

Washington County, Florida

Financial Statements

September 30, 2017



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**WASHINGTON COUNTY, FLORIDA
FINANCIAL STATEMENTS
September 30, 2017**

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**COUNTY ATTORNEY
Matthew Fuqua**

**AUDITOR
Carr, Riggs & Ingram, LLC**

Washington County, Florida
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September 30, 2017

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Clerk of the Circuit Court	
Property Appraiser	
Sheriff	
Supervisor of Elections	
Tax Collector	



REPORT



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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the general fund and the major special revenue funds of Washington 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 the financial audits contained in *Governmental 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.

The Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

Basis for Qualified Opinion

Because of inadequate accounting records, we were unable to form an opinion regarding the amounts at which property, plant, equipment, related depreciation and gain on sale of capital assets are recorded in the governmental activities. As more fully described in Note 1 to the financial statements, Washington County, Florida does not have adequate records to accurately record historical cost, depreciation expense or accumulated depreciation on property, plant and equipment in its governmental activities as required by generally accepted accounting principles. The effect on the financial statements has not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Washington County, Florida, as of September 30, 2017, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4.1 to 4.7 and other required supplementary information as listed in the table of contents to be presented to supplement the basic 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 the 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 and comparing 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.

Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Washington County, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* and Chapter 10.550, Rules of the Auditor General, and are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to 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 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 information is fairly stated in all material respects to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2018, on our consideration of Washington County, Florida'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington County, Florida's internal controls over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

June 26, 2018



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

MANAGEMENTS DISCUSSION AND ANALYSIS

The management of Washington County, Florida has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the County's financial activities; (c) identify changes in the County's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the County's financial statements and notes to financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$32,710,827.
- The County's total net assets increased by \$245,233 which represents a .76% increase from the 2016-2017 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balances of \$19,022,130, an increase of \$3,765,166.
- Non-Restricted fund balance for all governmental funds total \$9,000,525 as of September 30, 2017 compared to total governmental fund balances of \$19,022,130 at the same date.
- Non-restricted Governmental Fund Balance of \$9,000,525, is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$22,689,222 due to reporting requirements regarding long-term liabilities and capital assets which are not included on the Governmental Fund Balance Sheet.
- During the current year, General Fund Revenues exceeded Expenditures and Other Financing Sources (Uses) by \$705,639. This is primarily due to revenues exceeding the budget amount by \$506,336 and expenditures being less than the budgeted expenditures by \$665,348.
- Long-term debt increased by \$3,148,143. This increase was due to additional borrowings and payments on revenue bonds, notes payable, leases payable and other payables as noted on Page 28 of the Financial Report.

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 consist of three components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

In addition, this report presents certain required supplementary information.

Government-Wide Financial Statements

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

- The statement of net position provides information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is strengthening or weakening.
- The statement of activities presents information showing how the County's net assets changed during the 2017 fiscal year. All changes in net assets 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 earned, and earned but unused vacation leave).

Both of these financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public health and safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related.

The government-wide financial statements include not only the County itself (known as the primary Government), but also the legally separate component unit of the Sunny Hills Units 12-15 Dependent District. Financial information for this component unit reported separately from the financial

information presented for the primary government itself. The Sunny Hills Units 12-15 Dependent District has separately issued financial reports which can be obtained by the individual District's office or the Washington County Board of County Commissioners. The primary government also includes a blended component unit, Northwest Florida Community Hospital District. Additional information concerning the component units is included in the Note 1 of the notes to the Financial Statements.

Fund Financial Statements

Fund financial statements are one of the components of the basic 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the County's funds may be classified in the broad category of Governmental Funds and Fiduciary (Agency) Funds as discussed below.

- **Governmental Funds**-These are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation of governmental funds to governmental activities.
- **Fiduciary (Agency) Funds**- Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the County's own programs. In its fiduciary capacity, the County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Infrastructure Assets

While the County has implemented the major model portions of GASB #34, the County will defer implementing the infrastructure portion (related to general government activities until some future date to be determined). Historically, a government's largest group of assets (infrastructure-roads, bridges, traffic signals, and underground pipes) have not been reported nor depreciated in government financial

statements. This statement requires that these assets be valued and reported within the governmental column of the Government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category measures and demonstrates its maintenance of locally established levels of service standards, the government may record its maintenance of locally established levels of service standards, the Government may record its cost of maintenance in lieu of depreciation.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government’s financial position. The following is a summary of the County’s net assets as of September 30, 2017 and September 30, 2016.

	Governmental Activities September 30, 2017		Governmental Activities September 30, 2016	
Current and Other Assets	\$	20,432,801	\$	18,627,403
Capital Assets		31,728,019		30,977,992
Total Assets	\$	52,160,820	\$	49,605,395
Deferred Outflows, Pensions	\$	7,102,926	\$	7,918,476
Current Liabilities	\$	4,996,656	\$	3,370,438
Long Term Liabilities		20,100,521		18,611,902
Total Liabilities		25,097,177		21,982,340
Deferred Inflows, Pensions	\$	1,455,742	\$	3,075,937
Net Assets				
Invested in Capital Assets		27,737,762		30,292,452
Restricted		10,021,605		7,179,545
Unrestricted		(5,048,540)		(5,006,403)
Total Net Assets	\$	32,710,827	\$	32,465,594

At September 30, 2017 the largest portion of the County’s net assets reflected investment in capital assets (e.g. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets in the amount of \$27,737,762. 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 assets themselves can’t be used to liquidate these liabilities. An additional portion of the County’s net assets represent resources that are dedicated or subject to restrictions on how they may be used in the amount of \$10,021,605. The remaining balance of non-restricted net assets may be used to meet the government’s ongoing obligations to citizens and creditors.

Statement of Activities

	Governmental Activities September 30, 2017		Governmental Activities September 30, 2016	
Revenues				
Program Revenues:				
Charges for Service	\$	3,654,505	\$	3,611,040
Operating Grants and Contributions		7,321,752		3,947,917
Capital Grants and Contributions		308,583		10,753,417
General revenues:				
Property Taxes		8,215,139		8,115,996
Local Option Taxes		3,508,889		3,432,662
Sales Tax and Other Taxes		1,154,246		1,095,607
Intergovernmental and Shared		2,621,127		2,575,879
Investment Earnings		7,065		16,993
Miscellaneous		667,257		607,316
Total Revenues	\$	27,458,563	\$	34,156,827
Expenses:				
Program Activities:				
General Government	\$	6,046,198	\$	5,180,311
Public Safety		7,965,644		7,828,981
Physical Environment		352,336		452,881
Transportation		8,950,705		6,660,193
Economic Development		1,223,047		1,264,347
Human Services		671,546		687,988
Culture and Recreation		840,432		856,483
Court Related		981,965		831,904
Interest on Long-Term Debt		181,457		189,647
Total Expenses		27,213,330		23,952,735
Change in Net Position		245,233		10,204,092
Net Assets, Beginning		32,465,594		22,261,502
Net Assets, Ending	\$	32,710,827	\$	32,465,594

Governmental activities increased the County's net assets by \$245,233 or approximately .76%. Total revenues decreased by \$6,698,264 from the prior year due primarily to a decrease in revenue reported above. Total expenses increased by \$3,260,595 from the prior year.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

MAJOR GOVERNMENT FUNDS

The General Fund is the chief operating fund of the County. General operating funds of the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections represent sub funds of the County's General Fund that are held and accounted for individually, but presented with the balance of the Board of County Commissioners' operating funds.

At the end of the current fiscal year, the total non-restricted general fund balance was \$7,774,275, while the total fund balance was \$7,839,870. As a measure of the General Fund's liquidity, it may be useful to compare both the non-reserved fund balance and the total fund balance to total General Fund expenditures. Non-reserved fund balance represents 64.61% of the total general fund expenditures, while total fund balance represents 65.16% of the same amount. The non-reserved total governmental fund balance increased by \$923,376 during 2016-2017 fiscal year due to a combination of revenues exceeding those budgeted and expenditures being less than budgeted.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2016-2017 fiscal year, the County amended its General Fund Budget one time to address a small increase in revenues and expenditures. Variances disclosed on the budget and actual statements are considered normal to the County's operations.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of September 30, 2017 amounted to \$31,728,019 net of accumulated depreciation. This investment in capital assets includes land, buildings and fixed equipment, furniture, fixtures, and equipment. Costs for past road and other infrastructure have not been included, but will be reflected in a future report when the information is collected.

LONG-TERM DEBT

At the end of fiscal year ended September 30, 2017, the County had long-term liabilities totaling \$23,686,506. Of this amount, revenue bonds outstanding were \$165,000, Notes Payable of \$8,527,812. Also, there is \$652,057 to address compensated absences obligations, \$14,227,266 for pension liability (GASB 68), \$20,371 for landfill post closure costs and the remaining amount of \$94,000 for OPEB liabilities.

ECONOMIC FACTORS-WASHINGTON COUNTY, FLORIDA

The unemployment rate for County was 5.0% at September 2017. The rate was 5.1% at September 2016.

Population is estimated at 25,184 as of September 2017 and 24,896 as of September, 2016.

The taxable value for personal and real property in the County is 832,699,221 for fiscal year ending September 30, 2017 and \$829,513,556 for the fiscal year ending September 30, 2016.

The general ad valorem tax mileage rate was 9.252 for the fiscal year ending September 30, 2017 and for the fiscal year ending September 30, 2016.

The budget for the fiscal year ending September 30, 2017 represents an increase of 28% over the September 30, 2016 budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Washington County's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Washington County Board of County Commissioners, Washington County, Florida.



**BASIC FINANCIAL
STATEMENTS**

Washington County, Florida Statement of Net Position

September 30, 2017

	Primary Governmental Activities	Component Unit
Assets		
Cash and cash equivalents	\$ 10,790,055	\$ 282
Restricted cash and cash equivalents	526,923	-
Accounts receivable, net	456,647	-
Due from agency funds	9,119	-
Due from other governments	5,967,771	-
Due from developer	-	701
Notes receivable	2,682,286	-
Capital assets, net		
Nondepreciable capital assets	4,729,936	1,770,313
Depreciable capital assets, net	26,998,083	-
Total assets	52,160,820	1,771,296
Deferred outflows of resources		
Pension	7,102,926	-
Total deferred outflows of resources	7,102,926	-
Liabilities		
Accounts payable and accrued expenses	646,749	701
Due to other governments	81,093	-
Unearned revenue	682,829	-
Long-term liabilities		
Portion due or payable within one year		
Notes payable	3,398,600	-
Interlocal agreement payable	4,000	-
Compensated absences	163,014	-
Landfill closure liability	20,371	-
Portion due or payable after one year		
Notes payable	5,129,212	-
Interlocal agreement payable	161,000	-
Compensated absences	489,043	-
Pension Liability	14,227,266	-
Other post-employment benefit obligation	94,000	-
Total liabilities	25,097,177	701
Deferred inflows of resources		
Pension	1,455,742	-
Total deferred inflows of resources	1,455,742	-
Net position		
Invested in capital assets, net of related debt	27,737,762	1,770,313
Restricted	10,021,605	-
Unrestricted	(5,048,540)	282
Total net position	\$ 32,710,827	\$ 1,770,595

The accompanying notes are an integral part of these financial statements.

Washington 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	Primary Government Governmental Activities	Component Unit
Primary Government						
Governmental activities						
General government	\$ 6,046,198	\$ 1,314,511	\$ 77,745	\$ 308,583	\$ (4,345,359)	\$ -
Public safety	7,965,644	1,747,433	394,752	-	(5,823,459)	-
Physical environment	352,336	-	90,909	-	(261,427)	-
Transportation	8,950,705	15,100	5,704,718	-	(3,230,887)	-
Economic environment	1,223,047	-	757,542	-	(465,505)	-
Human services	671,546	-	31,540	-	(640,006)	-
Culture and recreation	840,432	-	210,799	-	(629,633)	-
Court related	981,965	577,461	53,747	-	(350,757)	-
Interest on long-term debt	181,457	-	-	-	(181,457)	-
Total governmental activities	27,213,330	3,654,505	7,321,752	308,583	(15,928,490)	-
Total primary government	\$ 27,213,330	\$ 3,654,505	\$ 7,321,752	\$ 308,583	(15,928,490)	-
Component Unit	\$ 20,929	\$ -	\$ 17,847	\$ -	-	(3,082)
General revenues						
Taxes						
Property taxes						
					8,215,139	-
Local option taxes						
					3,508,889	-
Sales tax and other taxes						
					1,154,246	-
Intergovernmental and shared revenue						
					2,621,127	-
Investment earnings						
					7,065	-
Miscellaneous						
					667,257	-
Total general revenues						
					16,173,723	-
Change in net position						
					245,233	(3,082)
Net position, beginning						
					32,465,594	1,773,677
Net position, ending						
					\$ 32,710,827	\$ 1,770,595

The accompanying notes are an integral part of these financial statements.

Washington County, Florida
Balance Sheet
Governmental Funds

September 30, 2017

	General Fund	Transportation Trust	Local Housing Assistance Trust (SHIP)	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,562,370	\$ -	\$ -	\$ 1,007,744	\$ 5,570,114
Restricted cash and cash equivalents	65,595	3,393,722	606,752	1,680,799	5,746,868
Accounts receivable, net	-	-	-	456,647	456,647
Due from agency funds	-	-	-	10,105	10,105
Due from other funds	324,317	67,264	6,000	34,245	431,826
Due from other governmental units	612,867	5,315,199	-	39,705	5,967,771
Note receivable	2,682,286	-	-	-	2,682,286
Total assets	\$ 8,247,435	\$ 8,776,185	\$ 612,752	\$ 3,229,245	\$ 20,865,617
Liabilities					
Accounts payable and accrued expenses	266,034	\$ 167,652	\$ 6,089	\$ 206,974	\$ 646,749
Due to other funds	86,706	29,151	-	315,969	431,826
Due to agency funds	986	-	-	-	986
Due to other governmental units	41,157	-	-	39,940	81,097
Unearned revenue	12,682	19,778	557,133	93,236	682,829
Total liabilities	407,565	216,581	563,222	656,119	1,843,487
Fund balances					
Nonspendable	2,682,286	-	-	-	2,682,286
Restricted	65,595	8,559,604	49,530	1,346,876	10,021,605
Committed	-	-	-	915,413	915,413
Assigned	-	-	-	49,909	49,909
Unassigned	5,091,989	-	-	260,928	5,352,917
Total fund balances	7,839,870	8,559,604	49,530	2,573,126	19,022,130
Total liabilities and fund balances	\$ 8,247,435	\$ 8,776,185	\$ 612,752	\$ 3,229,245	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					31,728,019
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(23,686,506)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.					
Deferred outflows of resources - pensions					7,102,926
Deferred inflows of resources - pensions					(1,455,742)
Net position of governmental activities					\$ 32,710,827

The accompanying notes are an integral part of these financial statements.

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

For the year ended September 30, 2017

	General Fund	Transportation Trust	Local Housing Assistance Trust (SHIP)	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,406,247	\$ 1,937,923	\$ -	\$ 534,104	\$ 12,878,274
Licenses and permits	16,503	15,100	-	116,377	147,980
Intergovernmental	1,635,299	770,438	-	215,390	2,621,127
Charges for services	1,099,894	-	-	2,396,404	3,496,298
Fines and forfeitures	8,359	-	-	1,868	10,227
Grants	77,745	5,686,853	244,162	1,621,575	7,630,335
Investment earnings	1,215	799	1,963	3,089	7,066
Other fees and miscellaneous revenue	341,255	143,357	-	182,645	667,257
Total revenues	13,586,517	8,554,470	246,125	5,071,452	27,458,564
Expenditures					
Current					
General government	5,271,288	-	-	127,293	5,398,581
Public health and safety	4,662,090	-	-	2,526,477	7,188,567
Physical environment	160,720	-	-	165,453	326,173
Transportation	-	7,653,921	-	231,605	7,885,526
Economic environment	184,675	-	244,162	754,603	1,183,440
Human services	585,299	-	-	32,527	617,826
Culture and recreation	282,499	-	-	486,532	769,031
Court related	42,623	-	-	856,928	899,551
Capital outlay	833,067	581,513	-	946,970	2,361,550
Debt service					
Principal	-	-	-	815,696	815,696
Interest and other charges	9,846	-	-	171,611	181,457
Total expenditures	12,032,107	8,235,434	244,162	7,115,695	27,627,398
Excess (deficiency) of revenues over (under) expenditur	1,554,410	319,036	1,963	(2,044,243)	(168,834)
Other financing sources (uses)					
Transfers in	364,349	27,217	-	2,375,118	2,766,684
Transfers out	(2,147,120)	-	-	(619,564)	(2,766,684)
Installment loan proceeds	934,000	3,000,000	-	-	3,934,000
Net other financing sources (uses)	(848,771)	3,027,217	-	1,755,554	3,934,000
Net changes in fund balances	705,639	3,346,253	1,963	(288,689)	3,765,166
Fund balances - beginning	7,134,231	5,213,351	47,567	2,861,815	15,256,964
Fund balances - ending	\$ 7,839,870	\$ 8,559,604	\$ 49,530	\$ 2,573,126	\$ 19,022,130

The accompanying notes are an integral part of these financial statements.

Washington 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

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

Net change in fund balances - total governmental funds	\$ 3,765,166
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	2,361,550
Depreciation expense on governmental capital assets included in the governmental activities in the statement of net position.	(1,611,523)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net asse	815,696
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(3,934,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:	
Other post-employment benefits	(25,000)
Pension Expenses	(1,121,817)
Compensated absences	(4,839)
Change in net position of governmental activities	\$ 245,233

The accompanying notes are an integral part of these financial statements.

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

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 10,812,760	\$ 10,740,760	\$ 10,406,247	\$ (334,513)
Licenses and permits	18,000	18,000	16,503	(1,497)
Intergovernmental	1,679,863	1,679,863	1,635,299	(44,564)
Charges for services	867,685	996,235	1,099,894	103,659
Fines and forfeitures	1,500	1,500	8,359	6,859
Grants	75,630	77,638	77,745	107
Investment earnings	100	100	1,215	1,115
Other fees and miscellaneous revenues	129,569	196,340	341,255	144,915
Less 5% estimated revenues	(630,255)	(630,255)	-	630,255
Total revenues	12,954,852	13,080,181	13,586,517	506,336
Expenditures				
Current				
General government	5,668,511	5,808,520	5,271,288	537,232
Public safety	4,480,728	4,626,480	4,662,090	(35,610)
Physical environment	160,922	158,271	160,720	(2,449)
Economic environment	341,380	340,325	184,675	155,650
Human services	672,616	590,703	585,299	5,404
Culture and recreation	326,093	282,445	282,499	(54)
Court related	53,679	54,211	42,623	11,588
Capital outlay	15,832	826,654	833,067	(6,413)
Debt service	67,000	9,846	9,846	-
Total expenditures	11,786,761	12,697,455	12,032,107	665,348
Excess of revenues over expenditures	1,168,091	382,726	1,554,410	1,171,684
Other financing sources (uses)				
Transfers in	82,165	363,824	364,349	525
Transfers out	(1,286,756)	(1,716,428)	(2,147,120)	(430,692)
Installment loan proceeds	-	876,750	934,000	57,250
Net other financing sources (uses)	(1,204,591)	(475,854)	(848,771)	(372,917)
Net change in fund balance	\$ (36,500)	\$ (93,128)	\$ 705,639	\$ 798,767

The accompanying notes are an integral part of these financial statements.

