>100.0%</b>

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Financial Analysis of the County's Funds**

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

**Governmental Funds**

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

At the end of 2017, the County's governmental funds reported combined ending fund balances of \$11.0 million, an increase of \$3.0 million for the year. At the end of 2017, the County's governmental funds reported combined *restricted fund balances* of \$4.7 million. This represents amounts that can only be spent for specific purposes as stipulated by external resource providers or by enabling legislation. The County's governmental funds reported combined *assigned fund balances* of \$971 thousand. *Unassigned fund balances* totaled \$4.6 million and are available for spending. The remainder of the fund balances are *nonspendable* to indicate that they are not available for spending: 1) for prepaids and inventories (\$141 thousand); and 2) for advances to other funds (\$579 thousand).

The General Fund is the chief operating fund of the County. At the end of 2017, unassigned fund balance of the General Fund was \$5.2 million, while total fund balance reached \$5.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.0% of the total general fund expenditures and other uses, while total fund balance represents 20.4% of the same amount. During 2017, the fund balance of the General Fund increased \$1.1 million as opposed to a decrease of \$4.5 million as originally budgeted due to effective cost control strategies.

The County Transportation Fund reported an increase in fund balance of \$178 thousand during 2017. This increase was related to multiple factors, but mostly related to decreased construction projects in 2017. The fund balance has continued to hold position at September 30, 2017.

The Fire and EMS Fund reported an increase in fund balance of \$249 thousand during 2017. This was an improvement over the prior year increase of \$40 thousand. The fund balance is in a positive position of \$240 thousand at September 30, 2017, as compared to a deficit of \$9 thousand at September 30, 2016.



**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Proprietary Funds**

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The only two enterprise funds, Landfill and Water/Sewer Utility, are reported as major funds.

The Landfill Fund reported an increase in net position of \$5 thousand during 2017, compared to an increase of \$87 thousand in 2016. As mentioned previously, depreciation expense and closure amortization expense increased \$72 thousand from the prior year.

The Water and Sewer Fund reported a decrease in net position of \$548 thousand, as compared to an increase net position of \$492 thousand in 2016. This decrease was attributable to a reduction of capital contributions received during 2017.

Unrestricted net position for proprietary funds are as follows:

<b>Fund</b>	<b>Unrestricted Net Position (Deficit)</b>	
	<b>2017</b>	<b>2016</b>
Landfill	\$ (2,564,227)	\$ (2,968,790)
Water and Sewer	(253,848)	(941,935)
<b>Total</b>	<b>\$ (2,818,075)</b>	<b>\$ (3,910,725)</b>

**General Fund Budgetary Highlights**

A budget versus actual comparison of the operating results of the County's general fund (excluding the County Officers) can be found in the Required Supplementary Information section of the report. Final budgeted revenues increased from the original budget by \$1.0 million, mostly related to taxes and intergovernmental revenues. As shown below, final budgeted expenditures and transfers out increased by \$1.1 million from the original budget, reducing budgeted reserves.

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Difference</b>
General Government	\$ 5,782,874	\$ 6,198,573	\$ 415,699
Public Safety	505,978	529,145	23,167
Physical Environment	370,053	373,554	3,501
Economic Environment	85,728	125,063	39,335
Human Services	1,569,453	1,624,453	55,000
Culture/Recreation	1,261,958	1,290,605	28,647
Debt Service	37,620	30,319	(7,301)
Reserves	3,973,903	4,375,129	401,226
Transfers Out	15,511,947	15,694,294	182,347
	<b>\$ 29,099,514</b>	<b>\$ 30,241,135</b>	<b>\$ 1,141,621</b>

The General Fund final actual revenues were \$123 thousand less than the final budget. As shown below, the General Fund actual expenditures and transfers out were \$5.1 million less than the final amended budget. The most significant factor was budgeted reserves of \$4.4 million that were not expended. Additionally, General Government expenditures were \$354 thousand less than budget.

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**General Fund Budgetary Highlights (Concluded)**

General Fund budgeted and actual expenditures and transfers out for 2017 were as follows:

	<b>Actual</b>		
	<b>Expenditures</b>	<b>Final Budget</b>	<b>Difference</b>
General Government	\$ 5,844,077	\$ 6,198,573	\$ 354,496
Public Safety	500,189	529,145	28,956
Physical Environment	358,087	373,554	15,467
Economic Environment	97,193	125,063	27,870
Human Services	1,450,758	1,624,453	173,695
Culture/Recreation	1,192,230	1,290,605	98,375
Debt Service	17,789	30,319	12,530
Reserves	0	4,375,129	4,375,129
Transfers Out	15,694,294	15,694,294	0
	<u>\$ 25,154,617</u>	<u>\$ 30,241,135</u>	<u>\$ 5,086,518</u>

**Capital Assets and Debt Administration**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$78.6 million (net of accumulated depreciation and amortization). The total decrease in the County's investment in capital assets for the current fiscal year was \$1.3 million or 1.6%. Major capital asset events during 2017 included the following:

- Depreciation expense for governmental activities was \$3.4 million, an increase of \$35 thousand from the prior year. Capital asset additions were \$2.9 million.
- Depreciation expense for business-type activities was \$2.1 million, in line with the prior year. Capital asset additions were \$1.4 million.

Following is a summary of the County's capital assets at the end of 2017 and 2016:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land and Easements	\$ 3,458,059	\$ 3,458,059	\$ 2,959,193	\$ 2,959,193	\$ 6,417,252	\$ 6,417,252
Construction in Progress	1,422,763	626,640	4,256,268	3,513,214	5,679,031	4,139,854
Buildings and Improvements	29,275,196	29,170,248	1,092,173	1,092,173	30,367,369	30,262,421
Intangibles	551,756	509,722	60,278	60,278	612,034	570,000
Machinery and Equipment - Board	11,877,382	11,514,729	2,158,016	1,677,985	14,035,398	13,192,714
Machinery and Equipment - Sheriff	5,773,061	5,433,050	0	0	5,773,061	5,433,050
Infrastructure	32,180,267	31,543,997	9,065,713	9,065,713	41,245,980	40,609,710
Water Distribution System	0	0	37,330,377	37,330,377	37,330,377	37,330,377
	84,538,484	82,256,445	56,922,018	55,698,933	141,460,502	137,955,378
Less: Accumulated Depreciation	(40,042,202)	(37,171,853)	(22,815,649)	(20,870,700)	(62,857,851)	(58,042,553)
<b>Capital Assets, Net</b>	<u>\$ 44,496,282</u>	<u>\$ 45,084,592</u>	<u>\$ 34,106,369</u>	<u>\$ 34,828,233</u>	<u>\$ 78,602,651</u>	<u>\$ 79,912,825</u>

More detailed information on the County's capital assets can be found in Note 5 to the financial statements.

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Capital Assets and Debt Administration (Concluded)**

**Long-term Debt**

The County's outstanding long-term debt consists primarily of revenue bonds/notes, other notes payable, and installment obligations. At the end of 2017, the County's governmental activities had a decrease of \$487 thousand in outstanding long-term debt, primarily with the additions of two new loans totaling \$1.4 million, and reduced by scheduled principal payments of \$1.9 million. Business-type activities had an increase of \$789 thousand in outstanding long-term debt, primarily with the addition of one new loan totaling \$1.2 million, and reduced by scheduled principal payments of \$369 thousand.

Following is a summary of the County's long-term debt at the end of 2017 and 2016:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$ 0	\$ 0	\$ 6,917,130	\$ 7,045,130	\$ 6,917,130	\$ 7,045,130
Revenue Notes	13,017,394	13,723,617	4,610,478	4,247,640	17,627,872	17,971,257
Installment Obligations	343,355	124,196	649,941	95,671	993,296	219,867
	<u>\$ 13,360,749</u>	<u>\$ 13,847,813</u>	<u>\$ 12,177,549</u>	<u>\$ 11,388,441</u>	<u>\$ 25,538,298</u>	<u>\$ 25,236,254</u>

More detailed information on the County's long-term debt can be found in Note 6 to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The County's millage rate for general operations remained the same in 2018 as in 2017, at 8.5060 mills. The Law Enforcement M.S.T.U. also remained the same in 2018 at 1.5000 mills. Budgets remained conservative with little activity in upcoming capital improvements. The 2018 general fund budget uses carry over surplus of \$51 thousand to balance.

**Requests for Information**

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the County's Finance Department, 201 E. Oak Street, Suite 205, Arcadia, Florida 34266.

## **BASIC FINANCIAL STATEMENTS**

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 8,651,950	\$ 1,334,693	\$ 9,986,643
Restricted Cash and Cash Equivalents	680,618	7,432,634	8,113,252
Accounts Receivable, Net	684,041	424,648	1,108,689
Special Assessments Receivable	7,789	0	7,789
Notes Receivable	1,375,000	60	1,375,060
Internal Balances	270,783	(270,783)	0
Due from Other Governments	1,973,713	33,766	2,007,479
Inventories	107,412	31,976	139,388
Prepays	33,520	2,500	36,020
Deposits	65,000	0	65,000
Capital Assets - Nondepreciated	4,880,822	7,215,461	12,096,283
Capital Assets - Depreciated, Net	39,615,460	26,890,908	66,506,368
<b>Total Assets</b>	<b>58,346,108</b>	<b>43,095,863</b>	<b>101,441,971</b>
<b>Deferred Outflows of Resources</b>			
Contractual Rights	0	320,000	320,000
Refunding Losses	418,842	0	418,842
Pensions	10,478,129	324,075	10,802,204
<b>Total Deferred Outflows of Resources</b>	<b>10,896,971</b>	<b>644,075</b>	<b>11,541,046</b>
<b>Total Assets and Deferred Outflows</b>	<b>69,243,079</b>	<b>43,739,938</b>	<b>112,983,017</b>
<b>Liabilities</b>			
Vouchers Payable	1,397,288	109,172	1,506,460
Accrued Liabilities	584,733	53,769	638,502
Due to Other Governments	196,240	0	196,240
Unearned Revenue	1,930	0	1,930
Deposits	610,405	85,159	695,564
Long-term Liabilities:			
Due Within One Year	2,268,279	554,099	2,822,378
Due in More Than One Year	42,314,417	21,340,796	63,655,213
<b>Total Liabilities</b>	<b>47,373,292</b>	<b>22,142,995</b>	<b>69,516,287</b>
<b>Deferred Inflows of Resources</b>			
Pensions	2,246,612	67,025	2,313,637
<b>Total Deferred Inflows of Resources</b>	<b>2,246,612</b>	<b>67,025</b>	<b>2,313,637</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>49,619,904</b>	<b>22,210,020</b>	<b>71,829,924</b>
<b>Net Position</b>			
Net Investment in Capital Assets	31,554,375	22,746,453	54,300,828
Restricted for:			
Debt Service	0	427,800	427,800
Capital Expansion Program	0	1,173,740	1,173,740
Transportation	511,589	0	511,589
Economic Development	2,479,352	0	2,479,352
Other Purposes	1,926,330	0	1,926,330
Unrestricted (Deficit)	(16,848,471)	(2,818,075)	(19,666,546)
<b>Total Net Position</b>	<b>\$ 19,623,175</b>	<b>\$ 21,529,918</b>	<b>\$ 41,153,093</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 8,730,153	\$ 2,810,483	\$ 40,043	\$ 0	\$ (5,879,627)	\$ 0	\$ (5,879,627)
Public Safety	17,607,215	4,286,196	496,322	901,657	(11,923,040)	0	(11,923,040)
Physical Environment	2,248,378	1,749,771	5,170	0	(493,437)	0	(493,437)
Transportation	4,234,491	119,737	88,625	587,792	(3,438,337)	0	(3,438,337)
Economic Environment	807,620	0	1,299,887	0	492,267	0	492,267
Human Services	1,769,596	16,354	200,249	11,060	(1,541,933)	0	(1,541,933)
Culture/Recreation	1,794,332	230,510	164,671	0	(1,399,151)	0	(1,399,151)
Court-related	1,240,788	359,159	183,514	0	(698,115)	0	(698,115)
Interest on Long-term Debt	455,367	0	0	0	(455,367)	0	(455,367)
<b>Total Governmental Activities</b>	<b>38,887,940</b>	<b>9,572,210</b>	<b>2,478,481</b>	<b>1,500,509</b>	<b>(25,336,740)</b>	<b>0</b>	<b>(25,336,740)</b>
<b>Business-type Activities</b>							
Landfill	1,924,594	1,820,401	90,909	0	0	(13,284)	(13,284)
Water and Sewer	4,354,097	3,611,096	0	187,975	0	(555,026)	(555,026)
<b>Total Business-type Activities</b>	<b>6,278,691</b>	<b>5,431,497</b>	<b>90,909</b>	<b>187,975</b>	<b>0</b>	<b>(568,310)</b>	<b>(568,310)</b>
<b>Total</b>	<b>\$ 45,166,631</b>	<b>\$ 15,003,707</b>	<b>\$ 2,569,390</b>	<b>\$ 1,688,484</b>	<b>(25,336,740)</b>	<b>(568,310)</b>	<b>(25,905,050)</b>
<b>General Revenues</b>							
Taxes:							
Property Tax					12,430,736	0	12,430,736
Small County Surcharge					2,130,963	0	2,130,963
Law Enforcement					1,826,211	0	1,826,211
Business Tax					8,496	0	8,496
Communications Service					207,618	0	207,618
Tourist Development					83,198	0	83,198
Gas and Fuel Taxes					2,490,423	0	2,490,423
Franchise Fees					1,250,425	0	1,250,425
Intergovernmental Revenue:							
Pari-mutuel Tax					314,333	0	314,333
State Shared Revenue					821,672	0	821,672
Local Shared Revenue					858,293	0	858,293
State Sales Tax					3,131,680	0	3,131,680
Miscellaneous					648,168	21,582	669,750
Transfers in (out)					(4,005)	4,005	0
<b>Total General Revenues and Transfers</b>					<b>26,198,211</b>	<b>25,587</b>	<b>26,223,798</b>
<b>Change in Net Position</b>					<b>861,471</b>	<b>(542,723)</b>	<b>318,748</b>
<b>Net Position, Beginning of Year:</b>							
<b>As Originally Reported</b>					18,759,836	22,072,641	40,832,477
<b>Adjustment (See Note 15)</b>					1,868	0	1,868
<b>As Adjusted</b>					18,761,704	22,072,641	40,834,345
<b>Net Position, End of Year</b>					<b>\$ 19,623,175</b>	<b>\$ 21,529,918</b>	<b>\$ 41,153,093</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<u>General</u>	<u>County Transportation</u>	<u>Fire and EMS</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,552,853	\$ 106,803	\$ 202,892
Restricted Cash and Cash Equivalents	605,492	0	0
Accounts Receivable, Net	425,068	7,863	239,835
Special Assessments Receivable	0	0	4,870
Notes Receivable, Net	0	0	0
Due from Other Funds	502,259	0	24,907
Due from Other Governments	1,152,974	502,669	88,946
Inventories	11,910	95,502	0
Prepays	1,047	28,749	245
Deposits	65,000	0	0
Advances to Other Funds	313,112	0	0
<b>Total Assets</b>	<u>7,629,715</u>	<u>741,586</u>	<u>561,695</u>
<b>Liabilities</b>			
Vouchers Payable	909,688	194,188	98,548
Accrued Liabilities	299,529	25,340	64,823
Due to Other Funds	44,670	13,164	61,583
Due to Other Governments	185,477	0	144
Deposits	610,405	0	0
Advances from Other Funds	0	0	0
Unearned Revenues	0	0	1,930
<b>Total Liabilities</b>	<u>2,049,769</u>	<u>232,692</u>	<u>227,028</u>
<b>Deferred Inflows</b>			
Unavailable Revenues	<u>32,947</u>	<u>31,217</u>	<u>94,479</u>
<b>Fund Balances</b>			
Nonspendable:			
Prepays and Inventories	12,957	124,251	245
Advances to Other Funds	313,112	0	0
Restricted for:			
Transportation	0	353,426	0
Economic Development	0	0	0
Public Assistance Programs	0	0	0
Streetlighting	0	0	0
Public Safety	0	0	239,943
Court Related Services	0	0	0
Solid Waste Control Services	0	0	0
Building Code Enforcement	0	0	0
Assigned for:			
Budget Carryforward	51,454	0	0
Construction Projects	0	0	0
Mosquito Control	0	0	0
Unassigned (Deficit)	<u>5,169,476</u>	<u>0</u>	<u>0</u>
<b>Total Fund Balances</b>	<u>5,546,999</u>	<u>477,677</u>	<u>240,188</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 7,629,715</u>	<u>\$ 741,586</u>	<u>\$ 561,695</u>

See accompanying notes.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,789,402	\$ 8,651,950
75,126	680,618
11,275	684,041
2,919	7,789
1,375,000	1,375,000
14,586	541,752
229,124	1,973,713
0	107,412
3,479	33,520
0	65,000
266,349	579,461
<u>5,767,260</u>	<u>14,700,256</u>
194,864	1,397,288
19,467	409,159
417,901	537,318
10,619	196,240
0	610,405
313,112	313,112
0	1,930
<u>955,963</u>	<u>3,465,452</u>
48,527	207,170
3,479	140,932
266,349	579,461
33,912	387,338
2,479,352	2,479,352
5,899	5,899
2,177	2,177
909,682	1,149,625
248,145	248,145
38,243	38,243
384,038	384,038
0	51,454
900,933	900,933
18,240	18,240
(527,679)	4,641,797
<u>4,762,770</u>	<u>11,027,634</u>
<u>\$ 5,767,260</u>	<u>\$ 14,700,256</u>

See accompanying notes.



**DESOTO COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2017**

**Total Fund Balances of Governmental Funds** \$ 11,027,634

**Amounts Reported for Governmental Activities in the Statement  
of Net Position are Different Because:**

Revenues are deferred in governmental funds when both the measurable and available criteria are not met under the modified accrual basis of accounting. Under the full accrual basis of accounting these revenues would be recognized when earned regardless of when they are received. 207,170

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$84,538,484, and the accumulated depreciation is \$40,042,202. 44,496,282

Deferred refunding losses are considered deferred outflows in the government-wide statement of net position. These losses are expensed as incurred in the governmental fund financial statements:

Deferred Charge on Refunding	\$ 1,134,360	
(Accumulated Amortization)	<u>(715,518)</u>	418,842

Net pension liabilities and related deferred outflows and inflows of resources are not due or available in the current period and, therefore, not recognized in the governmental funds:

Deferred Outflows	10,478,129	
Deferred Inflows	(2,246,612)	
Net Pension Liability	<u>(24,092,516)</u>	(15,860,999)

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Notes Payable	(13,017,394)	
Installment Purchase Obligations	(343,355)	
Interest Payable	(175,574)	
Other Postemployment Benefits	(6,298,532)	
Compensated Absences	<u>(830,899)</u>	<u>(20,665,754)</u>

**Total Net Position of Governmental Activities** \$ 19,623,175

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>General</u>	<u>County Transportation</u>	<u>Fire and EMS</u>
<b>Revenues</b>			
Taxes	\$ 16,604,024	\$ 2,490,423	\$ 0
Special Assessments	0	0	2,253,328
Permits and Fees	1,551,236	11,330	16,960
Intergovernmental Revenues	5,922,905	394,648	255,119
Charges for Services	3,247,279	92,665	790,510
Fines and Forfeitures	46,348	0	0
Miscellaneous Revenues	511,022	15,742	8,356
<b>Total Revenues</b>	<u>27,882,814</u>	<u>3,004,808</u>	<u>3,324,273</u>
<b>Expenditures</b>			
Current:			
General Government	8,023,191	0	106,779
Public Safety	9,829,716	0	4,319,652
Physical Environment	358,087	0	0
Transportation	0	3,585,446	0
Economic Environment	97,193	0	0
Human Services	1,450,758	0	0
Culture/Recreation	1,192,230	0	0
Court-related	984,361	0	0
Debt Service:			
Principal Retirement	16,216	51,012	7,162
Interest and Fiscal Charges	1,573	6,134	77
<b>(Total Expenditures)</b>	<u>(21,953,325)</u>	<u>(3,642,592)</u>	<u>(4,433,670)</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over (Under) Expenditures</b>	<u>5,929,489</u>	<u>(637,784)</u>	<u>(1,109,397)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	252,444	2,274,630	1,494,104
Transfers (out)	(5,185,924)	(1,682,489)	(227,927)
Distributions of Excess Commissions	(10,588)	0	0
Loan Proceeds	72,537	221,012	0
Insurance Proceeds	53,520	2,565	92,109
<b>Total Other Financing Sources (Uses)</b>	<u>(4,818,011)</u>	<u>815,718</u>	<u>1,358,286</u>
<b>Net Change in Fund Balances</b>	1,111,478	177,934	248,889
<b>Fund Balances (Deficits), Beginning of Year</b>			
<b>As Restated</b>	<u>4,435,521</u>	<u>299,743</u>	<u>(8,701)</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 5,546,999</u></u>	<u><u>\$ 477,677</u></u>	<u><u>\$ 240,188</u></u>

See accompanying notes.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 83,198	\$ 19,177,645
50,801	2,304,129
397,132	1,976,658
2,014,739	8,587,411
2,116,473	6,246,927
104,360	150,708
571,567	1,106,687
<u>5,338,270</u>	<u>39,550,165</u>
137,371	8,267,341
2,758,337	16,907,705
1,865,773	2,223,860
85,615	3,671,061
706,032	803,225
173,209	1,623,967
0	1,192,230
129,512	1,113,873
1,806,223	1,880,613
339,665	347,449
<u>(8,001,737)</u>	<u>(38,031,324)</u>
<u>(2,663,467)</u>	<u>1,518,841</u>
3,517,558	7,538,736
(446,401)	(7,542,741)
0	(10,588)
1,100,000	1,393,549
0	148,194
<u>4,171,157</u>	<u>1,527,150</u>
1,507,690	3,045,991
3,255,080	7,981,643
<u>\$ 4,762,770</u>	<u>\$ 11,027,634</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,045,991

**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Governmental funds report capital purchases as expenditures.

Donated and transferred capital assets are not recorded in the fund statements. In the statement of activities, the cost of capital assets acquired is depreciated over their estimated useful lives and reported as depreciation expense.

Capital Asset Purchases	\$ 2,881,152	
Capital Asset Donations	11,060	
Capital Asset Disposals	(44,501)	
Depreciation Expense	<u>(3,436,021)</u>	(588,310)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. In addition, principal payments are recorded as expenditures in the fund statements, and proceeds from debt issuances are recorded as other financing sources.

New Debt	(1,393,549)	
Principal Paid	<u>1,880,613</u>	487,064

Amortization is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.

Refunding Loss - Amortization		(104,710)
-------------------------------	--	-----------

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Adjustments are as follows:

Accrued Interest	(3,208)	
Other Postemployment Benefits	(374,747)	
Pension Adjustments	(1,700,650)	
Compensated Absences	<u>45,456</u>	(2,033,149)

Under the modified accrual basis of accounting used in governmental funds, revenues are recognized when they are earned, measurable, and available. In the statement of activities, however, which is presented on the accrual basis, revenues are recognized when they are earned and measurable.

54,585

**Change in Net Position of Governmental Activities**

\$ 861,471

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	Business-type Activities - Enterprise Funds		
	Landfill	Water/Sewer Utility	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 692,227	\$ 642,466	\$ 1,334,693
Accounts Receivable	126,768	297,880	424,648
Note Receivable	0	60	60
Due from Other Funds	5,178	0	5,178
Due from Other Governments	0	33,766	33,766
Inventories	0	31,976	31,976
Prepays	0	2,500	2,500
Restricted Assets:			
Cash and Cash Equivalents	11,185	111,963	123,148
Total Current Assets	835,358	1,120,611	1,955,969
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	5,707,946	1,601,540	7,309,486
Capital Assets - Nondepreciated	680,255	6,535,206	7,215,461
Capital Assets - Depreciated, Net	1,433,133	25,457,775	26,890,908
Total Noncurrent Assets	7,821,334	33,594,521	41,415,855
<b>Total Assets</b>	8,656,692	34,715,132	43,371,824
<b>Deferred Outflows of Resources</b>			
Contractual Rights	0	320,000	320,000
Pensions	121,358	202,717	324,075
<b>Total Deferred Outflows of Resources</b>	121,358	522,717	644,075
<b>Liabilities</b>			
Current Liabilities:			
Vouchers Payable	25,081	82,852	107,933
Contracts Payable	0	1,239	1,239
Accrued Liabilities	8,092	7,688	15,780
Accrued Interest	0	37,989	37,989
Due to Other Funds	3,624	5,988	9,612
Due to Other Governments	0	30,151	30,151
Deposits	11,185	73,974	85,159
Accrued Compensated Absences	3,023	20,689	23,712
Notes Payable	96,811	249,774	346,585
Bonds Payable	0	133,000	133,000
Net Pension Liability	7,733	12,918	20,651
Total Current Liabilities	155,549	656,262	811,811
Noncurrent Liabilities:			
Other Postemployment Benefits	175,777	226,258	402,035
Accrued Compensated Absences	27,210	25,376	52,586
Net Pension Liability	306,810	512,495	819,305
Notes Payable	553,132	4,360,702	4,913,834
Bonds Payable	0	6,784,130	6,784,130
Accrued Landfill Closure/Post-closure Costs	8,368,906	0	8,368,906
Advances from Other Funds	266,349	0	266,349
Total Noncurrent Liabilities	9,698,184	11,908,961	21,607,145
<b>Total Liabilities</b>	9,853,733	12,565,223	22,418,956
<b>Deferred Inflows of Resources</b>			
Pensions	25,099	41,926	67,025
<b>Total Deferred Inflows of Resources</b>	25,099	41,926	67,025
<b>Net Position (Deficit)</b>			
Net Investment in Capital Assets	1,463,445	21,283,008	22,746,453
Restricted for:			
Debt Service	0	427,800	427,800
Capital Expansion Program	0	1,173,740	1,173,740
Unrestricted (Deficits)	(2,564,227)	(253,848)	(2,818,075)
<b>Total Net Position (Deficit)</b>	\$ (1,100,782)	\$ 22,630,700	\$ 21,529,918

