Washington County, Florida

Financial Statements

September 30, 2016



WASHINGTON COUNTY, FLORIDA FINANCIAL STATEMENTS September 30, 2016

BOARD OF COUNTY COMMISSIONERS

District 1 Alan Bush

District 2 Charles Kent

District 3 Charles Brock

District 4 Todd Abbott

District 5 Lynn Gothard

CLERK OF THE CIRCUIT COURT Lora Bell

SHERIFF Bobby Haddock TAX COLLECTOR Ken Naker

PROPERTY APPRAISER Gil Carter

COUNTY ATTORNEY Jeff Goodman SUPERVISOR OF ELECTIONS Carol F. Rudd

AUDITOR Carr, Riggs & Ingram, LLC

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Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector





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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, fiduciary fund type and the aggregate remaining fund information of Washington County, Florida (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, each major fund, fiduciary fund type and the aggregate remaining fund information for Washington County, Florida, as of September 30, 2016, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison 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 Calhoun 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 Projects 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, 2017, 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* and should be read in conjunction with this report in considering the results of our audit.

Can, Riggs & Ingram, L.L.C.

June 26, 2017

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 2015-2016 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$32,465,594.
- The County's total net assets increased by \$10,204,092 which represents a 45.8% increase from the 2015-2016 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balances of \$15,256,694, an increase of \$923,598.
- Non-Restricted fund balance for all governmental funds total \$8,077,149 as of September 30, 2016 compared to total governmental fund balances of \$15,256,694 at the same date.
- Non-restricted Governmental Fund Balance of \$8,077,149, is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$25,286,049 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 \$888,345. This is primarily due to revenues exceeding the budget amount by \$520,597 and expenditures being less than the budgeted expenditures by \$482,643.
- Long-term debt decreased by \$595,701. This reduction was due to payments on revenue bonds, notes payable, leases payable and other payables as noted on Page 26 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 2016 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 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 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, 2015 and September 30, 2016.

	Governmental Activities	Governmental Activities
	September 30, 2016	September 30, 2015
Current and Other Assets	\$ 18,627,403	\$ 25,129,950
Capital Assets	30,977,992	21,570,882
Total Assets	\$ 49,605,395	\$ 46,700,832
Deferred Outflows, Pensions	\$ 7,918,476	\$ 4,183,072
Current Liabilities	\$ 3,370,438	\$ 10,796,583
Long Term Liabilities	18,611,902	13,900,554
Total Liabilities	21,982,340	24,697,137
Deferred Inflows, Pensions	\$ 3,075,937	\$ 3,925,265
Net Assets		
Invested in Capital Assets	30,292,452	21,402,382
Restricted	7,179,545	7,275,953
Committed	3,467,170	3,403,714
Assigned	186,939	278,574
Unrestricted	(8,660,512)	(10,099,121)
Total Net Assets	\$ 32,465,594	\$ 22,261,502

At September 30, 2016 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 \$30,292,452. 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 \$7,179,545. 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, 2016		Governmental Activities September 30, 2015
Revenues Program Revenues:	<i>.</i>	2 544 040	<u>,</u>	0.000.500
Charges for Service Operating Grants and Contributions	\$	3,611,040 3,947,917	\$	3,209,536 7,020,142
Capital Grants and Contributions		10,753,417		2,917,017
General revenues:				
Property Taxes		8,115,996		8,012,931
Local Option Taxes		3,432,662		3,262,808
Sales Tax and Other Taxes		1,095,607		1,048,528
Intergovernmental and Shared		2,575,879		2,503,415
Investment Earnings		16,993		5,865
Miscellaneous		607,316		1,121,907
Total Revenues	\$	34,156,827	\$	29,102,149
Expenses: Program Activities:				
General Government	\$	5,180,311	\$	4,732,546
Public Safety		7,828,981		8,320,911
Physical Environment		452,881		399,123
Transportation		6,660,193		6,942,171
Economic Development		1,264,347		1,299,386
Human Services		687,988		611,292
Culture and Recreation		856,483		962,538
Court Related		831,904		753,208
Interest on Long-Term Debt		189,647		187,163
Total Expenses		23,952,735		24,208,338
Change in Net Position		10,204,092		4,893,811
Net Assets, Beginning		22,261,502		17,367,691
Net Assets, Ending	\$	32,465,594	\$	22,261,502