Washington County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Transportation Trust Fund
Budget and Actual

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,914,126	\$ 1,914,126	\$ 1,937,923	\$ 23,797
Licenses and permits	15,000	15,000	15,100	100
Intergovernmental	778,318	778,318	770,438	(7,880)
Grants	-	-	5,686,853	5,686,853
Investment earnings	-	-	799	799
Other fees and miscellaneous revenues	1,033,689	1,033,689	143,357	(890,332)
Less 5% estimated revenues	(134,423)	(134,423)	-	134,423
Total revenues	3,606,710	3,606,710	8,554,470	4,947,760
Expenditures				
Current				
Transportation	3,203,473	9,347,724	7,653,921	1,693,803
Capital Outlay	450,937	450,937	581,513	(130,576)
Total expenditures	3,654,410	9,798,661	8,235,434	1,563,227
Excess (deficiency) of revenues over (under) expenditur	(47,700)	(6,191,951)	319,036	6,510,987
Other financing sources (uses)				
Transfers in	-	-	27,217	27,217
Installment loan proceeds	-	3,000,000	3,000,000	-
Net other financing sources	-	3,000,000	3,027,217	27,217
Net change in fund balance	\$ (47,700)	\$ (3,191,951)	\$ 3,346,253	\$ 6,538,204

The accompanying notes are an integral part of these financial statements.

Washington County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Local Housing Assistance Trust (SHIP)
Budget and Actual

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ 350,000	\$ 350,000	\$ 244,162	\$ (105,838)
Investment earnings	-	-	1,963	1,963
Total revenues	350,000	350,000	246,125	(103,875)
Expenditures				
Economic environment	850,000	826,277	244,162	582,115
Total expenditures	850,000	826,277	244,162	582,115
Excess of revenues over expenditures	(500,000)	(476,277)	1,963	478,240
Net change in fund balance	\$ (500,000)	\$ (476,277)	\$ 1,963	\$ 478,240

The accompanying notes are an integral part of these financial statements.

Washington County, Florida
Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Total
Assets	
Cash	\$ 969,602
Due from other funds	4,149
Due from others	17,152
Total assets	\$ 990,903
Liabilities	
Due to others	\$ 977,635
Due to other funds	13,268
Total liabilities	\$ 990,903

The accompanying notes are an integral part of these financial statements.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2017.

Reporting Entity

Washington County, Florida (the "County") located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 23,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The County was established December 29, 1825, by the Territorial Legislative Council. It is governed by a five-member elected Board of County Commissioners (the "Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board with unexpended funds returned to the Board. The Tax Collector and Clerk of the Circuit Court also operate as a fee officer by retaining various fees collected by these offices. The Clerk of the Circuit Court also receives appropriated funds from the State of Florida to fund court-related activities. Separate accounting records and budgets are maintained by each individual office.

Blended Component Unit

Northwest Florida Community Hospital District

The Northwest Florida Community Hospital District is a dependent special district, which is a special purpose government entity as defined under Section 189.403 of the Florida Statutes. The enabling act for this entity is 1939 Laws of Florida, Chapter 19421. The Northwest Florida Community Hospital District is a blended presented component unit of Washington County, Florida and was formed to provide health care services to the residents of the Washington County, Florida area. Operations of the Northwest Florida Community Hospital District are supported by Washington County to the extent revenues are insufficient to cover costs.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective March 1, 2004, the County entered into an agreement to lease substantially all of the Northwest Florida Community Hospital District's real and personal property to a private firm, Northwest Florida Healthcare, Inc. Effective May 1, 2009, the County took over the EMS Division entirely with the Washington County Board of County Commissioners being responsible for oversight and the activity for the entire fiscal year and is included as a special revenue fund. There were no operations remaining in the special taxing district subsequent to this change.

Discretely Presented Component Unit

The government-wide financial statements include the financial data of the County's Component Unit, Sunny Hills Units 12-15 Dependent District. It is included because if excluded, the County's financial statements would be misleading. The Component Unit is discretely presented in the government-wide financial statements to emphasize their legal separation from the County.

Sunny Hills Units 12-15 Dependent District

The Sunny Hills Units 12-15 Dependent District was created on August 14, 2006 through Ordinance No. 2006-12 enacted by the County, pursuant to Chapter 189, Florida Statutes. The Sunny Hills Units 12-15 Dependent District is a discretely presented component unit that was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District. The District is required to have their budget approved by the County on an annual basis. The District is governed by a separate three-member Board of Supervisors. Initially the County appointed the Board. Financial information for the District is presented in this annual financial report as a Component Unit. Complete financial statements for the Sunny Hills Units 12-15 Dependent District may be obtained at the District's finance office by writing to 12051 Corporate Blvd., Orlando, Florida, 32817.

The fiscal year end for all discretely presented component units is September 30.

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Washington County, Florida, as a whole excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Individual funds are not displayed but the statement distinguishes 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.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net position for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental funds. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Major revenue sources susceptible to accrual include: sales and use taxes, various motor fuel taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

The County reports the following major governmental funds:

General Fund - The general fund is the Board's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation Trust Fund - This fund accounts for the Board's local option and county gas tax revenue, motor fuel taxes and other shared revenue earmarked for general and administrative operations costs of the Public Works Department.

Local Housing Assistance Trust – This fund accounts for the grant revenues and expenses related to the State of Florida's State Housing Initiatives Partnership Program.

The County reports one type of fiduciary fund, agency funds which are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

The budgetary information presented for the general fund and any major special revenue funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Short-term investments also include amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Receivables

Receivables are shown at their net realizable value. See Note 6 for allowance for doubtful accounts.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Inventories

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. No physical inventory was taken at year end; therefore, no inventory has been recorded on the combined balance sheet. The amount is estimated to be immaterial.

Prepaid Expenses

General fund expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures in the period of acquisition.

Washington County, Florida
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Property and equipment with initial, individual costs that exceed \$5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred.

The County's capital asset records lack significant detail to determine the accuracy of the balances and related depreciation and gain on sale of capital assets.

The County's infrastructure has not yet been reported but will be reported in a future year. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and equipment	3-20
Infrastructure	15-30

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

Unearned Revenues

The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

Accumulated Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period. Issuance costs are reported as expenditures.

Governmental Fund Balances

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 14.

Encumbrances

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year end.

Management Estimates and Assumptions

The preparation of financial statements in conformity with general accepted accounting principles requires management to make use of estimates and assumptions that affect certain the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Net Position

For the year ending September 30, 2017, the County reports net position as restricted or unrestricted. Restricted net position have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is comprised of all other balances, including committed, assigned and unassigned.

Subsequent Events

The Board has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until a future time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until a future time.

New Accounting Standards Adopted

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- GASB Statement No. 77, Tax Abatement Disclosures.
- GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.
- GASB Statement No. 80, Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14

GASB Statement No. 74 (GASB 74) establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental other postemployment benefit (“OPEB”) plans. The statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. The adoption of GASB 74 had no impact on the County’s governmental fund financial statements. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 77 (GASB 77) defines a tax abatement and contains required disclosures about a reporting government’s own tax abatement agreements and those agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. There was no impact on the County’s financial statements as a result of the implementation of GASB 77. The requirements of GASB 77 are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78 (GASB 78) amends the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions*—and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note

Washington County, Florida
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards Adopted (continued)

disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the County's financial statements as a result of the implementation of GASB 78. The requirements of GASB 78 are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80 (GASB 80) amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation or bylaws. There was no impact on the County's financial statements as a result of the implementation of GASB 80. The requirements of GASB 80 are effective for reporting periods beginning after June 15, 2016.

Recently Issued But Not Yet Effective

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
75	<i>Account and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	2018
81	<i>Irrevocable Split-Interest Agreements</i>	2018
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
85	<i>Omnibus 2017</i>	2018
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Payments</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021

Washington County, Florida Notes to Financial Statements

NOTE 2 - PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state 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 for general operations. The 2017 millage rate assessed by the County was 9.252 mills.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millage into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities.

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

All taxes become 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, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$12,286,584 and the bank balance was \$12,956,300. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the County to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the County to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2017, the net realizable value and the carrying value of these funds was \$11,479. The funds are carried as a cash equivalent on the balance sheet at September 30, 2017 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the County owns a share of the respective pool, not the underlying securities.

The Florida PRIME is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the County's investment in PRIME is at amortized cost.

Credit Risk

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the County investments are not evidenced by specific, identifiable investment securities. As of September 30, 2017, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2017, is 51 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017, is 80 days.

Custodial Credit Risk

At September 30, 2017, the County did not hold any deposits or investments that were considered to have a custodial credit risk.

Concentration of Credit Risk

At September 30, 2017, the County did not hold any investments that were considered to have a concentration of credit risk.

Foreign Currency Risk

At September 30, 2017, the County did not hold any investments that were considered to have a foreign currency risk.

Washington County, Florida
Notes to Financial Statements

NOTE 4 - INTERFUND BALANCES

Interfund balances are generally used to meet cash demands necessary to pay operating expenses. Amounts are generally repaid during the next fiscal year. Interfund balances at September 30, 2017 consisted of the following:

Due to/from Other Funds:

Receivable Fund	Payable Fund	
General fund	Transportation Trust	\$ 29,151
	Public Library Fund	55
	Small Counties Grant Fund	74,716
	Fines & Forfeitures Fund	64,645
	Other Special Revenue Funds	155,750
Transportation Trust	General Fund	67,214
	Other Special Revenue Funds	50
Local Housing Assistance Trust	General Fund	6,000
Nonmajor Funds		
Small Counties Grant Fund	General	3,417
Fines & Forfeitures Fund	General	8,154
Fines & Forfeitures Fund	Other Special Revenue Funds	10,764
Fire Operation Fund	Other Special Revenue Funds	4,930
Other Special Revenue Funds	General	1,921
Other Special Revenue Funds	Fines & Forfeitures Fund	4,453
Other Special Revenue Funds	Other Special Revenue Funds	606
Agency Funds		
Clerk Trust Fund	General Fund	986
Total		\$ 432,812

The balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made. Amounts are generally repaid during the next fiscal year.

Washington County, Florida
Notes to Financial Statements

NOTE 4 - INTERFUND BALANCES (CONTINUED)

Interfund transfers for the year ended September 30, 2017, consisted of the following:

Transfers to General Fund from:		
Nonmajor Governmental funds	364,349	
Total		364,349
Transfers to Transportation Fund		
General Fund	20,171	
Nonmajor Governmental funds	7,046	
Total		27,217
Transfers to Nonmajor Governmental Funds		
General fund	2,126,949	
Nonmajor Governmental funds	248,169	
Total		2,375,118
<hr/>		
Total interfund transfers		2,766,684
<hr/>		

Transfers are used to (1) use unrestricted nonmajor governmental revenues to finance general operating activities and landfill closure costs, (2) use constitutional gas tax and other nonmajor revenues to cover public works operating expenses, (3) use unrestricted general fund revenues to fund debt service payments, (4) use unrestricted general funds and nonmajor governmental revenues to fund debt service, fire operations, emergency management service, library and operating expenses for other governmental activities that are accounted for in other funds.

The Board has elected to pay health insurance and workers compensation insurance costs from the General fund for all departments and constitutional officers except a few selected areas. Therefore, the General fund has a disproportionately large cost for these employee benefits.

The County pays salaries and related employment expenses for the Hospital under an agreement that allows certain employees to be eligible for County benefits. Such costs are reimbursed by the Hospital and there is no net effect recorded by the County.



Washington County, Florida Notes to Financial Statements

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2017, but not yet received by the County. The majority of these amounts were received in October and November 2017.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivables of the EMS are accounted for in a special revenue fund. Accounts receivable in the EMS total \$820,047 and are shown net of allowance for doubtful accounts and contractual adjustments totaling \$673,813. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

NOTE 7 - NOTE RECEIVABLE

The Board of County Commissioners loaned Northwest Florida Healthcare, Inc (the Hospital) \$2,903,878 in December 2003. The agreement provides a non-interest bearing note with no payments due the first 10 years, and equal installments of \$95,796 thereafter for 30 years. An imputed interest rate for the note receivable was considered indeterminable by management. The Board forgave \$30,000 on the note due to the hospital's purchase of equipment in 2005. The balance outstanding at September 30, 2017, was \$2,682,286. See also Note 15.

Washington County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

The County's capital asset records lack significant detail to determine the accuracy of the balances and related depreciation and gain on sale of capital assets.

Capital asset activity for the year ended September 30, 2017, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,009,517	\$ -	\$ -	\$ 3,009,517
Construction in progress	9,364,308	908,308	8,552,197	1,720,419
Total capital assets, not being depreciated	12,373,825	908,308	8,552,197	4,729,936
Capital assets, being depreciated:				
Buildings and improvements	15,337,295	9,406,495	-	24,743,790
Furniture and equipment	15,151,426	598,944	-	15,750,370
Roads	8,211,317	-	-	8,211,317
Infrastructure	1,472,629	-	-	1,472,629
Total capital assets, being depreciated	40,172,667	10,005,439	-	50,178,106
Less: Total accumulated depreciation	21,568,500	1,611,523	-	23,180,023
Total capital assets, being depreciated, net	18,604,167	8,393,916	-	26,998,083
Governmental activities capital assets, net	\$ 30,977,992	\$ 9,302,224	\$ 8,552,197	\$ 31,728,019

Capital asset additions for governmental activities does not agree to the capital outlay expense per the Statement of Revenues, Expenditures, and Changes in Fund Balances due to construction in progress projects completed and placed into service.

The discretely presented component unit Sunny Hills 12-15 Dependent District's capital assets consist of nondepreciable land totaling \$1,770,313. There were no purchases or disposals and conveyances during the current year.

Washington County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

Governmental activities:

General government	\$	343,854
Public safety		153,548
Physical environment		14,944
Transportation		975,434
Economic environment		17,171
Human services		54,420
Culture and recreation		25,829
Court related		26,323

<u>Total depreciation expense-governmental activities</u>	<u>\$</u>	<u>1,611,523</u>
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NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2017, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Notes, lease and other payables:					
Interlocal agreement payable	\$ 168,500	\$ -	\$ 3,500	\$ 165,000	\$ 4,000
Notes payable	5,406,008	3,934,000	812,196	8,527,812	3,398,600
<u>Total bonds, notes, capital leases and other payables</u>	<u>5,574,508</u>	<u>3,934,000</u>	<u>815,696</u>	<u>8,692,812</u>	<u>3,402,600</u>
Other liabilities:					
Landfill closure and post-closure costs	20,371	-	-	20,371	20,371
Other post employment benefit obligations	69,000	25,000	-	94,000	-
Compensated absences	647,218	712,292	707,453	652,057	163,014
<u>Total other liabilities</u>	<u>736,589</u>	<u>737,292</u>	<u>707,453</u>	<u>766,428</u>	<u>183,385</u>
<u>Total governmental activities</u>	<u>\$ 6,311,097</u>	<u>\$ 4,671,292</u>	<u>\$ 1,523,149</u>	<u>\$ 9,459,240</u>	<u>\$ 3,585,985</u>

Washington County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Additions and reductions of notes payable and capital leases for governmental activities does not agree to the debt service principal expense and issuance of long-term debt per the Statement of Revenues, Expenditures, and Changes in Fund Balances due to net effect noncash transactions. Payments on the notes, leases, and other payables that pertain to the County's governmental activities are made by the debt service funds. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Debt service requirements on long-term debt at September 30, 2017 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	Governmental Activities			
	INTERLOCAL AGREEMENT PAYABLE		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	\$ 4,000	\$ 7,631	\$ 3,398,600	\$ 213,597
2019	4,000	7,446	411,500	163,317
2020	4,000	7,261	424,600	150,041
2021	4,500	7,076	438,000	136,226
2022	4,500	6,868	452,500	122,034
2023-2027	27,000	30,919	2,648,700	371,246
2028-2032	33,000	24,120	753,912	38,282
2033-2037	38,000	16,026	-	-
2038-2042	46,000	6,545	-	-
Total	\$ 165,000	\$ 113,892	\$ 8,527,812	\$ 1,194,743

Notes payable

\$934,000 Non-Ad Valorem Tax Revenue Promissory Note, Series 2016, Charter Bank, payable in annual installments ranging from \$39,000 to \$92,000, interest at 2.75% fixed, due 2032. Collateralized by pledged revenues. \$ 934,000

\$3,000,000, Short Term General Obligation Promissory Note, Series 2017, Regions Bank, payable in one annual installment of \$3,000,000, interest at 1.61% fixed, due 2018. Collateralized by pledged revenues. \$ 3,000,000

\$5,500,000, Sales Tax promissory note Series 2015, SunTrust Bank, payable in monthly installments ranging from \$28,200 to \$43,000, interest at 3.28%, due 2028. Collateralized by pledged revenues. 4,593,812

Total notes payable	\$ 8,527,812
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Washington County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Interlocal Agreement Payable

\$200,000, City of Chipley, Library Building. Payable in annual installments beginning 2004 including interest at 4.625%. The County agreed to pay half of the City of Chipley, Florida, Capital Improvement Revenue Bond, Series 2003 payment and interest charges each year until 2042 to the City of Chipley, Florida.

	\$	165,000
<hr/>		
Total interlocal agreement payable	\$	165,000
<hr/>		

Total governmental activities (excluding landfill closure costs, other post employment benefit obligations, pension liability and compensated absences)

	\$	8,692,812
<hr/>		

Long-term landfill closure and post-closure liability - The total estimated liability for post closure landfill costs totals \$20,371 as of September 30, 2017. This liability is estimated and the actual liability may be different due to inflation, deflation, changes in technology or changes in applicable laws and regulations. See also Note 16.

Supervisor of Elections - The total accrued leave at September 30, 2017, of the Supervisor of Elections is not recorded as it is not material in relation to the financial statements taken as a whole.