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Landfill</b>	<b>Water/Sewer Utility</b>	<b>Total</b>
<b>Operating Revenues</b>			
Licenses and Permits	\$ 0	\$ 2,975	\$ 2,975
Charges for Services	1,193,056	3,558,945	4,752,001
Special Assessments	616,321	0	616,321
Miscellaneous Operating Revenues	11,024	49,176	60,200
<b>Total Operating Revenues</b>	<b>1,820,401</b>	<b>3,611,096</b>	<b>5,431,497</b>
<b>Operating Expenses</b>			
Purchased Water	0	727,915	727,915
Personnel Services	469,055	643,324	1,112,379
Contracted Services	145,168	218,318	363,486
Supplies and Materials	49,047	134,055	183,102
Repairs and Maintenance	166,367	206,274	372,641
Other Services and Charges	145,332	117,053	262,385
Utilities	3,387	219,268	222,655
Depreciation	454,961	1,613,387	2,068,348
Amortization	0	40,000	40,000
Provision for Closure and Long-term Care	465,809	0	465,809
<b>(Total Operating Expenses)</b>	<b>(1,899,126)</b>	<b>(3,919,594)</b>	<b>(5,818,720)</b>
<b>Operating (Loss)</b>	<b>(78,725)</b>	<b>(308,498)</b>	<b>(387,223)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Operating Grants	90,909	0	90,909
Interest Income	11,681	7,139	18,820
Interest Expense	(25,468)	(434,280)	(459,748)
Gain (Loss) on Disposal of Capital Assets	0	3,677	3,677
Other Nonoperating (Expenses)	0	(1,347)	(1,347)
Other Nonoperating Revenues	0	209	209
<b>Total Nonoperating Revenues (Expenses)</b>	<b>77,122</b>	<b>(424,602)</b>	<b>(347,480)</b>
<b>Income (Loss) Before Transfers and Contributions</b>	<b>(1,603)</b>	<b>(733,100)</b>	<b>(734,703)</b>
<b>Operating Transfers</b>			
Operating Transfers in	174,170	0	174,170
Operating Transfers (out)	(167,777)	(2,388)	(170,165)
<b>Total Operating Transfers</b>	<b>6,393</b>	<b>(2,388)</b>	<b>4,005</b>
<b>Capital Contributions</b>			
Capital Grants	0	187,975	187,975
<b>Total Capital Contributions</b>	<b>0</b>	<b>187,975</b>	<b>187,975</b>
<b>Increase (Decrease) in Net Position</b>	<b>4,790</b>	<b>(547,513)</b>	<b>(542,723)</b>
<b>Total Net Position (Deficit), Beginning of Year</b>	<b>(1,105,572)</b>	<b>23,178,213</b>	<b>22,072,641</b>
<b>Total Net Position (Deficit), End of Year</b>	<b>\$ (1,100,782)</b>	<b>\$ 22,630,700</b>	<b>\$ 21,529,918</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Landfill</b>	<b>Water/Sewer Utility</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 1,776,971	\$ 3,647,335	\$ 5,424,306
Payments to Suppliers	(540,005)	(1,788,097)	(2,328,102)
Payments to Employees	(431,291)	(649,188)	(1,080,479)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>805,675</b>	<b>1,210,050</b>	<b>2,015,725</b>
<b>Cash Flows from Noncapital</b>			
<b>Financing Activities</b>			
Transfers from Other Funds	174,170	0	174,170
Transfers to Other Funds	(167,777)	(2,388)	(170,165)
Interfund Loans (Repayments)	(49,930)	(256)	(50,186)
Operating Grants	95,739	0	95,739
Other Nonoperating Revenues (Expenses)	0	(1,138)	(1,138)
<b>Net Cash Provided by (Used in)</b>			
<b>Noncapital Financing Activities</b>	<b>52,202</b>	<b>(3,782)</b>	<b>48,420</b>
<b>Cash Flows from Capital and Related</b>			
<b>Financing Activities</b>			
Acquisition/Construction of Capital Assets	(609,465)	(745,541)	(1,355,006)
New Debt	625,287	532,641	1,157,928
Capital Grants	0	225,710	225,710
Principal Paid	(71,016)	(297,805)	(368,821)
Interest Paid	(25,468)	(430,786)	(456,254)
Proceeds from Sale of Capital Assets	0	12,199	12,199
<b>Net Cash (Used in) Capital and</b>			
<b>Related Financing Activities</b>	<b>(80,662)</b>	<b>(703,582)</b>	<b>(784,244)</b>
<b>Cash Flows from Investing Activities</b>			
Interest Received	11,681	7,139	18,820
<b>Net Cash Provided by Investing Activities</b>	<b>11,681</b>	<b>7,139</b>	<b>18,820</b>
<b>Net Increase (Decrease) in Cash and</b>			
<b>Cash Equivalents</b>	<b>788,896</b>	<b>509,825</b>	<b>1,298,721</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>5,622,462</b>	<b>1,846,144</b>	<b>7,468,606</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 6,411,358</b>	<b>\$ 2,355,969</b>	<b>\$ 8,767,327</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Landfill</b>	<b>Water/Sewer Utility</b>	<b>Total</b>
<b>Cash and Cash Equivalents Classified as:</b>			
Current Assets	\$ 692,227	\$ 642,466	\$ 1,334,693
Current Assets - Restricted	11,185	111,963	123,148
Noncurrent Assets - Restricted	5,707,946	1,601,540	7,309,486
<b>Total Cash and Cash Equivalents</b>	<b>\$ 6,411,358</b>	<b>\$ 2,355,969</b>	<b>\$ 8,767,327</b>
<b><u>Reconciliation of Operating Income (Loss) to Net</u></b>			
<b><u>Cash Provided by (Used in) Operating Activities:</u></b>			
Operating Income (Loss)	\$ (78,725)	\$ (308,498)	\$ (387,223)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	454,961	1,613,387	2,068,348
Amortization	0	40,000	40,000
Pension Adjustments	22,460	(15,764)	6,696
Unfunded Postemployment Benefits	12,368	12,368	24,736
Provision for Closure and Postclosure	465,809	0	465,809
Change in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(45,780)	42,387	(3,393)
Decrease (Increase) in Due from Other Governments	0	(33,766)	(33,766)
Decrease (Increase) in Inventories	0	2,898	2,898
Increase (Decrease) in Accounts Payable	(30,704)	(103,420)	(134,124)
Increase (Decrease) in Due to Governments	0	(30,926)	(30,926)
Increase (Decrease) in Accrued Liabilities	531	(675)	(144)
Increase (Decrease) in Deposits	2,350	(6,148)	(3,798)
Increase (Decrease) in Compensated Absences	2,405	(1,793)	612
<b>Total Adjustments</b>	<b>884,400</b>	<b>1,518,548</b>	<b>2,402,948</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 805,675</b>	<b>\$ 1,210,050</b>	<b>\$ 2,015,725</b>

See accompanying notes.



**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2017**

**Assets**

Cash and Cash Equivalents	\$ 1,102,772
Accounts Receivable	103,483
Due from Other Governments	<u>217,377</u>
<b>Total Assets</b>	<u><u>1,423,632</u></u>

**Liabilities**

Due to Other Governments	484,674
Due to Individuals and Businesses	751,851
Deposits	<u>187,107</u>
<b>Total Liabilities</b>	<u><u>\$ 1,423,632</u></u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of DeSoto County, Florida (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies used in these financial statements are described below.

**A. Reporting Entity**

The County is a political subdivision of the State of Florida established by the Constitution of the State of Florida, Article VIII, Section 1(e). It is governed by an elected Board of County Commissioners (the Board) which must comply with specific state statutes and regulations. In addition to the Board, there are five elected Constitutional Officers: Clerk of the Circuit and County Courts, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets. The Board funds a portion or, in certain instances, all of the operating budgets, of the County's Constitutional Officers. The operations of each Constitutional Officer are reported as part of the consolidated General Fund and nonmajor special revenue funds within the County's financial statements.

As required by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, the financial reporting entity consists of: (1) the primary government of the County; (2) organizations for which the County is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization's governing body and: (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has: (1) a separately elected governing board; (2) a governing board appointed by a higher level of government; or (3) a jointly appointed board. Based on these criteria, County management examined all organizations which were legally separate in order to determine which organizations, if any, should be included in the County's financial statements. Management determined that the County has no component units.

However, the Board has created several taxing districts by ordinance or resolution, and these are included in the financial statements as special revenue funds. They include Fire and Emergency Medical Service (EMS), Kings Crossing Lighting District, Peace River Lighting District, Golden Melody Lighting District, Harlem Heights Lighting District, Lake Suzy Lighting District, Spring Lakes Lighting District, and the McClelland Improvement District.

The County is responsible for appointing members of the Board of the DeSoto Memorial Hospital but is not accountable for this organization. Other governmental entities who serve all or part of the County's population include the City of Arcadia and the DeSoto County School Board. These entities are autonomous organizations with their own governmental powers and constituencies.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. 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 and charges for support. The statement of activities demonstrates the degree to which the direct expenses and indirect costs of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are those costs that are allocated to functions and activities in accordance with the County's adopted indirect cost allocation plan. The "Expenses" column includes both direct and indirect expenses. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements**

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

**Fund Financial Statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
*(Continued)*

**Fund Financial Statements** *(Continued)*

Property taxes, franchise fees, emergency services fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Reimbursement-type grants are considered susceptible to accrual when all restrictions have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of either fund category, or the governmental and enterprise combined), for the determination of major funds. In addition, funds may be considered major for qualitative reasons.

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the primary government, except those required to be accounted for in another fund.
- The *County Transportation Fund*, a special revenue fund, was created pursuant to the provisions of Section 129.02, Florida Statutes, to account for restricted transportation-related grants and gas taxes, and expenditures not more properly accounted for elsewhere.
- The *Fire and EMS Fund* is a special revenue fund used to account for the revenue and costs of providing fire-fighting and emergency medical services throughout the County. Its significant restricted revenues come from special assessments.

The County reports the following major enterprise funds:

- The *Landfill Fund* accounts for the fiscal activity of all solid waste disposal within the County.
- The *Water/Sewer Utility Fund* accounts for the fiscal activity of providing water and wastewater services to residential and commercial customers in the County's service area.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)**

**Fund Financial Statements (Concluded)**

Additionally, the County reports the following fund types:

- *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specified purposes.
- A *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.
- *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- *Agency Funds* are custodial in nature and do not involve measurement of results of operations. They are excluded from the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the ongoing costs of providing these sales and services, administrative expenses, depreciation of capital assets, and amortization of landfill closure and post-closure costs. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**D. Budgetary Requirements**

The following procedures are utilized by the County in establishing and/or amending the budgetary information contained in the financial statements:

- On or before July 15 of each year, or within 15 days after the receipt of certified taxable property values from the Property Appraiser, whichever occurs last, management presents to the Board a proposed budget for the fiscal year commencing the following October 1. Pursuant to the provisions of Section 129.01, Florida Statutes, the proposed budget as submitted contains balanced statements of estimated revenues (including unexpended fund balances to be carried forward) and proposed appropriations for all funds of the County, except agency funds.
- Following a preliminary review of the proposed budgets by the Board, whose members make such changes as are deemed necessary (provided that the proposed budget for each fund remains balanced), the Board causes a notice of proposed property taxes to be mailed to each County property taxpayer. Included in the notice is a statement of the Board's intent to hold a public hearing to consider adoption of the tentative millage rates and budgets, as well as a comparison of the taxpayer's proposed property tax bill with the actual tax bill of the preceding year.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Requirements (Concluded)**

- Following successful completion of the above-referenced public hearings, the Board advertises and subsequently conducts a second public hearing to finally adopt a millage rate and budget for each of the taxing entities under their jurisdiction. These public hearings are ordinarily held prior to October 1 each year. If, however, for some reason the Board is unable to finally adopt a budget prior to October 1, state law permits the re-adoption by resolution of the budget of the preceding year as an interim measure.
- Adoption and execution of the budgets are governed in accordance with applicable provisions of the Florida Statutes. The budget is legally enacted by resolution.
- Formal budgetary integration at the object level is used as a management control device for all governmental funds of the County for which annual budgets are adopted. The level at which expenditures may not legally exceed appropriations is the functional level for the County's general fund (e.g., general government, public safety), the fund level for other Board funds, and for the Constitutional Officers.
- Budgets for the general fund and major special revenue funds are adopted on a basis consistent with GAAP. However, beginning in 2011, certain budgetary funds have been combined for financial reporting purposes. For financial reporting, the general fund includes the following funds of the County or its Officers that are budgeted separately:
  - Board of County Commissioners (BOCC) General Fund
  - Clerk of the Courts General Fund
  - Property Appraiser General Fund
  - Sheriff General Fund
  - Supervisor of Elections General Fund
  - Tax Collector General Fund

The required supplementary information (RSI) section presents budget vs. actual information for the general fund and major special revenue funds. Where needed, combining schedules of revenues, expenditures, and changes in fund balance are presented as other supplementary information which will reconcile the actual column of the budgetary schedules to the amounts reported in the basic financial statements.

All appropriations lapse at the end of each fiscal year, although the County expects to honor purchase orders and contracts in process, subject to authority provided in the subsequent years' budget.

**E. Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board, and other property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of Florida regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills. The tax millage rate for general operations of the County was 8.5060 mills for fiscal year ended September 30, 2017.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Property Taxes (Concluded)**

The tax levy of the County is established by the Board prior to October 1 of each year and the Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, independent districts, and the County School Board tax requirements.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State of Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Delinquent taxes on real property bear interest at 18% per year or as bid in a public sale of tax certificates. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

The County does not accrue its portion of the County-held tax sale certificates or personal property tax warrants because such amounts are not considered to be material.

Key dates in the property tax cycle for the fiscal year ended September 30, 2017, were as follows:

Assessment Roll Certified	July 2016
Beginning of Fiscal Year for Which Taxes were Being Levied	October 2016
Property Taxes Levied	October 2016
Tax Bills Issued	November 1, 2016
Property Taxes Due by: For Maximum Discount	November 30, 2016
Delinquent After	March 31, 2017
Tax Certificates (Liens) Sold on Unpaid Property Taxes	May 15, 2017

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**F. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**G. Interfund Payables and Receivables**

Unpaid amounts of current interfund transactions at year-end are reflected as “Due from Other Funds” or “Due to Other Funds” in the related fund financial statements. Noncurrent portions of interfund payables and receivables are reported as “Advances”. In governmental funds, advances receivable are offset equally by a nonspendable fund balance which indicates that they do not constitute expendable financial resources available for appropriation. In the entity-wide financial statements, interfund transactions within governmental and business-type activities are eliminated and the net amount is reported as internal balances on the statement of net position.

**H. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposit accounts, repurchase agreements with financial institutions, certificates of deposit, money market accounts, deposits in the Florida PRIME administered by the State Board of Administration (SBA), and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

**I. Investments**

Investments, if any, are carried at fair market value unless the investment qualifies as an external investment pool under the guidance of GASB Statement No. 79, which allows under certain criteria, these investments to be recorded at amortized cost. The Florida PRIME is considered a stable value investment pool. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA.

**J. Inventories and Prepaids**

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. Prepaids represent payments made to vendors for services that will benefit beyond September 30, 2017. These payments are generally recorded as expenditures or expenses when consumed rather than when purchased.

**K. Restricted Assets**

The use of certain assets is restricted by specific provisions of debt resolutions, developer agreements, or landfill regulations. Assets so designated are identified as restricted assets on the statement of net position, since their use is limited.

**L. Utility Receivables**

Water and wastewater operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services rendered during the current fiscal year are billed at the close of the fiscal year.



**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**M. Special Assessment Receivables**

The Board imposes special assessments against property located within specified areas, as set forth in the related assessment resolution, for the construction of improvements. The assessment of each parcel is generally based upon the lineal feet of frontage along the areas to be improved. The assessments are collected on the ad valorem tax bill, as authorized by Section 197.3632, Florida Statutes.

**N. Capital Assets**

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, water mains and wastewater force mains, landfill facilities, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All land and land improvements are capitalized. Buildings and intangibles with initial costs of \$50,000 or more, and furniture and equipment with initial costs of \$1,000 or more and estimated useful lives of over one year, are recorded as capital assets.

Roads, bridges, and other infrastructure assets are capitalized when their initial costs equal or exceed \$50,000 and possess estimated useful lives of more than one year. Governmental infrastructure constructed prior to June 30, 1980, is not reported, as permitted by GASB Statement No. 34.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date contributed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, when required.

Intangibles assets are amortized over their useful lives, when the length of their lives is limited by contractual or legal limitations. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives in the period they are placed in service:

Buildings and Improvements	10-50 Years
Landfill and Water/Sewer Structures	10-50 Years
Machinery, Equipment, and Vehicles	2-20 Years
Infrastructure	10-50 Years

**O. Deferred Outflows/Deferred Inflows**

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position (or fund balance) that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position (or balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position (or fund balance) that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**P. Compensated Absences**

It is the County's general policy to grant all permanent full-time and part-time employees annual leave based upon the number of years of employment. Employees are encouraged to use their annual leave in the year that it is earned. The County records compensated absences in governmental funds as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. The County accrues compensated absences in the period they are earned in the government-wide and enterprise fund financial statements.

**Q. Landfill Closure Costs**

The Board recognizes municipal solid waste landfill closure and post-closure care costs under the State of Florida's *Solid Waste Management Act of 1988*, regulations of the Federal Environmental Protection Agency, and GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. The Board is required to place a final cover on closed landfills and to provide long-term care for up to 30 years after closure. These obligations for closure and post-closure are recognized in the enterprise fund for the County's landfill operations over the active life of the landfill, based on landfill capacity.

**R. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Principal payments reduce these obligations. Refunding losses are reported as deferred outflows and amortized over the remaining term. Issuance costs are expensed as incurred.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Principal, interest, and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**S. Other Postemployment Benefits**

It is the County's policy to provide retirement health benefits based on three classes of employees as discussed further in Note 9. The County records other postemployment benefit liabilities based on actuarially-determined annual costs in the government-wide and enterprise fund financial statements.

**T. Unearned Revenues/Unavailable Revenues**

Unearned revenues reported on the balance sheet or statement of net position represents revenues that have been received but not earned. Deferred Inflows – Unavailable Revenues on the governmental fund balance sheet represents revenues that are earned and receivable, but have not been recognized because they have not met the "availability" criteria for governmental fund revenues.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**U. Grant Revenues**

Program and capital grants received by governmental funds are recorded in the applicable governmental fund as receivables and revenues at the time reimbursable costs are incurred and all significant grant restrictions are satisfied. Grant revenues received in advance of meeting all major grant restrictions are reported as unearned revenues. Grant revenues that have met all significant restrictions, but have not met the “availability” criteria, are reported as deferred inflows.

**V. Fund Balance and Net Position**

**Government-wide Statements**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- *Net Investment in Capital Assets*—Consists of capital assets net of accumulated depreciation and other assets financed by the related debt, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*—Consists of net position with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted*—Consists of the net amount of assets (plus deferred outflows) and liabilities (plus deferred inflows) that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Proprietary Fund Statements**

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements.

**Governmental Fund Financial Statements**

In accordance with GASB Statement No. 54, the County classifies governmental fund balances as follows:

- *Nonspendable Fund Balance*—Represents fund balance that is: (a) not in a spendable form such as prepaid items; or (b) legally or contractually required to be maintained intact such as an endowment.
- *Restricted Fund Balance*—Consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources such as voter approved gas taxes and grant revenues.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**V. Fund Balance and Net Position (Concluded)**

**Governmental Fund Financial Statements (Concluded)**

- *Committed Fund Balance*—Self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for specific purposes as determined by a formal action of the highest level of decision-making authority (i.e., the County Commission by ordinance, or where applicable, a Constitutional Officer by policy). In addition, to meet this classification, the expenditure constraint cannot be removed except by a similar formal action.
- *Assigned Fund Balance*—Amounts that are subject to a purpose constraint that represents an intended use established by the County Commission or by their designated body or official. (To date, the Board has not designated any such body or official). The purpose of the assignment must be narrower than the purpose of the fund. Formal action is *not* necessary to impose, remove, or modify a constraint in this category. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget. It is also used for residual balances in special revenue funds, debt service, and capital projects funds.
- *Unassigned Fund Balance*—Represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications of the general fund. This classification also includes deficit fund balances of other governmental funds.

**Minimum Fund Balance Policy**

On May 9, 2017, the County adopted a fund balance policy. This policy states that “the reserve for contingencies will be maintained at a level not less than five percent (5%) of the General Fund budget. Recognizing that the minimum of the five percent (5%) target may not be accomplished immediately, the County Administrator will provide annually one-half of one percent of the projected expenditures until the five percent (5%) target is reached. If the reserve for contingencies falls below 50% of the minimum level, the reserves will be re-established over a three-year fiscal period.” The policy requirements have been met as of September 30, 2017.

**Use of Available Equity**

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources (committed, assigned, and unassigned) first, and then restricted resources, as they are needed for their intended purposes. When unrestricted resources are available for use, it is the County's policy to use committed resources, then assigned, and then unassigned, as needed.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 2 - Deposits/Investments**

**A. Deposits**

At September 30, 2017, the carrying amount of the County's deposits was \$19,202,667 (including \$1,102,772 in the agency funds). All of the County's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Qualified public depositories are required to pledge collateral to the State Treasurer with a market value equal to 50% of the average daily balance of all public deposits in excess of any federal deposit insurance. In addition, to the extent that total public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

In the event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

In addition to the cash deposits, the County maintains cash on hand for the purpose of making change on transactions. At September 30, 2017, the County held \$10,815 in cash on hand.

**B. Investments**

The Board's investment policy (adopted based upon the requirements established by Florida Statutes) and bond resolutions authorize the Board to invest in U.S. Treasury obligations, obligations unconditionally guaranteed by the U.S. government, time deposits and savings deposits of banks organized under the laws of the State of Florida or the United States and operating in Florida, specific obligations of U.S. government agencies, repurchase agreements, high-grade commercial paper, bankers' acceptances, state and local government obligations, and the State of Florida Local Government Surplus Funds Trust (Florida PRIME).

Florida Statute 218.415(15) authorizes the Constitutional Officers to invest surplus public funds in the Florida PRIME Fund administered by the SBA; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; savings accounts and certificates of deposit, in state-certified, qualified public depositories; direct obligations of the U.S. Treasury such as U.S. Treasury notes, bills and bonds; and direct obligations of federal agencies and instrumentalities such as bonds, notes, and discount notes of the Federal Home Loan Mortgage Association, Federal National Mortgage Association, Federal Farm Credit, and Student Loan Marketing Association. Several of the Constitutional Officers have adopted investment policies in accordance with the Florida Statute and also authorized investment in repurchase agreements.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 2 - Deposits/Investments (Continued)**

**C. Other Risk Disclosures**

The County's and County Officers' investment policies broadly address exposure to interest rate changes, custodial credit risk, concentration risk, and quality credit risk. The following items discuss the County's exposure to various risks in primarily the fixed-rate portions of their investment portfolios:

- **Credit Quality**—In addition to specifying permitted investments, County policies require those investments to be of a specified minimum quality, as identified below:
  - Commercial Paper—U.S. corporations having a rating of at least two out of three of the following:
    - ▶ A-1 by Standard & Poor's
    - ▶ P-1 by Moody's
    - ▶ F-1 by Fitch Investors
  - Bankers' Acceptances—which are eligible for purchase by the Federal Reserve Banks and have a Letter of Credit rating of A or better.
  - Tax-exempt Obligations of the State of Florida or any of its Various Political Subdivisions—rated A+ or better by Standard & Poor's.
- **Interest Rate Risk**—The County does not own any fixed-rate investments, nor owned any fixed-rate investments during 2017. The County's policy identifies *safety of capital* as the highest priority in the handling of investments for the County. All other investment objectives are secondary to the safety of capital. The policy anticipates that a liquidity base of approximately two months of anticipated disbursements, excluding debt reserves, will be kept in relatively short-term investments. Beyond that, portfolio composition and maturities are left to the discretion of the County Administrator, as the Chief Financial Officer, within the limitations of the policy.
- **Custodial Credit Risk**—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For County deposits, the County and Officers are under no obligation to secure additional custodianship or collateral beyond the provisions set forth in Chapter 280 (discussed above), except in the case of repurchase agreements. For repurchase agreements, the County policy requires use of the Bond Market Association's Master Repurchase Agreement, with specified terms. For other investments, County and Officer Policies require a prequalification process when selecting investment management and custodial services, and require independent third party custodians. Certificates of deposit, if purchased, would be physically held by the County.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 2 - Deposits/Investments (Concluded)**

**C. Other Risk Disclosures (Concluded)**

- *Concentration of Credit Risk*—The County’s policies mitigate concentration of credit risk by diversifying the investment portfolio so that the potential losses on individual securities will be minimized. The policies require diversification to prevent an overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. Following are the maximum permitted percentages of investments in specific instruments:

Certificates of Deposit	20%
Commercial Paper	30%
Qualified Bankers’ Acceptances	30%
Florida Tax Exempt Obligations	20%
Local Government Surplus Funds Trust Fund	No Limit

**D. Restricted Cash**

Following is a summary of restricted cash and cash equivalents at September 30, 2017:

	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>
<b>Major Funds:</b>		
General Fund - Mining Escrow	\$ 605,492	\$ 0
Landfill - Closure/Post-closure	0	5,707,946
Landfill - Deposits	0	11,185
Water/Sewer Utility - Wastewater Impact Fees	0	1,173,740
Water/Sewer Utility - SRF Reserve	0	427,800
Water/Sewer Utility - Deposits	0	73,975
Water/Sewer Utility - Accrued Interest	0	37,988
<b>Nonmajor Funds:</b>		
Special Revenue Fund - Court Fees Fund	75,126	0
<b>Total</b>	<b><u>\$ 680,618</u></b>	<b><u>\$ 7,432,634</u></b>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 3 - Interfund Receivables, Payables, and Transfers**

The composition of short-term interfund balances as of September 30, 2017, is as follows:

	<b>Due from</b>	<b>Due to</b>	<b>Purpose</b>
<b>Governmental Funds</b>			
General Fund (GF)	\$ 502,259	\$ 44,670	Receivables are primarily to cover fund cash shortages in other funds (\$266,759), for Officer excess fees (\$146,570), and for payroll (\$88,930). Payables are for Officer excess fees.
County Transportation	0	13,164	Payables are to GF for cash shortage and payroll.
Fire and EMS	24,907	61,583	Receivables are for Officer excess fees. Payables are to GF for payroll (\$61,583).
Nonmajor Special Revenue	14,586	417,901	Receivables are for Officer excess fees. Payables are to GF for cash shortage loan (\$266,759), payroll (\$4,572), and for Officer excess fees (\$146,570).
<b>Enterprise Funds</b>			
Landfill	5,178	3,624	Receivables are for Officer excess fees. Payables are to GF for payroll.
Water/Sewer Utility	0	5,988	Payables are to GF for payroll.
	<u>\$ 546,930</u>	<u>\$ 546,930</u>	

The composition of interfund advances as of September 30, 2017, is as follows:

	<b>Advance to</b>	<b>Advance from</b>	
General Fund (GF)	\$ 313,112	\$ 0	Loan for cash shortage to Debt Service
Nonmajor Debt Service (DS)	266,349	313,112	Loan to Landfill for Debt Service early payment
Landfill	0	266,349	Loan for Debt Service early payment
	<u>\$ 579,461</u>	<u>\$ 579,461</u>	



**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 3 - Interfund Receivables, Payables, and Transfers (Concluded)**

Interfund transfers consist of the following:

	Transfers in	Transfers out	Purpose
<b>Governmental Funds</b>			
General Fund	\$ 252,444	\$ 5,185,924	Transfers in are from Officer excess fees (\$119,453), and administrative costs paid by other funds (\$132,991). Transfers out are to cover various programs in other funds (\$4,034,520), debt service (\$240,158), for Officer funding (\$893,811), and for Officer excess fees (\$17,435).
County Transportation	2,274,630	1,682,489	Transfers in are for funding transportation projects. Transfers out are to DS Fund for debt payment (\$1,675,235), various project costs (\$90), and to GF for administrative costs (\$7,164).
Fire and EMS	1,494,104	227,927	Transfers in are for funding of emergency response projects (\$1,469,197), and from Officer excess fees (\$24,907). Transfers out are to DS Fund for debt payment (\$227,927).
Nonmajor Special Revenue	1,206,461	276,331	Transfers in are for Officer funding (\$893,811), program costs (\$298,062), and from Officer excess fees (\$14,588). Transfers out are primarily for GF administrative costs (\$121,146), for funding various programs (\$8,494), and for Officer excess fees (\$146,691).
Nonmajor Debt Service	2,143,320	0	Transfers in are to cover debt service payments.
Nonmajor Capital Projects	167,777	170,070	Transfers in and out are for Landfill construction (\$167,777), and additional transfers out are for GF administrative costs (\$2,293).
<b>Enterprise Funds</b>			
Landfill	174,170	167,777	Transfers in are from Officer excess fees (\$5,178), and transfers in and out are to replenish unused funds to Landfill Reserve Trust (\$167,777).
Water/Sewer Utility	0	2,388	Transfers out are to GF for administrative costs.
	<u>\$ 7,712,906</u>	<u>\$ 7,712,906</u>	

**Note 4 - Other Receivables**

Following is a summary of other receivables balances at September 30, 2017:

	Accounts	Special Assessments	Notes	Total
<b>Governmental Funds</b>				
General Fund	\$ 425,068	\$ 0	\$ 0	\$ 425,068
County Transportation	7,863	0	0	7,863
Fire and EMS	676,744	4,870	0	681,614
Nonmajor Special Revenue	11,275	2,919	9,051,137	9,065,331
(Less Allowance)	(436,909)	0	(7,676,137)	(8,113,046)
<b>Total Governmental Funds</b>	<u>684,041</u>	<u>7,789</u>	<u>1,375,000</u>	<u>2,066,830</u>
<b>Enterprise Funds</b>				
Landfill	126,768	0	0	126,768
Water/Sewer Utility	310,105	0	60	310,165
(Less Allowance)	(12,225)	0	0	(12,225)
<b>Total Enterprise Funds</b>	<u>424,648</u>	<u>0</u>	<u>60</u>	<u>424,708</u>
<b>Agency Funds</b>	<u>103,483</u>	<u>0</u>	<u>0</u>	<u>103,483</u>
<b>Totals</b>	<u>\$ 1,212,172</u>	<u>\$ 7,789</u>	<u>\$ 1,375,060</u>	<u>\$ 2,595,021</u>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 4 - Other Receivables (Concluded)**

The entire balance of Notes Receivable at September 30, 2017, is noncurrent. All other net receivables above are considered to be current.