Governmental activities increased the County's net assets by \$10,204,092 or approximately 45.8%. Total revenues increased by \$5,054,678 from the prior year due primarily to an increase in revenue reported above. Total expenses decreased by \$255,603 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 \$7,067,946, while the total fund balance was \$7,133,961. 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 61.45% of the total general fund expenditures, while total fund balance represents 62.02% of the same amount. The non-reserved total fund balance increased by \$1,019,735 during 2015-2016 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 2015-2016 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, 2016 amounted to \$30,977,922 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, 2016, the County had long-term liabilities totaling \$18,611,902. Of this amount, revenue bonds outstanding were \$168,500, Notes Payable of \$5,406,008. Also, there is \$647,218 to address compensated absences obligations, \$12,300,805 for pension liability (GASB 68), \$20,371 for landfill post closure costs and the remaining amount of \$69,000 for OPEB liabilities.

ECONOMIC FACTORS-WASHINGTON COUNTY, FLORIDA

The unemployment rate for County was 5.1% at September 2016 a decrease of .60% over the 5.7% at September 2015.

Population decreased approximately .001% from fiscal year 2007 to 2016 with the population estimated at 24,896 as of September 2016.

The taxable value for personal and real property in the County for fiscal year ending September 30, 2016 is \$829,513,556, an increase of 2.44% from the previous year when the taxable value was \$809,727,359.

The general ad valorem tax mileage rate was 9.252 for fiscal year ending September 30, 2016 and 9.252 for fiscal year ending September 30, 2015.

The budget for the fiscal year ending September 30, 2016 represents an increase of 36% over the September 30, 2015 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.

FINANCIAL STATEMENTS

Washington County, Florida Statement of Net Position

September 30, 2016

	Go	Primary overnment vernmental Activities	Component Unit
Assets			
Cash and cash equivalents	\$	13,179,310	\$ 382
Restricted cash and cash equivalents		542,834	-
Accounts receivable, net		899 <i>,</i> 378	-
Due from other funds		-	-
Due from other governments		1,227,799	-
Due from developer		-	10,385
Prepaid expenses		-	2,995
Notes receivable		2,778,082	-
Capital assets, net			
Nondepreciable capital assets		12,373,825	1,770,313
Depreciable capital assets, net		18,604,167	-
Total assets		49,605,395	1,784,075
Deferred outflows of resources			
Pension		7,918,476	-
Total deferred outflows of resources		7,918,476	_
		,, -	
Liabilities			
Accounts payable and accrued expenses		1,748,575	10,398
Due to other governments		176,636	
Due to other funds		16,357	-
Deferred revenue		1,428,870	-
Long-term liabilities		1,120,070	
Portion due or payable within one year			
Notes payable		540,608	-
Bonds payable		3,500	_
Compensated absences		129,444	_
Landfill closure liability		20,371	_
Portion due or payable after one year		20,371	
Notes payable		4,865,400	
Bonds payable			-
		165,000	-
Compensated absences		517,774	-
Pension Liability Other post-employment benefit obligation		12,300,805 69,000	-
Other post-employment benefit obligation		09,000	
Total liabilities		21,982,340	10,398
Deferred inflows of resources			
Pension		3,075,937	-
Total deferred inflows of resources		3,075,937	-
N-1			
Net position		20 202 452	4 770 000
Invested in capital assets, net of related debt		30,292,452	1,773,981
Restricted		7,179,545	-
Committed		3,467,170	-
Assigned		186,939	-
Unrestricted		(8,660,512)	(304)
Total net position	\$	32,465,594	\$ 1,773,677