Washington County, Florida
Notes to Financial Statements

NOTE 10 - OPERATING LEASES

The County leases space to several governmental and not-for-profit organizations for zero or nominal rates, with leases expiring through 2041.

The County leases space to governmental and not-for-profit organizations with leases expiring through 2054. Due to the Board's capital assets records lack of significant detail, the original cost and the related accumulated depreciation value of the buildings leased cannot be determined. The future minimum lease payments due to the County are as follows, for the years ended September 30:

2018	\$	72,179
2019		50,676
2020		39,548
2021		6,163
2022		6,163
Thereafter		197,212
<hr/>		
Total	\$	<u>371,941</u>

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the County carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs includes:

- General liability
- Automobiles
- Money and securities coverage

The Sheriff provides for workers' compensation coverage through the Board.

NOTE 11 - RISK MANAGEMENT (CONTINUED)

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage.

NOTE 12 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

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

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

Washington County, Florida
Notes to Financial Statements

NOTE 12 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2017, were as follows:

Class or Plan	FRS	HIS
Florida Retirement System:		
Regular	6.26%	1.66%
County Elected Officers	43.84%	1.66%
Senior Management Service Class	21.05%	1.66%
Special Risk	21.61%	1.66%
DROP	11.60%	1.66%

The employer's contributions for the year ended September 30, 2017, were \$1,028,157 to the FRS and \$125,880 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2017, the County reported a liability for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2017. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2017	\$ 11,660,723	\$ 2,792,437
Proportion at:		
Current measurement date	0.0003940	0.0002400
Prior measurement date	0.0003770	0.0002400
Pension expense (benefit)	\$ 2,074,044	\$ 201,809

Washington County, Florida
Notes to Financial Statements

NOTE 12 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,070,174	\$ (64,594)	\$ -	\$ (5,344)
Change of assumption	3,918,826	-	360,768	(221,932)
Net difference between projected and actual investment earnings	-	(288,982)	1,423	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,243,830	(692,348)	218,166	(182,542)
County contributions subsequent to the measurement date	259,441	-	30,299	-
Total	\$ 6,492,271	\$ (1,045,924)	\$ 610,656	\$ (409,818)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2017. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	FRS	HIS
2018	\$ 734,482	\$ 48,418
2019	1,754,275	48,418
2020	1,230,706	48,418
2021	324,707	36,072
2022	847,514	20,494
Thereafter	295,221	(31,281)
Total	\$ 5,186,905	\$ 170,539

Washington County, Florida
Notes to Financial Statements

NOTE 12 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2017, was determined by an actuarial valuation dated July 1, 2017, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.10%	N/A
Discount rate	7.10%	3.58%

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

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

The following changes in key actuarial assumptions occurred in 2017:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.60% to 7.10%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.85% to 3.58%.

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

Washington County, Florida Notes to Financial Statements

NOTE 12 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.0%	1.8%
Fixed Income	18.00%	4.50%	4.4%	4.2%
Global Equity	53.00%	7.80%	6.6%	17.0%
Real Estate (Property)	10.00%	6.60%	5.9%	12.8%
Private Equity	6.00%	11.50%	7.8%	30.0%
Strategic Investments	12.00%	6.10%	5.6%	9.7%
Total	100.00%			

Discount Rate

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

Washington County, Florida
Notes to Financial Statements

NOTE 12 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

	FRS Net Pension Liability		
	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.10%)	(7.10%)	(8.10%)
Governmental Employer's proportionate share of the net pension liability	\$ 21,105,204	\$ 11,660,723	\$ 3,819,640

	HIS Net Pension Liability		
	Current		
	1% Decrease	Discount Rate	1% Increase
	(2.58%)	(3.58%)	(4.58%)
Governmental Employer's proportionate share of the net pension liability	\$ 2,928,765	\$ 2,566,543	\$ 2,264,832

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2017, totaled \$26,720.

NOTE 13 – GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2017, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial except as described in the schedule of findings and questioned costs.

Washington County, Florida
Notes to Financial Statements

NOTE 14 - FUND EQUITY

Fund balances are classified based upon a hierarchy of the County’s ability to control spending of these fund balances and can be classified in the following categories:

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

Restricted Fund Balance:

Funds	Purpose		
General fund	Funding for:		
	Landfill closure	\$	56,891
Transportation trust fund	Funding for:		
	Transportation		8,704
Local Housing Assistance Trust	Funding for:		
	Local housing assistance		8,559,604
Other governmental funds	Funding for:		
	Court innovations		49,530
	Debt service		648,429
	Emergency communications		9,691
	Law enforcement		180,102
	Probation		197,198
	Emergency management		147,423
	Road improvements		56,558
	Economic development		20,840
	Modernization of Public Records		23,197
	Crime prevention		23,778
	Court-related technology		15,805
	Ballot-on-demand		23,728
			127
Total		\$	10,021,605

Washington County, Florida
Notes to Financial Statements

NOTE 14 - FUND EQUITY (CONTINUED)

Committed Fund Balance:

Funds	Purpose		
Other governmental funds	Funding for:		
	Fire operations	\$	393,998
	Municipal service business unit		312,783
	Mosquito control		84,624
	Emergency management		28,804
	Boater improvement		54,426
	Building department		37,632
	Police education		3,146
Total		\$	915,413

Assigned Fund Balance:

Funds	Purpose		
Other governmental funds	Funding for:		
	2018 Budget appropriations	\$	49,909
Total		\$	49,909

Nonspendable Fund Balance:

Fund	Purpose		
General fund	Funding for:		
	Long-term note receivable	\$	2,682,286
Total		\$	2,682,286

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The County is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the County's financial position.

The County has approximately \$500,000 in construction contract commitments remaining at September 30, 2017.

Washington County, Florida Notes to Financial Statements

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Board of County Commissioners entered into an agreement to lease substantially all of the Northwest Florida Community Hospital's real and personal property to a private firm (Northwest Florida Healthcare, Inc.) owned by the Hospital's CEO. The lease term is for a period of 40 years. This lease has been assigned to the Small Business Administration to serve as collateral for the Hospital's borrowing in 2007. Prior to the effective date of the lease, the Board loaned the Hospital \$2,903,878 to be used exclusively for capital improvements and physician recruitment. The repayment of this loan to the Board will begin in December 2015 with thirty equal annual installments of \$95,796 with the final annual installment in December 2044. This is a non-interest bearing note. Northwest Florida Healthcare, Inc. assumed the debt of \$945,400 associated with the USDA Hospital Revenue Bonds, however, the County is contingently liable for this debt. Northwest Florida Healthcare, Inc. also assumed other debt of \$976,084, however, the County is also contingently liable for this debt. This lease was extended through December 2053. The lease may also be renewed for one additional fifty year term upon approval by all parties.

The County entered into a settlement agreement with Florida Department of Economic Opportunity relating to Project Pipe. The agreement calls for a non-interest bearing debt of \$205,786 to be repaid in 20 quarterly installments of \$10,289 beginning December 31, 2013. The remaining balance of \$41,159 is included in Due to Other Governments at September 30, 2017. The County agreed to purchase real property for \$750,000 in May 2018 due to the project being terminated before completion.

NOTE 16 - LANDFILL CLOSURE/LONG-TERM CARE ESCROW

The County maintains a landfill management escrow account, as required by law, to ensure the availability of financial resources for closing the landfill. The County records the landfill closure/long-term care escrow as a reserved portion of the general fund's fund balance. The escrow balance at September 30, 2017, was \$56,891. The financial resources are presented in the statement of net position as restricted cash and cash equivalents and a corresponding amount is included in net position restricted for other purposes.

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for twenty years after closure. The estimated liability for landfill closure and postclosure care costs has a balance of \$20,371 as of September 30, 2017. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 17 - RECLASSIFICATION

Certain 2016 amounts have been reclassified to conform with 2017 classifications. Such reclassifications had no effect on reported net income.

NOTE 18 - COOPERATIVE AGREEMENT

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$53,747.

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS

The Board's post-employment benefits other than pension activity are reported in the statement of net position in the County's financial statements.

Plan Description – The Washington County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan"). In accordance with Section 112.0801 of the Florida Statutes, because Washington County provides a medical plan to active employees of the County and their eligible dependents, the Board is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides healthcare benefits including medical coverage and life insurance coverage to both active and eligible retired employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the Board and the Constitutional officers. For regular, senior management service and elected officials, participants are eligible for normal retirement upon attaining the earlier of 1) six years of service and age 62 or 2) 30 years of service regardless of age. For Special Risk, participants are eligible for normal retirement upon attaining the earlier of 1) six years of special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

Washington County, Florida
Notes to Financial Statements

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided – The Board provides post-employment healthcare and life insurance to its retirees. Health benefits are provided through the Board’s healthcare provided, Blue Cross Blue Shield of Florida (BCBSFL). The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Board’s plan becomes secondary.

Membership – At September 30, 2017, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	225
Retirees and beneficiaries currently receiving benefits	2
Total membership	227
Participating employers	1

Funding Policy – A qualifying trust or agency fund has not been authorized by the Board. The Board negotiates the premium rates with BCBSFL. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2017 was \$7,776. The Board contributes the remainder to cover the costs of providing the benefits to the retirees.

Annual OPEB and Net OPEB Obligation – The Board’s annual other post employment benefit (OPEB) cost (expenses) is calculated based on the annual required contribution of the employer (the “ARC”) actuarially determined in accordance with the parameters of GASB Statement 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 closed period not to exceed 15 years. The following shows the components of the Board’s net OPEB obligation:

September 30,	2017
Annual required contribution	\$ 32,000
Interest on prior year net OPEB obligation	3,000
Adjustments to annual required contribution	(3,000)
Annual OPEB costs	32,000
Estimated employer contributions made	(7,000)
Increase in net OPEB obligation	25,000
Net OPEB obligation, beginning of year	69,000
Estimated net OPEB obligation, end of year	\$ 94,000

Washington County, Florida
Notes to Financial Statements

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2016 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	\$ 24,000	4.20%	\$ 45,000
9/30/2016	\$ 30,000	20.00%	\$ 69,000
9/30/2017	\$ 32,000	21.90%	\$ 94,000

Funded Status and Funding Progress – As of September 30, 2017, the actuarial accrued liability of \$205,000 was unfunded. 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. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the Plan and the ARC's of employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements in the government-wide financial statements of Washington, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress –

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
10/1/2013	\$ -	\$ 133,000	\$ 133,000	0.00%	\$ 7,361,194	1.8%
10/1/2014	\$ -	\$ 156,000	\$ 156,000	0.00%	\$ 7,380,629	2.1%
10/1/2015	\$ -	\$ 205,000	\$ 205,000	0.00%	\$ 7,837,732	2.6%

Actuarial Method and Assumptions – The valuation dated March 15, 2017, for the fiscal date of October 1, 2016 to September 30, 2017, was prepared using generally accepted accrual principles and practices, and relied on unaudited census date and medical claims data reported by the Board. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.



**Washington County, Florida
Notes to Financial Statements**

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

In the September 30, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 15 years assuming 5 annual level payments. The remaining amortization period at September 30, 2017 was 15 years.

NOTE 20 - SUBSEQUENT EVENTS

Subsequent to year end, the County approved the purchase of property related to Project Pipe in the amount of \$750,000. See Note 15.



**COMBINING FINANCIAL
STATEMENTS**

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Washington County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds						
	Public Library Fund	Small Counties Grant Fund	E 911 Fund	Fines & Forfeiture Fund	Fifteen Dollar Surcharge Fund	Tax Deed Over Bid	Surplus Property
Assets							
Cash and cash equivalents	\$ 27,925	\$ 72,530	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	63,346	24,734	421,307	-	-
Accounts receivable	-	44,047	35,020	13,864	4,697	-	-
Due to agency funds	-	-	-	10,105	-	-	-
Due from other funds	-	3,417	-	18,918	-	-	-
Due from other governmental units	-	-	-	39,705	-	-	-
Total assets	\$ 27,925	\$ 119,994	\$ 98,366	\$ 107,326	\$ 426,004	\$ -	\$ -
Liabilities							
Accounts payable and accrued expenses	\$ 19,418	\$ 6,051	\$ -	\$ 38,219	\$ 4,786	\$ -	\$ -
Due to other funds	55	74,716	-	69,098	-	-	-
Due to other governmental units	-	-	-	9	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	19,473	80,767	-	107,326	4,786	-	-
Fund balances							
Restricted	-	-	98,366	-	421,218	-	-
Committed	-	-	-	-	-	-	-
Assigned	8,452	39,227	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	8,452	39,227	98,366	-	421,218	-	-
Total liabilities and fund balances	\$ 27,925	\$ 119,994	\$ 98,366	\$ 107,326	\$ 426,004	\$ -	\$ -

See Independent Auditors' Report

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Washington County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds						
	Emergency Medical Service Fund	Municipal Service Business Unit	Fire Operation Fund	Radio Communication Fund	Courthouse Construction	Law Enforcement Trust Fund III	Special Projects - Impact
Assets							
Cash and cash equivalents	\$ 272,273	\$ -	\$ 417,744	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	327,900	-	80,762	-	44,825	19,020
Accounts receivable	146,234	5,006	3,216	1,548	-	-	-
Due from agency funds	-	-	-	-	-	-	-
Due from other funds	-	-	4,930	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-
Total assets	\$ 418,507	\$ 332,906	\$ 425,890	\$ 82,310	\$ -	\$ 44,825	\$ 19,020
Liabilities							
Accounts payable and accrued expenses	\$ 5,800	\$ 20,123	\$ 31,892	\$ 574	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to other governmental units	39,927	-	-	-	-	-	-
Deferred revenue	87,750	-	-	-	-	-	-
Total liabilities	133,477	20,123	31,892	574	-	-	-
Fund balances							
Restricted	-	-	-	81,736	-	44,825	19,020
Committed	-	312,783	393,998	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	285,030	-	-	-	-	-	-
Total fund balances	285,030	312,783	393,998	81,736	-	44,825	19,020
Total liabilities and fund balances	\$ 418,507	\$ 332,906	\$ 425,890	\$ 82,310	\$ -	\$ 44,825	\$ 19,020

See Independent Auditors' Report

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Washington County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds						
	Law Enforcement Fund I	Agricultural Center	Arthropod Control Fund	Choose Life Tag Fund	SAFER Grant	E911	Police Education Fund
Assets							
Cash and cash equivalents	\$ 421	\$ -	\$ 89,622	\$ 1,867	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-	-	-	2,861
Accounts receivable	-	-	-	-	16,484	-	285
Due from agency funds	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	25	-
Due from other governmental units	-	-	-	-	-	-	-
Total assets	\$ 421	\$ -	\$ 89,622	\$ 1,867	\$ 16,484	\$ 25	\$ 3,146
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ 645	\$ -	\$ 5,215	\$ -	\$ -
Due to other funds	-	-	4,349	-	11,269	-	-
Due to other governmental units	-	-	4	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	4,998	-	16,484	-	-
Fund balances							
Restricted	421	-	-	-	-	-	-
Committed	-	-	84,624	-	-	-	3,146
Assigned	-	-	-	1,867	-	25	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	421	-	84,624	1,867	-	25	3,146
Total liabilities and fund balances	\$ 421	\$ -	\$ 89,622	\$ 1,867	\$ 16,484	\$ 25	\$ 3,146

See Independent Auditors' Report

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Washington County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds									
	Article V Technology	Sixty-Five Dollar Surcharge	EMPA Grant	Probation	Kirkland Road	Recreational Facilities	Boat Ramp Fund	Wilderness Road		
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 17,865	\$ -	\$ 53,834	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	21,507	226,458	-	144,257	-	338	-	-	1	-
Accounts receivable	2,646	2,401	13,804	6,802	-	-	592	-	-	-
Due from agency funds	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	1,104	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 24,153	\$ 228,859	\$ 14,908	\$ 151,059	\$ 17,865	\$ 338	\$ 54,426	\$ -	\$ -	\$ 1
Liabilities										
Accounts payable and accrued expenses	\$ 291	\$ 1,650	\$ -	\$ 3,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	134	-	(13,896)	-	17,865	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	425	1,650	(13,896)	3,636	17,865	-	-	-	-	-
Fund balances										
Restricted	23,728	227,209	-	147,423	-	-	-	-	1	-
Committed	-	-	28,804	-	-	-	54,426	-	-	-
Assigned	-	-	-	-	-	338	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	23,728	227,209	28,804	147,423	-	338	54,426	-	-	1
Total liabilities and fund balances	\$ 24,153	\$ 228,859	\$ 14,908	\$ 151,059	\$ 17,865	\$ 338	\$ 54,426	\$ -	\$ -	\$ 1

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 Washington County, Florida
 Combining Balance Sheet
 Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds									
	Building Department	Homeland Security	EMS Impact Fees	Fire Impact Fees	2010 Homeland Security	Boat Ramp Grant	South Boulevard Sidewalk	Public Records Modernization Trust Fund		
Assets										
Cash and cash equivalents	\$ 42,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	54,584	1,820	-	-	2	-	45,678	-	-
Accounts receivable	-	-	-	-	866	-	135,422	-	-	-
Due from agency funds	-	-	-	-	-	-	-	-	-	-
Due from other funds	886	-	-	-	-	-	512	4,453	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 43,296	\$ 54,584	\$ 1,820	\$ -	\$ 866	\$ 2	\$ 135,934	\$ 50,131	\$ -	\$ -
Liabilities										
Accounts payable and accrued expenses	\$ 5,433	\$ 5,748	\$ -	\$ -	\$ -	\$ -	\$ 56,257	\$ -	\$ -	\$ -
Due to other funds	231	-	-	-	866	2	79,676	26,353	-	-
Due to other governmental units	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	5,664	5,748	-	-	866	2	135,933	26,353	-	-
Fund balances										
Restricted	-	48,836	1,820	-	-	-	1	23,778	-	-
Committed	37,632	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	37,632	48,836	1,820	-	-	-	1	23,778	-	-
Total liabilities and fund balances	\$ 43,296	\$ 54,584	\$ 1,820	\$ -	\$ 866	\$ 2	\$ 135,934	\$ 50,131	\$ -	\$ -