**Notes Receivable**

Loans in the State Housing Initiative Partnership Program (SHIP) have been provided for home rehabilitation, reconstruction, or down-payment assistance under terms of the various grant programs. Receivables are generally secured by zero-interest, primary, or subordinate mortgages on the affected property; some with principal due in full when the property is sold or otherwise transferred, or after thirty years, and some forgiven with the passage of time.

**Water/Sewer Utility Accounts Receivable**

Accounts receivable for the Water/Sewer Utility Fund includes outstanding receivable balances for customer usage charges.

**Note 5 - Capital Assets**

**A. Changes in Capital Assets**

The following shows the changes in capital assets for governmental activities:

	<b>Beginning Balance 10/01/2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>Ending Balance 9/30/2017</b>
<b>Governmental Activities</b>					
Capital Assets, Not Depreciated:					
Land and Easements	\$ 3,458,059	\$ 0	\$ 0	\$ 0	\$ 3,458,059
Construction in Progress	626,640	1,441,593	(645,470)	0	1,422,763
Total Capital Assets, Not Depreciated	4,084,699	1,441,593	(645,470)	0	4,880,822
Capital Assets, Depreciated:					
Buildings and Improvements	29,170,248	0	104,948	0	29,275,196
Intangibles	509,722	42,034	0	0	551,756
Machinery and Equipment - Board	11,514,729	617,960	0	(255,307)	11,877,382
Machinery and Equipment - Sheriff	5,433,050	694,877	0	(354,866)	5,773,061
Infrastructure	31,543,997	95,748	540,522	0	32,180,267
Total Capital Assets, Depreciated	78,171,746	1,450,619	645,470	(610,173)	79,657,662
Less Accumulated Depreciation for:					
Buildings and Improvements	(14,112,486)	(1,015,638)	0	0	(15,128,124)
Intangibles	(496,464)	(14,913)	0	0	(511,377)
Machinery and Equipment - Board	(9,200,177)	(644,254)	0	237,275	(9,607,156)
Machinery and Equipment - Sheriff	(3,934,470)	(645,282)	0	328,397	(4,251,355)
Infrastructure	(9,428,256)	(1,115,934)	0	0	(10,544,190)
Total Accumulated Depreciation	(37,171,853)	(3,436,021)	0	565,672	(40,042,202)
Total Capital Assets, Depreciated	40,999,893	(1,985,402)	645,470	(44,501)	39,615,460
<b>Governmental Activities Capital Assets</b>	<b>\$ 45,084,592</b>	<b>\$ (543,809)</b>	<b>\$ 0</b>	<b>\$ (44,501)</b>	<b>\$ 44,496,282</b>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Capital Assets (Continued)**

**A. Changes in Capital Assets (Continued)**

The following is a summary of governmental activities depreciation expense by function:

<b>Depreciation Expense by Function</b>	
<b>Governmental Activities</b>	
General Government	\$ 248,689
Public Safety (Board)	546,955
Public Safety (Sheriff)	645,282
Physical Environment	18,625
Transportation	1,082,447
Contributed	53,241
Human Services	68,727
Culture/Recreation	744,259
Court Services	27,796
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<u><u>\$ 3,436,021</u></u>

The following shows the changes in capital assets for the County's business-type activities, by fund:

	<b>Beginning Balance 10/01/2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>Ending Balance 9/30/2017</b>
<b>Landfill Fund</b>					
Capital Assets, Not Depreciated:					
Land	\$ 483,337	\$ 0	\$ 0	\$ 0	\$ 483,337
Construction in Progress	182,179	14,739	0	0	196,918
Total Capital Assets, Not Depreciated	<u>665,516</u>	<u>14,739</u>	<u>0</u>	<u>0</u>	<u>680,255</u>
Capital Assets, Depreciated:					
Buildings and Improvements	245,520	0	0	0	245,520
Infrastructure	7,246,474	0	0	0	7,246,474
Machinery and Equipment	933,140	594,726	0	0	1,527,866
Total Capital Assets, Depreciated	<u>8,425,134</u>	<u>594,726</u>	<u>0</u>	<u>0</u>	<u>9,019,860</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(131,586)	(12,276)	0	0	(143,862)
Infrastructure	(6,382,234)	(346,532)	0	0	(6,728,766)
Machinery and Equipment	(617,946)	(96,153)	0	0	(714,099)
Total Accumulated Depreciation	<u>(7,131,766)</u>	<u>(454,961)</u>	<u>0</u>	<u>0</u>	<u>(7,586,727)</u>
Total Capital Assets, Depreciated	<u>1,293,368</u>	<u>139,765</u>	<u>0</u>	<u>0</u>	<u>1,433,133</u>
<b>Landfill Capital Assets</b>	<u><u>\$ 1,958,884</u></u>	<u><u>\$ 154,504</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,113,388</u></u>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Capital Assets (Continued)**

**A. Changes in Capital Assets (Continued)**

	Beginning Balance 10/01/2016	Additions	Transfers	Disposals	Ending Balance 9/30/2017
<b>Water/Sewer Utility</b>					
Capital Assets, Not Depreciated:					
Land and Easements	\$ 2,475,856	\$ 0	\$ 0	\$ 0	\$ 2,475,856
Construction in Progress	3,331,035	728,315	0	0	4,059,350
Total Capital Assets, Not Depreciated	5,806,891	728,315	0	0	6,535,206
Capital Assets, Depreciated:					
Buildings and Improvements	846,653	0	0	0	846,653
Intangibles	60,278	0	0	0	60,278
Machinery and Equipment	744,845	17,226	0	(131,921)	630,150
Infrastructure	1,819,239	0	0	0	1,819,239
Water Distribution System	37,330,377	0	0	0	37,330,377
Total Capital Assets, Depreciated	40,801,392	17,226	0	(131,921)	40,686,697
Less Accumulated Depreciation for:					
Buildings and Improvements	(434,112)	(46,194)	0	0	(480,306)
Intangibles	(31,828)	(11,982)	0	0	(43,810)
Machinery and Equipment	(552,529)	(43,193)	0	123,399	(472,323)
Infrastructure	(458,056)	(79,527)	0	0	(537,583)
Water Distribution System	(12,262,409)	(1,432,491)	0	0	(13,694,900)
Total Accumulated Depreciation	(13,738,934)	(1,613,387)	0	123,399	(15,228,922)
Total Capital Assets, Depreciated	27,062,458	(1,596,161)	0	(8,522)	25,457,775
<b>Water/Sewer Utility Capital Assets</b>	<b>\$ 32,869,349</b>	<b>\$ (867,846)</b>	<b>\$ 0</b>	<b>\$ (8,522)</b>	<b>\$ 31,992,981</b>

The following is a summary of business-type activities depreciation expense by activity:

<b>Depreciation Expense by Activity</b>	
<b>Business-type Activities</b>	
Landfill	\$ 454,961
Water/Sewer Utility	1,613,387
<b>Total Depreciation Expense</b>	
<b>Business-type Activities</b>	<b>\$ 2,068,348</b>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Capital Assets (Concluded)**

**A. Changes in Capital Assets (Concluded)**

The following summarizes capital assets found on the statement of net position for governmental activities and business-type activities:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Land and Easements	\$ 3,458,059	\$ 2,959,193	\$ 6,417,252
Construction in Progress	1,422,763	4,256,268	5,679,031
Capital Assets - Nondepreciable	<u>\$ 4,880,822</u>	<u>\$ 7,215,461</u>	<u>\$ 12,096,283</u>
Buildings and Improvements	\$ 29,275,196	\$ 1,092,173	\$ 30,367,369
Intangibles	551,756	60,278	612,034
Machinery and Equipment - Board	11,877,382	2,158,016	14,035,398
Machinery and Equipment - Sheriff	5,773,061	0	5,773,061
Water Distribution System	0	37,330,377	37,330,377
Infrastructure	32,180,267	9,065,713	41,245,980
	<u>79,657,662</u>	<u>49,706,557</u>	<u>129,364,219</u>
(Less Accumulated Depreciation)	<u>(40,042,202)</u>	<u>(22,815,649)</u>	<u>(62,857,851)</u>
Capital Assets - Depreciable	<u>\$ 39,615,460</u>	<u>\$ 26,890,908</u>	<u>\$ 66,506,368</u>

**B. Commitments**

The following is a summary of major construction contract commitments remaining at fiscal year-end:

<u>Project</u>	<u>Contract Amount</u>	<u>Expended as of 9/30/2017</u>	<u>Remaining Commitment</u>
SCS Engineers	\$ 699,471	\$ 196,460	\$ 503,011
HWY US17 - Water	2,433,465	1,495,572	937,893
HWY US17 - Waste Water	2,204,490	1,958,939	245,551
SW Shores Ave	112,105	110,796	1,309
Compactor - Leasing 2, Inc. - Capital Lease	625,288	50,070	575,218
<b>Total Commitments</b>	<u>\$ 6,074,819</u>	<u>\$ 3,811,837</u>	<u>\$ 2,262,982</u>

**Note 6 - Long-term Debt**

**A. Schedule of Changes in Long-term Debt**

The County's outstanding long-term debt includes bonds payable, loans payable, capital leases, compensated absences, other postemployment benefits, net pension liability, and accrued landfill closure costs. The following is a schedule of changes in the County's long-term debt for the fiscal year ended September 30, 2017:

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Long-term Debt (Continued)**

**A. Schedule of Changes in Long-term Debt (Concluded)**

	Balance 9/30/16	Additions	Reductions	Balance 9/30/17	Due Within One Year	Long-term Portion
<b>Governmental Activities</b>						
Notes Payable:						
Revenue Note, Series 2010	\$ 10,360,000	\$ 0	\$ (1,360,000)	\$ 9,000,000	\$ 1,400,000	\$ 7,600,000
Sales Tax Refunding						
Revenue Note, Series 2012	1,537,000	0	(223,000)	1,314,000	227,000	1,087,000
Arcadia Bank Loan 2016A	919,857	0	0	919,857	0	919,857
Arcadia Bank Loan 2016B	906,760	0	(148,832)	757,928	106,382	651,546
Public Safety Note 2017	0	1,100,000	(74,391)	1,025,609	97,803	927,806
Installment Purchases	124,196	293,549	(74,390)	343,355	83,767	259,588
<b>Long-term Debt - At Par</b>	<b>13,847,813</b>	<b>1,393,549</b>	<b>(1,880,613)</b>	<b>13,360,749</b>	<b>1,914,952</b>	<b>11,445,797</b>
<b>Other Long-term Obligations:</b>						
Other Postemployment						
Benefits Liability	5,923,785	374,747	0	6,298,532	0	6,298,532
Compensated Absences:						
Board	494,138	0	(44,276)	449,862	61,426	388,436
Clerk	19,603	6,602	0	26,205	2,621	23,584
Property Appraiser	40,267	14,949	(34,488)	20,728	2,073	18,655
Sheriff	307,646	12,025	0	319,671	31,967	287,704
Supervisor	7,750	250	0	8,000	800	7,200
Tax Collector	6,951	0	(518)	6,433	643	5,790
Net Pension Liability	22,664,070	1,428,446	0	24,092,516	253,797	23,838,719
<b>Governmental Activities</b>						
<b>Long-term Liabilities</b>	<b>\$ 43,312,023</b>	<b>\$ 3,230,568</b>	<b>\$ (1,959,895)</b>	<b>\$ 44,582,696</b>	<b>\$ 2,268,279</b>	<b>\$ 42,314,417</b>
<b>Business-type Activities</b>						
Bonds and Notes Payable:						
Revenue Bonds	\$ 7,045,130	\$ 0	\$ (128,000)	\$ 6,917,130	\$ 133,000	\$ 6,784,130
Notes Payable	4,343,311	1,157,928	(240,820)	5,260,419	346,585	4,913,834
<b>Total Long-term Debt</b>	<b>11,388,441</b>	<b>1,157,928</b>	<b>(368,820)</b>	<b>12,177,549</b>	<b>479,585</b>	<b>11,697,964</b>
<b>Other Long-term Obligations:</b>						
Due to Florida Department of Transportation	61,077	1,124	(32,050)	30,151	30,151	0
Landfill Closure Costs	7,903,098	465,808	0	8,368,906	0	8,368,906
Other Postemployment						
Benefits Liability	377,299	24,736	0	402,035	0	402,035
Compensated Absences	75,686	612	0	76,298	23,712	52,586
Net Pension Liability	905,128	0	(65,172)	839,956	20,651	819,305
<b>Business-type Activities</b>						
<b>Long-term Liabilities</b>	<b>\$ 20,710,729</b>	<b>\$ 1,650,208</b>	<b>\$ (466,042)</b>	<b>\$ 21,894,895</b>	<b>\$ 554,099</b>	<b>\$ 21,340,796</b>

Compensated absences and other postemployment benefits will be liquidated in future periods primarily by the general fund. The net pension liability will be liquidated through employer contributions by the funds where then current employees reside.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Long-term Debt (Continued)**

**B. Bonds and Notes Payable**

Bonds and notes outstanding at September 30, 2017, consist of the following for governmental activities:

	<u>Purpose of Issue</u>	<u>Loan Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>
<b>Governmental Activities</b>				
Revenue Notes:				
Capital Improvement Refunding Note Series 2010 (Matures 2022)	Refunding of Series 2002 Capital Improvement Revenue Bonds	\$ 15,450,000	\$ 9,000,000	2.80%
Sales Tax Refunding Revenue Note Series 2012 (Matures 2022)	Purchase Fire Truck and Refinance Notes	2,280,000	1,314,000	2.15%
FPL Savings Note 2016A & 2016B (Matures 2029 and 2022)	To Finance FPL Savings Project	919,857 906,760	919,857 757,928	3.25% 4.09%
Arcadia Bank Public Safety Note 2017 (Matures 2026)	To Fund Construction of Fire Station in City of Arcadia	1,100,000	1,025,609	2.98%
Installment Notes:				
Lease to Own (Matures 2017 - 2022)	Various County Equipment	434,220	343,355	2.15% - 4.50%
<b>Total Governmental Activities</b>				
<b>Notes Payable</b>			<u>\$ 13,360,749</u>	

**The Capital Improvement Refunding Revenue Note, Series 2010** is secured by a pledge of all legally available non-ad valorem revenues of the County, excluding enterprise fund revenues. The total principal and interest remaining to be repaid on the bonds is \$9,776,300. Debt service for 2017 was \$1,631,040. Pledged revenues for 2017 (BOCC general fund only) were \$12,558,058.

**The Sales Tax Refunding Revenue Note, Series 2012** is secured by a pledge of certain sales tax revenues (pari-mutuel replacement program) with a backup covenant of non-ad valorem revenues of the County. The total principal and interest remaining to be repaid on the bonds is \$1,400,290. Debt service for 2017 was \$254,852. Pledged revenues for 2017 were \$314,333.

**The FPL Savings Project** is in relation to the agreement between the County and Florida Power and Light to reduce energy costs by replacing fixtures throughout the County. The amount of the loan is expected to be recovered by energy savings resulting from updating fixtures. The County began making interest payments on the notes in 2016, and making principal payments on the 2016B note in 2017. The County will not begin making principal payments on the 2016A note until 2024. The total principal and interest remaining to be repaid on the 2016A and 2016B notes is \$1,208,488 and \$871,922. Debt service for the 2016A and 2016B notes was \$9,173 and \$160,212.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Long-term Debt (Continued)**

**B. Bonds and Notes Payable (Continued)**

**Public Safety Building Note 2017** is in relation to the agreement between the County and First State Bank of Arcadia to construct a new fire station located in the City of Arcadia, Florida. The loan is secured by a pledge of all ½ cent sales tax revenue of the County, which is \$1,117,821 in 2017. The total principal and interest remaining to be repaid on the loan is \$1,177,280. Debt Service for 2017 was \$95,455.

Bonds and notes/loans outstanding at September 30, 2017, consist of the following for business-type activities:

	<u>Purpose of Issue</u>	<u>Loan Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>
<b>Business-type Activities</b>				
Revenue Bonds:	Refund the			
Water and Wastewater	Outstanding			
Revenue Bonds,	FLGFC Pooled			
Series 2005	Commercial			
(Matures 2045)	Paper Loan	\$ 7,986,130	\$ 6,917,130	4.25%
Notes Payable:				
State Revolving	Wastewater System			
Fund Loans	Improvements			
(Matures 2035)	DP63904S	2,900,528	1,952,516	2.29%
(Matures 2030)	DW140230	1,795,946	879,366	1.69%
(Matures 2032)	DP140240	2,371,756	960,962	0.70%
Florida Department	Financing of			
of Transportation	Highway 17			
(Matures 2042)	Widening	1,305,499	817,634	2.29%
Installment Notes:				
Caterpillar Financial	Compactor	625,288	575,217	2.45%
(Matures 2019 - 2022)	Wheel Loader	143,612	<u>74,724</u>	3.20%
<b>Total Business-type Activities - Bonds and Notes Payable</b>			<u>\$ 12,177,549</u>	

**The Water and Wastewater System Revenue Bonds, Series 2005** were issued by the County to the U.S. Department of Agriculture, Rural Utilities Service, and provide for level annual debt service over the life of the bonds. The bonds and the interest thereon are payable solely from and secured by a senior lien on, and pledge of, the net revenue of the water and wastewater systems, and are payable through 2045. The total principal and interest remaining to be repaid on the bonds is \$11,960,675. Debt service for 2017 was \$427,418. Pledged revenues of the water/wastewater system for 2017 were \$1,302,124.



**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Long-term Debt (Continued)**

**B. Bonds and Notes Payable (Concluded)**

**The State Revolving Fund (SRF) Loans** are through the Florida Department of Environmental Protection and provide for level semiannual debt service over the life of the loan. The loans are secured by a junior lien on, and pledge of, the gross revenues of the water/wastewater systems (including interest income), after payment of operation and maintenance expenses, and certain other future senior debt. The final maturity of SRF loan #DP63904S is in 2035. The total principal and interest remaining to be repaid on the loan is \$2,380,823. Debt service for 2017 was \$136,047. Pledged revenues of the water/wastewater system for 2017 were \$1,309,263.

The other two SRF loans are still being drawn down and the related projects are in process. The balances shown above represent the draws to date on the loans. A legislative appropriation of \$957,000 was awarded to the County in 2016 to offset the principal balances. Loan repayments of \$39,055 began on March 15, 2017, for loan #DW140230. Loan repayments of \$45,153 began on April 15, 2017, for loan #DP140240.

**The Note Payable to Florida Department of Transportation (FDOT)** relates to an agreement between the County and the FDOT (the Department) for the widening of U.S. Highway 17, Phase II. The Note is for a portion of the County's cost of relocating water and sewer pipeline located in the Department's rights-of-way. In May of 2016, the County signed a new promissory note that restated the balance and installments. The new amount for the Note is \$1,136,197. The Note is unsecured, and is payable in twenty-seven equal payments of \$42,081, beginning November 15, 2016, with no interest. Prior to the new promissory Note, the County made three installments totaling \$169,302, \$56,434 each, from fiscal year 2014 through 2016. During 2017, \$0 was drawn down on the Note for the project.

**Debt Service Requirements**

The following schedule shows debt service requirements to maturity for the County's revenue bonds and notes:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,914,952	\$ 360,811	\$ 479,585	\$ 386,306
2019	1,969,699	306,019	523,951	374,152
2020	2,025,417	249,536	482,972	361,786
2021	2,058,165	191,729	495,218	349,936
2022	2,092,835	132,730	687,799	334,257
2022-2027	2,976,135	183,545	2,299,074	1,495,267
2028-2032	323,546	19,875	2,273,901	1,174,640
2033-2037	0	0	1,854,446	793,620
2038-2042	0	0	1,859,287	469,059
2043-2047	0	0	1,221,316	101,592
	<u>\$ 13,360,749</u>	<u>\$ 1,444,245</u>	<u>\$ 12,177,549</u>	<u>\$ 5,840,615</u>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Long-term Debt (Concluded)**

**C. Other Long-term Obligations – Due to FDOT**

In 2015, the County entered into an agreement with FDOT for financing Phase III of the U.S. Highway 17 utilities relocation project. The total loan available is \$160,250, of which \$94,251 has been drawn down toward project costs as of September 30, 2017. Loan repayments began in 2016, and are due annually in the amount of \$32,050. The outstanding balance due at September 30, 2017, is \$30,151.

**D. Landfill Closure and Post-closure Care Costs**

The County has adopted a policy based on U.S. Environmental Protection Agency rules and in accordance with Florida law, to set aside funds for the closure and post-closure care costs of its current landfill. At September 30, 2017, the County had \$5,707,946 in restricted cash and investments in the landfill fund for these purposes. Of that amount, \$1,428,422 is required by Statute to be set aside for closure.

Accounting rules require the recording of a liability for the estimated future costs (in current dollars) for *all* landfill closure and post-closure care costs attributable to the portion of the landfill capacity filled to-date (state laws require post-closure monitoring of closed landfills for thirty years). The County's estimate of future costs was based on their consulting engineer's report and the County's estimated remaining landfill capacity. As of September 30, 2017, the County has recognized \$8,368,906, or approximately 95% of the remaining estimated closure and post-closure care totaling \$8,853,002. The following table summarizes the estimated remaining closure costs and post-closure costs, and costs incurred through September 30, 2017, by zone:

<b>Zone</b>	<b>Remaining Closure Costs</b>	<b>Remaining Post-closure Costs</b>	<b>Remaining Total Costs</b>	<b>Percent Filled</b>	<b>Costs Incurred To-Date</b>
1	\$ 0	\$ 1,606,290	\$ 1,606,290	100%	\$ 1,606,290
2	0	1,356,420	1,356,420	100%	1,356,420
3	0	1,856,160	1,856,160	100%	1,856,160
4	1,428,422	2,605,710	4,034,132	88%	3,550,036
	<u>\$ 1,428,422</u>	<u>\$ 7,424,580</u>	<u>\$ 8,853,002</u>	<u>95%</u>	<u>\$ 8,368,906</u>

The accrued closure and post-closure care costs are \$8,368,906 at September 30, 2017, and have been accrued as a liability on the statement of net position of the landfill fund. Amortization expense for 2017 was \$465,809.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 7 - Restricted Net Position (Other Purposes)**

Net position restricted for other purposes on the face of the statement of net position for governmental activities include the following:

<u>Governmental Activities</u>	<u>Other Purposes</u>
Court Related Services	\$ 248,145
Public Safety:	
Law Enforcement	496,769
Fire and EMS	334,667
E911 Services	416,392
Public Assistance Programs	5,899
Street Lighting	2,177
Solid Waste Control Services	38,243
Building Code Enforcement	384,038
	<u>\$ 1,926,330</u>

**Note 8 - Retirement System**

**A. General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

The County's pension expense totaled \$3,649,995 for the fiscal year ended September 30, 2017, (all plans).

Payables to the Pension Plan. The County reported a payable of \$139,023 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2017.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**B. FRS Pension Plan**

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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

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

Benefits Provided. Benefits under the 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**B. FRS Pension Plan (Continued)**  
Benefits Provided. (Concluded)

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2016-17 fiscal year were as follows:

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**B. FRS Pension Plan (Continued)**  
Contributions. (Concluded)

<b>Class</b>	<b>Year Ended June 30, 2017</b>		<b>Year Ended June 30, 2018</b>	
	<b>Percent of Gross Salary</b>		<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.80	3.00	6.20
FRS, Elected County Officers	3.00	40.75	3.00	43.78
FRS, Senior Management Service	3.00	20.05	3.00	20.99
FRS, Special Risk Regular	3.00	20.85	3.00	21.55
DROP - Applicable to Members from All of the Above Classes	0.00	11.33	0.00	11.60
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

**Notes:** (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial accrued liability.

The County's contributions (employer only) to the Plan totaled \$1,739,517 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, the County reported a liability of \$20,377,811 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the County's proportion was .068892068%, which was a decrease of .003888753% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$3,348,834 related to the Plan. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Plan from the following sources:

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**B. FRS Pension Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. (Concluded)*

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 490,363	\$ 0
Difference Between Expected and Actual		
Experience	1,870,193	112,883
Changes of Assumptions	6,848,383	0
Changes in Proportion and Difference Between		
County Contributions and Proportionate Share of		
Contributions	865,086	995,693
Net Difference between Projected and Actual Earnings		
on Pension Plan Investments	0	505,013
<b>Total</b>	<u>\$ 10,074,025</u>	<u>\$ 1,613,589</u>

The deferred outflows of resources related to pensions, totaling \$490,363, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2018	\$ 1,012,127
2019	2,765,132
2020	1,997,768
2021	422,226
2022	1,301,942
Thereafter	470,878
<b>Total</b>	<u>\$ 7,970,073</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2017 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	7.10%
Long-term Expected Rate of Return,	
Net of Investment Expense	7.10%
Municipal Bond Index	N/A

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

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**B. FRS Pension Plan (Continued)**

Actuarial Assumptions. (Concluded)

The actuarial assumptions used in the July 1, 2017 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
<b>Total</b>	<u>100.0%</u>			

Assumed Inflation – Mean	2.6%	1.9%
--------------------------	------	------

Discount Rate. The discount rate used to measure the total pension liability was 7.10%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.60% in the July 1, 2016 valuation.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
County's Proportionate Share of the Net Pension Liability	\$ 36,882,608	\$ 20,377,811	\$ 6,675,049



**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**B. FRS Pension Plan (Concluded)**

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**C. HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$221,018 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, the County reported a net pension liability of \$4,554,661 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2015-16 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**C. HIS Pension Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. (Concluded)*

At June 30, 2017, the County's proportionate share was 0.042596933%, which was a decrease of 0.001951925% from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the County recognized pension expense of \$301,161 related to the HIS Plan. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer Contributions after Measurement Date	\$ 58,921	\$ 0
Difference Between Expected and Actual Experience	0	9,484
Changes of Assumptions	640,229	393,846
Changes in Proportion and Difference Between County Contributions and Proportionate Share Contributions	44,388	296,718
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,526	0
<b>Total</b>	<b>\$ 746,064</b>	<b>\$ 700,048</b>

The deferred outflows of resources related to pensions, totaling \$58,921, resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending</b>	<b>Amount</b>
2018	\$ 29,366
2019	28,888
2020	28,658
2021	15,021
2022	(19,240)
Thereafter	(95,598)
<b>Total</b>	<b>\$ (12,905)</b>

Actuarial Assumptions. The total pension liability in the July 1, 2017 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Continued)**

**C. HIS Pension Plan (Concluded)**  
Actuarial Assumptions. (Concluded)

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	3.58%
Long-term Expected Rate of Return,	
Net of Investment Expense	N/A
Municipal Bond Index	3.58%

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

The actuarial assumptions used in the July 1, 2017 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate was 2.85% in the prior valuation.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
County's Proportionate Share of the Net Pension Liability	\$ 5,197,471	\$ 4,554,661	\$ 4,019,235

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**D. FRS – Defined Contribution Pension Plan**

The County contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 8 - Retirement System (Concluded)**

**D. FRS – Defined Contribution Pension Plan (Concluded)**

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts (employer and employee) during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%
FRS, Elected County Officers	11.34%
FRS, Senior Management Service	7.67%
FRS, Special Risk Regular	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's contributions to the Investment Plan totaled \$222,090 for the fiscal year ended September 30, 2017.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 9 - Other Postemployment Benefits Plan**

**A. Plan Description**

Effective for the fiscal year ended September 30, 2009, the County implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment healthcare and life insurance benefits provided by the County. The requirements of this statement were implemented prospectively, and no liability was reported for the postemployment healthcare benefit liability at the date of transition.