Washington County, Florida Statement of Activities

For the year ended September 30, 2016

									 Net (Expense) R Changes in Ne		
				F	rogi	ram Revenues			 Primary		
				Charges		Operating		Capital	Government		
				for		Grants and		Grants and	Governmental	Component	
Functions/Programs	Expens	es		Services		Contributions		Contributions	Activities		Unit
Primary Government											
Governmental activities											
General government	\$ 5,18	0,311	\$	1,316,189	\$	141,683	\$	7,023,958	\$ 3,301,519	\$	
Public safety	7,82	8,981		1,688,450		345,634		13,825	(5,781,072)		
Physical environment	45	2,881		-		89,273		-	(363,608)		
Transportation	6,66	60,193		10,814		2,424,734		3,653,839	(570,806)		
Economic environment	1,26	4,347		-		834,444		-	(429,903)		
Human services	68	7,988		-		31,540		61,795	(594,653)		
Culture and recreation	85	6,483		-		80,609		-	(775,874)		
Court related	83	1,904		595,587		-		-	(236,317)		
Interest on long-term debt	18	9,647		-		-		-	(189,647)		
Total governmental activities	23,95	2,735		3,611,040		3,947,917		10,753,417	(5,640,361)		
Total primary government	\$ 23,95	2,735	\$	3,611,040	\$	3,947,917	\$	10,753,417	(5,640,361)		
Component Unit	\$ 2	1,323	Ś	-	¢	21,469	ć				14
	<u>ې ک</u>	.1,323	ې ب		Ş	21,405	ç		-		14
			General rev Taxes	enues							
			Property	taxes					8,115,996		
			Local opt	ion taxes					3,432,662		
			Sales tax	and other taxes					1,095,607		
			Intergover	nmental and shar	ed r	evenue			2,575,879		
			Investmer	t earnings					16,993		
			Miscellane	ous					607,316		
			Total	general revenues					15,844,453		
			Chang	e in net position					10,204,092		14
			Net positio	n, beginning					22,261,502		1,773,53
			Net positio	n, ending					\$ 32,465,594	\$	1,773,67

Washington County, Florida **Balance Sheet Governmental Funds**

September 30, 2016

		General Fund	Tr	ansportation Trust		Courthouse	Go	Other overnmental Funds	Go	Total overnmental Funds
Assets										
Cash and cash equivalents	\$	2,991,305	\$	-	\$	-	\$	1,528,059	\$	4,519,364
Restricted cash and cash equivalents		66,015		4,241,891		2,818,498		2,076,376		9,202,780
Accounts receivable, net		519,677		-		-		379,701		899,378
Due from other funds		1,438,456		124,328		28,717		91,597		1,683,098
Due from other governmental units		44,092		1,183,707		-		-		1,227,799
Note receivable		2,778,082		-		-		-		2,778,082
Total assets	\$	7,837,627	\$	5,549,926	\$	2,847,215	\$	4,075,733	\$	20,310,501
Liabilities										
Accounts payable and accrued expenses		347,304	\$	231,878	\$	1,034,965	\$	134,699	\$	1,748,846
Due to other funds		210,686		48,323		864,643		575,803	•	1,699,455
Due to other governmental units		123,721		12,988		, -		39,927		176,636
Deferred revenue		21,955		43,386		929,188		434,341		1,428,870
Total liabilities		703,666		336,575		2,828,796		1,184,770		5,053,807
Fund balances										
Restricted		66,015		5,213,351		18,419		1,881,760		7,179,545
Committed		2,778,082		-		, -		689,088		3,467,170
Assigned		-		-		-		186,939		186,939
Unassigned		4,289,864		-		-		133,176		4,423,040
Total fund balances		7,133,961		5,213,351		18,419		2,890,963	_	15,256,694
Total liabilities and fund balances	Ś	7,837,627	\$	5,549,926	Ś	2,847,215	\$	4,075,733		
Amounts reported for governmental activ					<u> </u>	2,047,213	<u> </u>	+,07 <i>3</i> ,733	=	
position are different because:										
Capital assets used in goverr and, therefore, are not r				ot financial resc	ource	es				30,977,992
Long-term liabilities are not o	due a	and payable in	the	current period	and,					
therefore, are not repor	ted i	n the funds.								(18,611,631
Deferred outflows and inflow			ated	to pensions are	арр	licable to future	9			
periods and, therefore, are n				-						
Deferred outflows of resou										7,918,476
Deferred inflows of resour										(3,075,937
Net position of government	al ac	tivities							\$	32,465,594