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Washington County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Law Enforcement Trust Fund II	Supervisor of Elections Grant Fund	Debt Service Fund	Series 2009 A & B Debt Service	Loan Fund	Debt Service Fund	
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 9,691	\$ -	\$ -	\$ 1,007,744
Restricted cash and cash equivalents	84,747	5,613	-	-	-	-	1,680,799
Accounts receivable	-	-	-	-	-	-	456,647
Due to agency funds	-	-	-	-	-	-	10,105
Due from other funds	-	-	-	-	-	-	34,245
Due from other governmental units	-	-	-	-	-	-	39,705
Total assets	\$ 84,747	\$ 5,613	\$ -	\$ 9,691	\$ -	\$ -	\$ 3,229,245
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,974
Due to other funds	-	-	-	-	-	-	315,969
Due to other governmental units	-	-	-	-	-	-	39,940
Deferred revenue	-	5,486	-	-	-	-	93,236
Total liabilities	-	5,486	-	-	-	-	656,119
Fund balances							
Restricted	84,747	127	-	9,691	-	-	1,346,876
Committed	-	-	-	-	-	-	915,413
Assigned	-	-	-	-	-	-	49,909
Unassigned	-	-	-	-	-	-	260,928
Total fund balances	84,747	127	-	9,691	-	-	2,573,126
Total liabilities and fund balances	\$ 84,747	\$ 5,613	\$ -	\$ 9,691	\$ -	\$ -	\$ 3,229,245

See Independent Auditors' Report

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

For the year ended September 30, 2017

	Special Revenue Funds						
	Public Library Fund	Small Counties Grant Fund	E 911 Fund	Fines & Forfeiture Fund	Fifteen Dollar Surcharge Fund	Tax Deed Over Bid	Surplus Property
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	203,390	-	-	-
Charges for services	-	-	188,451	350,026	70,194	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	210,799	90,909	28,884	53,747	-	-	-
Investment earnings	-	-	-	128	-	-	13
Other fees and miscellaneous revenues	18,851	53,674	5,544	-	-	-	-
Total revenue	229,650	144,583	222,879	607,291	70,194	-	13
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	-	-	192,120	-	-	-	-
Physical environment	-	165,453	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	486,508	-	-	-	-	-	-
Court related	-	-	-	634,291	100,842	-	-
Capital outlay	-	-	36,449	-	366,770	-	-
Debt service							
Principal	3,500	-	-	-	-	-	-
Interest and other charges	7,793	-	-	-	-	-	-
Total expenditures	497,801	165,453	228,569	634,291	467,612	-	-
Excess (deficiency) of revenues over (under) expenditures	(268,151)	(20,870)	(5,690)	(27,000)	(397,418)	-	13
Other financing sources							
Transfers in	266,308	54,570	-	27,000	-	-	-
Transfers out	-	-	(5,769)	-	-	(75,569)	(91,259)
Net other financing sources	266,308	54,570	(5,769)	27,000	-	(75,569)	(91,259)
Net change in fund balances	(1,843)	33,700	(11,459)	-	(397,418)	(75,569)	(91,246)
Fund balances - beginning	10,295	5,527	109,825	-	818,636	75,569	91,246
Fund balances - ending	\$ 8,452	\$ 39,227	\$ 98,366	\$ -	\$ 421,218	\$ -	\$ -

See Independent Auditors' Report

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

For the year ended September 30, 2017

	Special Revenue Funds						
	Emergency Medical Service Fund	Municipal Service Business Unit	Fire Operation Fund	Radio Communication Fund	Courthouse Construction	Law Enforcement Trust Fund III	Special Projects - Impact
Revenues							
Taxes	\$ -	\$ 445,301	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	1,444,067	-	-	29,188	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	-	3,216	-	179,188	-	-
Investment earnings	-	-	-	-	2,723	-	-
Other fees and miscellaneous revenues	-	5,502	1,500	-	-	-	-
Total revenue	1,444,067	450,803	4,716	29,188	181,911	-	-
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	1,743,546	-	286,077	37,781	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	80
Economic environment	-	113,831	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Court related	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	350,330	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	1,743,546	113,831	286,077	37,781	350,330	-	80
Excess (deficiency) of revenues over (under) expenditures	(299,479)	336,972	(281,361)	(8,593)	(168,419)	-	(80)
Other financing sources							
Transfers in	414,045	-	414,045	-	150,000	-	-
Transfers out	(10,354)	(198,620)	(22,780)	-	-	-	-
Net other financing sources	403,691	(198,620)	391,265	-	150,000	-	-
Net change in fund balances	104,212	138,352	109,904	(8,593)	(18,419)	-	(80)
Fund balances - beginning	180,818	174,431	284,094	90,329	18,419	44,825	19,100
Fund balances - ending	\$ 285,030	\$ 312,783	\$ 393,998	\$ 81,736	\$ -	\$ 44,825	\$ 19,020

See Independent Auditors' Report

Washington County, Florida

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

For the year ended September 30, 2017

	Special Revenue Funds						
	Law Enforcement Fund I	Agricultural Center	Arthropod Control Fund	Choose Life Tag Fund	SAFER Grant	E911	Police Education Fund
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	12,000	-	-	-	-
Charges for services	-	-	-	-	-	-	5,068
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	-	31,540	-	213,660	-	-
Investment earnings	-	-	-	-	-	-	-
Other fees and miscellaneous revenues	-	-	5,000	-	-	5,213	-
Total revenue	-	-	48,540	-	213,660	5,213	5,068
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	-	-	-	-	-	7,551	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	213,660	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	31,827	-	-	-	-
Culture and recreation	-	24	-	-	-	-	-
Court related	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	-	24	31,827	-	213,660	7,551	-
Excess (deficiency) of revenues over (under) expenditures	-	(24)	16,713	-	-	(2,338)	5,068
Other financing sources							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(8,504)
Net other financing sources	-	-	-	-	-	-	(8,504)
Net change in fund balances	-	(24)	16,713	-	-	(2,338)	(3,436)
Fund balances - beginning	421	24	67,911	1,867	-	2,363	6,582
Fund balances - ending	\$ 421	\$ -	\$ 84,624	\$ 1,867	\$ -	\$ 25	\$ 3,146

See Independent Auditors' Report

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

For the year ended September 30, 2017

	Special Revenue Funds						
	HUD Section 8	Tourist Development Tax	Emergency Management Enhancement	EMPG Grant	Criminal Education Fund	Cost of Incarceration	Crimes Prevention
Revenues							
Taxes	\$ -	\$ 88,803	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	5,569	3,805	9,436
Fines and forfeitures	-	-	-	-	-	-	-
Grants	513,380	-	-	65,209	-	-	-
Investment earnings	-	-	-	-	-	-	-
Other fees and miscellaneous revenues	-	100	-	-	-	-	-
Total revenue	513,380	88,903	-	65,209	5,569	3,805	9,436
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	-	-	69,208	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	513,380	81,943	-	45,449	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Court related	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	513,380	81,943	69,208	45,449	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	6,960	(69,208)	19,760	5,569	3,805	9,436
Other financing sources							
Transfers in	-	-	61,675	-	-	-	-
Transfers out	-	-	-	-	(9,760)	-	(6,075)
Net other financing sources	-	-	61,675	-	(9,760)	-	(6,075)
Net change in fund balances	-	6,960	(7,533)	19,760	(4,191)	3,805	3,361
Fund balances - beginning	-	16,237	64,091	(43,862)	7,937	10,818	12,444
Fund balances - ending	\$ -	\$ 23,197	\$ 56,558	\$ (24,102)	\$ 3,746	\$ 14,623	\$ 15,805

See Independent Auditors' Report

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

For the year ended September 30, 2017

	Special Revenue Funds							
	Article V Technology	Sixty-Five Dollar Surcharge	EMPA Grant	Probation	Kirkland Road	Recreational Facilities	Boat Ramp Fund	Wilderness Road
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	34,263	26,044	-	100,386	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Grants	-	-	83,783	-	17,865	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Other fees and miscellaneous revenues	-	-	-	-	-	290	8,261	-
Total revenue	34,263	26,044	83,783	100,386	17,865	290	8,261	-
Expenditures								
Current								
General government	-	-	105,521	-	-	-	-	-
Public health and safety	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	17,865	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Court related	19,956	8,556	-	73,744	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	19,956	8,556	105,521	73,744	17,865	-	-	-
Excess (deficiency) of revenues over (under) expenditures	14,307	17,488	(21,738)	26,642	-	290	8,261	-
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	14,307	17,488	(21,738)	26,642	-	290	8,261	-
Fund balances - beginning	9,421	209,721	50,542	120,781	-	48	46,165	1
Fund balances - ending	\$ 23,728	\$ 227,209	\$ 28,804	\$ 147,423	\$ -	\$ 338	\$ 54,426	\$ 1

See Independent Auditors' Report

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

For the year ended September 30, 2017

	Special Revenue Funds							
	Building Department	Homeland Security	EMS Impact Fees	Fire Impact Fees	2010 Homeland Security	Boat Ramp Grant	South Boulevard Sidewalk	Public Records Modernization Trust Fund
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	114,557	-	1,820	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	65,654	-	-	-	-	-	64,253
Fines and forfeitures	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	129,395	-
Investment earnings	-	73	-	-	-	-	-	2
Other fees and miscellaneous revenues	633	170	-	-	-	3,680	74,227	-
Total revenue	115,190	65,897	1,820	-	-	3,680	203,622	64,255
Expenditures								
Current								
General government	-	-	-	-	-	-	17,700	-
Public health and safety	136,921	53,353	-	(80)	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	700	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Court related	-	-	-	-	-	-	-	19,539
Capital outlay	-	-	-	-	-	-	185,921	7,500
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	136,921	53,353	-	(80)	-	700	203,621	27,039
Excess (deficiency) of revenues over (under) expenditures	(21,731)	12,544	1,820	80	-	2,980	1	37,216
Other financing sources								
Transfers in	-	-	-	-	-	7,690	-	-
Transfers out	-	(9,169)	-	-	-	-	-	(27,664)
Net other financing sources	-	(9,169)	-	-	-	7,690	-	(27,664)
Net change in fund balances	(21,731)	3,375	1,820	80	-	10,670	1	9,552
Fund balances - beginning	59,363	45,461	-	(80)	-	(10,670)	-	14,226
Fund balances - ending	\$ 37,632	\$ 48,836	\$ 1,820	\$ -	\$ -	\$ -	1	\$ 23,778

See Independent Auditors' Report

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

For the year ended September 30, 2017

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Law Enforcement Trust Fund II	Supervisor of Elections Grant Fund	Debt Service Fund	Series 2009 A & B Debt Service	Loan Fund	Debt Service Fund	
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	534,104
Licenses and permits	-	-	-	-	-	-	116,377
Intergovernmental	-	-	-	-	-	-	215,390
Charges for services	-	-	-	-	-	-	2,396,404
Fines and forfeitures	1,868	-	-	-	-	-	1,868
Grants	-	-	-	-	-	-	1,621,575
Investment earnings	-	30	77	32	11	-	3,089
Other fees and miscellaneous revenues	-	-	-	-	-	-	182,645
Total revenue	1,868	30	77	32	11	-	5,071,452
Expenditures							
Current							
General government	-	-	-	300	-	3,772	127,293
Public health and safety	-	-	-	-	-	-	2,526,477
Physical environment	-	-	-	-	-	-	165,453
Transportation	-	-	-	-	-	-	231,605
Economic environment	-	-	-	-	-	-	754,603
Human services	-	-	-	-	-	-	32,527
Culture and recreation	-	-	-	-	-	-	486,532
Court related	-	-	-	-	-	-	856,928
Capital outlay	-	-	-	-	-	-	946,970
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	621,588	-	190,608	815,696
Interest and other charges	-	-	1	136,797	-	27,020	171,611
Total expenditures	-	-	1	758,685	-	221,400	7,115,695
Excess (deficiency) of revenues over (under) expenditures	1,868	30	76	(758,653)	11	(221,400)	(2,044,243)
Other financing sources							
Transfers in	-	-	-	758,385	-	221,400	2,375,118
Transfers out	-	-	(7,046)	-	(146,995)	-	(619,564)
Net other financing sources	-	-	(7,046)	758,385	(146,995)	221,400	1,755,554
Net change in fund balances	1,868	30	(6,970)	(268)	(146,984)	-	(288,689)
Fund balances - beginning	82,879	97	6,970	9,959	146,984	-	2,861,815
Fund balances - ending	\$ 84,747	\$ 127	\$ -	\$ 9,691	\$ -	\$ -	\$ 2,573,126

See Independent Auditors' Report

Page 1 of 2
Washington County, Florida
Combining Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	<i>Clerk of the Circuit Court</i>					
	General Trust	Child Support	Jury and Witness	Tax Deeds	Cash Bonds	Registry of Court
Assets						
Cash	\$ 374,664	\$ 4,366	\$ 3,864	\$ 85,247	\$ 56,307	\$ 219,421
Due from other funds	2,001	12	1,423	-	-	713
Due from others	16,785	-	-	-	-	-
Total assets	\$ 393,450	\$ 4,378	\$ 5,287	\$ 85,247	\$ 56,307	\$ 220,134
Liabilities						
Due to others	\$ 381,440	\$ 3,120	\$ 5,287	\$ 85,247	\$ 56,307	\$ 220,134
Due to other funds	12,010	1,258	-	-	-	-
Total liabilities	\$ 393,450	\$ 4,378	\$ 5,287	\$ 85,247	\$ 56,307	\$ 220,134

See Independent Auditors' Report

Page 2 of 2
Washington County, Florida
Combining Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	<i>Clerk</i>	<i>Sheriff</i>	<i>Tax Collector</i>			Total
	Dependency Mediation	Inmate Welfare Trust	Escrow	Tag	Tax	
Assets						
Cash	\$ 4,125	\$ 16,693	\$ 190,268	\$ (773)	\$ 15,420	\$ 969,602
Due from other funds	-	-	-	-	-	4,149
Due from others	-	-	-	274	93	17,152
Total assets	\$ 4,125	\$ 16,693	\$ 190,268	\$ (499)	\$ 15,513	\$ 990,903
Liabilities						
Due to others	\$ 4,125	\$ 16,693	\$ 190,268	\$ (499)	\$ 15,513	\$ 977,635
Due to other funds	-	-	-	-	-	13,268
Total liabilities	\$ 4,125	\$ 16,693	\$ 190,268	\$ (499)	\$ 15,513	\$ 990,903

See Independent Auditors' Report



**REQUIRED SUPPLEMENTARY
INFORMATION**

Washington County, Florida
Schedule of Proportionate Share of Net Pension Liability - FRS
Last Five Fiscal Years

	2017	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	0.039400000%	0.037700000%	0.035800000%	0.034600000%	0.033900000%
County's proportionate share of the net pension liability (asset)	\$ 11,660,723	\$ 9,508,368	\$ 4,618,120	\$ 2,113,210	\$ 5,839,069
County's covered - employee payroll	\$ 7,956,177	\$ 7,837,732	\$ 7,571,054	\$ 7,380,629	\$ 7,361,194
County's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	146.56%	121.32%	61.00%	28.63%	79.32%
FRS Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

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

Washington County, Florida
Schedule of Contributions - FRS
Last Five Fiscal Years

	2017	2016	2015	2014	2013
Contractually required contributions	\$ 1,028,157	\$ 918,321	\$ 871,715	\$ 758,641	\$ 456,455
Contributions in relation to the contractually required contribution	(1,028,157)	(918,321)	(871,715)	(758,641)	(456,455)
Contribution deficiency (excess)	\$ -				
County's covered-employee payroll	\$ 7,956,177	\$ 7,837,732	\$ 7,571,054	\$ 7,380,629	\$ 7,361,194
Contributions as a percentage of covered-employee payroll	12.92%	11.72%	11.51%	10.28%	6.20%

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

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

Washington County, Florida
Schedule of Proportionate Share of Net Pension Liability – HIS
Last Five Fiscal Years

	2017	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	0.024000000%	0.024000000%	0.023300000%	0.012800000%	0.023500000%
County's proportionate share of the net pension liability (asset)	\$ 2,566,543	\$ 2,792,437	\$ 2,375,636	\$ 2,212,590	\$ 2,046,241
County's covered - employee payroll	\$ 7,956,177	\$ 7,837,732	\$ 7,571,054	\$ 7,380,629	\$ 7,361,194
County's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	32.26%	35.63%	31.38%	29.98%	27.80%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%	N/A

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

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

Washington County, Florida
Schedule of Contributions - HIS
Last Five Fiscal Years

	2017	2016	2015	2014	2013
Contractually required contributions	\$ 125,880	\$ 122,810	\$ 89,045	\$ 81,063	\$ 76,988
Contributions in relation to the contractually required contribution	(125,880)	(122,810)	(89,045)	(81,063)	(76,988)
Contribution deficiency (excess)	\$ -				
County's covered-employee payroll	\$ 7,956,177	\$ 7,837,732	\$ 7,571,054	\$ 7,380,629	\$ 7,361,194
Contributions as a percentage of covered-employee payroll	1.58%	1.57%	1.18%	1.10%	1.05%

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

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



COMPLIANCE SECTION

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

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, 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 of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the fiduciary funds and the aggregate remaining fund information of Washington 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 Washington County, Florida's basic financial statements and have issued our report thereon dated June 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 over financial reporting.

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

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 deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed as BCC1997-01, CC2017-001, and CC2017-002 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the summary schedule of prior audit findings as items PA2003-003, SH2003-001, SE2003-003, and TC2003-003 to be significant deficiencies.

Compliance and Other Matters

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

Washington County's Response to Findings

Washington County, Florida's written response to the findings identified in our audit is described in the accompanying letter. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely for the information and use of the County, Constitutional Officers and management, the State of Florida Auditor General, specific legislative or regulatory bodies, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 26, 2018

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

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited of Washington County, Florida's (The "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on its major federal program and state projects for the year ended September 30, 2017. The County's major federal program and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

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 major state projects for the year ended September 30, 2017.