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer benefit plan administered by the County. The Board approved and established the OPEB Plan policy on February 10, 2009, amending employee retirement health benefits. The OPEB Plan does not issue a stand-alone report.

The policy divided the benefits into three classes:

1. For qualified retirees already covered under the group health insurance medical plan on December 31, 2008, the County will continue to contribute a monthly subsidy amount to provide medical coverage to the retiree, both individually and for his/her dependents, at the subsidized rate in effect for the retiree on December 31, 2008.
2. Elected officials who served at least eight years or two successive terms of office, and those employees who had served 16 years of continuous service by December 31, 2008, are eligible to receive a monthly subsidy amount from the County toward medical coverage for the retiree, but not for dependents, at the premium rate in effect on December 31, 2008.
3. Those elected officials and employees who had not satisfied the service requirement by December 31, 2008, are only eligible to receive the implicit subsidy discussed in the next paragraph.

The monthly benefit to be paid by any retiree, before subsidies, is based on blended premium rates charged by the insurance company for the type of coverage elected. Since older individuals typically would have higher premium costs, and the blended premium rates include younger active employees, the retiree is receiving an “implicit subsidy to the retiree, over and above any actual subsidy”. Both the actual and implicit subsidies represent liabilities to the County under governmental accounting principles.

**B. Funding Policy**

For the OPEB Plan, contribution requirements of the County are established and may be amended through action of the County Commission. Currently, the County’s OPEB benefits are unfunded and there is no OPEB trust fund or equivalent arrangement into which the County would make contributions to fund the obligation. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the County, which are invested in short-term investments in accordance with the investment policy and described previously. At October 1, 2016 (date of the latest actuarial valuation), there are 323 active participants and 48 retirees and their spouses. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The County selected an interest rate of 4% for this purpose.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 9 - Other Postemployment Benefits Plan (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Based on an actuarial valuation performed as of October 1, 2016, the following table shows the components of the County's net OPEB obligation:

	<b>2017</b>
Normal Cost (Service Cost for One Year)	\$ 255,471
Amortization of Unfunded Actuarial Accrued Liability	661,037
Interest on Normal Cost and Amortization	36,473
Annual Required Contribution (ARC)	952,981
Interest on Net OPEB Obligation	252,043
Adjustment to ARC	(390,429)
Annual OPEB Cost (Expense)	814,595
Estimated Employer Contributions Made	(415,113)
Increase in Net OPEB Obligation	399,482
<b>Net OPEB Obligation at Beginning of Year</b>	<b>6,301,084</b>
<b>Net OPEB Obligation at End of Year</b>	<b>\$ 6,700,566</b>

Calculations are based upon the types of benefits provided under the terms of the OPEB Plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. The County's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation for 2017, 2016, and 2015, were as follows:

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Estimated Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
09/30/2017	\$ 814,595	\$ 415,113	51.00%	\$ 6,700,566
09/30/2016	1,104,034	411,255	37.30%	6,301,084
09/30/2015	1,068,832	394,229	36.88%	5,608,305

**D. Funded Status and Funding Progress**

As of October 1, 2016, the actuarial accrued liability (AAL) for benefits was \$10,244,355. Assets of the OPEB Plan are valued at market; however, the current value is \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,244,355 or 0% funded ratio. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$12,525,197. The ratio of the UAAL to the covered payroll was 81.8%. The schedule of funding progress for the OPEB Plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net position is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 9 - Other Postemployment Benefits Plan (Concluded)**

**D. Funded Status and Funding Progress (Concluded)**

Amounts determined regarding the funded status of the OPEB Plan and the ARC are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

**E. Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. In any long-term actuarial valuation, certain assumptions are made regarding the population, the investment discount rates and the benefits provided. Examples of assumptions used in the October 1, 2016 valuation, include assumptions about future employment, inflation, termination, mortality, and the healthcare cost trend. The actuarial assumptions include a payroll/inflation growth rate of 0%, and a salary growth rate of 3%. Healthcare costs are assumed to increase each year; first by 8.75% in 2017, then 8.50% in 2018, grading down to the ultimate trend rate of 4.00% in 2073. The normal entry age actuarial cost method was used, with amortization of the UAAL as a level percent of expected payroll (closed over 30 years). The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Note 10 - Risk Management**

The County is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of a non-profit risk sharing pool with membership limited to Florida governmental entities. The pool charges its members premiums based upon claim history. The pool provides coverage for most insurable risks including covering the County to the statutory limit for each workers' compensation claim, up to \$2,000,000 for each general liability claim, and at replacement cost for each property damage claim. As of September 30, 2017, settled claims have not exceeded the pool coverage in any of the past three years.

**Note 11 - Fund Balance and Net Position Deficits**

The following funds had deficit fund balances or net position as of September 30, 2017:

<u>Fund Name</u>	<u>Deficit Amounts</u>
Landfill Fund	\$ 1,100,782
Nonmajor Funds:	
Special Revenue Funds:	
Kings Crossing Lighting	1,723
Golden Melody Lighting	8,998
Lake Suzy	722
Emergency Management	29,330
Hurricane Fund	173,794
Debt Service	46,763

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 11 - Fund Balance and Net Position Deficits (Concluded)**

The deficit in the Landfill fund will be covered on a pay as you go basis. The deficits in the special revenue funds will be eliminated with future special assessment receipts, with the exception of the Hurricane Fund, which will be eliminated with reimbursements from the Federal Emergency Management Agency (FEMA), as further explained in Note 14. The deficit in the Debt Service Fund will be eliminated with future transfers from the General Fund.

**Note 12 - Related Party - Peace River/Manasota Water Supply Authority**

**A. Water Supplier**

The Peace River/Manasota Regional Water Supply Authority (the Authority) was established in 1991 when it purchased the Peace River Plant located in DeSoto County. The Authority has four voting members: DeSoto County, Charlotte County, Sarasota County, and Manatee County.

On October 5, 2005, the Authority renegotiated new water supply contracts and established the Peace River/Manasota Regional Water Supply Authority Master Water Supply Contract with all four counties – DeSoto, Charlotte, Sarasota, and Manatee, and with the City of North Port. The term of these contracts is 35 years, with an option to renew for an additional 35 years. A provision in each contract requires that customers of the Authority must identify and commit to water demands for a seven-year period.

The contracts require all customers to pay for all committed water through the Authority's annual budget process, which reflects the budgetary needs of the Authority every year. The contract does also have a provision for customers who exceed their allocation; a conservation rate will be charged to all customers exceeding their allocation, and a corresponding credit is given to the customers who do not use their full allocation. The conservation rate is adopted annually by a rate resolution. During 2017, the County's water purchases from the Authority were \$482,712 for base charges and \$245,202 for variable water use charges. The agreement also anticipates an expansion of the current water supply system to accommodate its customers' anticipated increased needs.

Additional amounts paid to the Authority in 2017 included an annual membership fee of \$47,845. Because the Authority's facility is located in the County, the County received \$796,000 in payments in lieu of property taxes in the General Fund.

**B. Water Contractual Rights**

In 2007, the County acquired the contractual rights to a maximum flow capacity of 3.1 million gallons per day from a newly-constructed potable water transmission pipeline owned by the Authority. The term of the contract extends for as long as the County continues to receive water from the Authority. The cost of the contractual rights was \$800,000, approximating the allocable cost of the pipeline, and is reported as a deferred outflow on the statement of net position of the Water/Sewer Utility Fund, to be amortized over twenty years, beginning in 2007. Amortization expense was \$40,000 for 2017, and the unamortized balance is \$320,000 at September 30, 2017.



**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 13 - Fire and EMS Services Merger**

On May 15, 2006, the County entered into a 30-year Interlocal Agreement with the City of Arcadia (the City) for the merger of Fire and Emergency Medical Services. With an effective date of June 1, 2006, the City of Arcadia Fire Department merged with DeSoto County Fire Department to become one all-inclusive department within the County. All City of Arcadia Fire personnel (14 employees) were transferred and employed by the County. The City and County retirement programs were unchanged by the merger. The transferred employees had the option to remain members of the City retirement program or join the County retirement program.

The City transferred ownership of all fire suppression and emergency medical assets to the County, including a deed, with the associated debt, to real property located on Highway 17 for the construction of a Fire Suppression and EMS Station. The City agreed to allow the County to use the City's existing Fire Stations 1 and 2, for working stations without additional compensation for up to ten years from the effective date, or until the County determines that Fire Stations 1 and 2 are no longer needed. The County is responsible for all maintenance costs for the buildings while in use. To-date, the County has opted to use only Station 1.

Finally, under terms of the Interlocal Agreement, the City agreed to make monthly payments to the County for fire suppression and emergency medical services in accordance with the following schedule:

<u>Fiscal Year</u>	<u>Total</u>	
2018	\$ 370,000	(2)
2019	320,000	(2)
2020	270,000	(2)
2021	220,000	(2)
2022	170,000	(2)
2023-2025	330,000	(1) (2)

(1) Each year is reduced by \$50,000.

(2) If the City implements a municipal services benefit unit (MSBU) for fire suppression and/or a municipal services taxing unit (MSTU) for emergency medical services (EMS) equivalent to the County's fees, then the City may use the amount collected less any property assessor/tax collector's fees to reduce the payment due each year.

During 2007, the City initiated a special assessment for fire services within the City limits and added the City to the County-wide MSTU millage for EMS services. Accordingly, a credit of \$236,292 was given off the required 2017 payment of \$420,000. Actual intergovernmental revenue under this agreement for 2017 was \$183,708.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 14 - Other Commitments and Contingencies**

**A. Litigation**

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the County.

The DeSoto County Sheriff's claims are covered by the Florida Sheriff's Risk Management Fund (FSRMF). The FSRMF believes that the potential liability under these claims is more than adequately covered by the Risk Management Fund.

**B. Grants**

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the County. In the opinion of management, except for potential adjustments from matters in the preceding paragraph, any such adjustments would not be significant.

**C. Leases**

The County is the lessee of heavy construction equipment used at the landfill, and other office equipment. Lease payments are generally due for 60 months. Lease provisions require that the County return the heavy equipment at the earlier of the 60-month period or when the equipment has reached the allotted maximum usage (in hours), or purchase the equipment at that time, for a specified amount.

The leases meet the criteria for classification as operating leases for financial reporting. Equipment lease expense was \$48,297 for 2017. Remaining minimum operating lease payments are as follows:

<b>Year Ending September 30,</b>	<b>Minimum Lease Total</b>
2018	\$ 267,541
2019	23,399
2020	19,499
<b>Total</b>	<u>\$ 310,439</u>

**D. Hurricanes**

In 2004, Hurricane Charley passed over the County as a category 2 hurricane. The County spent the subsequent years rebuilding, with assistance from FEMA and insurance reimbursements. The County is currently in deliberations with FEMA regarding a possible reimbursement for outstanding disputed charges, but an estimate of that amount remains to be determined. In April 2012, the Florida Department of Emergency Management issued an invoice to the County for overpaid reimbursement claims of \$1,154,825; however, that invoice is currently being disputed as part of the deliberations with FEMA. No receivable or payable is recorded at this time as deliberations are ongoing.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Note 14 - Other Commitments and Contingencies (Concluded)**

**D. Hurricanes (Concluded)**

In September 2017, most of the state of Florida was affected by Hurricane Irma, including the County. The President of the United States and the Governor of Florida declared most of the State a designated disaster area and issued relief to the State through public assistance grants, coordinated by FEMA. Expenses were incurred by the County for hurricane preparedness, debris removal, repairs, and other hurricane-related costs; most of which occurred in fiscal year 2018. The County is working with state and federal liaisons to recover these costs. No estimate for the anticipated revenues is known as of the date of this report.

**Note 15 - Restatement**

The Victim Advocate Fund was created November 19, 2015. During the current fiscal year, it was determined that the Victim Advocate Fund meets the criteria to be reported as a special revenue fund with a beginning fund balance of \$1,868. As a result of this change, beginning net position for governmental activities of \$18,759,836, as originally reported has been increased to \$18,761,704.

**Note 16 - Accounting Pronouncements**

**A. Tax Abatements**

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for the financial statements of the County as of September 30, 2017. This statement requires disclosure of tax abatement information about the County's tax abatement agreements and those entered by other governments that would reduce the County's tax revenues. The County has evaluated this statement and has determined no agreements meet the criteria to be disclosed.

**B. Upcoming Pronouncements**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contribution OPEB. Statement No. 75 is effective for financial statements of the County as of September 30, 2018. The County is currently evaluating the impact that implementation of this Statement will have on its financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - BOARD ONLY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	
<b>Revenues</b>				
Taxes	\$ 17,037,820	\$ 17,431,878	\$ 16,604,024	\$ (827,854)
Permits and Fees	1,208,245	1,493,170	1,551,236	58,066
Intergovernmental Revenues	5,360,139	5,547,623	5,623,743	76,120
Charges for Services	668,140	657,125	535,604	(121,521)
Fines and Forfeitures	48,400	48,399	46,348	(2,051)
Miscellaneous Revenues	275,635	470,558	468,947	(1,611)
(Less: 5% Reduction)	(681,513)	(695,800)	0	695,800
<b>Total Revenues</b>	<b>23,916,866</b>	<b>24,952,953</b>	<b>24,829,902</b>	<b>(123,051)</b>
<b>Expenditures</b>				
Current:				
General Government	5,782,874	6,198,573	5,844,077	354,496
Public Safety	505,978	529,145	500,189	28,956
Physical Environment	370,053	373,554	358,087	15,467
Economic Environment	85,728	125,063	97,193	27,870
Human Services	1,569,453	1,624,453	1,450,758	173,695
Culture/Recreation	1,261,958	1,290,605	1,192,230	98,375
Debt Service:				
Principal Retirement	25,017	16,216	16,216	0
Interest and Fiscal Charges	12,603	14,103	1,573	12,530
Reserves	3,973,903	4,375,129	0	4,375,129
<b>(Total Expenditures)</b>	<b>(13,587,567)</b>	<b>(14,546,841)</b>	<b>(9,460,323)</b>	<b>5,086,518</b>
<b>Excess of Revenues Over Expenditures</b>	<b>10,329,299</b>	<b>10,406,112</b>	<b>15,369,579</b>	<b>4,963,467</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	697,640	709,273	1,276,691	567,418
Transfers (out)	(15,511,947)	(15,694,294)	(15,694,294)	0
Installment Lease Proceeds	0	72,537	72,537	0
Insurance Proceeds	0	37,406	53,520	16,114
<b>Total Other Financing Sources (Uses)</b>	<b>(14,814,307)</b>	<b>(14,875,078)</b>	<b>(14,291,546)</b>	<b>583,532</b>
<b>Net Change in Fund Balances</b>	<b>(4,485,008)</b>	<b>(4,468,966)</b>	<b>1,078,033</b>	<b>5,546,999</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,485,008</b>	<b>4,468,966</b>	<b>4,468,966</b>	<b>0</b>
<b>Fund Balances, End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,546,999</b>	<b>\$ 5,546,999</b>

**DESOTO COUNTY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**COUNTY TRANSPORTATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 1,271,966	\$ 2,457,551	\$ 2,490,423	\$ 32,872
Permits and Fees	11,600	11,600	11,330	(270)
Intergovernmental Revenues	15,094,662	13,909,077	394,648	(13,514,429)
Charges for Services	78,208	78,208	92,665	14,457
Miscellaneous Revenues	11,000	18,282	15,742	(2,540)
(Less: 5% Reduction)	(37,475)	(37,475)	0	37,475
<b>Total Revenues</b>	<b>16,429,961</b>	<b>16,437,243</b>	<b>3,004,808</b>	<b>(13,432,435)</b>
<b>Expenditures</b>				
Current:				
Transportation	17,182,144	17,395,310	3,585,446	13,809,864
Debt Service:				
Principal Retirement	27,497	51,012	51,012	0
Interest and Fiscal Charges	2,866	6,134	6,134	0
Reserves	0	100,338	0	100,338
<b>(Total Expenditures)</b>	<b>(17,212,507)</b>	<b>(17,552,794)</b>	<b>(3,642,592)</b>	<b>13,910,202</b>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<b>(782,546)</b>	<b>(1,115,551)</b>	<b>(637,784)</b>	<b>477,767</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,261,740	2,274,630	2,274,630	0
Transfers (out)	(1,631,404)	(1,682,399)	(1,682,489)	(90)
Installment Lease Proceeds	0	221,012	221,012	0
Insurance Proceeds	0	2,565	2,565	0
<b>Total Other Financing Sources (Uses)</b>	<b>630,336</b>	<b>815,808</b>	<b>815,718</b>	<b>(90)</b>
<b>Net Change in Fund Balances</b>	<b>(152,210)</b>	<b>(299,743)</b>	<b>177,934</b>	<b>477,677</b>
<b>Fund Balances (Deficits), Beginning of Year</b>	<b>152,210</b>	<b>299,743</b>	<b>299,743</b>	<b>0</b>
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 477,677</b>	<b>\$ 477,677</b>

**DESOTO COUNTY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE AND EMS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Special Assessments	\$ 2,345,759	\$ 2,354,407	\$ 2,253,328	\$ (101,079)
Permits and Fees	23,500	23,500	16,960	(6,540)
Intergovernmental Revenues	600,881	650,401	255,119	(395,282)
Charges for Services	932,500	920,000	790,510	(129,490)
Miscellaneous Revenues	5,835	12,317	8,356	(3,961)
Less: 4% Reduction	(90,199)	(90,270)	0	90,270
<b>Total Revenues</b>	<b>3,818,276</b>	<b>3,870,355</b>	<b>3,324,273</b>	<b>(546,082)</b>
<b>Expenditures</b>				
Current:				
General Government	101,833	106,779	106,779	0
Public Safety	4,865,339	5,002,875	4,319,652	683,223
Culture/Recreation	0	3,221	0	3,221
Debt Service:				
Principal Retirement	7,162	7,162	7,162	0
Interest and Fiscal Charges	77	77	77	0
Reserve	0	87,113	0	87,113
<b>(Total Expenditures)</b>	<b>(4,974,411)</b>	<b>(5,207,227)</b>	<b>(4,433,670)</b>	<b>773,557</b>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<b>(1,156,135)</b>	<b>(1,336,872)</b>	<b>(1,109,397)</b>	<b>227,475</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,411,578	1,481,703	1,494,104	12,401
Transfers (out)	(132,472)	(227,927)	(227,927)	0
Insurance Proceeds	0	91,797	92,109	312
<b>Total Other Financing Sources (Uses)</b>	<b>1,279,106</b>	<b>1,345,573</b>	<b>1,358,286</b>	<b>12,713</b>
<b>Net Change in Fund Balance</b>	<b>122,971</b>	<b>8,701</b>	<b>248,889</b>	<b>240,188</b>
<b>Fund Balances (Deficits), Beginning of Year</b>	<b>(122,971)</b>	<b>(8,701)</b>	<b>(8,701)</b>	<b>0</b>
<b>Fund Balances, End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 240,188</b>	<b>\$ 240,188</b>

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as % of Covered Payroll [(b-a)/c]</b>
10/1/2016	\$ 0	\$ 10,244,355	\$ 10,244,355	\$ 0	\$ 12,525,197	81.8%
10/1/2014	0	10,706,394	10,706,394	0	13,549,378	79.0%
10/1/2012	0	8,837,601	8,837,601	0	12,697,899	69.6%

**SCHEDULE OF ESTIMATED EMPLOYER CONTRIBUTIONS**  
**PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN**

<b>Year Ended September 30,</b>	<b>Annual Required Contribution</b>	<b>Estimated County Contribution</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2017	\$ 952,981	\$ 415,113	43.6%	\$ 6,700,566
2016	1,223,181	411,255	33.6%	6,301,084
2015	1,170,105	394,229	33.7%	5,608,305



**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**  
**LAST 10 FISCAL YEARS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

<b>Year Ended June 30,</b>	<b>County's Proportion of the FRS Net Pension Plan</b>	<b>County's Proportion Share of the FRS Net Pension Plan Liability</b>	<b>County's Covered- Employee Payroll (FYE June 30)</b>	<b>County's Proportionate Share of the FRS Net Pension Liability as a Percentage of of its Covered- Employee Payroll</b>	<b>FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2014	0.065823097%	\$ 4,016,178	\$ 12,370,252	32.47%	96.09%
2015	0.068445798%	8,840,692	13,896,326	63.62%	92.00%
2016	0.072780821%	18,377,214	13,755,262	133.60%	84.88%
2017	0.068892068%	20,377,811	13,792,933	147.74%	83.89%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

<b>Year Ended June 30,</b>	<b>County's Proportion of the HIS Net Pension Plan</b>	<b>County's Proportion Share of the HIS Net Pension Plan Liability</b>	<b>County's Covered- Employee Payroll (FYE June 30)</b>	<b>County's Proportionate Share of the HIS Net Pension Liability as a Percentage of of its Covered- Employee Payroll</b>	<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2014	0.045499267%	\$ 4,254,293	\$ 12,370,252	34.39%	0.99%
2015	0.045689870%	4,659,647	13,896,326	33.53%	0.50%
2016	0.044548858%	5,191,985	13,755,262	37.75%	0.97%
2017	0.042596933%	4,554,661	13,792,933	33.02%	1.64%

**Note:** Additional information will be provided annually until ten years' data is presented.

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**  
**LAST 10 FISCAL YEARS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

<b>Year Ended September 30,</b>	<b>Contractually Required Contribution</b>	<b>FRS Contribution in Relation to the Contractually Required Contributions</b>	<b>FRS Contribution Deficiency (Excess)</b>	<b>County's Covered- Employee Payroll (FYE September 30)</b>	<b>FRS Contributions as a Percentage of Covered- Employee Payroll</b>
2014	\$ 1,668,767	\$ (1,668,767)	\$ 0	\$ 12,370,252	13.49%
2015	1,698,148	(1,698,148)	0	13,924,080	12.20%
2016	1,872,281	(1,872,281)	0	14,062,496	13.31%
2017	1,739,517	(1,739,517)	0	13,585,897	12.80%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

<b>Year Ended September 30,</b>	<b>Contractually Required Contribution</b>	<b>HIS Contribution in Relation to the Contractually Required Contribution</b>	<b>HIS Contribution Deficiency (Excess)</b>	<b>County's Covered- Employee Payroll (FYE September 30)</b>	<b>HIS Contributions as a Percentage of Covered- Employee Payroll</b>
2014	\$ 137,075	\$ (137,075)	\$ 0	\$ 12,370,252	1.11%
2015	188,729	(188,729)	0	13,924,080	1.36%
2016	233,588	(233,588)	0	14,062,496	1.66%
2017	221,018	(221,018)	0	13,585,897	1.63%

**Note:** Additional information will be provided annually until ten years' data is presented.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**SEPTEMBER 30, 2017**

**NOTE I – CHANGES IN BENEFITS AND ASSUMPTIONS – FLORIDA RETIREMENT SYSTEM (FRS) AND HEALTH INSURANCE SUBSIDY (HIS) PENSION PLANS - 2017**

Changes in benefit terms from the year ended June 30, 2016 to June 30, 2017:

- **FRS:** No significant changes.
- **HIS:** No significant changes.

Changes in assumptions from the year ended June 30, 2016 to June 30, 2017:

- **FRS:** The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- **HIS:** The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

**NOTE II – CHANGES IN BENEFITS AND ASSUMPTIONS – FLORIDA RETIREMENT SYSTEM (FRS) AND HEALTH INSURANCE SUBSIDY (HIS) PENSION PLANS - 2016**

Changes in benefit terms from the year ended June 30, 2015 to June 30, 2016:

- **FRS:** No significant changes.
- **HIS:** No significant changes.