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 and 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 Uniform Guidance and Chapter 10.550 Rules of the Florida 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 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 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 the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

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 Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

June 26, 2018

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Washington County, Florida
Schedule of Expenditures of Federal Awards Programs
And State Financial Assistance Projects

For the year ended September 30, 2017

Federal Agency Pass through entity Federal Program	Contract/Grant Number	CFDA/ CSFA	Expenditures
United States Department of Housing and Urban Development			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	FL109	14.871	\$ 513,380
Total United States Department of Housing and Urban Development			513,380
United States Department of Homeland Security, Federal Emergency Management Agency			
Passed through Department of Community Affairs and Florida Division of Emergency Management			
Emergency Management Performance Grants (EMPG)	17-FG-P9-02-77-01-141	97.042	45,449
Total EMPG Programs			45,449
Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2014-FF-00339	97.083	213,660
Total SAFER Grant Program			213,660
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - FEMA-4138-DR-FL	14-FS-8Q-02-77-02-500	97.036	4,207,322
Total FEMA Programs			4,207,322
Total United States Department of Homeland Security			4,466,431
United States Department of Justice			
Office for Victims of Crime			
Passed through Executive Office of the Governor			
Crime Victims Assistance - Victims of Crime Act (VOCA)	VOCA-2016-WASHINGTON COUNTYSHERIFF-00906	16.575	30,620
Total Office for Victims of Crime			30,620
United States Department of Justice			
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grants	2017-JAGC-WASH-1-F9-105	16.738	37,678
Total Department of Law Enforcement			37,678
Total United States Department of Justice			68,298
United States Federal Highway Administration			
Passed through Florida Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction			
Federal-Aid Highway Program-LAP-Sidewalk	438135-2-68-01	20.205	129,395
Total United States Federal Highway Administration			129,395

*See Independent Auditors' Report and
Notes to Schedule of Expenditures of Federal Awards Programs and State Financial Assistance*

Washington County, Florida
Schedule of Expenditures of Federal Awards Programs
And State Financial Assistance Projects

For the year ended September 30, 2017

United States Department of Health and Human Services				
Passed through Florida Department of State				
2011 Polling Place Accessibility Grant Program	MOA 2015-2016-0005-WAS	93.617		9,447
Total Polling Places Program				9,447
Passed through Florida Department of Revenue				
Child Support Enforcement Program Title IV Part D (CSE)	CST-67	93.563		53,747
Total CSE Program				53,747
Total United States Department of Health and Human Services				63,194
United States Department of Agriculture, Office of Forest Service				
Cooperative Forestry Assistance Program - Fire				
Services - Sunny Hills/Carryville	VFA865	10.664		1,920
Cooperative Forestry Assistance Program - Fire Services				
Services - Sunny Hills	VFA866	10.664		1,296
Total United States Department of Agriculture, Office of Forest Service				3,216
Total expenditures of Federal Awards Programs			\$	5,243,914

Note: The County passed funds from the United States Department of Housing and Urban Development's Section 8 Housing Award to Tri County Community Council, a subrecipient, in the amount of \$513,380.

*See Independent Auditors' Report and
Notes to Schedule of Expenditures of Federal Awards Programs and State Financial Assistance*

Page 3 of 4
Washington County, Florida
Schedule of Expenditures of Federal Awards Programs
And State Financial Assistance Projects

For the year ended September 30, 2017

State Financial Assistance State Program	Contract/Grant Number	CFDA/ CSFA	Expenditures
Florida Department of Transportation			
Highway Operations			
County Incentive Grant Program (CIGP)	440657-1-54-01	55.008	17,865
Total Florida Department of Transportation			17,865
Executive office of the Governor, Division of Emergency Management			
Emergency Management Program			
Emergency Management Project (EMPA)	17-BG-83-02-77-01-074	31.063	103,543
FEMA - 2015 Severe Storms and Flooding (FEMA-4177-FL-DR)	15-SP-8Z-02-77-02-548	31.063	97,164
FEMA - 2013 Severe Storms and Flooding (FEMA-4138DR-FL)	14-FS-8Q-02-77-02-500	31.063	1,382,367
Total Executive Office of the Governor, Division of Emergency Management			1,583,074
Florida Housing Finance Corporation			
Florida Housing Finance Corporation Program			
State Housing Initiatives Partnership Program (SHIP)	N/A	40.901	244,162
Total Florida Housing Finance Corporation			244,162
Florida Department of Environmental Protection			
Waste Management Program			
Small County Consolidated Grant	SC-733	37.012	90,909
Total Florida Department of Environmental Protection			90,909
Florida Department of State and Secretary of State			
Library and Information Services Program			
State Aid to Libraries	17-ST-90	45.030	210,799
Total Florida Department of State and Secretary of State			210,799
Florida Department of Management Services			
Technology Program			
E911 State Grant Program - E911 Maintenance	16-10-29	72.002	28,884
Total Florida Department of Management Services			28,884
Florida Department of Agriculture and Consumer Services			
Consumer Protection			
Mosquito Control	na	42.003	31,540
Total Florida Department of Agriculture and Consumer Services			31,540

*See Independent Auditors' Report and
Notes to Schedule of Expenditures of Federal Awards Programs and State Financial Assistance*

Page 4 of 4

Washington County, Florida
Schedule of Expenditures of Federal Awards Programs
And State Financial Assistance Projects

For the year ended September 30, 2017

State Courts Systems				
Small County Courthouse Facilities Program				
Administered Funds - Judicial - Courthouse Construction	SC0059T	22.004		179,188
Total State Courts Systems				179,188
Total Expenditures of State Financial Assistance Projects				2,386,421
Total Expenditures of Federal Awards Programs and State Financial Assistance Projects				\$ 7,630,335

Note: There were no State Financial Assistance Projects passed through to subrecipients.



Washington County, Florida
Notes to Schedule of Expenditures of Federal Award Programs
And State Financial Assistance Projects
For the year ended September 30, 2017

NOTE 1 - BASIS OF ACCOUNTING

The supplementary schedule of expenditures of federal award programs and state financial assistance projects includes the grant activity of Washington County, Florida (the County). Federal and state expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirement 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 Florida Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - REPORTING ENTITY

The County for purposes of the supplementary schedule of expenditures of federal award programs and state financial assistance projects includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

NOTE 3 - PASS-THROUGH AWARDS

The County receives certain federal awards from pass-through awards of the State. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal award programs and state financial assistance projects.

NOTE 4 - INDIRECT COST

The County has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 – OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property, or free rent received or included in the schedule of expenditures of federal awards and state financial assistance.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses a qualified opinion on the financial statements of Washington County, Florida.
2. Material weaknesses and significant deficiencies disclosed during the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The findings listed as BCC1997-001, CC2017-001 and CC2017-002 are material weaknesses. In addition, the findings listed as PA2003-003, SH2003-001, SE2003-003 and TC2003-003 are significant deficiencies.
3. No instances of noncompliance material to the financial statements of Washington County, Florida, Board of County Commissioners were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award program and state financial assistance projects are reported in the "Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.550 Rules of the Auditor General."
5. The "Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General" for Washington County, Florida expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs and state financial assistance projects for Washington County, Florida are reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

Federal Programs	CFDA No.
U.S. Department of Homeland Security Disaster Grants – Public Assistance (FEMA)	97.036

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

State Projects	CSFA No.
Executive Office of the Governor, Division of Emergency Management	
FEMA	31.063
Emergency Management Programs	31.063

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. Washington County, Florida did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

CAPITAL ASSETS RECORDS, FINDING BCC1997-001

CRITERIA: Generally Accepted Accounting Principles require recordkeeping and recording of all material capital assets and related depreciation.

CONDITION: A complete and accurate listing of all property, equipment, and infrastructure has not been maintained or reconciled to the depreciation schedules and recorded balances. As a result, the recorded capital asset balances and related depreciation amounts are not in agreement with available supporting documentation.

CAUSE: Historical records for all property, equipment, and infrastructure have not been sufficiently maintained in the past.

EFFECT: The lack of supporting documentation for the recorded capital asset balances and related depreciation amounts as reported on the government-wide Statement of Net Position does not allow for an unmodified audit opinion.

RECOMMENDATION: The County should undertake a project to ensure all assets are recorded on the capital asset listing at cost or estimated historical cost, establish a depreciation schedule and reconcile these to the recorded balances on the general ledger. A formal policy should be established regarding acquisition and disposition of all assets and a physical inventory be taken at least annually.

STATUS: The County is currently addressing this recommendation and great improvement has been made with regards to the asset inventory. This is a process that will take place over a period of time.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

BANK ACCOUNT RECONCILIATIONS, CC 2017-001

CRITERIA: Bank accounts should be reconciled and agreed to the recorded balances on a timely basis. All reconciling items should be reviewed for proper recording, particular attention should be given to outstanding items between accounts.

CONDITION: Outstanding items between accounts and checks written but unreleased were not accurately recorded, resulting in the understatement of balances in the trust accounts totaling approximately \$388,000.

CAUSE: Accounting staff overlooked the transfers and held checks in preparing bank reconciliations at year end.

EFFECT: Bank account balances and related liabilities were significantly understated.

RECOMMENDATION: All significant balances should be reconciled each month, including bank accounts and outstanding liabilities. All reconciling items should be reviewed for proper recording, particular attention should be given to outstanding items between accounts.

STATUS: This condition continues to exist.

FINANCIAL REPORTING, CC 2017-002

CRITERIA: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

CONDITION: Certain expenditure accounts were initially recorded as assets on the balance sheet rather than as expenditures.

CAUSE: New items added to the chart of accounts were not properly entered into the trial balance software, causing them to be misclassified at close out.

EFFECT: Expenditures were understated and the liability to the board was misstated at year end. Spending in excess of budgeted amounts was not detected until after year end, budgets were not properly amended and repayments to the board were not made timely.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

FINANCIAL REPORTING, CC 2017-002 (CONTINUED)

RECOMMENDATION: Financial reports should be reconciled to supporting documentation for all significant accounts. Operating results should be monitored for budgetary compliance and accuracy. Budget amendments should be made on a timely basis, as needed. All reports should be carefully reviewed for mathematical accuracy after any changes to the chart of accounts to insure proper recording.

STATUS: This condition continues to exist.

NEED FOR SEGREGATION OF DUTIES, SH2003-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Sheriff's assets.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Sheriff's administrative staff, it is difficult to achieve ideal separation of duties. However, the Sheriff should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

NEED FOR SEGREGATION OF DUTIES, PA2003-003

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Property Appraiser's assets.

CAUSE: The Property Appraiser has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Property Appraiser's administrative staff, it is difficult to achieve ideal separation of duties. However, the Property Appraiser should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

NEED FOR SEGREGATION OF DUTIES, SOE 2003-003

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Supervisor of Elections' assets.

CAUSE: The Supervisor of Elections has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Supervisor of Elections' administrative staff, it is difficult to achieve ideal separation of duties. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

NEED FOR SEGREGATION OF DUTIES, TC2003-003

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Tax Collector's assets.

CAUSE: The Tax Collector has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Tax Collector's administrative staff, it is difficult to achieve ideal separation of duties. However, the Tax Collector should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

No current year findings related to major federal award programs or state projects.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2017

D. PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENTS

SEGREGATION OF DUTIES, FINDING BCC2005-001 - RESOLVED

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of County's assets.

CAUSE: The County has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the County's administrative staff, it is difficult to achieve ideal separation of duties. However, the County Manager should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition was resolved during the current year.

ACCOUNTING TRANSACTIONS, FINDING BCC2009-003 - RESOLVED

CRITERIA: All accounting transactions, including nonrecurring and unusual transactions, should be properly recorded in the accounting records.

CONDITION: Nonrecurring and unusual transactions were not properly recorded.

CAUSE: The accounting staff were not properly trained on recording items that were nonrecurring or unusual in nature.

EFFECT: The financial records were not complete.

RECOMMENDATION: We recommend that all transactions be properly recorded and suggest that accounting staff seek guidance in recording significant nonrecurring transactions.

STATUS: This condition was resolved during the current year

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2017

D. PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

ACCOUNTING TRANSACTIONS, CC 2015-002 - RESOLVED

CRITERIA: Generally accepted accounting principles in the United States of America require that expenses be recorded when a liability is incurred, regardless of the timing of related cash flows.

CONDITION: Accrual accounting transactions were not properly recorded including accounts payable during the current year.

CAUSE: Accounting staff overlooked a transaction in the Public Records Modernization Trust Fund that should have been recorded in the 2015/16 fiscal year.

EFFECT: Not recording transactions in the proper period could result in a material misstatement of the financial statements.

RECOMMENDATION: We recommend that all accrual transactions including accounts payable and other liabilities be recorded.

STATUS: This condition is resolved.

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, SH2007-010 - RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Sheriff relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Sheriff has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Sheriff does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Sheriff continue to request outside assistance.

STATUS: This condition was resolved during the current year.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2017

D. PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, PA2007-011 - RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Property Appraiser relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Property Appraiser has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Property Appraiser does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Property Appraiser continue to request outside assistance.

STATUS: This condition was resolved during the current year.

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, SOE 2007-012 - RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Supervisor of Elections relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Supervisor of Elections has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Supervisor of Elections does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Supervisor of Elections continue to request outside assistance.

STATUS: This condition was resolved during the current year.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2017

D. PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, TC2007-011 - RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Tax Collector relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Tax Collector has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Tax Collector does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Tax Collector continue to request outside assistance.

STATUS: This condition was resolved during the current year.

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS

No prior year findings related to major federal programs or state projects.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

We have audited the accompanying financial statements of Washington County, Florida (the "County") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 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 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 Florida Auditor General.

Other Reports and Schedules

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*; Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and on Internal Control over Compliance Required By Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; Independent Accountants' Report on an examination conducted in accordance with *AICPA Profession 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 June 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Schedule of Findings and Questioned Costs."

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. 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 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.

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 address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we have no recommendations.

Annual Financial Report

Section 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 charges with governance. In connection with our audit, we did not note any such findings.

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

June 26, 2018



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Marianna, FL 32446

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Marianna, FL 32447

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

To the Honorable Board of County Commissioners
and Constitutional Officers of Washington County, Florida
Chipley, Florida

We have examined Washington County, Florida's (the "County") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Washington County, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Washington County, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about the County's compliance 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

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

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

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

June 26, 2018

Washington County, Florida Management's Response

LORA C. BELL

Clerk of Court and Comptroller

Washington County, Florida | Fourteenth Judicial Circuit



June 26, 2017

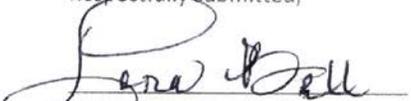
To whom it may concern:

I am in receipt of the audit report for the Washington County, Florida, Board of County Commissioners, for the fiscal year ending September 30, 2017, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control Over Financial Reporting and the Schedule of Findings and Questioned Costs. Accordingly, the following comments are provided.

BCC 1997-001 – Capital Assets Records:

The County has designated an employee to take an inventory of all County-owned property and much progress has been made in this area. Establishing such records, while not impossible, is a very significant undertaking for a small rural County with limited resources. Compiling a list of the assets owned by the County, and determining a cost or estimated historical cost, has required much time and effort. Nonetheless, we are committed to seeing this project to its completion. We do expect that this audit finding will remain until we complete our work in this area.

Respectfully submitted,


Honorable Lora Bell, Clerk of Court
Washington County

A Public Office is a Public Trust

Office Location:
1331 South Boulevard
Chipley, FL 32428

Mailing Address:
Post Office Box 647
Chipley, FL 32428-0647

Telephone: 850-638-6285
Fax: 850-638-6288
lbell@washingtonclerk.com
www.washingtonclerk.com

Washington County, Florida Management's Response

LORA C. BELL

Clerk of Court and Comptroller
Washington County, Florida | Fourteenth Judicial Circuit



June 26, 2018

To whom it may concern:

I am in receipt of the audit report for the Washington County, Florida, Clerk of the Circuit Court, for the fiscal year ending September 30, 2017, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control. Accordingly, the following comments are provided.

CC 2017-001 – Bank Account Reconciliations:

This finding resulted from the failure to record inter-fund transfers between Trust accounts in the same period and is considered an isolated incident. Checks were written in late September, 2017 from one Trust account but not deposited into the other Trust account until October, 2017, thus causing the noted understatement at September 30, 2017. This item has been corrected and accounting staff has been instructed to pay particular attention to reconciling items associated with inter-fund transfers. It is not expected that this finding will be present in subsequent audit reports.

CC 2017-002 – Financial Reporting:

This finding resulted from a formatting error made when setting up new general ledger accounts. This caused certain items of income and expense to not be properly reflected on the various financial reports. Internal controls over this area have been strengthened to ensure that all financial reports are accurate and are monitored for budgetary compliance. It is not expected that this finding will be present in subsequent audit reports.

Respectfully submitted,

Honorable Lora Bell, Clerk of Court
Washington County

A Public Office is a Public Trust

Office Location:
1331 South Boulevard
Chipley, FL 32428

Mailing Address:
Post Office Box 647
Chipley, FL 32428-0647

Telephone: 850-638-6285
Fax: 850-638-6288
lbell@washingtonclerk.com
www.washingtonclerk.com

Washington County, Florida Management's Response



Phone: (850) 638-6205
Fax: (850) 638-6027

GIL CARTER, CFA WASHINGTON COUNTY PROPERTY APPRAISER

1331 South Blvd., Suite 300
P. O. Box 695
Chipley, FL 32428



Email: gil.carter@washcofl.com
Website: www.washcofl.com/pa

June 19, 2018

Carr, Riggs & Ingram
4267 Lafayette St
Marianna, FL 32446

To Whom It May Concern:

We are in receipt of the Washington County Property Appraiser's audit report for the fiscal year ended September 30, 2017. In response to the internal control and compliance the following applies:

Segregation of Duties – I will continue to remain active in the day-to-day operations of the Property Appraiser's Office. This is a small office with employees who have overlapping duties. I will continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis.

If I can be of further assistance, please contact me at 850-638-6205.

Sincerely,

A handwritten signature in blue ink that reads "Gil Carter".

Gil Carter, CFA
Washington County Property Appraiser

Washington County, Florida
Management's Response



KEVIN CREWS, Sheriff WASHINGTON COUNTY

711 THIRD STREET P.O. BOX 626 • CHIPLEY, FLORIDA 32428
PHONE (850) 638-6111 • FAX (850) 638-6184 • www.wcso.us

Office of the Attorney General
950 Pennsylvania Avenue
Washington, DC 20530-0001

Dear Sirs/Madam:

Please accept this letter in response to the Independent Auditor's Report to management included in the audit report for the Washington County Sheriff's Office for the fiscal year September 30, 2017.

Due to the size of the office and the daily workload we are limited in personnel to currently assist in the duties of the finance department, however, we will continue to monitor the responsibilities of the Finance Clerks to ensure that all procedures are adhered to. This condition is being corrected.

Should further information be required please contact me at (850) 638-6124.

Sincerely,

Kevin Crews
Sheriff, Washington County

Washington County, Florida Management's Response



Carol Finch Rudd
Supervisor of Elections
Washington County

Mailing Address:
1331 South Blvd., Suite 900
Chipley, FL 32428

Telephone No.
850-638-6230

Fax No.
850-638-6238

To Whom it May Concern:

Subject: Washington County, Florida Supervisor of Elections-Management's Response

I am in receipt of the audit report for the Washington County Supervisor of Elections for the fiscal year ending in September, 2017. I have reviewed the letter regarding compliance and internal control, the schedule of findings and questioned costs and the management letter. Concerning the items noted, the following applied:

The Board of County Commissioners is responsible for maintaining the financial recordkeeping related to the Supervisor of Elections Office. This is a small office with employees who have overlapping job duties. I will continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis.

If I can be of further assistance, please don't hesitate to contact my office at (850)638-6230.

Sincerely,

A handwritten signature in cursive script that reads "Carol F. Rudd".

Carol F. Rudd
Supervisor of Elections
Washington County, Florida

Washington County, Florida Management's Response



Main Office Hours

Monday - Friday 8:00am - 4:00pm
Ph: (850) 638-6275
Fx: (850) 638-6067

Drivers License Hours

Monday - Friday 8:00am - 3:30pm
Ph: (850) 638-6284

June 18, 2018

To Whom It May Concern:

I am in receipt of the audit report for the Washington County, Florida, Tax Collector for the fiscal year ending September 30, 2017. I have reviewed the letter regarding compliance and internal control, the schedule of findings and questioned costs and the management letter. Concerning the items noted, the following apply:

1. Segregation of Duties: I will continue to remain active in the day-to-day operations of the Tax Collector's Office. This is a small office with employees who have overlapping duties. I will continue to ensure there are checks and balances in the daily work and the ledger is balanced on monthly basis.

If I can be of any further assistance, please let me know.

Sincerely,

Ken Naker, CFC
Tax Collector



**SPECIAL-PURPOSE
FINANCIAL
STATEMENTS**

**Washington County, Florida
Clerk of the Circuit Court**

Special-Purpose Financial Statements

September 30, 2017



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

CRIcpa.com

Washington County, Florida
Clerk of the Circuit Court
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September 30, 2017

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REPORT





Carr, Riggs & Ingram, LLC
4267 Lafayette Street
Marianna, FL 32446

Mailing Address:
P.O. Box 1606
Marianna, FL 32447

(850) 526-3207
(850) 526-5322 (fax)
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INDEPENDENT AUDITORS' REPORT

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Washington County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose 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 statement 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose 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 special-purpose 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 Clerk'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 special-purpose financial statements.

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

The Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the remaining aggregate fund information of the Clerk as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Fine and Forfeiture Fund and Public Records Modernization Trust Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Clerk's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Clerk. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of government-wide financial statements of the Clerk.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements that collectively comprise the Clerk's basic special purpose financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Case, Riggs & Ingram, L.L.C.

June 19, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

**Washington County, Florida
Clerk of the Circuit Court
Special-Purpose Balance Sheet
Governmental Funds**

September 30, 2017

	General Fund	Fine and Forfeiture Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,210	\$ 24,734	\$ -	\$ 31,944
Restricted cash and cash equivalents	-	-	45,678	45,678
Accounts receivable	-	13,864	-	13,864
Due from other funds	42,961	32,059	4,453	79,473
Due from other governmental units	-	39,705	-	39,705
Total assets	\$ 50,171	\$ 110,362	\$ 50,131	\$ 210,664
Liabilities				
Accounts payable and accrued expenses	\$ 8,413	\$ 38,219	\$ -	\$ 46,632
Due to the Board of County Commissioners	15,618	37,273	-	52,891
Due to other governmental units	-	9	-	9
Due to other funds	9,140	34,861	26,353	70,354
Total liabilities	33,171	110,362	26,353	169,886
Fund balances				
Committed	17,000	-	-	17,000
Restricted	-	-	23,778	23,778
Total fund balances	17,000	-	23,778	40,778
Total liabilities and fund balances	\$ 50,171	\$ 110,362	\$ 50,131	\$ 210,664

The accompanying notes are an integral part of these special-purpose financial statements.

Washington County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Funds

For the year ended September 30, 2017

	General Fund	Fine and Forfeiture Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Revenues				
Grants	\$ -	\$ 53,747	\$ -	\$ 53,747
Intergovernmental	-	203,390	-	203,390
Charges for services	128,919	350,026	64,253	543,198
Investment earnings	273	128	2	403
Total revenues	129,192	607,291	64,255	800,738
Expenditures				
Current				
General government	546,282	-	-	546,282
Court-related	-	634,291	19,539	653,830
Capital outlay				
Court-related	-	-	7,500	7,500
Total expenditures	546,282	634,291	27,039	1,207,612
Excess (deficiency) of revenues over (under) expenditures	(417,090)	(27,000)	37,216	(406,874)
Other financing sources (uses)				
Transfers in	446,947	27,000	-	473,947
Transfers out	(12,857)	-	(27,664)	(40,521)
Net other financing sources	434,090	27,000	(27,664)	433,426
Net change in fund balances	17,000	-	9,552	26,552
Fund balance - beginning	-	-	14,226	14,226
Fund balance - ending	\$ 17,000	\$ -	\$ 23,778	\$ 40,778

The accompanying notes are an integral part of these special-purpose financial statements.

Washington County, Florida
Clerk of the Circuit Court
**Special-Purpose Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 99,964	\$ 99,964	\$ 128,919	\$ 28,955
Investment earnings	100	100	273	173
Total revenues	100,064	100,064	129,192	29,128
Expenditures				
Current				
General government	546,347	546,347	546,282	65
Total expenditures	546,347	546,347	546,282	65
Excess (deficiency) of revenues over (under) expenditures	(446,283)	(446,283)	(417,090)	29,193
Other financing sources (uses)				
Transfers in	446,283	446,283	446,947	664
Transfers out	-	-	(12,857)	(12,857)
Net other financing sources	446,283	446,283	434,090	(12,193)
Net change in fund balance	\$ -	\$ -	\$ 17,000	\$ 17,000

The accompanying notes are an integral part of these special-purpose financial statements.

Washington County, Florida
Clerk of the Circuit Court
**Special-Purpose Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Fine and Forfeiture Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ 55,450	\$ 55,450	\$ 53,747	\$ (1,703)
Intergovernmental	196,706	196,706	203,390	6,684
Charges for services	361,272	361,272	350,026	(11,246)
Investment earnings	-	-	128	128
Total revenues	613,428	613,428	607,291	(6,137)
Expenditures				
Current				
Court-related	640,428	640,428	634,291	6,137
Total expenditures	640,428	640,428	634,291	6,137
Excess (deficiency) of revenues over (under) expenditures	(27,000)	(27,000)	(27,000)	-
Other financing sources (uses)				
Transfers in	27,000	27,000	27,000	-
Net other financing sources	27,000	27,000	27,000	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements.

Washington County, Florida
Clerk of the Circuit Court
**Special-Purpose Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Public Records Modernization Trust Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 65,000	\$ 65,000	\$ 64,253	\$ (747)
Investment earnings	-	-	2	2
Total revenues	65,000	65,000	64,255	(745)
Expenditures				
Current				
Court-related	20,600	20,600	19,539	1,061
Capital outlay				
Court-related	7,500	7,500	7,500	-
Total expenditures	28,100	28,100	27,039	1,061
Excess (deficiency) of revenues over (under) expenditures	36,900	36,900	37,216	316
Other financing sources (uses)				
Transfers out	(16,900)	(28,000)	(27,664)	336
Net other financing sources	(16,900)	(28,000)	(27,664)	336
Net change in fund balance	\$ 20,000	\$ 8,900	\$ 9,552	\$ 652

The accompanying notes are an integral part of these special-purpose financial statements.

Washington County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Agency Funds
Assets	
Cash and cash equivalents	\$ 747,994
Due from other funds	4,149
Due from other governmental units	16,785
Total assets	\$ 768,928
Liabilities	
Due to other funds	\$ 13,268
Due to others	755,660
Total liabilities	\$ 768,928

The accompanying notes are an integral part of these special-purpose financial statements.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these special-purpose financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

The Washington County, Florida Clerk of Circuit Court (Clerk) is an integral part of Washington County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Clerk are included in Washington County, Florida's basic financial statements. The Clerk operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year. The receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Effective June 1, 2013, the Clerk was authorized to retain funds collected for court-related fines, fees and service charges. The Clerk will also receive a monthly appropriation from the State of Florida Clerk of Court Trust Fund for any shortage of revenues up to the approved budget. The receipts from the State are recorded as intergovernmental revenue on the Clerk's financial statements. As specified in Florida Senate Bill 1512, spending authority will continue to be provided by the State and will follow the county fiscal year (October 1 to September 30). The Clerk's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Washington County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Clerk's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is reported as part of the primary government of Washington County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Clerk.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These special-purpose financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Clerk, were prepared in conformity with accounting principles generally accepted in the United States of America.

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

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

Fine and Forfeiture Fund - This fund is primarily used to account for and report court-related revenues and associated expenditures used exclusively to fund the Office's court functions.

Public Records Modernization Trust Fund - The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Clerk also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

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

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as needed.

Fund Balance Reporting and Governmental Fund – Type Definitions

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Funds balances are classified either as non-spendable or spendable. See Note 8.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Clerk are capitalized at cost in the capital asset accounts of the County. The Clerk's assets are reported in the statement of net assets in the County's financial statements. The Clerk maintains custodial responsibility for the capital assets used by her office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Accumulated Compensated Absences

Permanent full-time employees of the Clerk are entitled to accrue sick leave hours based on pay periods worked, with a limit on total hours accrued being 240 hours. Vacation time is earned depending on the length of employment. Upon separation from employment, employees can be paid for unused sick leave and annual leave in accordance with personnel policy.

The Clerk's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual balanced budget for her office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department of Revenue and the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

Due to Others

This account is used to account for assets held by the Clerk in a trustee capacity for other governmental agencies or individuals.

Risk Management and Insurance

The Clerk is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made in the last year.

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At September 30, 2017, the carrying amount of the Clerk's deposits was \$825,616 and the bank balance was \$954,633. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Clerk to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Clerk to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the Clerk's investments are not evidenced by specific, identifiable investment securities.

INTEREST RATE RISK

At September 30, 2017, the Clerk did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

As of September 30, 2017, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2017, the Clerk did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - EMPLOYEE PENSION PLAN

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory.

Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through 06/30/17	07/01/17 Through 09/30/17
Regular employees	7.52%	7.92%
Senior management	21.77%	22.71%
Elected county officials' class	42.47%	45.50%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2016 through September 30, 2017, the total payroll for all covered employees by the System was \$789,364. The retirement contributions for all employees covered by the System for the periods ended September 30, 2017, 2016 and 2015 were \$108,955, \$98,304 and \$94,331, respectively, which were the required contributions. For the year ended September 30, 2017, retirement contributions represented 13.80% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Washington County, Florida Clerk's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Clerk are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - COURT RELATED FEES

Based on the legal opinion provided by the Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governmental Units. As of September 30, 2017, there were no excess court-related funds.

NOTE 6 - COOPERATIVE AGREEMENT

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$53,747.

Washington County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 7 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. For the year ended September 30, 2017, excess revenues over expenditures of \$12,857 are accrued and reported as a transfer out.

NOTE 8 - FUND EQUITY

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk had no non-spendable fund balances at September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2017, the Clerk reports fund balance as committed and restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. For the year ended September 30, 2017, the Clerk reported \$17,000 in committed fund balance to fund Title IV-D budget shortfall in the 2017/18 fiscal year and \$23,778 in restricted fund balance for the modernization of public records and court-related technology.

NOTE 9 - LITIGATION AND CONTINGENT LIABILITIES

The Clerk is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse on the Clerk's financial position.



SUPPLEMENTARY INFORMATION

Washington County, Florida
Clerk of the Circuit Court
Combining Special-Purpose Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	General Trust	Child Support	Jury and Witness	Tax Deeds	Cash Bonds	Registry of Court	Dependency Mediation	Total
Assets								
Cash and cash equivalents	\$ 374,664	\$ 4,366	\$ 3,864	\$ 85,247	\$ 56,307	\$ 219,421	\$ 4,125	\$ 747,994
Due from other governmental units	16,785	-	-	-	-	-	-	16,785
Due from other funds	2,001	12	1,423	-	-	713	-	4,149
Total assets	\$ 393,450	\$ 4,378	\$ 5,287	\$ 85,247	\$ 56,307	\$ 220,134	\$ 4,125	\$ 768,928
Liabilities								
Due to other funds	\$ 12,010	\$ 1,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,268
Due to others	381,440	3,120	5,287	85,247	56,307	220,134	4,125	755,660
Total liabilities	\$ 393,450	\$ 4,378	\$ 5,287	\$ 85,247	\$ 56,307	\$ 220,134	\$ 4,125	\$ 768,928

See Independent Auditors' Report

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

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, 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 special-purpose financial statements of the Washington County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements and have issued our report thereon dated June 19, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below as CC 2017-001 and CC 2017-002, that we consider to be material weaknesses.

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Bank Account Reconciliations, CC 2017-001

CRITERIA: Bank accounts should be reconciled and agreed to the recorded balances on a timely basis. All reconciling items should be reviewed for proper recording, particular attention should be given to outstanding items between accounts.

CONDITION: Outstanding items between accounts and checks written but unreleased were not accurately recorded, resulting in the understatement of balances in the trust accounts totaling approximately \$388,000.

CAUSE: Accounting staff overlooked the transfers and held checks in preparing bank reconciliations at year end.

EFFECT: Bank account balances and related liabilities were significantly understated.

RECOMMENDATION: All significant balances should be reconciled each month, including bank accounts and outstanding liabilities. All reconciling items should be reviewed for proper recording, particular attention should be given to outstanding items between accounts.

Financial Reporting, CC 2017-002

CRITERIA: Internal control activities and procedures should be structured and monitored to provide accurate financial reporting.

CONDITION: Existing control activities and procedures did not detect errors in various account balances or errors in the trial balance. Certain expenditure accounts were not reflected as part of the "net change in fund balance" and did not close to fund balance. Bank account balances were not correctly stated at year end.

CAUSE: Accounting staff did not detect errors in the financial reports or individual account balances. New items added to the chart of accounts were not properly entered into the trial balance software, causing them to be misclassified at close out.

EFFECT: Expenditures were understated and the liability to the board was misstated at year end. Spending in excess of budgeted amounts was not detected until after year end, budgets were not properly amended. Bank account balances were incorrectly recorded, repayments to the board were not made timely.

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

Financial Reporting, CC 2017-002 (Continued)

RECOMMENDATION: Financial reports should be reconciled to supporting documentation for all significant accounts. Operating results should be monitored for budgetary compliance and accuracy. Budget amendments should be made on a timely basis, as needed. All reports should be carefully reviewed for mathematical accuracy after any changes to the chart of accounts to insure proper recording.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Accounting Transactions, CC 2015-002 - RESOLVED

CRITERIA: Generally accepted accounting principles in the United States of America require that expenses be recorded when a liability is incurred, regardless of the timing of related cash flows.

CONDITION: Accrual accounting transactions were not properly recorded including accounts payable during the current year.

CAUSE: Accounting staff overlooked a transaction in the Public Records Modernization Trust Fund that should have been recorded in the 2015/16 fiscal year.

EFFECT: Not recording transactions in the proper period could result in a material misstatement of the financial statements.

RECOMMENDATION: We recommend that all accrual transactions including accounts payable and other liabilities be recorded.

STATUS: This condition has been resolved.

Compliance and Other Matters

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

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

Clerk's Response to Findings

The Clerk's response to the findings identified in our audit is described in the accompanying letter. The Clerk's response was not subjected to the auditing procedures applied in the audit of the special-purpose 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

June 19, 2018

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

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

We have examined the office of the Washington County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

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

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

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

June 19, 2018



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
28.35, FLORIDA STATUTES, *FLORIDA CLERKS OF COURT OPERATIONS
CORPORATION*, AND SECTION 28.36, FLORIDA STATUTES, *BUDGET PROCEDURE***

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

We have examined the office of the Washington County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

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

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

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

June 19, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
61.181, FLORIDA STATUTES, *DEPOSITORY FOR ALIMONY TRANSACTIONS,
SUPPORT, MAINTENANCE AND SUPPORT PAYMENTS; FEES***

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

We have examined the office of the Washington County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees* during the year ended September 30, 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

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

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

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

June 19, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Washington County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2017, and have issued our report thereon dated June 19, 2018.

Auditor's 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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 19, 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 significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have been corrected except as noted under "prior year findings and recommendations."

To the Honorable Lora C. Bell
Clerk of the Circuit Court of Washington County, Florida
Chipley, Florida

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 the management letter, unless disclosed in the notes to the financial statements. The Washington County, Florida, Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Washington County, Florida, Clerk of the Circuit Court.

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 special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

June 19, 2018

Washington County, Florida
Clerk of the Circuit Court
Management's Response



LORA C. BELL
Clerk of Court and Comptroller
Washington County, Florida | Fourteenth Judicial Circuit

June 26, 2018

To whom it may concern:

I am in receipt of the audit report for the Washington County, Florida, Clerk of the Circuit Court, for the fiscal year ending September 30, 2017, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control. Accordingly, the following comments are provided.

CC 2017-001 – Bank Account Reconciliations:

This finding resulted from the failure to record inter-fund transfers between Trust accounts in the same period and is considered an isolated incident. Checks were written in late September, 2017 from one Trust account but not deposited into the other Trust account until October, 2017, thus causing the noted understatement at September 30, 2017. This item has been corrected and accounting staff has been instructed to pay particular attention to reconciling items associated with inter-fund transfers. It is not expected that this finding will be present in subsequent audit reports.

CC 2017-002 – Financial Reporting:

This finding resulted from a formatting error made when setting up new general ledger accounts. This caused certain items of income and expense to not be properly reflected on the various financial reports. Internal controls over this area have been strengthened to ensure that all financial reports are accurate and are monitored for budgetary compliance. It is not expected that this finding will be present in subsequent audit reports.

Respectfully submitted,

Honorable Lora Bell, Clerk of Court
Washington County

A Public Office is a Public Trust

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**Washington County, Florida
Property Appraiser**

Special-Purpose Financial Statements

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

Washington County, Florida
Property Appraiser
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September 30, 2017

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REPORT



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INDEPENDENT AUDITORS' REPORT

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund of the office of the Washington County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose 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 Property Appraiser'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 special-purpose financial statements.

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

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Property Appraiser's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Property Appraiser. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Property Appraiser.