Changes in assumptions from the year ended June 30, 2015 to June 30, 2016:

- **FRS:** The long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption as updated.
- **HIS:** The municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

## **OTHER SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
GENERAL FUND BY CATEGORY  
SEPTEMBER 30, 2017**

	<b>Board of County Commissioners</b>	<b>Clerk of the Courts</b>	<b>Property Appraiser</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,078,750	\$ 29,011	\$ 155,081
Restricted Cash and Cash Equivalents	605,492	0	0
Accounts Receivable, Net	425,068	0	0
Due from Other Funds	1,511,506	0	0
Due from Other Governments	1,025,046	97,831	0
Inventories	11,910	0	0
Prepays	1,047	0	0
Deposits	65,000	0	0
Advances to Other Funds	313,112	0	0
<b>Total Assets</b>	<u>7,036,931</u>	<u>126,842</u>	<u>155,081</u>
<b>Liabilities</b>			
Vouchers Payable	675,805	650	8,109
Accrued Liabilities	184,399	14,203	0
Due to Other Funds	15,000	30,617	144,345
Due to Other Governments	0	77,061	2,627
Deposits	610,405	0	0
<b>Total Liabilities</b>	<u>1,485,609</u>	<u>122,531</u>	<u>155,081</u>
<b>Deferred Inflows</b>			
Unavailable Revenues	<u>4,323</u>	<u>4,311</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable:			
Prepays and Inventories	12,957	0	0
Advances	313,112	0	0
Assigned for Budget Carryforward	51,454	0	0
Unassigned	5,169,476	0	0
<b>Total Fund Balances</b>	<u>5,546,999</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 7,036,931</u>	<u>\$ 126,842</u>	<u>\$ 155,081</u>

<b>Sheriff</b>	<b>Supervisor of Elections</b>	<b>Tax Collector</b>	<b>Eliminating Entries</b>	<b>Total General Fund</b>
\$ 1,082,796	\$ 9,099	\$ 198,116	\$ 0	\$ 4,552,853
0	0	0	0	605,492
0	0	0	0	425,068
0	15,000	0	(1,024,247)	502,259
13,391	0	16,706	0	1,152,974
0	0	0	0	11,910
0	0	0	0	1,047
0	0	0	0	65,000
0	0	0	0	313,112
<u>1,096,187</u>	<u>24,099</u>	<u>214,822</u>	<u>(1,024,247)</u>	<u>7,629,715</u>
213,943	11,181	0	0	909,688
96,919	4,008	0	0	299,529
687,497	8,910	182,548	(1,024,247)	44,670
97,828	0	7,961	0	185,477
0	0	0	0	610,405
<u>1,096,187</u>	<u>24,099</u>	<u>190,509</u>	<u>(1,024,247)</u>	<u>2,049,769</u>
0	0	24,313	0	32,947
0	0	0	0	12,957
0	0	0	0	313,112
0	0	0	0	51,454
0	0	0	0	5,169,476
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,546,999</u>
<u>\$ 1,096,187</u>	<u>\$ 24,099</u>	<u>\$ 214,822</u>	<u>\$ (1,024,247)</u>	<u>\$ 7,629,715</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Board of County Commissioners</b>	<b>Clerk of the Courts</b>	<b>Property Appraiser</b>
<b>Revenues</b>			
Taxes	\$ 16,604,024	\$ 0	\$ 0
Permits and Fees	1,551,236	0	0
Intergovernmental Revenues	5,623,743	182,859	0
Charges for Services	535,604	693,308	987,733
Fines and Forfeitures	46,348	0	0
Miscellaneous Revenues	468,947	456	1,884
<b>Total Revenues</b>	<u>24,829,902</u>	<u>876,623</u>	<u>989,617</u>
<b>Expenditures</b>			
Current:			
General Government	5,844,077	188,939	842,645
Public Safety	500,189	0	0
Physical Environment	358,087	0	0
Economic Environment	97,193	0	0
Human Services	1,450,758	0	0
Culture/Recreation	1,192,230	0	0
Court-related	0	684,306	0
Debt Service:			
Principal Retirement	16,216	0	0
Interest and Fiscal Charges	1,573	0	0
<b>(Total Expenditures)</b>	<u>(9,460,323)</u>	<u>(873,245)</u>	<u>(842,645)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>15,369,579</u>	<u>3,378</u>	<u>146,972</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,276,691	15,000	0
Transfers (out)	(15,694,294)	(18,378)	(144,345)
Distributions of Excess Commissions	0	0	(2,627)
Installment Proceeds	72,537	0	0
Insurance Proceeds	53,520	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(14,291,546)</u>	<u>(3,378)</u>	<u>(146,972)</u>
<b>Net Change in Fund Balances</b>	1,078,033	0	0
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>4,468,966</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 5,546,999</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

<b>Sheriff</b>	<b>Supervisor of Elections</b>	<b>Tax Collector</b>	<b>Eliminating Entries</b>	<b>Total General Fund</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,604,024
0	0	0	0	1,551,236
113,138	3,165	0	0	5,922,905
28,500	4,210	997,924	0	3,247,279
0	0	0	0	46,348
38,908	15	812	0	511,022
<u>180,546</u>	<u>7,390</u>	<u>998,736</u>	<u>0</u>	<u>27,882,814</u>
0	339,303	808,227	0	8,023,191
9,329,527	0	0	0	9,829,716
0	0	0	0	358,087
0	0	0	0	97,193
0	0	0	0	1,450,758
0	0	0	0	1,192,230
300,055	0	0	0	984,361
0	0	0	0	16,216
0	0	0	0	1,573
<u>(9,629,582)</u>	<u>(339,303)</u>	<u>(808,227)</u>	<u>0</u>	<u>(21,953,325)</u>
<u>(9,449,036)</u>	<u>(331,913)</u>	<u>190,509</u>	<u>0</u>	<u>5,929,489</u>
10,136,533	374,268	0	(11,550,048)	252,444
(687,497)	(8,910)	(182,548)	11,550,048	(5,185,924)
0	0	(7,961)	0	(10,588)
0	0	0	0	72,537
0	0	0	0	53,520
<u>9,449,036</u>	<u>365,358</u>	<u>(190,509)</u>	<u>0</u>	<u>(4,818,011)</u>
0	33,445	0	0	1,111,478
0	(33,445)	0	0	4,435,521
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,546,999</u>



**DESOTO COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Special Revenue			
	LIHEAP	Kings Crossing Lighting	Peace River Lighting	Golden Melody Lighting
<b>Assets</b>				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 644	\$ 0
Restricted Cash and Cash Equivalents	0	0	0	0
Accounts Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	381
Notes Receivable	0	0	0	0
Due from Other Funds	0	217	16	53
Due from Other Governments	36,039	0	0	0
Prepays	0	0	0	0
Advances to Other Funds	0	0	0	0
<b>Total Assets</b>	<u>36,039</u>	<u>217</u>	<u>660</u>	<u>434</u>
<b>Liabilities</b>				
Vouchers Payable	8,135	0	0	0
Accrued Liabilities	0	0	0	0
Due to Other Funds	22,005	1,940	0	9,432
Due to Other Governments	0	0	0	0
Advances from Other Funds	0	0	0	0
<b>Total Liabilities</b>	<u>30,140</u>	<u>1,940</u>	<u>0</u>	<u>9,432</u>
<b>Deferred Inflows</b>				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Prepays	0	0	0	0
Advance to Other Funds	0	0	0	0
Restricted for:				
Transportation	0	0	0	0
Economic Development	0	0	0	0
Public Assistance Programs	5,899	0	0	0
Streetlighting	0	0	660	0
Public Safety	0	0	0	0
Court-related Services	0	0	0	0
Solid Waste Control Services	0	0	0	0
Building Code Enforcements	0	0	0	0
Assigned for:				
Construction Projects	0	0	0	0
Mosquito Control	0	0	0	0
Unassigned (Deficit)	<u>0</u>	<u>(1,723)</u>	<u>0</u>	<u>(8,998)</u>
<b>Total Fund Balances (Deficits)</b>	<u>5,899</u>	<u>(1,723)</u>	<u>660</u>	<u>(8,998)</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<u>\$ 36,039</u>	<u>\$ 217</u>	<u>\$ 660</u>	<u>\$ 434</u>

Special Revenue					
Harlem Heights Lighting	Lake Suzy Lighting	Spring Lakes Lighting	McClelland Improvement	E-911 Services	Emergency Management
\$ 969	\$ 0	\$ 180	\$ 0	\$ 391,960	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
311	0	0	0	0	0
0	0	0	0	0	0
25	71	32	0	0	0
0	0	0	0	24,958	42,755
0	0	0	0	3,479	0
0	0	0	0	0	0
<u>1,305</u>	<u>71</u>	<u>212</u>	<u>0</u>	<u>420,397</u>	<u>42,755</u>
0	0	0	0	4,005	3,492
0	0	0	0	0	2,589
0	793	0	0	0	23,249
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>793</u>	<u>0</u>	<u>0</u>	<u>4,005</u>	<u>29,330</u>
0	0	0	0	0	42,755
0	0	0	0	3,479	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,305	0	212	0	0	0
0	0	0	0	412,913	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	(722)	0	0	0	(29,330)
<u>1,305</u>	<u>(722)</u>	<u>212</u>	<u>0</u>	<u>416,392</u>	<u>(29,330)</u>
<u>\$ 1,305</u>	<u>\$ 71</u>	<u>\$ 212</u>	<u>\$ 0</u>	<u>\$ 420,397</u>	<u>\$ 42,755</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

	Special Revenue			
	Tourist Development Tax	CDBG Housing Rehab	Mosquito Control	Curbside Solid Waste Collection
<b>Assets</b>				
Cash and Cash Equivalents	\$ 139,615	\$ 0	\$ 22,468	\$ 35,944
Restricted Cash and Cash Equivalents	0	0	0	0
Accounts Receivable	18	0	0	0
Special Assessments Receivable	0	0	0	2,227
Notes Receivable	0	0	0	0
Due from Other Funds	0	0	0	14,172
Due from Other Governments	13,201	68,894	15,770	0
Prepays	0	0	0	0
Advances to Other Funds	0	0	0	0
<b>Total Assets</b>	<u>152,834</u>	<u>68,894</u>	<u>38,238</u>	<u>52,343</u>
<b>Liabilities</b>				
Vouchers Payable	239	0	19,998	14,100
Accrued Liabilities	253	0	0	0
Due to Other Funds	127	68,894	0	0
Due to Other Governments	0	0	0	0
Advances from Other Funds	0	0	0	0
<b>Total Liabilities</b>	<u>619</u>	<u>68,894</u>	<u>19,998</u>	<u>14,100</u>
<b>Deferred Inflows</b>				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Prepays	0	0	0	0
Advance to Other Funds	0	0	0	0
Restricted for:				
Transportation	0	0	0	0
Economic Development	152,215	0	0	0
Public Assistance Programs	0	0	0	0
Streetlighting	0	0	0	0
Public Safety	0	0	0	0
Court-related Services	0	0	0	0
Solid Waste Control Services	0	0	0	38,243
Building Code Enforcements	0	0	0	0
Assigned for:				
Construction Projects	0	0	0	0
Mosquito Control	0	0	18,240	0
Unassigned (Deficits)	0	0	0	0
<b>Total Fund Balances (Deficits)</b>	<u>152,215</u>	<u>0</u>	<u>18,240</u>	<u>38,243</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<u>\$ 152,834</u>	<u>\$ 68,894</u>	<u>\$ 38,238</u>	<u>\$ 52,343</u>

Special Revenue					
Building Fund	Dart Trust	SHIP	Hurricane	Court Fees Fund	Law Enforcement Trust
\$ 400,965	\$ 21,567	\$ 952,137	\$ 0	\$ 0	\$ 321,061
0	0	0	0	75,126	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,375,000	0	0	0
0	0	0	0	0	0
0	14,562	0	0	12,491	454
0	0	0	0	0	0
0	0	0	0	0	0
<u>400,965</u>	<u>36,129</u>	<u>2,327,137</u>	<u>0</u>	<u>87,617</u>	<u>321,515</u>
11,091	768	0	31,550	12,446	0
3,317	1,082	0	569	612	0
2,519	367	0	141,675	328	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>16,927</u>	<u>2,217</u>	<u>0</u>	<u>173,794</u>	<u>13,386</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	33,912	0	0	0	0
0	0	2,327,137	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	321,515
0	0	0	0	74,231	0
0	0	0	0	0	0
384,038	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(173,794)	0	0
<u>384,038</u>	<u>33,912</u>	<u>2,327,137</u>	<u>(173,794)</u>	<u>74,231</u>	<u>321,515</u>
<u>\$ 400,965</u>	<u>\$ 36,129</u>	<u>\$ 2,327,137</u>	<u>\$ 0</u>	<u>\$ 87,617</u>	<u>\$ 321,515</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

	Special Revenue			
	Sheriff Communication	Sheriff Inmate Welfare	Sheriff Voluntary Extra Duty	Sheriff Education
<b>Assets</b>				
Cash and Cash Equivalents	\$ 169,199	\$ 154,856	\$ 5,025	\$ 9,607
Restricted Cash and Cash Equivalents	0	0	0	0
Accounts Receivable	882	10,013	210	152
Special Assessments Receivable	0	0	0	0
Notes Receivable	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	0	0	0	0
Prepays	0	0	0	0
Advances to Other Funds	0	0	0	0
<b>Total Assets</b>	<u>170,081</u>	<u>164,869</u>	<u>5,235</u>	<u>9,759</u>
<b>Liabilities</b>				
Vouchers Payable	2,052	148	0	0
Accrued Liabilities	10,838	0	207	0
Due to Other Funds	146,572	0	0	0
Due to Other Governments	10,619	0	0	0
Advances from Other Funds	0	0	0	0
<b>Total Liabilities</b>	<u>170,081</u>	<u>148</u>	<u>207</u>	<u>0</u>
<b>Deferred Inflows</b>				
Unavailable Revenues	<u>0</u>	<u>5,772</u>	<u>0</u>	<u>0</u>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Prepays	0	0	0	0
Advance to Other Funds	0	0	0	0
Restricted for:				
Transportation	0	0	0	0
Economic Development	0	0	0	0
Public Assistance Programs	0	0	0	0
Streetlighting	0	0	0	0
Public Safety	0	158,949	5,028	9,759
Court-related Services	0	0	0	0
Solid Waste Control Services	0	0	0	0
Building Code Enforcements	0	0	0	0
Assigned for:				
Construction Projects	0	0	0	0
Mosquito Control	0	0	0	0
Unassigned (Deficit)	0	0	0	0
<b>Total Fund Balances (Deficits)</b>	<u>0</u>	<u>158,949</u>	<u>5,028</u>	<u>9,759</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<u>\$ 170,081</u>	<u>\$ 164,869</u>	<u>\$ 5,235</u>	<u>\$ 9,759</u>

Special Revenue		Debt Service	Capital Projects		Total Nonmajor
Sheriff Victim Advocate	Clerk of Court Records Modernization	Debt Service Fund	Construction	Turner Reconstruction	Governmental Funds
\$ 1,518	\$ 173,914	\$ 0	\$ 987,773	\$ 0	\$ 3,789,402
0	0	0	0	0	75,126
0	0	0	0	0	11,275
0	0	0	0	0	2,919
0	0	0	0	0	1,375,000
0	0	0	0	0	14,586
0	0	0	0	0	229,124
0	0	0	0	0	3,479
0	0	266,349	0	0	266,349
<u>1,518</u>	<u>173,914</u>	<u>266,349</u>	<u>987,773</u>	<u>0</u>	<u>5,767,260</u>
0	0	0	86,840	0	194,864
0	0	0	0	0	19,467
0	0	0	0	0	417,901
0	0	0	0	0	10,619
0	0	313,112	0	0	313,112
<u>0</u>	<u>0</u>	<u>313,112</u>	<u>86,840</u>	<u>0</u>	<u>955,963</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>48,527</u>
0	0	0	0	0	3,479
0	0	266,349	0	0	266,349
0	0	0	0	0	33,912
0	0	0	0	0	2,479,352
0	0	0	0	0	5,899
0	0	0	0	0	2,177
1,518	0	0	0	0	909,682
0	173,914	0	0	0	248,145
0	0	0	0	0	38,243
0	0	0	0	0	384,038
0	0	0	900,933	0	900,933
0	0	0	0	0	18,240
0	0	(313,112)	0	0	(527,679)
<u>1,518</u>	<u>173,914</u>	<u>(46,763)</u>	<u>900,933</u>	<u>0</u>	<u>4,762,770</u>
<u>\$ 1,518</u>	<u>\$ 173,914</u>	<u>\$ 266,349</u>	<u>\$ 987,773</u>	<u>\$ 0</u>	<u>\$ 5,767,260</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue			
	LIHEAP	Kings Crossing Lighting	Peace River Lighting	Golden Melody Lighting
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Special Assessments	0	25,520	1,840	7,668
Intergovernmental Revenues	150,261	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous Revenues	211	12	55	0
<b>Total Revenues</b>	<u>150,472</u>	<u>25,532</u>	<u>1,895</u>	<u>7,668</u>
<b>Expenditures</b>				
Current:				
General Government	0	763	55	186
Public Safety	0	0	0	0
Physical Environment	0	24,327	1,477	7,144
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Human Services	118,921	0	0	0
Court-related	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>(Total Expenditures)</b>	<u>(118,921)</u>	<u>(25,090)</u>	<u>(1,532)</u>	<u>(7,330)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>31,551</u>	<u>442</u>	<u>363</u>	<u>338</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	217	16	53
Transfers (out)	(31,551)	0	0	0
Loan Proceeds	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(31,551)</u>	<u>217</u>	<u>16</u>	<u>53</u>
<b>Net Change in Fund Balances</b>	0	659	379	391
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>5,899</u>	<u>(2,382)</u>	<u>281</u>	<u>(9,389)</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 5,899</u>	<u>\$ (1,723)</u>	<u>\$ 660</u>	<u>\$ (8,998)</u>

Special Revenue					
Harlem Heights Lighting	Lake Suzy Lighting	Spring Lakes Lighting	McClelland Improvement	E-911 Services	Emergency Management
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
3,537	8,283	3,953	0	0	0
0	0	0	0	134,000	117,093
0	0	0	0	71,207	0
0	0	0	0	0	0
2	4	2	0	551	0
3,539	8,287	3,955	0	205,758	117,093
87	249	116	0	0	0
0	0	0	0	243,000	222,229
2,376	9,112	3,974	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(2,463)	(9,361)	(4,090)	0	(243,000)	(222,229)
1,076	(1,074)	(135)	0	(37,242)	(105,136)
25	71	33	91	0	75,806
0	0	0	0	0	0
0	0	0	0	0	0
25	71	33	91	0	75,806
1,101	(1,003)	(102)	91	(37,242)	(29,330)
204	281	314	(91)	453,634	0
\$ 1,305	\$ (722)	\$ 212	\$ 0	\$ 416,392	\$ (29,330)



**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
*(Continued)*

	Special Revenue			
	Tourist Development Tax	CDBG Housing Rehab	Mosquito Control	Curbside Solid Waste Collection
<b>Revenues</b>				
Taxes	\$ 83,198	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Special Assessments	0	0	0	0
Intergovernmental Revenues	1,729	371,505	35,770	0
Charges for Services	0	0	0	1,698,970
Fines and Forfeitures	0	0	0	0
Miscellaneous Revenues	189	0	0	609
<b>Total Revenues</b>	<u>85,116</u>	<u>371,505</u>	<u>35,770</u>	<u>1,699,579</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	49,805
Public Safety	0	0	0	0
Physical Environment	0	0	0	1,751,226
Transportation	0	0	0	0
Economic Environment	46,254	342,344	0	0
Human Services	0	0	54,288	0
Court-related	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>(Total Expenditures)</b>	<u>(46,254)</u>	<u>(342,344)</u>	<u>(54,288)</u>	<u>(1,801,031)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>38,862</u>	<u>29,161</u>	<u>(18,518)</u>	<u>(101,452)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	7,885	188,445
Transfers (out)	0	(29,161)	(1,215)	0
Loan Proceeds	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(29,161)</u>	<u>6,670</u>	<u>188,445</u>
<b>Net Change in Fund Balances</b>	<u>38,862</u>	<u>0</u>	<u>(11,848)</u>	<u>86,993</u>
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>113,353</u>	<u>0</u>	<u>30,088</u>	<u>(48,750)</u>
<b>Fund Balances (Deficits), End of Year</b>	<u>\$ 152,215</u>	<u>\$ 0</u>	<u>\$ 18,240</u>	<u>\$ 38,243</u>

Special Revenue					
Building Fund	Dart Trust	SHIP	Hurricane	Court Fees	Law Enforcement Trust
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
397,132	0	0	0	0	0
0	0	0	0	0	0
0	88,625	350,000	0	0	5,170
4,030	11,101	0	0	126,091	0
0	0	0	0	51,652	52,708
29,768	0	536,653	0	311	458
430,930	99,726	886,653	0	178,054	58,336
0	0	0	0	5,000	0
365,869	0	0	107,657	0	0
0	0	0	66,137	0	0
0	85,615	0	0	0	0
0	0	317,434	0	0	0
0	0	0	0	0	0
0	0	0	0	129,512	0
0	0	0	0	0	0
0	0	0	0	0	0
(365,869)	(85,615)	(317,434)	(173,794)	(134,512)	0
65,061	14,111	569,219	(173,794)	43,542	58,336
7,280	32,728	0	0	0	0
(7,164)	(10,994)	(19,001)	0	(27,643)	(2,911)
0	0	0	0	0	0
116	21,734	(19,001)	0	(27,643)	(2,911)
65,177	35,845	550,218	(173,794)	15,899	55,425
318,861	(1,933)	1,776,919	0	58,332	266,090
\$ 384,038	\$ 33,912	\$ 2,327,137	\$ (173,794)	\$ 74,231	\$ 321,515

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
*(Concluded)*

	Special Revenue			
	Sheriff Communication	Sheriff Inmate Welfare	Sheriff Voluntary Extra Duty	Sheriff Education
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Special Assessments	0	0	0	0
Intergovernmental Revenues	10,586	0	0	0
Charges for Services	0	121,083	16,414	1,667
Fines and Forfeitures	0	0	0	0
Miscellaneous Revenues	144	800	0	13
<b>Total Revenues</b>	<u>10,730</u>	<u>121,883</u>	<u>16,414</u>	<u>1,680</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	757,850	63,978	16,182	9,694
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	0
Court-related	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>(Total Expenditures)</b>	<u>(757,850)</u>	<u>(63,978)</u>	<u>(16,182)</u>	<u>(9,694)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(747,120)</u>	<u>57,905</u>	<u>232</u>	<u>(8,014)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	893,811	0	0	0
Transfers (out)	(146,691)	0	0	0
Loan Proceeds	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>747,120</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>0</u>	<u>57,905</u>	<u>232</u>	<u>(8,014)</u>
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>0</u>	<u>101,044</u>	<u>4,796</u>	<u>17,773</u>
<b>Fund Balances (Deficits), End of Year</b>	<u>\$ 0</u>	<u>\$ 158,949</u>	<u>\$ 5,028</u>	<u>\$ 9,759</u>

Special Revenue		Debt Service	Capital Projects		Total Nonmajor Governmental Funds
Sheriff Victim Advocate	Clerk of Court Records Modernization	Debt Service Fund	Construction	Turner Reconstruction	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,198
0	0	0	0	0	397,132
0	0	0	0	0	50,801
0	0	0	750,000	0	2,014,739
170	65,740	0	0	0	2,116,473
0	0	0	0	0	104,360
0	175	0	1,610	0	571,567
170	65,915	0	751,610	0	5,338,270
0	71,360	0	9,750	0	137,371
520	0	0	971,358	0	2,758,337
0	0	0	0	0	1,865,773
0	0	0	0	0	85,615
0	0	0	0	0	706,032
0	0	0	0	0	173,209
0	0	0	0	0	129,512
0	0	1,806,223	0	0	1,806,223
0	0	339,665	0	0	339,665
(520)	(71,360)	(2,145,888)	(981,108)	0	(8,001,737)
(350)	(5,445)	(2,145,888)	(229,498)	0	(2,663,467)
0	0	2,143,320	167,777	0	3,517,558
0	0	0	(167,777)	(2,293)	(446,401)
0	0	0	1,100,000	0	1,100,000
0	0	2,143,320	1,100,000	(2,293)	4,171,157
(350)	(5,445)	(2,568)	870,502	(2,293)	1,507,690
1,868	179,359	(44,195)	30,431	2,293	3,255,080
\$ 1,518	\$ 173,914	\$ (46,763)	\$ 900,933	\$ 0	\$ 4,762,770

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Board</b>		<b>Sheriff</b>	
	<b>Indigent</b>		<b>Individual</b>	<b>Other</b>
	<b>Health</b>	<b>Cash Bond</b>	<b>Depositors</b>	<b>Suspense</b>
	<b>Trust</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 78,873	\$ 2	\$ 1,002	\$ 1,005
Accounts Receivable	0	0	0	0
Due from Other Governments	212,221	0	1,766	812
<b>Total Assets</b>	<b>291,094</b>	<b>2</b>	<b>2,768</b>	<b>1,817</b>
<b>Liabilities</b>				
Due to Other Governments	0	2	2,768	1,817
Due to Individuals and Businesses	291,094	0	0	0
Escrow Deposits	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 291,094</b>	<b>\$ 2</b>	<b>\$ 2,768</b>	<b>\$ 1,817</b>

<b>Sheriff</b>	<b>Clerk of the Courts</b>			<b>Tax Collector</b>	
<b>Inmate</b>			<b>Child</b>	<b>Tax</b>	
<b>Trust</b>	<b>Registry of</b>	<b>Special</b>	<b>Support</b>	<b>Collector</b>	
<b>Fund</b>	<b>Court Funds</b>	<b>Trust Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Totals</b>
\$ 37,239	\$ 187,107	\$ 256,227	\$ 5,754	\$ 535,563	\$ 1,102,772
0	0	0	0	103,483	103,483
2,578	0	0	0	0	217,377
39,817	187,107	256,227	5,754	639,046	1,423,632
6,502	0	2,800	5,754	465,031	484,674
33,315	0	253,427	0	174,015	751,851
0	187,107	0	0	0	187,107
\$ 39,817	\$ 187,107	\$ 256,227	\$ 5,754	\$ 639,046	\$ 1,423,632

## **COMPLIANCE SECTION**

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<b>Grantor/Pass-Through Agency</b>	<b>CFDA/ Number</b>	<b>Contract/ Grant Number</b>	<b>Award Amount</b>	<b>Grant Expenditures</b>
<b>Federal Awards</b>				
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through Florida Department of Economic Opportunity: Florida Small Cities CDBG	14.228	15DB-OJ-07-24-01-H05	\$ 750,000	\$ 371,505
<b>Total U.S. Department of Housing and Urban Development</b>				<u>371,505</u>
<b>U.S. Department of Justice</b>				
Passed Through Florida Department of Law Enforcement: State Criminal Alien Assistance Program (SCAAP)	16.606	2016-AP-BX-0165	11,873	11,873
Bulletproof Vest Partnership Program	16.607	Not Stated	5,170	5,170
Justice Assistance Grant (JAG) Program Cluster: Edward Byrne Memorial JAG - Narcotics Enforcement Project	16.738	2017-JAGC-DESO-1-F9-024	37,066	37,066
Edward Byrne Memorial JAG - Equipment Grant	16.738	2017-JAGD-DESO-2-F8-072	4,545	4,545
				<u>41,611</u>
<b>Total U.S. Department of Justice</b>				<u>58,654</u>
<b>U.S. Department of Transportation, Federal Transit Administration</b>				
Passed Through Florida Department of Transportation: Formula Grants for Other Than Urbanized Areas	20.509	FPN 410121-1-84-32 G0843	288,817	145,354
Formula Grants for Other Than Urbanized Areas	20.509	FPN 431581-1-84-01 AQH81	563,300	40,223
<b>Total U.S. Department of Transportation, Federal Transit Administration</b>				<u>185,577</u>
<b>U.S. Environmental Protection Agency</b>				
Passed Through Florida Department of Environmental Protection: Capitalization Grants for Drinking Water*	66.468	DW140230	3,009,946	452,625
<b>Total U.S. Environmental Protection Agency</b>				<u>452,625</u>
<b>U.S. Election Assistance Commission</b>				
Passed Through Florida Department of State: Help America Vote Act Grant	90.401	E2391, E2437	69,696	27,878
Help America Vote Act Grant	90.401	MOA #2013-2014-0001	2,744	2,744
<b>Total U.S. Election Assistance Commission</b>				<u>30,622</u>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Florida Department of Revenue Child Support Enforcement - Reimbursement	93.563	COC14	N/A	45,862
Passed Through Florida Department of Economic Opportunity: Low Income Home Energy Assistance Program*	93.568	16-EA-0F-07-24-01-010	176,613	58,184
Low Income Home Energy Assistance Program*	93.568	17-EA-0F-07-24-01-010	164,595	92,077
				<u>150,261</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>196,123</u>
<b>U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)</b>				
Passed Through Florida Department of Community Affairs: Emergency Management Performance Grants	97.042	17-FG-P9-07-24-01-087	57,280	42,710
Emergency Management Performance Grants	97.042	18-FG-7A-07-24-01-154	57,364	13,651
<b>Total U.S. Department of Homeland Security, FEMA</b>				<u>56,361</u>
<b>Total Federal Awards</b>				<u>\$ 1,351,467</u>

\* Denotes major federal awards program.