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Property Appraiser as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

June 18, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

Washington County, Florida
Property Appraiser
Special-Purpose Balance Sheet
Governmental Funds

September 30, 2017

	General Fund
Assets	
Cash	\$ 85,213
Total assets	\$ 85,213
Liabilities	
Accounts payable and accrued expenses	\$ 7,502
Due to Board of County Commissioners	77,711
Total liabilities	85,213
Fund balance	-
Total liabilities and fund balance	\$ 85,213

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Property Appraiser
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2017

	General Fund
Revenues	
Charges for services	\$ 868
Other fees and miscellaneous revenues	14
Total revenues	882
Expenditures	
Current	
General government	437,596
Capital outlay	25,702
Total expenditures	463,298
Excess (deficiency) of revenues over (under) expenditures	(462,416)
Other financing sources (uses)	
Transfers in	540,127
Transfers out	(77,711)
Net other financing sources (uses)	462,416
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Property Appraiser
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
Revenues				
Charges for services	\$ -	\$ -	\$ 868	\$ 868
Other fees and miscellaneous revenues	-	-	14	14
Total revenues	-	-	882	882
Expenditures				
Current				
General government	529,197	529,427	437,596	91,831
Capital outlay	3,000	3,000	25,702	(22,702)
Reserve for contingencies	7,700	7,700	-	7,700
Total expenditures	539,897	540,127	463,298	76,829
Excess (deficiency) of revenues over (under) expenditures	(539,897)	(540,127)	(462,416)	77,711
Other financing sources (uses)				
Transfers in	539,897	540,127	540,127	-
Transfers out	-	-	(77,711)	(77,711)
Net other financing sources (uses)	539,897	540,127	462,416	(77,711)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

The Washington County Property Appraiser's office is an agency of Washington County, which is a political subdivision of the State of Florida. The County was established on December 29, 1825, by the Territorial Legislative Council. Washington County is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Washington County Property Appraiser's Office.

The Washington County, Florida Property Appraiser (the "Property Appraiser") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Property Appraiser's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Washington County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Property Appraiser's office is operationally autonomous from the Board of County Commissioners (The "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Property Appraiser is reported as part of the primary government of Washington County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Property Appraiser.

The operations of the Property Appraiser are funded by the Board. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

Washington County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Property Appraiser, were prepared in conformity with accounting principles generally accepted in the United States of America.

In preparing these financial statements, the following is reported as a major governmental 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 those required to be accounted for in another fund.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is 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. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Basis of Accounting

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser’s policy to use restricted resources first, then unrestricted resources as needed.

Washington County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser's assets are reported in the statement of net assets in the County's financial statements. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Accumulated Compensated Absences

A liability exists for accrued annual and sick leave, which will be taken by employees. The Property Appraiser does not pay employees for unused sick leave upon termination. Vacation time is earned depending on the length of employment and up to 240 hours may be carried forward to future years.

The Property Appraiser's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Budgetary Requirements

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes Chapter 195.087. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments, approved by the Florida Department of Revenue and Board of County Commissioners. On or before June 1 of each year, the Property Appraiser shall submit to the Department of Revenue a budget for the operation of his office for the ensuing fiscal year. The Department of Revenue and Board of County Commissioners must approve the final budget.

Risk Management and Insurance

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Washington County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

Washington County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- General and Automobile Liability

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

The Property Appraiser evaluates subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Property Appraiser's cash and cash equivalents was \$85,213 and the bank balance was \$99,501. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

**Washington County
Property Appraiser
Notes to Special-Purpose Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Florida Statutes authorize the Property Appraiser to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Property Appraiser to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2017, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2017, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2017, the Property Appraiser did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2017, the Property Appraiser did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - EMPLOYEES PENSION PLAN

The Property Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

**Washington County
Property Appraiser
Notes to Special-Purpose Financial Statements**

NOTE 3 - EMPLOYEES PENSION PLAN (Continued)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through <u>06/30/17</u>	07/01/17 Through <u>09/30/17</u>
Regular employees	7.52%	7.92%
Senior management	21.77%	22.71%
Elected county officials' class	42.47%	45.50%

Chapter 121, Florida Statutes established the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, total payroll for the Property Appraiser employees covered by the Florida Retirement System was \$279,807. The Property Appraiser's contribution to the plan for the years ended September 30, 2017, 2016, and 2015 was \$57,929, \$55,560, and \$57,942, which were the required contributions. For the year ended September 30, 2017 retirement contributions represent 20.70% of covered payroll.

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

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**Washington County
Property Appraiser
Notes to Special-Purpose Financial Statements**

NOTE 3 - EMPLOYEES PENSION PLAN (Continued)

The adoption of Statement No. 68 has no impact on the Washington County Property Appraiser's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. For the year ended September 30, 2017, excess revenues over expenditures of \$77,711 are accrued and reported as transfer out.

NOTE 5 - LITIGATION AND CONTINGENT LIABILITIES

The Property Appraiser is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Property Appraiser's financial position.

NOTE 6 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Property Appraiser are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government wide financial statements.



SUPPLEMENTARY INFORMATION



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

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, 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 special-purpose financial statements of the Washington County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's basic special-purpose financial statements and have issued our report thereon dated June 18, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described below as finding No. PA2003-003 that we consider to be a significant deficiency.

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATION

Need for Segregation of Duties, PA2003-003

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Property Appraiser's assets.

CAUSE: The Property Appraiser has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Property Appraiser's administrative staff, it is difficult to achieve ideal separation of duties. However, the Property Appraiser should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

Preparation Of GAAP-Based Financial Statements, PA2007-011 - Resolved

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Property Appraiser relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Property Appraiser has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Property Appraiser does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Property Appraiser continue to request outside assistance.

STATUS: This condition was resolved during the current year.

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

Compliance and Other Matters

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

Property Appraiser's Response to Findings

The Property Appraiser's response to the findings identified in our audit is described in the accompanying letter. We did not audit the Property Appraiser's response 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 Property Appraiser's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

June 18, 2018



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

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

We have examined Washington County, Florida, Property Appraiser's (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides 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 for the year ended September 30, 2017.

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

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

June 18, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Washington County, Florida Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2017, and have issued our report thereon dated June 18, 2018.

Auditor's 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 Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 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 significant findings and recommendations made in the preceding annual financial audit report. Finding PA2003-003 found in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* has not been corrected.

To the Honorable Gil Carter
Property Appraiser of Washington County, Florida
Chipley, Florida

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 the management letter, unless disclosed in the notes to the financial statements. The Washington County, Florida, Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Washington County, Florida, Property Appraiser.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

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

June 18, 2018

Washington County, Florida
Property Appraiser
Management's Response



Phone: (850) 638-6205
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GIL CARTER, CFA
WASHINGTON COUNTY PROPERTY APPRAISER

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June 19, 2018

Carr, Riggs & Ingram
4267 Lafayette St
Marianna, FL 32446

To Whom It May Concern:

We are in receipt of the Washington County Property Appraiser's audit report for the fiscal year ended September 30, 2017. In response to the internal control and compliance the following applies:

Segregation of Duties – I will continue to remain active in the day-to-day operations of the Property Appraiser's Office. This is a small office with employees who have overlapping duties. I will continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis.

If I can be of further assistance, please contact me at 850-638-6205.

Sincerely,

A handwritten signature in blue ink that reads "Gil Carter".

Gil Carter, CFA
Washington County Property Appraiser

**Washington County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2017



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RIGGS &
INGRAM

CPAs and Advisors

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Washington County, Florida
Sheriff
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September 30, 2017

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REPORT



INDEPENDENT AUDITORS' REPORT

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

Report on the Special-Purpose Financial Statements

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

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose 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 special-purpose 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 Sheriff'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 special-purpose financial statements.

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

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Washington County, Florida

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and aggregate remaining fund information of the Sheriff as of September 30, 2017, and the respective changes in financial position where applicable and the respective budgetary comparisons for the General Fund, Emergency Medical Services Fund and E911 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Sheriff's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Sheriff. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

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

Marianna, Florida
June 20, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

Washington County, Florida
Sheriff
Special-Purpose Balance Sheet
Governmental Funds

September 30, 2017

	Major funds			Nonmajor Fund	
	General Fund	Emergency Medical Services Fund	E911 Fund	Inmate Welfare Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 80,649	\$ 184,523	\$ 63,346	\$ -	\$ 328,518
Restricted cash and cash equivalents	8,935	87,750	-	54,584	151,269
Due from other governmental units	53,496	-	-	-	53,496
Accounts receivable	3,774	146,234	35,020	-	185,028
Total assets	\$ 146,854	\$ 418,507	\$ 98,366	\$ 54,584	\$ 718,311
Liabilities					
Accounts payable and accrued expenses	\$ 114,684	\$ 5,800	\$ -	\$ 5,748	\$ 126,232
Due to other governmental units	-	39,927	-	-	39,927
Deferred revenue	12,682	87,750	-	-	100,432
Due to Board of County Commissioners	10,629	-	-	-	10,629
Total liabilities	137,995	133,477	-	5,748	277,220
Fund balance					
Unrestricted	-	285,030	-	-	285,030
Restricted	8,859	-	98,366	48,836	156,061
Total fund balance	8,859	285,030	98,366	48,836	441,091
Total liabilities and fund balances	\$ 146,854	\$ 418,507	\$ 98,366	\$ 54,584	\$ 718,311

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Sheriff
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2017

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Fund	Emergency Medical Services Fund	E911 Fund	Inmate Welfare Fund	
Revenues					
Intergovernmental	\$ 106,937	\$ -	\$ -	\$ -	\$ 106,937
Charges for services	217,225	1,444,067	188,451	65,654	1,915,397
Grants	68,298	-	28,884	-	97,182
Investment earnings	-	-	-	73	73
Other fees and miscellaneous revenues	69,326	-	5,544	170	75,040
Total revenues	461,786	1,444,067	222,879	65,897	2,194,629
Expenditures					
Current					
Public safety and health	4,406,905	1,743,546	192,120	53,353	6,395,924
Capital outlay	41,544	-	36,449	-	77,993
Total expenditures	4,448,449	1,743,546	228,569	53,353	6,473,917
Excess (deficiency) of revenues over (under) expenditures	(3,986,663)	(299,479)	(5,690)	12,544	(4,279,288)
Other financing sources (uses)					
Transfers in	4,048,854	414,045	-	-	4,462,899
Transfers out	(62,520)	(10,354)	(5,769)	(9,169)	(87,812)
Net other financing sources (uses)	3,986,334	403,691	(5,769)	(9,169)	4,375,087
Net change in fund balances	(329)	104,212	(11,459)	3,375	95,799
Fund balances - beginning	9,188	180,818	109,825	45,461	345,292
Fund balance - ending	\$ 8,859	\$ 285,030	\$ 98,366	\$ 48,836	\$ 441,091

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Sheriff

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 106,937	\$ 106,937	\$ 106,937	\$ -
Grants	75,630	77,638	68,298	(9,340)
Charges for services	145,470	226,110	217,225	(8,885)
Other fees and miscellaneous revenues	9,169	75,926	69,326	(6,600)
Total revenues	337,206	486,611	461,786	(24,825)
Expenditures				
Current:				
Public safety and health	4,302,206	4,448,212	4,406,905	41,307
Capital outlay	6,000	6,000	41,544	(35,544)
Total expenditures	4,308,206	4,454,212	4,448,449	5,763
Excess (deficiency) of revenues over (under) expenditures	(3,971,000)	(3,967,601)	(3,986,663)	(19,062)
Other financing sources (uses)				
Transfers in	3,971,000	3,967,601	4,048,854	81,253
Transfers out	-	-	(62,520)	(62,520)
Total other financing sources	3,971,000	3,967,601	3,986,334	18,733
Net change in fund balance	\$ -	\$ -	\$ (329)	\$ (329)

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Sheriff

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
Emergency Medical Services Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts on a Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 963,786	\$ 963,786	\$ 1,444,067	\$ 480,281
Total revenues	963,786	963,786	1,444,067	480,281
Expenditures				
Current:				
Public safety and health	1,378,786	1,378,786	1,322,232	56,554
Total expenditures	1,378,786	1,378,786	1,322,232	56,554
Excess (deficiency) of revenues over (under) expenditures	(415,000)	(415,000)	121,835	536,835
Other financing sources (uses)				
Transfers in	415,000	415,000	414,045	(955)
Transfers out	-	-	(10,354)	(10,354)
Total other financing sources	415,000	415,000	403,691	(11,309)
Net change in fund balance	\$ -	\$ -	\$ 525,526	\$ 525,526

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
 Sheriff
**Special-Purpose Statement of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 E911 Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 126,000	\$ 193,995	\$ 188,451	\$ (5,544)
Grants	-	28,884	28,884	-
Other fees and miscellaneous revenues	-	-	5,544	5,544
Total revenues	126,000	222,879	222,879	-
Expenditures				
Current:				
Public safety and health	139,960	179,014	192,120	(13,106)
Capital outlay	-	55,324	36,449	18,875
Total expenditures	139,960	234,338	228,569	5,769
Excess (deficiency) of revenues over (under) expenditures	(13,960)	(11,459)	(5,690)	5,769
Other financing sources (uses)				
Transfers out	-	-	(5,769)	(5,769)
Total other financing sources	-	-	(5,769)	(5,769)
Net change in fund balance	\$ (13,960)	\$ (11,459)	\$ (11,459)	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Sheriff
Special-Purpose Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Agency Funds
Assets	
Cash	\$ 16,693
Total assets	\$ 16,693
Liabilities	
Due to others	\$ 16,693
Total liabilities	\$ 16,693

The accompanying notes are an integral part of these special-purpose financial statements

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

The Washington County Sheriff's office is an agency of Washington County, which is a political subdivision of the State of Florida. The County was established on December 29, 1825, by the Territorial Legislative Council. Washington County is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Washington County Sheriff's Office.

The Washington County, Florida Sheriff (the "Sheriff") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Sheriff's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Washington County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Sheriff's office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is reported as part of the primary government of Washington County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General* State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Sheriff, were prepared in conformity with generally accepted accounting principles in the United States of America.

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

General Fund - The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

Emergency Medical Services Fund (EMS) – The EMS fund is used to account for all revenue and expenditures applicable to the operations of the County’s ambulance service.

E911 Fund – The E911 fund is used to account for all revenue and expenditures applicable to the County’s emergency E911 system.

In addition, the Sheriff reported the following non-major governmental fund:

Inmate Welfare Fund - Accounts for the activities related to operation of the inmate commissary.

The Sheriff also reported the following fund type:

Agency Funds - The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Measurement Focus

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

Notes to Special-Purpose Financial Statements

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. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

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

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Sheriff are capitalized at cost in the capital asset accounts of the County. The Sheriff's assets are reported in the statement of net assets in the County's financial statements. The Sheriff maintains custodial responsibility for the capital assets used by his office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
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Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

Permanent full-time employees of the Sheriff are entitled to earn vacation and sick time depending on the length of employment. Upon separation of employment, employees can be paid up to 240 hours vacation time and a portion of unused sick time, with the payment of unused sick time being subject to various criteria.

The Sheriff's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Budgetary Requirements

Florida Statutes, Chapter 30.49 and 129.03(2), details the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Sheriff's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year end.

The actual results of operations in the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Emergency Medical Services are presented on a budgetary basis for budgetary accounting purposes. The Sheriff does not budget for bad debt expense. Adjustments to convert the results of operation of the emergency medical service fund at the end of the year from budgetary basis of accounting to the GAAP basis of accounting are as follows:

	Total Expenditures
GAAP basis	\$ 1,743,546
Non-budgeted expenditures:	
Bad debt expense	(421,314)
Budgetary basis	\$ 1,322,232

Due to Others

This account is used to account for assets held by the Sheriff in a trustee capacity for other governmental agencies or individuals.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management and Insurance

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs includes:

- General Liability
- Automobiles
- Money and Securities Coverage

The Sheriff provides for workers' compensation coverage through the Board.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage.

Management Estimates and Assumptions

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

Fund Balance Reporting and Governmental Fund-Type Definitions

The Sheriff adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 8.

Subsequent Events

The Sheriff has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$496,480 and the bank balance was \$567,839. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Sheriff to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Sheriff to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2017, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2017, the Sheriff did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2017, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2017, the Sheriff did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2017 consisted of amounts due from State of Florida for inmate housing in addition to other miscellaneous revenues earned but not received as of September 30, 2017.

Notes to Special-Purpose Financial Statements

NOTE 4 - EMPLOYEE PENSION PLAN

The Sheriff participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through 06/30/17	07/01/17 Through 09/30/17
Regular employees	7.52%	7.92%
Senior management	21.77%	22.71%
Special risk employees	22.57%	23.27%
DROP participants	12.99%	13.26%
Elected county officials' class	42.47%	45.50%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, the total payroll for all employees was \$3,530,089. The retirement contributions for all employees covered by the System for the years ended September 30, 2017, 2016 and 2015 were \$737,479, \$574,264, and \$510,738 which were the required contributions. For the year ended September 30, 2017 retirement contributions represented 20.89% of covered payroll.

Notes to Special-Purpose Financial Statements

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The adoption of Statement No. 68 has no impact on the Washington County Sheriff's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. The Sheriff's general fund had excess budget appropriations totaling \$684 at year end.

Notes to Special-Purpose Financial Statements

NOTE 6 - GRANTS

The Sheriff participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2017, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

NOTE 7 - LITIGATION AND CONTINGENT LIABILITIES

The Sheriff is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Sheriff's financial position.

NOTE 8 - FUND EQUITY

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Sheriff had no non-spendable net assets at September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2017, the Sheriff reports net assets as restricted for the purpose of drug enforcement. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Sheriff's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

**Washington County, Florida
Sheriff**

Notes to Special-Purpose Financial Statements

NOTE 8 - FUND EQUITY (CONTINUED)

Balances of restricted fund balance at September 30, 2017 are as follows:

	General Fund	Inmate Welfare Fund	E911 Fund	Total
Restricted for:				
Education and crime prevention	\$ 8,859	\$ -	\$ -	\$ 8,859
Emergency communications	-	-	98,366	98,366
Crime prevention	-	48,836	-	48,836
Total fund balances	\$ 8,859	\$ 48,836	\$ 98,366	\$ 156,061

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 4, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Sheriff are covered under the County’s plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County’s government wide financial statements.



SUPPLEMENTARY INFORMATION

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

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, 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 special-purpose financial statements of the Washington County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated June 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described below as finding No. SH2003-001 that we consider to be a significant deficiency.

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Need for Segregation of Duties, SH2003-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Sheriff's assets.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Sheriff's administrative staff, it is difficult to achieve ideal separation of duties. However, the Sheriff should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, SH2007-010 - RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Sheriff relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Sheriff has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Sheriff does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Sheriff continue to request outside assistance.

STATUS: This condition was resolved during the current year.

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

Compliance and Other Matters

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

Sheriff's Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying letter. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the special-purpose 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 Sheriff's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Marianna, Florida
June 20, 2018



Carr, Riggs & Ingram, LLC
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

We have examined Washington County, Florida, Sheriff (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides 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 for the year ended September 30, 2017.

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

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

Marianna, Florida
June 20, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Washington County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2017, and have issued our report thereon dated June 20, 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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 20, 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 significant findings and recommendations made in the preceding annual financial audit report. Finding SH2003-003 found in the Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* have not been corrected.

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 the management letter, unless disclosed in the notes to the financial statements. The Washington County, Florida, Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Washington County, Florida Sheriff.

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

Additional Matters

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

Purpose of this Letter

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

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

Marianna, Florida
June 20, 2018



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

To the Honorable Kevin Crews
Sheriff of Washington County, Florida
Chipley, Florida

We have examined Washington County, Florida Sheriff's (the Sheriff) compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides 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 for the year ended September 30, 2017.

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

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

Marianna, Florida
June 20, 2018

**Washington County, Florida
Sheriff
Management's Response**



KEVIN CREWS, Sheriff WASHINGTON COUNTY

**711 THIRD STREET P.O. BOX 626 • CHIPLEY, FLORIDA 32428
PHONE (850) 638-6111 • FAX (850) 638-6184 • www.wcso.us**

Office of the Attorney General
950 Pennsylvania Avenue
Washington, DC 20530-0001

Dear Sirs/Madam:

Please accept this letter in response to the Independent Auditor's Report to management included in the audit report for the Washington County Sheriff's Office for the fiscal year September 30, 2017.

Due to the size of the office and the daily workload we are limited in personnel to currently assist in the duties of the finance department, however, we will continue to monitor the responsibilities of the Finance Clerks to ensure that all procedures are adhered to. This condition is being corrected.

Should further information be required please contact me at (850) 638-6124.

Sincerely,

Kevin Crews
Sheriff, Washington County

**Washington County, Florida
Supervisor of Elections**

Special-Purpose Financial Statements

September 30, 2017



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RIGGS &
INGRAM

CPAs and Advisors

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**Washington County, Florida
Supervisor of Elections
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September 30, 2017**

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REPORT



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INDEPENDENT AUDITORS' REPORT

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the office of the Washington 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 special-purpose financial statements, which collectively comprise the Supervisor of Elections' basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose 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 special-purpose 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 Supervisor of Elections' 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 special-purpose financial statements.

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

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

Opinion

In our opinion, the special-purpose 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 Supervisor of Elections as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Supervisor of Elections financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Supervisor of Elections. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2018 on our consideration of the Supervisor of Elections' internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

June 18, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

**Washington County, Florida
Supervisor of Elections
Special-Purpose Balance Sheet
Governmental Funds**

September 30, 2017

	General Fund	Grant Fund	Total Governmental Funds
Assets			
Restricted cash	\$ -	\$ 5,613	\$ 5,613
Due from Board of County Commissioners	17,048	-	17,048
Total assets	\$ 17,048	\$ 5,613	\$ 22,661
Liabilities			
Accounts payable and accrued expenses	\$ 17,048	\$ -	\$ 17,048
Deferred revenue	-	5,486	5,486
Total liabilities	17,048	5,486	22,534
Fund balance			
Restricted	-	127	127
Total liabilities and fund balance	\$ 17,048	\$ 5,613	\$ 22,661

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Supervisor of Elections
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2017

	General Fund	Grant Fund	Total Governmental Funds
Revenues			
Miscellaneous income	\$ -	\$ 30	\$ 30
Investment earnings	-	30	30
Total revenues	-	60	60
Expenditures			
Current			
General government	434,807	30	434,837
Total expenditures	434,807	30	434,837
Excess (deficiency) of revenues over (under) expenditures	(434,807)	30	(434,777)
Other financing sources			
Transfers in	434,807	-	434,807
Net other financing sources	434,807	-	434,807
Net change in fund balances	-	30	30
Fund balance - beginning	-	97	97
Fund balance - ending	\$ -	\$ 127	\$ 127

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Supervisor of Elections
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Fund Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
General government	397,228	435,141	434,807	334
Total expenditures	397,228	435,141	434,807	334
Excess (deficiency) of revenues over (under) expenditures	(397,228)	(435,141)	(434,807)	334
Other financing sources (uses)				
Transfers in	397,228	435,141	434,807	(334)
Net other financing sources (uses)	397,228	435,141	434,807	(334)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

The Washington County Supervisor of Elections' office is an agency of Washington County, which is a political subdivision of the State of Florida. The County was established on December 29, 1825, by the Territorial Legislative Council. Washington County is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Washington County Supervisor of Elections Office.

The Washington County, Florida Supervisor of Elections (the "Supervisor of Elections") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Supervisor of Elections' special-purpose financial statements do not purport to reflect the financial position or the results of operations of Washington County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Supervisor of Elections' office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections is reported as part of the primary government of Washington County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Supervisor of Elections, were prepared in conformity with accounting principles generally accepted in the United States.

In preparing these financial statements, the following is reported as a major governmental 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 those required to be accounted for in another fund.

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

Grant Fund - Accounts for the grant funds received relating to ballot-on-demand.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is 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. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Basis of Accounting

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

When both restricted and unrestricted resources are available for use, it is the Supervisor of Elections' policy to use restricted resources first, then unrestricted resources as needed.

Cash

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections assets are reported in the statement of net assets in the County's financial statements. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Accumulated Compensated Absences

The total accrued leave at September 30, 2017, of the Supervisor of Elections is not recorded as it is not material in relation to the financial statements taken as a whole.

Fund Balance Reporting and Governmental Fund-Type Definitions

The Supervisor of Elections adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 5.

Budgetary Requirements

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management and Insurance

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Supervisor of Elections participates in the risk management program through the Washington County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- General and Automobile Liability

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

The Supervisor of Elections has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Supervisor of Elections' cash and cash equivalents was \$5,613 and the bank balance was \$5,613. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Supervisor of Elections to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Supervisor of Elections to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2017, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2017, the Supervisor of Elections did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2017, the Supervisor of Elections did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2017, the Supervisor of Elections did not hold any investments that were considered to have concentration of credit risk.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEES PENSION PLAN

The Supervisor of Election participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that both the employer and employee pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/1/2016 Through <u>6/30/2017</u>	7/1/2017 Through <u>9/30/2017</u>
Regular employees	7.52%	7.92%
Elected county officials	42.47%	45.50%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, the total payroll for all covered employees was \$213,200. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2017, 2016 and 2015 were \$49,357, \$39,089 and \$39,395. The contributions for the current year represented 23.15% of covered payroll.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEES PENSION PLAN (CONTINUED)

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The adoption of Statement No. 68 has no impact on the Washington County Supervisor of Election's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. For the year ended September 30, 2017, there were no excess revenues over expenditures.

NOTE 5 - FUND EQUITY

Non-spendable fund balances include amounts that cannot be spent because they are not in dependable form or are legally or contractually required to be maintained intact. The Supervisor of Elections had no non-spendable net assets at September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the Supervisor of Election's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2017, the Supervisor reports

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 5 - FUND EQUITY (CONTINUED)

net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

Reservations of equity show amounts that are appropriated for expenditure or are legally restricted for specific uses. The purpose for each is indicated as follows:

Funds	Purpose	
Grant	Funding for:	
	Ballot-on-demand	\$ 127
	Total restricted fund equity	\$ 127

NOTE 6 - GRANTS

The Supervisor of Elections participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2017, as well as prior years, have not been yet been accepted/approved by the grantors. Accordingly, the final determination of the Supervisor or Elections' compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Supervisor of Elections expects such amounts, if any, to be immaterial.

NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Supervisor of Elections are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government wide financial statements.



SUPPLEMENTARY INFORMATION

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

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, 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 special-purpose financial statements of the Washington 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 special-purpose financial statements, which collectively comprise the Supervisor of Elections' basic special-purpose financial statements and have issued our report thereon dated June 18, 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 opinions on the special-purpose 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 Supervisor of Election's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described below as finding SOE 2003-003 that we consider to be significant deficiency.

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Need for Segregation of Duties, SOE 2003-003

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Supervisor of Elections' assets.

CAUSE: The Supervisor of Elections has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Supervisor of Elections' administrative staff, it is difficult to achieve ideal separation of duties. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

Preparation of GAAP-Based Financial Statements, SOE 2007-012 - Resolved

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Supervisor of Elections relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Supervisor of Elections has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Supervisor of Elections does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Supervisor of Elections continue to request outside assistance.

STATUS: This condition was resolved during the current year.

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

Compliance and Other Matters

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

Supervisor of Elections' Response to Finding

The Supervisor of Elections' response to the finding identified in our audit is described in the accompanying letter. The Supervisor of Elections' response was not subjected to the auditing procedures applied in the audit of the special-purpose 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 Supervisor of Elections' 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.

Carri Riggs & Ingram, L.L.C.

June 18, 2018



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

The Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

We have examined Washington County, Florida, Supervisor of Elections (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Supervisor of Election's 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 Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides 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 for the year ended September 30, 2017.

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

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

June 18, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Washington County, Florida Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2017, and have issued our report thereon dated June 18, 2018.

Auditor's 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 Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 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 significant findings and recommendations made in the preceding annual financial audit report. Finding SOE 2003-03 found in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* has not been corrected.

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

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 the management letter, unless disclosed in the notes to the financial statements. The Washington County, Florida, 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 Washington County, Florida, Supervisor of Elections.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

June 18, 2018

**Washington County, Florida
Supervisor of Elections
Management's Response**



Carol Finch Rudd
Supervisor of Elections
Washington County

Mailing Address:
1331 South Blvd., Suite 900
Chipley, FL 32428

Telephone No.
850-638-6230

Fax No.
850-638-6238

To Whom it May Concern:

Subject: Washington County, Florida Supervisor of Elections-Management's Response

I am in receipt of the audit report for the Washington County Supervisor of Elections for the fiscal year ending in September, 2017. I have reviewed the letter regarding compliance and internal control, the schedule of findings and questioned costs and the management letter. Concerning the items noted, the following applied:

The Board of County Commissioners is responsible for maintaining the financial recordkeeping related to the Supervisor of Elections Office. This is a small office with employees who have overlapping job duties. I will continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis.

If I can be of further assistance, please don't hesitate to contact my office at (850)638-6230.

Sincerely,

A handwritten signature in cursive script that reads "Carol F. Rudd".

Carol F. Rudd
Supervisor of Elections
Washington County, Florida

**Washington County, Florida
Tax Collector**

Special-Purpose Financial Statements

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com

Washington County, Florida
Tax Collector
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September 30, 2017

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REPORT



INDEPENDENT AUDITORS' REPORT

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Washington County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose 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 special-purpose 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 Tax Collector'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 special-purpose financial statements.

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

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and aggregate remaining fund information of the Tax Collector as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Tax Collector's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Tax Collector. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Tax Collector.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements that collectively comprise the Tax Collector's basic special-purpose financial statements. The combining and individual special-purpose statement of fiduciary statement of net position-agency funds is presented for purposes of additional analysis and is not a required part of the basic special-purpose financial statements.

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

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

June 18, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

Washington County, Florida
Tax Collector
Special-Purpose Balance Sheet
Governmental Funds

September 30, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 76,801
Total assets	\$ 76,801
Liabilities	
Accounts payable	\$ 2,899
Due to Board of County Commissioners	73,902
Total liabilities	76,801
Fund balance	-
Total liabilities and fund balance	\$ 76,801

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Tax Collector
Special-Purpose Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2017

	General Fund
<hr/>	
Revenues	
Charges for services	\$ 631,947
<hr/>	
Total revenues	631,947
<hr/>	
Expenditures	
Current	
General government	644,696
<hr/>	
Total expenditures	644,696
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(12,749)
<hr/>	
Other financing sources (uses)	
Transfers in	86,651
Transfers out	(73,902)
<hr/>	
Net other financing sources (uses)	12,749
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Tax Collector

**Special-Purpose Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 560,251	\$ 608,161	\$ 631,947	\$ 23,786
Total revenues	560,251	608,161	631,947	23,786
Expenditures				
Current				
General government	628,070	675,980	644,696	31,284
Capital outlay	6,832	6,832	-	6,832
Total expenditures	634,902	682,812	644,696	38,116
Excess (deficiency) of revenues over (under) expenditure	(74,651)	(74,651)	(12,749)	61,902
Other financing sources (uses)				
Transfers in	74,651	74,651	86,651	12,000
Transfers out	-	-	(73,902)	(73,902)
Net other financing sources (uses)	74,651	74,651	12,749	(61,902)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Washington County, Florida
Tax Collector
Special-Purpose Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Agency Funds
<hr/>	
Assets	
Cash	\$ 204,915
Due from others	367
<hr/>	
Total assets	\$ 205,282
<hr/> <hr/>	
Liabilities	
Due to others	\$ 205,282
<hr/>	
Total liabilities	\$ 205,282
<hr/> <hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

Notes to Special-Purpose Financial Statements**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of these financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

The Washington County Tax Collector's office is an agency of Washington County, which is a political subdivision of the State of Florida. The County was established on December 29, 1825, by the Territorial Legislative Council. Washington County is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Washington County Tax Collector's Office.

The Washington County, Florida Tax Collector (the "Tax Collector") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Tax Collector's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Washington County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Tax Collector's office is operationally autonomous from the Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Tax Collector is reported as part of the primary government of Washington County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor *General* State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Tax Collector.

The operations of the Tax Collector are funded by fees and the Board. The receipts from the Board are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year end.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Tax Collector, were prepared in conformity with accounting principles generally accepted in the United States of America.

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

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

The Tax Collector also reported the following fund type:

Agency Funds - The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position. The Tax Collector reports the Escrow, Tag and Tax transactions as Agency funds.

Measurement Focus

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

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.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

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

When both restricted and unrestricted resources are available for use, it is the Tax Collector's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in capital asset accounts of the County. The Tax Collector's assets are reported in the statement of net assets in the County's financial statements. The Tax Collector maintains custodial responsibility for the capital assets used by his office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Accumulated Compensated Absences

A liability exists for accrued annual and sick leave, which will be taken by employees. The Tax Collector does not pay employees for unused sick leave upon termination. Vacation time is earned depending on the length of employment and up to 240 hours may be carried forward to future years.

The Tax Collector's accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Tax Collectors' annual budget. The Tax Collector establishes an annual balanced budget for her office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department of Revenue and the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

Due to Others

This account is used to account for assets held by the Tax Collector in a trustee capacity for other governmental agencies or individuals.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

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, and 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 Court administers these sales.

Risk Management and Insurance

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Tax Collector participates in the risk management program through the Washington County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- General and Automobile Liability

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting procedures requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Tax Collector has evaluated subsequent events through the date of the Independent Auditors' Report which was the date the financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Tax Collector's cash and cash equivalents and restricted cash was \$281,716 and the bank balance was \$512,402. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Tax Collector to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Tax Collector to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

CREDIT RISK

At September 30, 2017, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2017, the Tax Collector did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2017, the Tax Collector did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2017, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEES PENSION PLAN

The Tax Collector participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through 06/30/17	07/01/17 Through 09/30/17
Regular employees	7.52%	7.92%
Senior management	21.77%	22.71%
Elected county officials' class	42.47%	45.50%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, the total payroll for all covered employees was \$425,630. The Tax Collector's contribution to the plans for the periods ended September 30, 2017, 2016 and 2015 were \$66,578, \$63,780 and \$63,161. The contributions for the current year represented 15.64% of covered payroll.

Notes to Special-Purpose Financial Statements**NOTE 3 - EMPLOYEES PENSION PLAN (CONTINUED)**

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Tax Collector are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ended September 30, 2017, excess revenues over expenditures of \$73,902 are accrued and reported as transfers out.



**Washington County, Florida
Tax Collector
Notes to Special-Purpose Financial Statements**

NOTE 6 – LITIGATION AND CONTINGENT LIABILITIES

The Tax Collector is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Tax Collector's financial position.



SUPPLEMENTARY INFORMATION

Washington County, Florida
Tax Collector

Combining Special-Purpose Statement of Fiduciary Net Position

Agency Funds

September 30, 2017

	Escrow	Tag	Tax	Total
Assets				
Cash	\$ 190,268	\$ (773)	\$ 15,420	\$ 204,915
Due from others	-	274	93	367
Total assets	\$ 190,268	\$ (499)	\$ 15,513	\$ 205,282
Liabilities				
Due to others	\$ 190,268	\$ (499)	\$ 15,513	\$ 205,282
Total liabilities	\$ 190,268	\$ (499)	\$ 15,513	\$ 205,282

See Independent Auditors' Report

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

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, 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 special-purpose financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Washington County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's basic special-purpose financial statements and have issued our report thereon dated June 18, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described below as finding No. TC2003-003 that we consider to be a significant deficiency.

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Need for Segregation of Duties, TC2003-003

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Tax Collector's assets.

CAUSE: The Tax Collector has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Tax Collector's administrative staff, it is difficult to achieve ideal separation of duties. However, the Tax Collector should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements, TC2007-011 - Resolved

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Tax Collector relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Tax Collector has outsourced their bookkeeping services and does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Tax Collector does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Tax Collector continue to request outside assistance.

STATUS: This condition has been resolved.

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

Compliance and Other Matters

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

Tax Collector's Response to Findings

The Tax Collector's response to the findings identified in our audit is described in the accompanying letter. The Tax Collector's response was not subjected to the auditing procedures applied in the audit of the special-purpose 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 Tax Collector'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.

Carri Riggs & Ingram, L.L.C.

June 18, 2018

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

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

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

In our opinion, Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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

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

June 18, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Washington County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2017, and have issued our report thereon dated June 18, 2018.

Auditor's 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 Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 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 significant findings and recommendations made in the preceding annual financial audit report. Finding TC2003-003 found in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* has not been corrected.

To the Honorable Ken Naker
Tax Collector, Washington County, Florida
Chipley, Florida

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 the management letter, unless disclosed in the notes to the financial statements. The Washington County, Florida, Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Washington County, Florida, Tax Collector.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

June 18, 2018

Washington County, Florida
Tax Collector
Management's Response



Main Office Hours

Monday - Friday 8:00am - 4:00pm

Ph: (850) 638-6275

Fx: (850) 638-6067

Drivers License Hours

Monday - Friday 8:00am - 3:30pm

Ph: (850) 638-6284

June 18, 2018

To Whom It May Concern:

I am in receipt of the audit report for the Washington County, Florida, Tax Collector for the fiscal year ending September 30, 2017. I have reviewed the letter regarding compliance and internal control, the schedule of findings and questioned costs and the management letter. Concerning the items noted, the following apply:

1. Segregation of Duties: I will continue to remain active in the day-to-day operations of the Tax Collector's Office. This is a small office with employees who have overlapping duties. I will continue to ensure there are checks and balances in the daily work and the ledger is balanced on monthly basis.

If I can be of any further assistance, please let me know.

Sincerely,

Ken Naker, CFC
Tax Collector