**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
*(Concluded)*

<b>Grantor/Pass-Through Agency</b>	<b>CSFA/ Number</b>	<b>Contract/ Grant Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
<b>State Financial Assistance</b>				
<b>Florida Commission on Tourism</b>				
Visit Florida Grant	31.006	5098	\$ 5,000	\$ 1,729
<b>Total Florida Commission on Tourism</b>				<u>1,729</u>
<b>Florida Department of Community Affairs</b>				
Emergency Management Program	31.063	17-BG-83-07-24-01-020	105,806	74,383
Emergency Management Program	31.063	18-BG-W9-07-24-01-155	105,806	29,104
<b>Total Florida Department of Community Affairs</b>				<u>103,487</u>
<b>Florida Department of Environmental Protection</b>				
Small County Consolidated Grant	37.012	SC705	90,909	90,909
Wastewater Treatment Facility Construction	37.077	DP140420	2,371,756	184,743
<b>Total Florida Department of Environmental Protection</b>				<u>275,652</u>
<b>Enterprise Florida</b>				
Cooperative Marketing and Communications	40.003		9,000	9,000
<b>Total Enterprise Florida</b>				<u>9,000</u>
<b>Florida Department of Economic Opportunity</b>				
Growth Management Implementation Technical Assistance	40.024	P0228	40,000	40,000
Local Economic Development Initiatives**	40.012	HL046	750,000	734,416
<b>Total Florida Department of Economic Opportunity</b>				<u>774,416</u>
<b>Florida Housing Finance Corporation</b>				
State Housing Initiatives Partnership**	40.901	Not Stated	350,000	336,435
<b>Total Florida Housing Finance Corporation</b>				<u>336,435</u>
<b>Florida Department of Agriculture and Consumer Services</b>				
Mosquito Control Program	42.003	23790	31,540	15,770
<b>Total Florida Department of Agriculture and Consumer Services</b>				<u>15,770</u>
<b>Florida Department of State, Division of Library and Information Services</b>				
State Aid to Libraries	45.030	17-ST-13	66,271	66,271
<b>Total Florida Department of State, Division of Library and Information Services</b>				<u>66,271</u>
<b>Florida Department of Transportation</b>				
Transportation Disadvantaged Grant	55.002	43202911401 G0C38	19,476	14,217
Public Transit Service Development Program	55.012	437507-1-84-01 ARU32	162,016	40,223
Small County Outreach Program - C.R 763	55.009	431892 1 54 01 G0E71	723,914	87,365
Small County Outreach Program - SW Shores	55.009	436648 1 54 01 G0E74	1,666,717	119,652
Small County Outreach Program - SW Fletcher	55.009	435060 1 54 01 G0E75	686,027	65,395
Small County Outreach Program - C.R 661	55.009	431884 1 54 01 G0E73	4,047,269	31,217
Small County Outreach Program - NE Roan Rd	55.009	435048 1 58 01 ARS07	557,178	19,129
				<u>322,758</u>
Small County Road Assistance Program - NW Windy Pine	55.016	436649 1 54 01 G0O25	627,724	7,944
Small County Road Assistance Program - NE Masters Ave	55.016	431889 1 54 01 G0806	1,187,984	46,784
				<u>54,728</u>
<b>Total Florida Department of Transportation</b>				<u>431,926</u>
<b>Florida Department of Health</b>				
Emergency Medical Services County Grant	64.005	C5014	25,722	23,792
<b>Total Florida Department of Health</b>				<u>23,792</u>
<b>Florida Fish and Wildlife</b>				
Lettuce Lake Boating Improvements	77.006	12252	461,000	98,400
<b>Total Florida Fish and Wildlife</b>				<u>98,400</u>
<b>Total State Financial Assistance</b>				<u>\$ 2,136,878</u>

\*\* Denotes major state financial assistance project.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Note 1 - General**

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of DeSoto County, Florida (the County), have been designed to conform with generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (federal awards); and Chapter 10.550, *Rules of the Auditor General* of the State of Florida (for state financial assistance).

The County reporting entity is defined in Note 1 to the County's basic financial statements for the year ended September 30, 2017. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the County's financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**Note 3 - Contingencies**

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowance of expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial statements.

**Note 4 - Indirect Cost Rate Election**

The County did not elect to use the de minimus rate of 10% for determining indirect cost amounts for federal awards and state projects.

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

Honorable Members of the Board of County Commissioners  
DeSoto 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 business-type activities, each major fund, and the aggregate remaining fund information of DeSoto County, Florida (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 25, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



May 25, 2018  
Sarasota, Florida

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

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

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

We have audited the DeSoto County, Florida (the County)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2017. The County's major federal programs and state projects are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762

5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

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

**Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



May 25, 2018  
Sarasota, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
DESOTO COUNTY, FLORIDA**

**PART A - SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses unmodified opinions on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DeSoto County, Florida (the County), as of and for the year ended September 30, 2017, which collectively comprise the County's basic financial statements.
2. No material weaknesses or significant deficiencies in the internal control over financial reporting were disclosed during the audit of the basic financial statements (see independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*).
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit (see the same report referenced in 2).
4. No material weaknesses or significant deficiencies in internal control over major federal award programs or state financial assistance projects were disclosed during the audit (see independent auditors' report on compliance for each major federal program and state project and on internal control over compliance required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*).
5. An unmodified opinion was issued on compliance over major federal programs and major state projects (see the same report referenced in 4).
6. Audit findings relative to the major federal award programs for the County are reported in Part C of this schedule. Audit findings relative to the major state financial assistance projects are reported in Part D of this schedule.
7. The programs/projects tested as major programs/projects included the following:
  - **Major Federal Programs**
    - U.S. Environmental Protection Agency, Passed Through Florida Department of Environmental Protection, Capitalization Grants for Drinking Water, CFDA 66.468
    - U.S. Department of Health and Human Services, Passed Through Florida Department of Economic Opportunity, Low Income Home Energy Assistance Program, CFDA 93.568
  - **Major State Projects**
    - Florida Department of Economic Opportunity, Local Economic Development Initiatives, CSFA 40.012
    - Florida Housing Finance Corporation, State Housing Initiatives Partnership, CSFA 40.901
8. The threshold for distinguishing Type A and Type B programs/projects was \$750,000 for major federal award programs and \$300,000 for major state financial assistance projects.
9. The County did qualify as a low-risk auditee pursuant to the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
DESOTO COUNTY, FLORIDA  
(Concluded)**

**PART B - FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

None

**PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS**

None

**PART E - OTHER ISSUES**

No summary schedule of prior audit findings is required because there were no findings in prior year Federal or Florida *Single Audits*. No corrective plan is required because there were no findings in the current year requiring correction under the Federal or Florida *Single Audit Acts*.



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENT OF PUBLIC FUNDS**

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

We have examined DeSoto County, Florida (the County)'s compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

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

*Purvis, Gray and Company, LLP*

May 25, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH SECTION 365.172(10)  
AND SECTION 365.173(2)(d), FLORIDA STATUTES**

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

We have examined DeSoto County, Florida (the County)'s compliance with 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 fiscal year ended September 30, 2017. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

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

*Purvis, Gray and Company, LLP*

May 25, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the basic financial statements of DeSoto County, Florida (the County), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 25, 2018.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 25, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County has disclosed this information in Note 1 of the financial statements and there are no component units.

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.557(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**MANAGEMENT LETTER**  
*(Continued)*

**Financial Condition and Management (Concluded)**

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

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

**Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we would like to make the following recommendation:

■ **2017-1—Information Technology (IT) Controls**

During our review of the County's use of IT in the financial reporting process, we noted opportunities to improve and strengthen the control environment and the quality and integrity of information generated by the IT systems. We recommend that the County review each item below and consider ways to improve their IT environment, and determine a plan to implement the recommendations below:

- **Business Continuity (BCP) and Disaster Recovery Plans (DRP)**—The County has not developed a BCP or a DRP. The development of a BCP helps an organization be better prepared to act when a disaster occurs. A DRP addresses the recovery of the County's information systems in the event the information systems become unavailable due to a disaster. We recommend the County develop a BCP and a DRP. The plans should be tested and updated at least annually, and application and data file server recovery testing should be performed at the same time.
- **Third-Party IT Service Providers**—The County is utilizing a third-party service provider, eFolder, to host its offsite backups. As part of its third-party due diligence, we recommend that Management obtain a SSAE-18 Type 2 attestation report on an annual basis in order to monitor the effectiveness of the vendor's security and availability controls.

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Matters (Concluded)**

■ **2017-1—Information Technology (IT) Controls (Concluded)**

- **Third-Party External Vulnerability Assessment**—An annual third-party external vulnerability assessment is not being performed. Such an assessment provides an independent third-party assessment of vulnerabilities and the effectiveness of existing IT controls to protect against threats to the County's security posture. We recommend that Management review the feasibility (cost effectiveness) of having an annual third-party external vulnerability assessment performed in order to identify any possible configuration deficiencies.
- **Security Awareness Training**—User security awareness training is not being performed. We recommend that the County consider implementing user security awareness training on an annual basis for users who have access to the network, including the new hire process. A record of training should be maintained including the user's acknowledgment that they understand their responsibility regarding security.
- **User Access**—As recommended by the Florida Auditor General, a periodic review of user privileges should be performed to ensure an appropriate segregation of duties is maintained and the user's access is necessary. This process should also be reviewed when employees with user access have been terminated.
- **Network Password Configuration**—The current network password security configuration does not require a user to create a complex password, only limits password reuse to 1, and requires a minimum length of 8 characters. Not enforcing complexity is a security concern because it allows the user to create an easy to guess or hack password. For many years, an 8-character password was considered a best practice, however in recent years, security experts are recommending that a minimum password length of no less than 10 be enforced, and in fact, Microsoft recommends a length of 14. In addition, the reuse password value should be set at a higher value (generally 24). We recommend that the network password minimum length be increased to at least 10 characters, password complexity setting be enabled, and passwords' remembered value set to a value greater than 1 (preferably 24).

**Purpose of this Letter**

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

*Durvis, Gray and Company, LLP*

May 25, 2018  
Sarasota, Florida



# DeSoto County

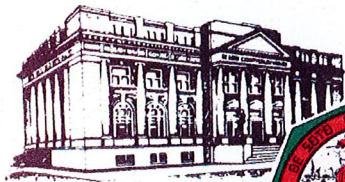
## Board of County Commissioners Administrative Services Department

201 East Oak Street, Suite 205  
Arcadia, Florida 34266

(863) 993-4587

(863) 993-4643 fax

[www.desotobocc.com](http://www.desotobocc.com)



June 1, 2018

Purvis, Gray and Company  
Certified Public Accountants  
5001 Lakewood Ranch Boulevard, N., Suite 101  
Sarasota, FL 34240

Re: 2017 Audit

Our response to Management Letter Comment is as follows:

### 2017-1 Information Technology (IT) Controls

- Business Continuity (BCP) and Disaster Recovery Plans (DRP) – The County will address and develop a BCP and DRP plan in the future.
- Third-Party IT Service Providers – The County will obtain a SSAE-18 Type 2 attestation report on annual basis from their third-party service provider starting in the next fiscal year and evaluate the effectiveness of the vendor's security and availability controls.
- Third-Party External Vulnerability Assessment – The County will review the feasibility of having an annual third-party to perform an external vulnerability assessment and identify any possible configuration deficiencies.
- Security Awareness Training – The County will implement a user security awareness training on an annual basis and include it with the new hiring process so that any new users will understand their responsibility regarding the organization's security.
- User Access – The County will periodically review their user's privileges to ensure that appropriate segregation of duties are maintained. And do a review after the termination process of employees. Certain procedures are already performed, but the County will start documenting and reviewing the process to be in compliance with the Florida Auditor General.
- Network Password Configuration – The County will start enforcing their users to create complex passwords with a minimum length of 10 characters and have remembered value set to greater than 1.

The County will assess and evaluate all of the above, and consider ways to improve their IT environment.

Sincerely,

DESOTO COUNTY, FLORIDA



Peter Danao, Interim Finance Director



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**CLERK OF THE CIRCUIT AND COUNTY COURTS  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**CLERK OF THE CIRCUIT AND COUNTY COURTS  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-3
<b>Financial Statements</b>	
Balance Sheet - Governmental Funds.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds .....	5
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	6
Notes to Financial Statements .....	7-18
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	19
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Public Records Trust Fund.....	20
<b>Other Financial Information</b>	
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds.....	21
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	22-23
Independent Accountants' Report on Compliance with Florida Statute Section 218.415 - Investments of Public Funds .....	24
Independent Accountants' Report on Compliance with Sections 28.35 and 28.36, Florida Statutes.....	25
Independent Accountants' Report on Compliance with Section 61.181, Florida Statutes .....	26
Management Letter.....	27-29
Management Letter Response .....	30

## INDEPENDENT AUDITORS' REPORT

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto 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 DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) as of and for the year ended September 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Continued)*

**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 Clerk as of September 30, 2017, 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 Matter - Incomplete Presentation**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of DeSoto County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida, as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Financial Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2018, on our consideration of the Clerk'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 Clerk's internal control over financial reporting and compliance.

*Purvis, Gray and Company, LLP*

April 13, 2018  
Sarasota, Florida

## **FINANCIAL STATEMENTS**

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Major Funds</b>		<b>Total</b>
	<b>General Fund</b>	<b>Public Records Trust Fund</b>	<b>Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 29,011	\$ 173,914	\$ 202,925
Due from Other Governments	97,831	0	97,831
<b>Total Assets</b>	<u>126,842</u>	<u>173,914</u>	<u>300,756</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	650	0	650
Accrued Payroll and Payroll Taxes	14,203	0	14,203
Due to Board of County Commissioners	30,617	0	30,617
Due to Other Governments	77,061	0	77,061
<b>Total Liabilities</b>	<u>122,531</u>	<u>0</u>	<u>122,531</u>
<b>Deferred Inflows</b>			
Unavailable Revenues	<u>4,311</u>	<u>0</u>	<u>4,311</u>
<b>Fund Balances</b>			
Restricted for:			
Records Modernization	0	173,914	173,914
Unassigned	0	0	0
<b>Total Fund Balances</b>	<u>0</u>	<u>173,914</u>	<u>173,914</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 126,842</u>	<u>\$ 173,914</u>	<u>\$ 300,756</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Major Funds</b>		<b>Total</b>
	<b>General Fund</b>	<b>Public Records Trust Fund</b>	<b>Governmental Funds</b>
<b>Revenues</b>			
Intergovernmental Revenues	\$ 182,859	\$ 0	\$ 182,859
Charges for Services	693,308	65,740	759,048
Interest	456	175	631
<b>Total Revenues</b>	<u>876,623</u>	<u>65,915</u>	<u>942,538</u>
<b>Expenditures</b>			
Current:			
General Government:			
Personnel Services	167,976	0	167,976
Operating Expenditures	20,963	71,360	92,323
Court-related Services:			
Personnel Services	592,232	0	592,232
Operating Expenditures	73,677	0	73,677
Intergovernmental Expenditures	18,397	0	18,397
<b>(Total Expenditures)</b>	<u>(873,245)</u>	<u>(71,360)</u>	<u>(944,605)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,378</u>	<u>(5,445)</u>	<u>(2,067)</u>
<b>Other Financing Sources</b>			
Transfers in from DeSoto County Board of County Commissioners	15,000	0	15,000
Transfers (out) to DeSoto County Board of County Commissioners	(18,378)	0	(18,378)
<b>Total Other Financing Sources</b>	<u>(3,378)</u>	<u>0</u>	<u>(3,378)</u>
<b>Net Change in Fund Balances</b>	0	(5,445)	(5,445)
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>179,359</u>	<u>179,359</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 173,914</u>	<u>\$ 173,914</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2017**

**Assets**

Cash	\$ 449,088
------	------------

**Liabilities**

Due to Other Governments	8,554
--------------------------	-------

Due to Individuals	253,427
--------------------	---------

Escrow Deposits	187,107
-----------------	---------

<b>Total Liabilities</b>	<b>\$ 449,088</b>
--------------------------	-------------------

See accompanying notes.



**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

**Reporting Entity**

DeSoto County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) is an elected constitutional officer of the County as provided by the Constitution of the State of Florida. The Clerk is responsible for the administration and operation of the Clerk's office, including the Circuit and County court systems.

Certain costs of the court systems (communications services; existing radio systems; existing multiagency criminal justice information systems; and the cost of construction or lease, maintenance, utilities, and security of facilities for the trial courts, public defenders' offices, and state attorneys' offices) are required by Article V, *Florida Constitution*, to be funded by the Board. Such costs are not included herein.

For financial statement reporting purposes, the Clerk is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits*.

The financial transactions of the Clerk are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Clerk.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

The Clerk reports the following major governmental funds:

■ **Governmental Funds**

- **General Fund**—is a governmental fund used to account for all revenues and expenditures applicable to the general operations of the Clerk that are not accounted for in another fund.
- **Public Records Trust Fund**—is a special revenue fund used to account for recording fees and licenses and investment income on the money restricted for record modernization.

In addition, the Clerk also reports the following other fund type:

■ **Fiduciary Funds**

- **Agency Funds**—are fiduciary funds and are used to account for assets received and held by the Clerk in the capacity of an agent for the Board, other governmental agencies, or individuals. Agency funds are custodial in nature and do not involve measurement of changes in financial position. The Clerk has several agency funds for varying purposes.

**Funding of Clerk Activities**

With the implementation of Revision 7 to Article V on July 1, 2004, the Clerk's activities are now classified as either court or non-court. Both the court and non-court activities are reported within the Clerk's general fund.

The non-court activities are funded through service charges for recording instruments and documents into the official records, and through transfers in from the Board.

The court activities are funded by fines, fees, service charges, and court cost collections, plus a monthly state appropriation for the projected deficiency. Beginning in 2014, the state appropriation represented an allocation from the Clerks of Court Operations Corporation (CCOC), pursuant to a contract between the CCOC and the Chief Financial Officer of the State of Florida.

The Public Records Trust Fund is funded by a portion of recording fees, 10% of the collections of court-related fines, fees, service charges, and court cost collections.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, and also refers to the timing of the measurements made, regardless of the measurement focus applied.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (Concluded)**

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Clerk considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Agency funds are accounted for using the accrual basis of accounting.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

**Budgetary Requirement**

The budget for the Clerk's general fund consists of two parts: a budget for non-court activities approved by the Board (the Board Budget); and a budget for court activities approved by the CCOC (the State Budget). Both budgets are on a basis consistent with GAAP. The budget adopted for the Public Records Trust Fund is an internally developed and approved budget, with no legal level of budgetary control.

Budgetary control in the Board Budget is generally at the total appropriations level (before transfers out). Budgetary changes within the total Board Budget are made at the discretion of the Clerk. Amendments that increase total appropriations (before transfers out) must be submitted to the Board. In the case of the State Budget, budgetary control is also at the total appropriations level (including reserves but excluding intergovernmental expenditures). Amendments must be approved by the CCOC.

Included in the required supplementary information section of the accompanying financial statements, is a budget to actual comparison for the general fund and the Public Records Trust Fund. Expenditures for the General Fund are segregated between the State and the Board Budgets to illustrate budgetary compliance.

**Supplemental Funding and Return of "Excess Fees"**

The operations of the Clerk are approved and primarily funded from fees and charges authorized under Florida Statutes, and supplemental appropriations from the CCOC or the Board.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Supplemental Funding and Return of "Excess Fees" (Concluded)**

For non-court activities, the supplemental funding from the Board is recorded as transfers in on the accompanying statement of revenues, expenditures, and changes in fund balance. Any excess of revenues and transfers in over expenditures for non-court activities (including child support activities) for the year ended September 30, are reported as transfers out and due to the Board, and are payable by October 31.

For court activities, the supplemental funding from the CCOC is recorded as intergovernmental revenue on the accompanying statement of revenues, expenditures, and changes in fund balance. The amount returned is recorded as intergovernmental expenditures. For the period October 1, 2016 through September 30, 2017, the amount recorded as Due to Other Governments includes \$50,277 of September 2017 revenues, that can be retained to fund 2018 expenditures, as well as an additional \$26,784 due to the state.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Deferred Inflows/Unavailable Revenues**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end).

**Fund Balances**

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components—nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any nonspendable fund balances.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy) of the organization's governing authority. By statute, the Clerk herself is the governing authority. These committed amounts cannot be used for any other purpose unless the Clerk removes or changes the specified use by taking the same type of action (e.g., policy) she employed to constrain those amounts. The Clerk does not have any committed fund balances.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Fund Balances (Concluded)**

- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Clerk’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned), as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Clerk’s policy to use committed resources first, then assigned, and then unassigned, as needed.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from estimates.

**Note 2 - Cash and Investments**

At year-end, the carrying amount of the Clerk’s deposits was \$652,013 (\$202,925 in governmental funds and \$449,088 in agency funds) and the bank balance was \$769,247. All of the Clerk’s public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

The Clerk maintains cash on hand for the purpose of making change on transactions. However, at September 30, 2017, the Clerk held no cash on hand.

**Investments**

The Clerk has not adopted an investment policy and so, by statute, follows the State’s guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the State policy in Section 218.415(17), Florida Statutes. That section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 2 - Cash and Investments (Concluded)**

**Investments (Concluded)**

- Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in QPDs.
- Direct obligations of the U.S. Treasury.

The Clerk does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Clerk had no investments at year-end, or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Clerk in its governmental fund operations, is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Clerk and capitalized at cost in the capital asset accounts of the County. The Clerk maintains custodial responsibility for the capital assets used by her office.

**Note 4 - Accounts Payable**

Accounts payable balances in the general and special revenue funds are primarily payable to third party vendors for goods received and services rendered.

**Note 5 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Clerk's leave policy is reported as a liability in the statement of net position in the County's basic financial statements. That liability is based on earned but unused leave time (vacation and sick) at current pay rates, plus FICA taxes related thereto. Leave time is accrued per the policy based on length of employment, and is payable at 100% upon retirement in good standing. Leave time earned after December 31, 2013, is capped from 90 to 500 hours depending on years of service.

The policy explains that payouts for unused leave time are subject to funding availability. Nonvested amounts are not accrued and not considered to be significant.

The change in accumulated compensated absences during the year is as follows:

<b>Beginning Balance</b>	\$ 19,603
Net Increase	<u>6,602</u>
<b>Ending Balance</b>	<u><u>\$ 26,205</u></u>

The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$2,621.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing, multiple-employer, defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

The Clerk's contributions to the FRS plan totaled \$74,549 for the fiscal year ended September 30, 2017 (all plans).

**FRS Pension Plan**

*Payables to the Pension Plan.* At September 30, 2017, the Clerk reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2017.

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer, defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Clerk are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

Plan Description. (Concluded)

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

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

Benefits Provided. Benefits under the 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 class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	<b>3.00</b>



**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Benefits Provided. (Concluded)

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal years were as follows:

Class	Year Ended June 30, 2017		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.80	3.00	6.20
FRS, Elected County Officers	3.00	40.75	3.00	43.78

The Clerk's contributions (employer only) to the Plan totaled \$65,960 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Further details of the FRS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

**HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 6 - Employee Retirement Plan (Continued)**

**HIS Pension Plan (Concluded)**

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Clerk's contributions to the HIS Plan totaled \$8,208 for the fiscal year ended September 30, 2017.

Further details of the HIS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

**FRS – Defined Contribution Pension Plan**

The Clerk contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Clerk's contributions (employer only) to the Investment Plan totaled \$381 for the fiscal year ended September 30, 2017.

**Note 7 - Postemployment Benefits Other than Pensions**

The Board offers postemployment health care benefits to all retired employees of the Clerk's office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate, which includes active, lower cost employees.

This implicit subsidy has a cost which under GAAP is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Clerk's office. Accordingly, these calculations and disclosures will be found in the County-wide annual financial report.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Note 8 - Risk Management**

The Clerk's office is covered for employee medical, workers' compensation, liability, and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Clerk is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Clerk involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature. During the year ended September 30, 2017, the Clerk paid \$110,573 to the Board for insurance coverage (medical and life insurance).

**Note 9 - Litigation and Contingencies**

From time-to-time, the office of the Clerk is involved as a defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the operations of the Clerk's office or the financial position of the County, which would be required to fund any claim payments.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental Revenues	\$ 111,089	\$ 120,584	\$ 182,859	\$ 62,275
Charges for Services:				
Court Activities	648,017	648,570	500,991	(147,579)
Non-Court Activities	183,000	183,000	192,317	9,317
Interest	0	452	456	4
<b>Total Revenues</b>	<u>942,106</u>	<u>952,606</u>	<u>876,623</u>	<u>(75,983)</u>
<b>Expenditures</b>				
Board Budget:				
General Government:				
Personnel Services	183,000	183,000	167,976	15,024
Operating Expenditures	15,000	15,000	20,963	(5,963)
State Budget:				
Court-related Services:				
Personnel Services	684,106	727,106	592,232	134,874
Operating Expenditures	75,000	36,500	73,677	(37,177)
Capital Outlay	0	6,000	0	6,000
Intergovernmental Expenditures	0	0	18,397	(18,397)
<b>(Total Expenditures)</b>	<u>(957,106)</u>	<u>(967,606)</u>	<u>(873,245)</u>	<u>94,361</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(15,000)</u>	<u>(15,000)</u>	<u>3,378</u>	<u>18,378</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from DeSoto County				
Board of County Commissioners	15,000	15,000	15,000	0
Transfers (out) to DeSoto County				
Board of County Commissioners	0	0	(18,378)	(18,378)
<b>Total Other Financing Sources (Uses)</b>	<u>15,000</u>	<u>15,000</u>	<u>(3,378)</u>	<u>(18,378)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - PUBLIC RECORDS TRUST FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 75,000	\$ 75,000	\$ 65,740	\$ (9,260)
Interest	0	0	175	175
<b>Total Revenues</b>	<u>75,000</u>	<u>75,000</u>	<u>65,915</u>	<u>(9,085)</u>
<b>Expenditures</b>				
General Government:				
Operating Expenditures	75,000	75,000	71,360	3,640
<b>(Total Expenditures)</b>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(71,360)</u>	<u>3,640</u>
<b>Net Change in Fund Balance</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,445)</u>	<u>\$ (5,445)</u>

## **OTHER FINANCIAL INFORMATION**



**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2017**

	<u>Registry of Court Fund</u>	<u>Special Trust Fund</u>	<u>Child Support Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b>				
Cash	<u>\$ 187,107</u>	<u>\$ 256,227</u>	<u>\$ 5,754</u>	<u>\$ 449,088</u>
<b>Liabilities</b>				
Due to Other Governments	0	2,800	5,754	8,554
Due to Individuals	0	253,427	0	253,427
Escrow Deposits	187,107	0	0	187,107
<b>Total Liabilities</b>	<u>\$ 187,107</u>	<u>\$ 256,227</u>	<u>\$ 5,754</u>	<u>\$ 449,088</u>

## **OTHER REPORTS**

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

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto 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 DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk), as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 13, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida


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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk'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 matter that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk'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 Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 13, 2018  
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

We have examined the DeSoto County, Florida Clerk of the Circuit and County Courts' (the Clerk) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

April 13, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES**

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

We have examined the DeSoto County, Florida Clerk of the Circuit and County Courts' (the Clerk) compliance with Sections 28.35 and 28.36, Florida Statutes during the fiscal year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

April 13, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH SECTION 61.181, FLORIDA STATUTES**

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

We have examined the DeSoto County, Florida Clerk of the Circuit and County Courts' (the Clerk) compliance with Section 61.181, Florida Statutes during the fiscal year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

April 13, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) as of and for the year ended September 30, 2017, and have issued our report thereon dated April 13, 2018.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 13, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. In that regard, the Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk does not have any component units.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

**MANAGEMENT LETTER**  
*(Continued)*

**Financial Management**

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we would like to draw your attention to the following matter:

■ **2017-1 Period Closing Routine for Financial Reporting**

The Clerk does not utilize a well-documented, functioning year-end closing routine to clearly identify all accounting tasks that are necessary for a timely year-end closing, and preparation of year-end financial statements for the audit. We hope that a well-documented routine will continue to improve the process resulting in fewer audit adjustments.

● **Reconciliation of Court and Non-Court Expenditures and Revenues**

During our audit, we noted that the Clerk did not prepare a complete reconciliation of court and non-court expenditures and revenues to the working trial balance. Improper accounting of court and non-court transactions can result in overstatements or understatements of revenues and expenditures in the financial statements, which would lead to overpayment or underpayment of excess fees to the state and county. Audit adjustments were required to reconcile court and non-court balances to the audited financials.

We recommend that the Clerk review the procedures over year-end accounting and consider the following steps to further improve the financial close process by:

- ▶ Developing procedures to ensure all supporting schedules, including the court and non-court schedules, reconcile with the audited financial statements.
- ▶ Developing a listing of any and all expected year-end accrual journal entries to include in the September financial statement checklist. The following routine year-end entries should be considered: Accounts Payable Accrual, Child Support Accrual and Reversal of Prior Revenue Recorded, Adjust the Due to State Account for the Current September Hold Amount, and Record Excess Fees Due to State and Due to Board of County Commissioners.

**Additional Matters**

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

**Purpose of this Letter**

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

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

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

*Purvis, Gray and Company, LLP*

April 13, 2018  
Sarasota, Florida



# Nadia K. Daughtrey

## DeSOTO COUNTY CLERK OF THE CIRCUIT COURT

115 EAST OAK STREET - ARCADIA, FLORIDA 34266

PHONE (863) 993-4876 / FAX (863) 993-4669

May 22, 2018

Purvis, Gray and Company, LLP  
5001 Lakewood Ranch Blvd. N., Suite #101  
Sarasota, FL 34240

RE: Financial Statements and Independent Auditor's Report FY 2016-2017

To Whom It May Concern:

Regarding your recommendations from the Financial Statements and Independent Auditor's Report FY 2016-2017, please note the following response:

**2017-1 Period Closing Routine for Financial Reporting** – The Clerk's Office has implemented an end of year checklist in order to properly prepare for the year-end financial statements for all accounts. Going forward, this will ensure fewer audit adjustments.

**Reconciliation of Court and Non-Court Expenditures and Revenues**- The Clerk will ensure accounting of court and non-court expenditures and revenues reconcile to the working trial balance for the general account. Going forward, this will prevent overpayment and/or underpayment of excess fees to the State and County.

Respectfully submitted,

Nadia K. Daughtrey  
DeSoto County Clerk of Courts



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SHERIFF  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SHERIFF  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report .....</b>	<b>1-3</b>
<b>Financial Statements</b>	
Balance Sheet - Governmental Funds.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	5
Statement of Fiduciary Assets and Liabilities - All Agency Funds.....	6
Notes to Financial Statements .....	7-19
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	20
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Communications Fund .....	21
Note to Required Supplementary Information.....	22
<b>Other Financial Information</b>	
Combining Balance Sheet - All Nonmajor Governmental Funds .....	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - All Nonmajor Governmental Funds.....	24
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds.....	25
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26-27
Independent Accountants' Report on Compliance with Florida Statute, Section 218.415 - Investments of Public Funds .....	28
Management Letter .....	29-30

## INDEPENDENT AUDITORS' REPORT

Honorable James Potter  
Sheriff  
DeSoto 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 DeSoto County, Florida Sheriff (the Sheriff) as of and for the year ended September 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Sheriff as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable James Potter  
Sheriff  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Continued)*

**Emphasis of Matter - Incomplete Presentation**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of DeSoto County, Florida, that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida, as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Financial Information*

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

The other financial information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the financial statements as a whole.



Honorable James Potter  
Sheriff  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of the Sheriff'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 Sheriff's internal control over financial reporting and compliance.



March 26, 2018  
Sarasota, Florida

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Major Funds</b>			<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>Communications</b>	<b>Inmate</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Welfare</b>	<b>Funds</b>	<b>Funds</b>
			<b>Fund</b>		
<b>Assets</b>					
Cash	\$ 1,082,796	\$ 169,199	\$ 154,856	\$ 16,150	\$ 1,423,001
Due from Other Governments	13,391	0	0	0	13,391
Due from Individuals and Businesses	0	882	10,013	362	11,257
<b>Total Assets</b>	<u>1,096,187</u>	<u>170,081</u>	<u>164,869</u>	<u>16,512</u>	<u>1,447,649</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities</b>					
Vouchers Payable	213,943	2,052	148	0	216,143
Accrued Liabilities	96,919	10,838	0	207	107,964
Due to Board of County Commissioners	785,325	157,191	0	0	942,516
<b>Total Liabilities</b>	<u>1,096,187</u>	<u>170,081</u>	<u>148</u>	<u>207</u>	<u>1,266,623</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Grant Revenue	0	0	5,772	0	5,772
<b>Fund Balances</b>					
Restricted for:					
Inmate Benefits	0	0	158,949	0	158,949
Voluntary Extra Duty	0	0	0	5,028	5,028
Education and Training	0	0	0	9,759	9,759
Victim Advocate	0	0	0	1,518	1,518
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>158,949</u>	<u>16,305</u>	<u>175,254</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 1,096,187</u>	<u>\$ 170,081</u>	<u>\$ 164,869</u>	<u>\$ 16,512</u>	<u>\$ 1,447,649</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Major Funds</b>			<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>Communications</b>	<b>Inmate</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Welfare</b>	<b>Funds</b>	<b>Funds</b>
			<b>Fund</b>		
<b>Revenues</b>					
Intergovernmental	\$ 113,138	\$ 10,586	\$ 0	\$ 0	\$ 123,724
Charges for Service	28,500	0	121,083	18,251	167,834
Interest Income	1,430	144	0	13	1,587
Miscellaneous Income	37,478	0	800	0	38,278
<b>Total Revenues</b>	<b>180,546</b>	<b>10,730</b>	<b>121,883</b>	<b>18,264</b>	<b>331,423</b>
<b>Expenditures</b>					
Current:					
Public Safety - Law Enforcement:					
Personnel Services	3,950,681	0	0	16,182	3,966,863
Operating Expenditures	1,132,703	0	0	10,214	1,142,917
Capital Outlay	645,461	0	0	0	645,461
Public Safety - Corrections:					
Personnel Services	2,161,020	0	0	0	2,161,020
Operating Expenditures	1,424,626	0	63,978	0	1,488,604
Capital Outlay	15,036	0	0	0	15,036
Public Safety - Communications:					
Personnel Services	0	670,552	0	0	670,552
Operating Expenditures	0	80,798	0	0	80,798
Capital Outlay	0	6,500	0	0	6,500
Court Services -					
Courthouse Security:					
Personnel Services	300,055	0	0	0	300,055
<b>(Total Expenditures)</b>	<b>(9,629,582)</b>	<b>(757,850)</b>	<b>(63,978)</b>	<b>(26,396)</b>	<b>(10,477,806)</b>
<b>(Deficiency) Excess of Revenues</b>					
<b>(Under) Over Expenditures</b>	<b>(9,449,036)</b>	<b>(747,120)</b>	<b>57,905</b>	<b>(8,132)</b>	<b>(10,146,383)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers from Board of					
County Commissioners:					
Primary Allocation	10,083,070	893,811	0	0	10,976,881
Supplemental Funding	53,463	0	0	0	53,463
Transfers to Board of					
County Commissioners	(687,497)	(146,691)	0	0	(834,188)
<b>Total Other Financing Sources (Uses)</b>	<b>9,449,036</b>	<b>747,120</b>	<b>0</b>	<b>0</b>	<b>10,196,156</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>57,905</b>	<b>(8,132)</b>	<b>49,773</b>
<b>Fund Balances, Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>101,044</b>	<b>24,437</b>	<b>125,481</b>
<b>Fund Balances, End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 158,949</b>	<b>\$ 16,305</b>	<b>\$ 175,254</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Total Agency Funds</b>
<b>Assets</b>	
Cash	\$ 37,239
Due from Others	2,578
<b>Total Assets</b>	<u>39,817</u>
 <b>Liabilities</b>	
Due to Others	39,817
<b>Total Liabilities</b>	<u>\$ 39,817</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

**Reporting Entity**

DeSoto County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Sheriff (the Sheriff) is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Sheriff's budget is submitted to the Board for approval. The Board appropriates and distributes to the Sheriff on a monthly basis funds necessary to operate the Sheriff's office. Any excess of appropriations received from the Board over actual expenditures for the fiscal year is required to be returned to the Board within 31 days after the close of the fiscal year.

For financial statement purposes, the Sheriff is deemed to be part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balance accounts that comprise its assets, liabilities, deferred inflows, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Sheriff.

The Sheriff reports the following major governmental funds:

■ **Governmental Fund Types**

- **General Fund**—a governmental fund—is used to account for all general operations of the Sheriff and all transactions that are not accounted for in another fund.
- **Communications Fund**—a special revenue fund—is used to account for county-wide dispatch and the proceeds of telephone charges collected for the installation and operation of an Emergency 911 System. The Board of County Commissioners receives the charges and transfers them to the Sheriff's Communications Fund.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

■ **Governmental Fund Types (Concluded)**

- **Inmate Welfare Fund**—a special revenue fund—is used to account for the proceeds from the commissary and pay phone sources that are restricted for inmate benefits.

In addition, the Sheriff also reports the following other fund types:

■ **Governmental Fund Types**

- **Special Revenue Funds**—special revenue funds account for the proceeds of specific revenue sources that are restricted for specified purposes.

■ **Fiduciary Fund Types**

- **Agency Funds**—agency funds are fiduciary funds, which are used to account for assets received and held by the Sheriff in the capacity of a trustee or as an agent for individuals, governmental agencies, and other public organizations. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

**Basis of Accounting**

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Grants are the primary revenue source considered to be susceptible to accrual. Expenditures are recognized when the related fund liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Agency funds are accounted for using the accrual basis of accounting.

The Sheriff considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Budgetary Process**

On or before June 1 of each year, the Sheriff submits a tentative budget for the ensuing fiscal year to the Board. The budgets of the general fund and communications fund are then adopted in the same manner as the budget of the Board.

Budgets are legally adopted for the general fund and communications fund, and are on a basis consistent with GAAP. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board, as amended. Budgetary changes within each fund can be made at the discretion of the Sheriff. Amendments to increase appropriations must be submitted to the Board. Budgets were not adopted for the remaining special revenue funds.

**Capital Assets**

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the County-wide statement of net position as part of the basic financial statements of the County. Capital assets acquired under capital leases are capitalized at cost in the County's statement of net position at the time the assets are received. Donated and confiscated capital assets are recorded in the County's statement of net position at fair value at the time received. Capital assets are depreciated using the straight-line method over one to twenty-five years. The depreciation expense is recorded in the County-wide statement of activities as part of the basic financial statements of the County.

**Compensated Absences**

All full-time employees of the Sheriff are entitled to annual vacation and sick leave with pay. The employees are generally allowed to accumulate unused vacation leave up to a maximum of 240 hours and can accumulate sick leave with no limit. Accrued vacation leave is paid at termination. Accrued sick leave is only paid to employees who actually retire, and then only for 25% of the hours accrued up to 480 hours. Vacation and sick leave payments are included in operating costs when payments are made to the employees. The Sheriff does not, nor is he legally required to accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds, but rather is reported in the basic financial statements of the County.

**Appropriations from the Board of County Commissioners and Refund of "Excess Fees"**

The County funds the majority of the operating budget of the Sheriff. The payments by the County to fund the operations of the Sheriff are recorded as other financing uses (transfers out) in the basic financial statements of the County, and as other financing sources (transfers in) in the financial statements of the Sheriff.

The Board requires that the excess of the County's appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year in both the general fund and the communications fund. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Sheriff and as other financing sources (transfers in) in the basic financial statements of the County. The amount of undistributed excess appropriations at the end of the fiscal year is reported as amounts due the Board of County Commissioners.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Deferred Inflows**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end).

**Fund Balances**

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components—nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable fund balances.
- **Restricted**—This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy) of the Sheriff. These committed amounts cannot be used for any other purpose unless the Sheriff removes or changes the specified use by taking the same type of action (e.g., policy) he employed to constrain those amounts. The Sheriff does not have any committed fund balances.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Sheriff has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Sheriff's policy to use committed resources first, then assigned, and then unassigned as needed.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from estimates.



**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 2 - Cash and Cash Equivalents**

**Deposits**

At year-end, the carrying amount of the Sheriff's deposits was \$1,460,241, (\$1,423,001 in governmental funds and \$37,239 in agency funds), and the bank balance was \$1,847,195. The Sheriff's bank deposits are held in qualified public depositories (QPDs) pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

**Investments**

The Sheriff has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

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

The Sheriff does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Sheriff had no investments at year-end, or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Sheriff in its governmental fund operations, is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff. Those assets are capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 3 - Capital Assets (Concluded)**

Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Capital Asset, Net</u>
<b>Beginning Balance</b>	\$ 5,433,050	\$ (3,934,470)	\$ 1,498,580
Capital Additions	694,877	0	694,877
Depreciation	0	(645,282)	(645,282)
(Disposals)	<u>(354,866)</u>	<u>328,397</u>	<u>(26,469)</u>
<b>Ending Balance</b>	<u>\$ 5,773,061</u>	<u>\$ (4,251,355)</u>	<u>\$ 1,521,706</u>

The Sheriff routinely trades in assets when purchasing new assets. The remaining book value of the assets traded in is added to the value of the new asset. Also, some additions were donated from other entities. Following is a reconciliation of 2017 capital asset additions above to capital outlay on the accompanying statement of revenues, expenditures, and changes in fund balance:

	<u>2017</u>
Capital Outlay	\$ 666,997
Net Book Value of Trade-ins	2,063
Donated Assets	6,677
Asset Purchased by FDLE	<u>19,140</u>
<b>Total Capital Additions (Above)</b>	<u>\$ 694,877</u>

**Note 4 - Vouchers Payable**

Vouchers Payable balances in the general and special revenue funds are primarily payable to third party vendors for goods received and services rendered.

**Note 5 - Accumulated Compensated Absences**

Note 1 describes the policy for accrual and payment of vacation and sick leave. Following is a summary of changes in the compensated absences liability during fiscal year 2017:

<b>Beginning Balance</b>	\$ 307,646
Net Increase	<u>12,025</u>
<b>Ending Balance</b>	<u>\$ 319,671</u>

The portion of the above compensated absences liability estimated to be paid during the next year (current portion) is \$31,967.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

The Sheriff's contributions to the FRS Plan totaled \$899,356 for the fiscal year ended September 30, 2017, (all plans).

*Payables to the Pension Plan.* At September 30, 2017, the Sheriff reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2017.

**FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Sheriff are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

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

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

Benefits Provided. Benefits under the 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 class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**DESOTO COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 6 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

**Benefits Provided. (Concluded)**

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	3.00
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2017</b>		<b>Year Ended June 30, 2018</b>	
	<b>Percent of Gross Salary</b>		<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.80	3.00	6.20
FRS, Elected County Officers	3.00	40.75	3.00	43.78
FRS, Special Risk Regular	3.00	20.85	3.00	21.55
DROP - Applicable to Members				
from All of the Above Classes	0.00	11.33	0.00	11.60
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Contributions. (Concluded) The Sheriff's contributions (employer only) to the Plan totaled \$758,143 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Further details of the FRS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

**HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Sheriff's contributions to the HIS Plan totaled \$76,342 for the fiscal year ended September 30, 2017.

Further details of the HIS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Continued)**

**FRS – Defined Contribution Pension Plan**

The Sheriff contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State of Florida Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 6 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Sheriff's contributions to the Investment Plan totaled \$64,871 for the fiscal year ended September 30, 2017.

**Note 7 - Postemployment Benefits Other than Pensions**

The Board offers postemployment health care benefits to all retired employees of the Sheriff's office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate, which includes active, lower cost employees.

This implicit subsidy has a cost, which under GAAP, is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Sheriff's office. Accordingly, these calculations and disclosures will be found in the County-wide annual financial report.

**Note 8 - Risk Management**

The Sheriff's office is covered for workers' compensation and employee medical risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Sheriff also participates in the Florida Sheriff's Self-Insurance Program for risks related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability will reimburse through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public official's liability. Coverage limits for automobile risks are \$300,000 per accident for bodily injury and \$300,000 per accident for property damage. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature.

Additionally, the Sheriff has obtained coverage for inmate medical claims up to \$250,000.

During the year ended September 30, 2017, the Sheriff paid \$1,084,325 to the Board for employee medical coverage and \$108,327 for workers' compensation.



**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Note 9 - Litigation**

The Sheriff is periodically involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. It is at least possible that the ultimate liability for known and unknown claims existing at the balance sheet date may be material. However, it is presumed any significant judgments against the Sheriff would be settled by the Board. Accordingly, no contingent liabilities have been accrued in the accompanying financial statements.

**Note 10 - Restatement**

The Victim Advocate Fund was created November 19, 2015. During the current fiscal year, it was determined that the Victim Advocate Fund meets the criteria to be reported as a special revenue fund with a beginning fund balance of \$1,868.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 96,665	\$ 113,138	\$ 113,138	\$ 0
Charges for Services	28,500	28,500	28,500	0
Interest Income	0	0	1,430	1,430
Miscellaneous Income	0	0	37,478	37,478
<b>Total Revenues</b>	<b>125,165</b>	<b>141,638</b>	<b>180,546</b>	<b>38,908</b>
<b>Expenditures</b>				
Current:				
Personnel Services	7,173,526	7,173,525	6,411,756	761,769
Operating Expenditures	2,707,709	2,748,868	2,557,329	191,539
Capital Outlay	317,000	345,778	660,497	(314,719)
Reserves	10,000	10,000	0	10,000
<b>(Total Expenditures)</b>	<b>(10,208,235)</b>	<b>(10,278,171)</b>	<b>(9,629,582)</b>	<b>648,589</b>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<b>(10,083,070)</b>	<b>(10,136,533)</b>	<b>(9,449,036)</b>	<b>687,497</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Board of				
County Commissioners:				
Primary Allocation	10,083,070	10,083,070	10,083,070	0
Supplemental Funding	0	53,463	53,463	0
Transfers to Board of				
County Commissioners	0	0	(687,497)	(687,497)
<b>Total Other Financing Sources (Uses)</b>	<b>10,083,070</b>	<b>10,136,533</b>	<b>9,449,036</b>	<b>(687,497)</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance, Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNICATIONS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 0	\$ 10,586	\$ 10,586
Interest Income	0	0	144	144
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>10,730</u>	<u>10,730</u>
<b>Expenditures</b>				
Current:				
Public Safety - Communications:				
Personnel Services	766,220	766,220	670,552	95,668
Operating Expenditures	97,591	97,591	80,798	16,793
Capital Outlay	30,000	30,000	6,500	23,500
<b>(Total Expenditures)</b>	<u>(893,811)</u>	<u>(893,811)</u>	<u>(757,850)</u>	<u>135,961</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(893,811)</u>	<u>(893,811)</u>	<u>(747,120)</u>	<u>146,691</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Board of				
County Commissioners	893,811	893,811	893,811	0
Transfers to Board of				
County Commissioners	0	0	(146,691)	(146,691)
<b>Total Other Financing Sources (Uses)</b>	<u>893,811</u>	<u>893,811</u>	<u>747,120</u>	<u>(146,691)</u>
<b>Net Change in Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2017**

**Note 1 - Budgetary Information**

Budgets are legally adopted for the general fund and communications fund, and are on a basis consistent with GAAP. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board, as amended. Budgetary changes within each fund can be made at the discretion of the Sheriff. Amendments to increase appropriations must be submitted to the Board.

The General fund and Communications fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Inmate Welfare fund and all other special revenue fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

## **OTHER FINANCIAL INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Volunteer Extra Duty Fund</b>	<b>Education Fund</b>	<b>Victim Advocate Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 5,025	\$ 9,607	\$ 1,518	\$ 16,150
Due from Individuals and Businesses	210	152	0	362
<b>Total Assets</b>	<u>5,235</u>	<u>9,759</u>	<u>1,518</u>	<u>16,512</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accrued Liabilities	207	0	0	207
<b>Total Liabilities</b>	<u>207</u>	<u>0</u>	<u>0</u>	<u>207</u>
<b>Fund Balances</b>				
Restricted for:				
Voluntary Extra Duty	5,028	0	0	5,028
Education and Training	0	9,759	0	9,759
Victim Advocate	0	0	1,518	1,518
<b>Total Fund Balances</b>	<u>5,028</u>	<u>9,759</u>	<u>1,518</u>	<u>16,305</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,235</u>	<u>\$ 9,759</u>	<u>\$ 1,518</u>	<u>\$ 16,512</u>

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Volunteer Extra Duty Fund</b>	<b>Education Fund</b>	<b>Victim Advocate Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Charges for Service	\$ 16,414	\$ 1,667	\$ 170	\$ 18,251
Interest Income	0	13	0	13
<b>Total Revenues</b>	<u>16,414</u>	<u>1,680</u>	<u>170</u>	<u>18,264</u>
<b>Expenditures</b>				
Current:				
Public Safety - Law Enforcement:				
Personnel Services	16,182	0	0	16,182
Operating Expenditures	0	9,694	520	10,214
<b>(Total Expenditures)</b>	<u>(16,182)</u>	<u>(9,694)</u>	<u>(520)</u>	<u>(26,396)</u>
<b>Net Change in Fund Balance</b>	232	(8,014)	(350)	(8,132)
<b>Fund Balances, Beginning of Year</b>	<u>4,796</u>	<u>17,773</u>	<u>1,868</u>	<u>24,437</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,028</u>	<u>\$ 9,759</u>	<u>\$ 1,518</u>	<u>\$ 16,305</u>



**DESOTO COUNTY, FLORIDA  
SHERIFF  
COMBINING STATEMENT OF  
FIDUCIARY ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2017**

	<b>Cash Bond Fund</b>	<b>Individual Depositors Fund</b>	<b>Other Suspense Fund</b>	<b>Inmate Trust Fund</b>	<b>Total Agency Funds</b>
<b>Assets</b>					
Cash	\$ 2	\$ 1,002	\$ 1,005	\$ 35,230	\$ 37,239
Due from Others	0	1,766	812	0	2,578
<b>Total Assets</b>	<u>2</u>	<u>2,768</u>	<u>1,817</u>	<u>35,230</u>	<u>39,817</u>
<b>Liabilities</b>					
Due to Others	2	2,768	1,817	35,230	39,817
<b>Total Liabilities</b>	<u>\$ 2</u>	<u>\$ 2,768</u>	<u>\$ 1,817</u>	<u>\$ 35,230</u>	<u>\$ 39,817</u>

## **OTHER REPORTS**

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

Honorable James Potter  
Sheriff  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Sheriff (the Sheriff) as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable James Potter  
Sheriff  
DeSoto County, Florida

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



March 26, 2018  
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE, SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable James Potter  
Sheriff  
DeSoto County, Florida

We have examined the DeSoto County, Florida Sheriff's (the Sheriff) compliance with Florida Statute, Section 218.415 during the fiscal year ended September 30, 2017. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 26, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

Honorable James Potter  
Sheriff  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Sheriff (the Sheriff) as of and for the year ended September 30, 2017, and have issued our report thereon dated March 26, 2018.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 26, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name of official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. In that regard, the Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

### Financial Management

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

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable James Potter  
Sheriff  
DeSoto County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Matters**

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

**Purpose of the Letter**

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff, its management, and the Board of County Commissioners of DeSoto County, Florida, 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 our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



March 26, 2018  
Sarasota, Florida





**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**TAX COLLECTOR  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**TAX COLLECTOR  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements</b>	
Balance Sheet - General Fund (Major Fund).....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Major Fund) .....	4
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	5
Notes to Financial Statements .....	6-16
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	17
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18-19
Independent Accountants' Report on Compliance with Florida Statute Section 218.415 - Investments of Public Funds.....	20
Management Letter .....	21-22

## INDEPENDENT AUDITORS' REPORT

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the general fund (major fund) and the aggregate remaining fund information of the DeSoto County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 general fund (major fund) and the aggregate remaining fund information of the Tax Collector, as of September 30, 2017, and the changes in financial position of the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Emphasis of Matter - Incomplete Presentation**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds, and the aggregate remaining fund information, of DeSoto County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida, as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2018, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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 Tax Collector's internal control over financial reporting and compliance.



May 7, 2018  
Sarasota, Florida

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
BALANCE SHEET  
GENERAL FUND (MAJOR FUND)  
SEPTEMBER 30, 2017**

**Assets**

Cash and Cash Equivalents	\$ 198,116
Due from Other Governments	16,706
<b>Total Assets</b>	<u>214,822</u>

**Liabilities, Deferred Inflows, and Fund Balance**

**Liabilities**

Due to Board of County Commissioners	182,548
Due to Other Taxing Agencies	7,961
<b>Total Liabilities</b>	<u>190,509</u>

**Deferred Inflows of Resources**

Unavailable Revenue	<u>24,313</u>
---------------------	---------------

<b>Fund Balance</b>	<u>0</u>
---------------------	----------

<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<u>\$ 214,822</u>
--	-------------------

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND (MAJOR FUND)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Revenues**

Commissions and Fees:	
Board of County Commissioners	\$ 641,537
Other Taxing Districts	356,387
Interest	210
Miscellaneous	602
<b>Total Revenues</b>	<u>998,736</u>

**Expenditures**

Current:	
General Government:	
Personnel Services	689,953
Operating Expenditures	118,274
<b>(Total Expenditures)</b>	<u>(808,227)</u>

<b>Excess of Revenues Over Expenditures</b>	<u>190,509</u>
---	----------------

**Other Financing (Uses) Sources**

Distribution of Excess Commissions to DeSoto County,	
Florida, Board of County Commissioners	(182,548)
Distribution of Excess Commissions to Other Taxing	
Districts	(7,961)
<b>Total Other Financing (Uses) Sources</b>	<u>(190,509)</u>

<b>Net Change in Fund Balance</b>	0
-----------------------------------	---

<b>Fund Balance, Beginning of Year</b>	<u>0</u>
--	----------

<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>
----------------------------------	--------------------

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2017**

**Assets**

Cash and Cash Equivalents	\$ 535,563
Accounts Receivable	<u>103,483</u>
<b>Total Assets</b>	<u><u>639,046</u></u>

**Liabilities**

Due to Other Governments	465,031
Escrow Deposits	<u>174,015</u>
<b>Total Liabilities</b>	<u><u>\$ 639,046</u></u>

See accompanying notes.

## **NOTES TO FINANCIAL STATEMENTS**



**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

**Reporting Entity**

DeSoto County, Florida (the County), is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Tax Collector (the Tax Collector), is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to the Florida Statutes, the Tax Collector's budget is submitted annually to the Florida Department of Revenue for approval and a copy is forwarded to the Board for coordination with the Board's budget. Any excess revenues received over expenditures made are remitted at year-end to the taxing districts.

Commissions and fees earned by the Tax Collector are billed periodically to the Board and other governmental agencies as provided in Florida Statutes. By statute, commissions and fees attributable to the school board are paid by the Board.

For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Tax Collector's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Tax Collector reports the following major governmental fund:

- **The General Fund**—a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

In addition, the Tax Collector also reports the following other fund type:

- **The Agency Fund**—fiduciary funds, are custodial in nature and do not involve measurement of changes in financial position (assets equal liabilities). The agency fund is used primarily for the following:
  - To account for the collection of certain state taxes and fees, including motor vehicle registration fees and the subsequent remittance of those fees (less commission) to the State of Florida.
  - To account for the collection and distribution of local taxes and licenses, including real and personal property taxes.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and also refers to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Agency funds are accounted for using the accrual basis of accounting.

Charges for services on the collection of property taxes are recognized as revenue in the fiscal year for which taxes are levied, provided they are collected within 30 days after the end of the fiscal year (if not, they are deferred). Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Investment revenues are recorded as earned.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Budgetary Requirement**

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

A budget is legally adopted for the general fund and is on a basis consistent with GAAP. Budgetary control is at the expenditure classification level (personnel services, operating expenditures, and capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Tax Collector. Amendments between expenditure classifications must be notified to the State of Florida Department of Revenue.

**Property Tax Collections**

Chapter 197, Florida Statutes, governs property tax collection.

*Current Taxes*

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November through February, respectively.

*Unpaid Taxes—Sale of Tax Certificates*

The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

*Tax Deeds*

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

**Refund of "Excess Fees"**

Florida Statutes provide that the excess of the Tax Collector's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by each governmental agency bear to total fee income of the office. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the County and other governmental agencies.

The County pays a major portion of the fees collected by the Tax Collector. The payments by the County are recorded as operating expenditures in the basic financial statements of the County, and as charges for services revenue in the financial statements of the Tax Collector. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Tax Collector and as other financing sources (transfers in) in the basic financial statements of the County.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Deferred Inflows/Unearned Revenue**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end). Unearned revenue represents the portion of biennial service fees attributable to future years.

**Use of Estimates**

The preparation of financial statements in accordance with GAAP, requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements. Actual results could differ from estimates.

**Note 2 - Cash and Investments**

**Cash**

At year-end, the carrying amount of the Tax Collector's deposits was \$729,579 (\$194,016 in governmental funds and \$535,563 in agency funds) and the bank balance was \$818,324. All of the Tax Collector's public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

In addition to cash deposits, the Tax Collector maintains cash on hand for the purpose of making change on transactions. At September 30, 2017, the Tax Collector held \$4,100 in cash on hand.

**Investments**

The Tax Collector has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act of 1969*, as provided in Florida Statute 163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 2 - Cash and Investments (Concluded)**

**Investments (Concluded)**

d. Direct obligations of the United States Treasury.

The Tax Collector does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Tax Collector had no investments at year-end or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Tax Collector in its governmental fund operations is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the general fund of the Tax Collector and capitalized at cost in the capital asset accounts of the County. The Tax Collector maintains custodial responsibility for the capital assets used by her office.

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Tax Collector's vacation policy, is reported as a liability in the statement of net position in the County's basic financial statements. That liability includes earned but unused vacation, as well as FICA taxes related thereto. Vacation time is accrued based on length of employment. After six months of service, vacation time is paid out hour for hour upon separation from employment. Nonvested amounts are not considered to be significant.

The change in accumulated compensated absences during the year is as follows:

<b>Beginning Balance</b>	\$ 6,951
Net Decrease	<u>(518)</u>
<b>Ending Balance</b>	<u><u>\$ 6,433</u></u>

The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$643.

**Note 5 - Employee Retirement Plan**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**General Information about the Florida Retirement System (FRS) (Concluded)**

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

The Tax Collector's contributions to the FRS plan totaled \$76,923 for the fiscal year ended September 30, 2017 (all plans).

*Payables to the Pension Plan.* At September 30, 2017, the Tax Collector reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2017.

**FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Tax Collector are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other class.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

*Plan Description. (Concluded)*

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

*Benefits Provided.* Benefits under the 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 class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Benefits Provided. (Concluded)

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal year were as follows:

Class	Year Ended June 30, 2017 Percent of Gross Salary		Year Ended June 30, 2018 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.80	3.00	6.20
FRS, Elected County Officers	3.00	40.75	3.00	43.78
FRS, Senior Management Service Class	3.00	20.05	3.00	20.99
DROP - Applicable to Members from All of the Above Classes	0.00	11.33	0.00	11.60

The Tax Collector contributions (employer only) to the Plan totaled \$66,726 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions and contributions made to the Investment Plan.

Further details of the FRS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

**HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.



**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**HIS Pension Plan (Concluded)**

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Tax Collector contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Tax Collector's contributions to the HIS Plan totaled \$7,702 for the fiscal year ended September 30, 2017.

Further details of HIS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

**FRS – Defined Contribution Pension Plan**

The Tax Collector contributes to the FRS Investment Plan (the Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2016-17 fiscal year were as follows:

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Tax Collector's contributions (employer only) to the Investment Plan totaled \$2,495 for the fiscal year ended September 30, 2017.

**Note 6 - Postemployment Benefits Other Than Pensions**

The Board offers postemployment health care benefits to all retired employees of the Tax Collector's office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate, which includes active, lower cost employees.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Note 6 - Postemployment Benefits Other Than Pensions (Concluded)**

This implicit subsidy has a cost, which under GAAP is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Tax Collector's office. Accordingly, these calculations and disclosures will be found in the County-wide annual financial report.

**Note 7 - Risk Management**

The Tax Collector's office is covered for employee medical, workers' compensation, and liability and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Tax Collector is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Tax Collector involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature. During the year ended September 30, 2017, the Tax Collector paid \$116,784 to the Board for insurance coverage (medical and life insurance).

**Note 8 - Litigation**

From time-to-time, the office of the Tax Collector is involved as a defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the operations of the Tax Collector's office or the combined financial position of the County, which would be required to fund any claim payments.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Commissions and Fees:				
Board of County Commissioners	\$ 701,000	\$ 701,000	\$ 641,537	\$ (59,463)
Other Taxing Districts	336,560	336,560	356,387	19,827
Interest	160	160	210	50
Miscellaneous	1,500	1,500	602	(898)
<b>Total Revenues</b>	<u>1,039,220</u>	<u>1,039,220</u>	<u>998,736</u>	<u>(40,484)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personnel Services	698,149	698,149	689,953	8,196
Operating Expenditures	167,585	167,585	118,274	49,311
<b>(Total Expenditures)</b>	<u>(865,734)</u>	<u>(865,734)</u>	<u>(808,227)</u>	<u>57,507</u>
<b>Excess of Revenues Over Expenditures</b>	<u>173,486</u>	<u>173,486</u>	<u>190,509</u>	<u>17,023</u>
<b>Other Financing Sources (Uses)</b>				
Distribution of Excess Commissions to DeSoto County, Florida, Board of County Commissioners	(173,486)	(173,486)	(182,548)	(9,062)
Distribution of Excess Commissions to Other Taxing Districts	0	0	(7,961)	(7,961)
<b>Total Other Financing Sources (Uses)</b>	<u>(173,486)</u>	<u>(173,486)</u>	<u>(190,509)</u>	<u>(17,023)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## **OTHER REPORTS**

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

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the DeSoto County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



May 7, 2018  
Sarasota, Florida



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

We have examined the DeSoto County, Florida Tax Collector's (the Tax Collector), compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2017. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

May 7, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund and the aggregate remaining fund information of the DeSoto County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2017, and have issued our report thereon dated May 7, 2018.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 7, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. In that regard, the Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector does not have any component units.

### Financial Management

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

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Matters**

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

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector, her management team, and the Board of County Commissioners of DeSoto County, Florida, 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 our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



May 7, 2018  
Sarasota, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**PROPERTY APPRAISER  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**PROPERTY APPRAISER  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements</b>	
Balance Sheet - General Fund (Major Fund).....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Major Fund) .....	4
Notes to Financial Statements .....	5-14
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Major Fund).....	15
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16-17
Independent Accountants' Report on Compliance with Florida Statute Section 218.415 - Investments of Public Funds .....	18
Management Letter .....	19-20

## INDEPENDENT AUDITORS' REPORT

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the general fund (major fund) of the DeSoto County, Florida Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund (major fund) of the Property Appraiser as of September 30, 2017, 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.

**Emphasis of Matter – Incomplete Presentation**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund (major fund), only for that portion of the general fund (major fund) of DeSoto County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida, as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2018, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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 Property Appraiser's internal control over financial reporting and compliance.



April 4, 2018  
Sarasota, Florida



**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
BALANCE SHEET  
GENERAL FUND (MAJOR FUND)  
SEPTEMBER 30, 2017**

<b>Assets</b>	
Cash	\$ 155,081
<b>Total Assets</b>	<u>155,081</u>
 <b>Liabilities and Fund Balance</b>	
 <b>Liabilities</b>	
Accounts Payable and Accrued Expenses	8,109
Due to DeSoto County Board of County Commissioners	144,345
Due to Other Governments	<u>2,627</u>
<b>Total Liabilities</b>	<u>155,081</u>
 <b>Fund Balance</b>	<u>0</u>
 <b>Total Liabilities and Fund Balance</b>	<u>\$ 155,081</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND (MAJOR FUND)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Revenues**

Charges for Services:	
DeSoto County Board of County Commissioners	\$ 970,075
Other Taxing Agencies	17,658
Interest	191
Miscellaneous	1,693
<b>Total Revenues</b>	<u>989,617</u>

**Expenditures**

Current:	
General Government:	
Personnel Services	626,991
Operating Expenditures	173,576
Capital Outlay	42,078
<b>(Total Expenditures)</b>	<u>(842,645)</u>

<b>Excess of Revenues Over Expenditures</b>	<u>146,972</u>
---	----------------

**Other Financing Sources (Uses)**

Distribution of Excess Appropriations to DeSoto County	
Board of County Commissioners	(144,345)
Distribution of Excess Appropriations to Other Taxing	
Districts	(2,627)
<b>Total Other Financing Sources (Uses)</b>	<u>(146,972)</u>

<b>Net Change in Fund Balance</b>	0
-----------------------------------	---

<b>Fund Balance, Beginning of Year</b>	<u>0</u>
--	----------

<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>
----------------------------------	--------------------

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

**Reporting Entity**

DeSoto County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and managed by an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of the State of Florida.

The DeSoto County, Florida Property Appraiser (the Property Appraiser), is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to the Florida Statutes, the Property Appraiser's budget is submitted annually to the Florida Department of Revenue, Division of Ad Valorem Tax, for approval, and a copy is forwarded to the Board.

Fees earned by the Property Appraiser (equal to the amount of the amended budget) are billed quarterly to the Board and other governmental agencies in proportion to prior year taxes levied, or in the case of non-ad valorem districts, by other reasonable methods. By statute, fees attributable to municipalities and school boards are paid by the Board.

For financial statement reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Property Appraiser's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits*.

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- **General Fund**—The General Fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, and also refers to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Charges for services on the assessment of property are recognized as revenue in the fiscal year earned, provided they are collected within 30 days after the end of the fiscal year (if not, they are deferred). Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Interest income is recorded as earned.

The Property Appraiser considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. The governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Budgetary Requirement**

On or before June 1 of each year, the Property Appraiser submits a tentative budget for the ensuing fiscal year to the Florida Department of Revenue, and a copy is forwarded to the Board.

A budget is legally adopted only for the general fund and is on a basis consistent with GAAP. Budgetary control is at the expenditure classification level (personnel services, operating expenditures, and capital outlay).

Budgetary changes within expenditure classification are made at the discretion of the Property Appraiser. Amendments between expenditure classifications must be submitted to the State of Florida Department of Revenue.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Refund of "Excess Fees"**

Florida Statutes provide that the excess of the Property Appraiser's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by each governmental agency. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board and other governmental agencies.

The County pays a major portion of the fees collected by the Property Appraiser. The payments by the County are recorded as operating expenditures in the basic financial statements of the County, and as charges for services revenues in the financial statements of the Constitutional Officer. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Constitutional Officer and as other financing sources (transfers in) in the basic financial statements of the County.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Deferred Inflows/Unearned Revenue**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end). Unearned revenue represents revenue attributable to future years.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP, requires management to make a number of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

**Note 2 - Cash and Investments**

**Cash**

At year-end, the carrying amount of the Property Appraiser's deposits was \$154,981 and the bank balance was \$187,015. All of the Property Appraiser's public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

In addition to cash deposits, the Property Appraiser maintains cash on hand for the purpose of making change on transactions. At September 30, 2017, the Property Appraiser held \$100 in cash on hand.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 2 - Cash and Investments (Concluded)**

**Investments**

The Property Appraiser has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That Section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the United States Treasury.

The Property Appraiser does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Property Appraiser had no investments at year-end, or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Property Appraiser is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the general fund of the Property Appraiser and capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Property Appraiser's annual leave and sick leave policy is reported as a liability in the statement of net position in the County's basic financial statements. That liability includes earned but unused vacation, as well as payroll taxes related thereto. The change in accumulated compensated absences during the year is as follows:

<b>Beginning Balance</b>	\$ 40,267
Additions	14,949
Deletions	<u>(34,488)</u>
<b>Ending Balance</b>	<u><u>\$ 20,728</u></u>

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 4 - Accumulated Compensated Absences (Concluded)**

The amount recorded represents vested annual vacation to employees in varying amounts. Annual vacation is accrued based on length of employment. After six months of service, annual vacation is paid out hour for hour upon separation from employment. The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$2,073.

**Note 5 - Employee Retirement Plan**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

The Property Appraiser's contributions to the FRS Plan totaled \$62,761 for the fiscal year ended September 30, 2017 (all plans).

Payables to the Pension Plan. At September 30, 2017, the Property Appraiser reported a payable of \$6,608 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2017.

**FRS Pension Plan**

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general class of membership applicable to the Property Appraiser is as follows:

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

*Plan Description. (Concluded)*

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.

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

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

*Benefits Provided.* Benefits under the 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 class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:



**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 5 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

**Benefits Provided. (Concluded)**

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	<b>3.00</b>

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2017</b>		<b>Year Ended June 30, 2018</b>	
	<b>Percent of Gross Salary</b>		<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.75	3.00	43.78

The Property Appraiser's contributions (employer only) to the Plan totaled \$55,354 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Further details of the FRS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**HIS Pension Plan**

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

*Benefits Provided.* For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The Property Appraiser contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Property Appraiser's contributions to the HIS Plan totaled \$7,356 for the fiscal year ended September 30, 2017.

Further details of the HIS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

**FRS – Defined Contribution Pension Plan**

The Property Appraiser contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. (In 2017, no employees had elected to directly participate in the Investment Plan). The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Continued)*

**Note 5 - Employee Retirement Plan (Continued)**

**FRS – Defined Contribution Pension Plan (Continued)**

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Note 5 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

The Property Appraiser's contributions to the Investment Plan totaled \$51 for the fiscal year ended September 30, 2017.

**Note 6 - Postemployment Benefits Other than Pensions**

The Board offers postemployment health care benefits to all retired employees of the Property Appraiser's office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate, which includes active, lower cost employees.

This implicit subsidy has a cost, which under GAAP is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Property Appraiser's office. Accordingly, these calculations and disclosures will be found in the County-wide annual financial report.

**Note 7 - Risk Management**

The Property Appraiser's Office is covered for employee medical, workers' compensation, liability, and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Property Appraiser is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Property Appraiser involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature. During the year ended September 30, 2017, the Property Appraiser paid \$89,102 to the Board for insurance coverage (life and employee medical only).

**Note 8 - Litigation**

From time-to-time, there are lawsuits pending against the Property Appraiser. These usually deal with the valuation and assessment of real properties in the County and the denial of exemptions. The Property Appraiser and legal counsel are of the opinion that the outcome of these lawsuits will not have a material adverse effect on the financial position of the Property Appraiser.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (MAJOR FUND)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Charges for Services:				
DeSoto County Board of County				
Commissioners	\$ 969,689	\$ 970,075	\$ 970,075	\$ 0
Other Taxing Agencies	17,658	17,658	17,658	0
Interest Income	0	0	191	191
Miscellaneous	0	0	1,693	1,693
<b>Total Revenues</b>	<u>987,347</u>	<u>987,733</u>	<u>989,617</u>	<u>1,884</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personnel Services	767,632	741,018	626,991	114,027
Operating Expenditures	159,715	186,715	173,576	13,139
Capital Outlay	0	44,000	42,078	1,922
Reserve	60,000	16,000	0	16,000
<b>(Total Expenditures)</b>	<u>(987,347)</u>	<u>(987,733)</u>	<u>(842,645)</u>	<u>145,088</u>
<b>Excess of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>146,972</u>	<u>146,972</u>
<b>Other Financing Sources (Uses)</b>				
Distribution of Excess Appropriations to				
DeSoto County Board of County				
Commissioners	0	0	(144,345)	(144,345)
Distribution of Excess Appropriations to				
Other Taxing Districts	0	0	(2,627)	(2,627)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(146,972)</u>	<u>(146,972)</u>
<b>Net Change in Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## **OTHER REPORTS**

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

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund (major fund) of the DeSoto County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 4, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

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

**Compliance and Other Matters**

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

**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.



April 4, 2018  
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

We have examined the DeSoto County, Florida Property Appraiser's (the Property Appraiser) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2017. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

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

*Purvis, Gray and Company, LLP*

April 4, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund (major fund) of the DeSoto County, Florida Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 4, 2018.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 4, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. In that regard, the Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser does not have any component units.

### Financial Management

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

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Matters**

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

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Property Appraiser, its management team, and the Board of County Commissioners of DeSoto County, Florida, 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 our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



April 4, 2018  
Sarasota, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SUPERVISOR OF ELECTIONS  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SUPERVISOR OF ELECTIONS  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements</b>	
Balance Sheet - General Fund (Major Fund).....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Major Fund) .....	4
Notes to Financial Statements .....	5-14
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Major Fund).....	15
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16-17
Independent Accountants' Report on Compliance with Florida Statute Section 218.415 - Investments of Public Funds .....	18
Management Letter .....	19-20
Management Response .....	21

## INDEPENDENT AUDITORS' REPORT

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund (major fund) of the Supervisor of Elections as of September 30, 2017, and the changes in financial position of the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter – Incomplete Presentation**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund (major fund), only for that portion of the general fund, of DeSoto County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida, as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

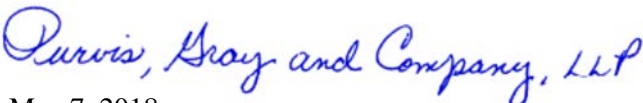
**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2018, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.



May 7, 2018  
Sarasota, Florida

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
BALANCE SHEET  
GENERAL FUND (MAJOR FUND)  
SEPTEMBER 30, 2017**

**Assets**

Cash	\$ 9,099
Due from DeSoto County Board of County Commissioners	15,000
<b>Total Assets</b>	<u>24,099</u>

**Liabilities and Fund Balance**

**Liabilities**

Accounts Payable	11,181
Accrued Expenses	4,008
Due to DeSoto County Board of County Commissioners	8,910
<b>Total Liabilities</b>	<u>24,099</u>

**Fund Balance**

Unassigned	<u>0</u>
------------	----------

<b>Total Liabilities and Fund Balance</b>	<u>\$ 24,099</u>
---	------------------

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND (MAJOR FUND)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Revenues**

Charges for Services	\$ 4,210
Interest Income	15
Intergovernmental Revenues	3,165
<b>Total Revenues</b>	<u>7,390</u>

**Expenditures**

Current:	
General Government:	
Personnel Services	254,682
Operating Expenditures	84,621
<b>(Total Expenditures)</b>	<u>(339,303)</u>

<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(331,913)</u>
--	------------------

**Other Financing Sources (Uses)**

Transfers in from DeSoto County, Board of County Commissioners	374,268
Transfers (out) to DeSoto County Board of County Commissioners	(8,910)
<b>Total Other Financing Sources (Uses)</b>	<u>365,358</u>

<b>Net Change in Fund Balance</b>	33,445
-----------------------------------	--------

<b>Fund Balance (Deficit), Beginning of Year</b>	<u>(33,445)</u>
--	-----------------

<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>
----------------------------------	--------------------

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements:

**Reporting Entity**

DeSoto County, Florida (the County), is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections), is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Supervisor of Elections' budget is submitted annually to the Board for approval. The Board distributes the funds necessary to operate the Supervisor of Elections' office on a monthly basis. Any excess of appropriations received from the Board over actual expenditures for the fiscal year is required to be returned to the Board within 31 days after the close of the fiscal year.

For financial statement reporting purposes, the Supervisor of Elections is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Supervisor of Elections' office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, and also refers to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Budgetary Requirement**

On or before June 1 of each year, the Supervisor of Elections submits a tentative budget for the ensuing fiscal year to the Board. The budget is adopted in the same manner as the budget of the Board.

A budget is legally adopted only for the general fund and is on a basis consistent with GAAP. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board, as amended. Budgetary changes within the fund can be made at the discretion of the Supervisor of Elections. Amendments to increase the Board appropriation must be submitted to the Board.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year the service is rendered.

**Deferred Inflows/Unearned Revenue**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end). Unearned revenue represents revenue attributable to future years.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Return of “Excess Fees”**

The County funds a major portion of the operating budget of the Supervisor of Elections (net of grants and miscellaneous receipts). The payments by the County to fund the operations of the Supervisor of Elections are recorded as transfers out in the basic financial statements of the County, and as other financing sources in the financial statements of the Constitutional Officer. The Board requires that the excess of the County’s appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Supervisor of Elections and as other financing sources (transfers in) in the basic financial statements of the County. The amount of undistributed excess appropriations at the end of the fiscal year, if any, is reported as amounts due the Board.

**Use of Estimates**

The preparation of financial statements in accordance with GAAP, requires management to make a number of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

**Note 2 - Cash and Investments**

At year-end, the carrying amount of the Supervisor of Elections’ deposits was \$9,099 and the bank balance was \$12,129. All of the Supervisor of Elections’ public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type of depositor in default.

**Investments**

The Supervisor of Elections has not adopted an investment policy and so, by statute, follows the state’s guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the United States Treasury.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 2 - Cash and Investments (Concluded)**

**Investments (Concluded)**

The Supervisor of Elections does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Supervisor of Elections had no investments at year-end or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Supervisor of Elections is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the general fund of the Supervisor of Elections and capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by his office.

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Supervisor of Elections' annual leave policy is reported as a liability in the statement of net position in the County's basic financial statements. That liability includes earned but unused vacation, as well as payroll taxes related thereto. The change in accumulated compensated absences during the year is as follows:

<b>Beginning Balance</b>	\$ 7,750
Net Increase	<u>250</u>
<b>Ending Balance</b>	<u><u>\$ 8,000</u></u>

Upon termination of employment, employees with more than ten years of service can receive payment for half their accumulated sick leave. Nonvested amounts are not considered to be significant. The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$800.

**Note 5 - Employee Retirement Plan**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 5 - Employee Retirement Plan (Continued)**

**General Information about the Florida Retirement System (FRS) (Concluded)**

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

The Supervisor of Elections' contribution to the FRS plan totaled \$49,243 for the fiscal year ended September 30, 2017 (all plans).

Payables to the Pension Plan. At September 30, 2017, the Supervisor of Elections' reported a payable of \$4,666 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2017.

**FRS Pension Plan**

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Supervisor of Elections are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other class.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.

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



**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 5 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

Plan Description. (Concluded)

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

Benefits Provided. Benefits under the 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 class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	<b>3.00</b>

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

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 5 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal year were as follows:

Class	Year Ended June 30, 2017		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.80	3.00	6.20
FRS, Elected County Officers	3.00	40.75	3.00	43.78

The Supervisor of Elections contributions (employer only) to the Plan totaled \$46,363 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Further details of the FRS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

**HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Supervisor of Elections contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 5 - Employee Retirement Plan (Continued)**

**HIS Pension Plan (Concluded)**

Contributions. (Concluded)

The Supervisor of Elections' contributions to the HIS Plan totaled \$2,786 for the fiscal year ended September 30, 2017.

Further details of the HIS Plan net pension liability, deferred inflows and outflows, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

**FRS – Defined Contribution Pension Plan**

The Supervisor of Elections contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. (In 2017, no employees had elected to directly participate in the Investment Plan). The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Supervisor of Elections employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2016-2017 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(Continued)**

**Note 5 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Supervisor of Elections' contribution to the Investment Plan totaled \$94 for the fiscal year ended September 30, 2017.

**Note 6 - Postemployment Benefits Other than Pensions**

The Board offers postemployment health care benefits to all retired employees of the Supervisor of Elections' office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate which includes active, lower cost employees.

This implicit subsidy has a cost which under GAAP is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Supervisor of Elections' office. Accordingly, these calculations and disclosures will be found in the County-wide annual financial report.

**DESOTO COUNTY, FLORIDA**  
**SUPERVISOR OF ELECTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
*(Concluded)*

**Note 7 - Risk Management**

The Supervisor of Elections' office is covered for employee medical, workers' compensation, liability, and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Supervisor of Elections is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Supervisor of Elections involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature. During the year ended September 30, 2017, the Supervisor of Elections paid \$24,530 to the Board for insurance coverage (employee medical and life insurance).

**Note 8 - Litigation**

From time-to-time, the office of the Supervisor of Elections is involved as a defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the operations of the Supervisor of Elections' office or the financial position of the County, which would be required to fund any claims payments.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (MAJOR FUND)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for Services	\$ 0	\$ 0	\$ 4,210	\$ 4,210
Interest Income	0	0	15	15
Intergovernmental Revenues	0	0	3,165	3,165
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>7,390</u>	<u>7,390</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personnel Services	255,733	255,733	254,682	1,051
Operating Expenditures	103,535	118,535	84,621	33,914
<b>(Total Expenditures)</b>	<u>(359,268)</u>	<u>(374,268)</u>	<u>(339,303)</u>	<u>34,965</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(359,268)</u>	<u>(374,268)</u>	<u>(331,913)</u>	<u>42,355</u>
<b>Other Financing Sources</b>				
Transfers in from DeSoto County, Board of County Commissioners	359,268	374,268	374,268	0
Transfers (out) to DeSoto County Board of County Commissioners	0	0	(8,910)	(8,910)
<b>Total Other Financing Sources</b>	<u>359,268</u>	<u>374,268</u>	<u>365,358</u>	<u>(8,910)</u>
<b>Net Change in Fund Balance</b>	0	0	33,445	33,445
<b>Fund Balance (Deficit), Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>(33,445)</u>	<u>(33,445)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## **OTHER REPORTS**



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

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described below, that we consider to be a significant deficiency:

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

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

**Internal Control Over Financial Reporting (Concluded)**

■ **2017-1 Segregation of Duties**

**Condition**—One of the basic tenets of a sound system of internal controls is the segregation of incompatible duties among employees. The premise is that to minimize control issues, duties should be segregated among employees so that individuals do not perform all of the accounting functions for a single area. During our audit, we identified instances where one individual receives the mail, enters invoices, writes checks, signs checks, and reconciles the bank statements. That same individual authorizes purchases and payroll, and records and reconciles all transactions. This condition is common across small organizations with limited personnel.

**Effect**—Lack of segregation of incompatible duties can result in errors or irregularities that will not be prevented, or detected and corrected, on a timely basis.

**Recommendation**—We recommend that the Supervisor of Elections review his internal control policies and procedures to limit the risks resulting from a lack of segregation of duties. Such mitigating controls could include additional involvement from the outsourced CPA or assistance from the DeSoto County Board of County Commissioners' finance department.

**Compliance and Other Matters**

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

**The Supervisor's Response to Findings**

The Supervisor's response to the findings identified in our audit is included in the accompanying management letter. The Supervisor'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.



May 7, 2018  
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

We have examined DeSoto County, Florida Supervisor of Elections' (the Supervisor of Elections) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2017. The Supervisor of Elections' management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

May 7, 2018  
Sarasota, Florida

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund of the DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 7, 2018.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 7, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings	
Current Year Finding No.	2015-2016 Fiscal Year Finding No.
2017-1	2016-1

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. In that regard, the Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Management**

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

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we would like to draw your attention to the following finding:

■ **2017-2 Credit Card Use and Documentation**

During our audit, we noted that the Supervisor is using a personal credit card for business-related expenditures. The Supervisor is unable to provide documentation to support each purchase, and therefore, we are unable to determine the public purpose of approximately \$5,600 of expenditures reported on the Supervisor's financial statements for the year ended September 30, 2017. At September 30, 2017, the credit card has an outstanding balance of approximately \$3,000, which is not reported in the Supervisor's financial statements, as we were unable to determine how much of that liability, if any, pertains to the Supervisor of Elections. We recommend that the Supervisor obtain a separate business credit card in the name of the "Supervisor of Elections", rather than using his personal credit card for business-related expenditures. We also recommend that the Supervisor retain records to support and document the public purpose of each purchase, as well as properly itemize the purchases in the accounting software.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, and the Board of County Commissioners of DeSoto County, Florida, 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 our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



May 7, 2018  
Sarasota, Florida





# MARK F. NEGLEY

## SUPERVISOR OF ELECTIONS

---

DeSoto County, Florida

May 31, 2018

Purvis, Gray & Company, LLP  
5001 Lakewood Ranch Blvd. N., Suite #101  
Sarasota, FL 34240

Dear Sirs,

We have received and reviewed your audit of the financial statements of the DeSoto County Supervisor of Elections for the year ended September 30, 2017.

Current Year Findings:


- 2017-1 Segregation of Duties
- 2017-2 Credit Card Use and Documentation

Supervisor of Elections Response:

We do acknowledge the matters disclosed on page sixteen, seventeen, and twenty one of your management letter and agree with the recommendations of the auditors.

- 2017-1 In 2018 we will include additional involvement from an outsourced CPA to monitor fiscal activity on a quarterly basis and limit the risks resulting from a lack of segregation of duties.
- 2017-2 Since taking office in 2001, I have availed a personal credit card for office expenses on an as needed basis. I understand the necessity of separation of personal / business and will obtain a credit card in the office name for office use only.

Sincerely,

  
Mark F. Negley  
Supervisor of Elections