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

For the year ended September 30, 2016

					Other	Total
	General Fund	•		Courthouse	Governmental Funds	Governmental Funds
	i ullu	1103		courthouse	T unus	T unus
Revenues						
Taxes	\$ 10,203,125		99,646	\$-	\$ 541,494	\$ 12,644,265
Licenses and permits	16,848	1	LO,814	-	143,272	170,934
Intergovernmental	1,798,073	76	55,806	-	12,000	2,575,879
Charges for services	1,456,522		-	-	1,980,233	3,436,755
Fines and forfeitures	3,351		-	-	-	3,351
Grants	148,577	2,42	24,590	6,534,541	5,593,626	14,701,334
Investment earnings	947		840	14,586	621	16,994
Other fees and miscellaneous revenue	355,918	11	16,191	-	135,207	607,316
Total revenues	13,983,361	5,21	17,887	6,549,127	8,406,453	34,156,828
Expenditures						
Current						
General government	4,590,144		-	-	114,532	4,704,676
Public health and safety	4,765,112		-	-	2,550,970	7,316,082
Physical environment	230,441		-	-	198,805	429,246
Transportation	-	4,85	54,446	-	1,098,518	5,952,964
Economic environment	190,989		-	-	1,045,534	1,236,523
Human services	603,155		-	-	32,349	635,504
Culture and recreation	320,344		-	-	480,999	801,343
Court related	688,123		-	-	100,194	788,317
Capital outlay	114,442	45	51,887	6,810,048	3,257,988	10,634,365
Debt service						
Principal	-		-	-	544,562	544,562
Interest and other charges	-		-	-	189,648	189,648
Total expenditures	11,502,750	5,30)6,333	6,810,048	9,614,099	33,233,230
Excess (deficiency) of revenues over (under) expenditures	2,480,611	(8	38,446)	(260,921)	(1,207,646)	923,598
Other financing sources (uses)						
Transfers in	286,859		2,099	275,508	2,120,755	2,685,221
Transfers out	(1,879,125)	(4	18,323)	-	(757,773)	
Net other financing sources (uses)	(1,592,266)	(4	16,224)	275,508	1,362,982	-
Net changes in fund balances	888,345		34,670)	14,587	155,336	923,598
-						
Fund balances - beginning, as previously stated	6,245,616		18,021	3,832	2,735,627	14,333,096
Fund balances - ending	\$ 7,133,961	\$ 5,21	L3,351	\$ 18,419	\$ 2,890,963	\$ 15,256,694

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, 2016

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds \$	923,598
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	10,634,365
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(1,227,255)
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 assets.	544,562
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	(24,000)
Long-term landfill closure and post-closure liability	-
Pension Expenses	(722,317)
Compensated absences	75,139
Change in net position of governmental activities \$	10,204,092

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

For the year ended September 30, 2016

	Original	Final		Variance with Final Budget Favorable
	Budget	Budget	Actual	(Unfavorable)
Revenues				
Taxes	\$10,750,938	\$10,750,938	\$ 10,203,125	\$ (547,813)
Licenses and permits	18,000	18,000	16,848	(1,152)
Intergovernmental	1,772,450	1,772,450	1,798,073	25,623
Charges for services	1,165,198	1,206,119	1,456,522	250,403
Fines and forfeitures	2,500	2,500	3,351	851
Grants	133,088	133,088	148,577	15,489
Investment earnings	200	200	947	747
Other fees and miscellaneous revenues	193,669	206,623	355,918	149,295
Less 5% estimated revenues	(627,154)	(627,154)	-	627,154
Total revenues	13,408,889	13,462,764	13,983,361	520,597
Expenditures				
Current				
General government	5,329,962	5,287,870	4,590,144	697,726
Public safety	4,594,233	4,596,274	4,765,112	(168,838)
Physical environment	194,026	201,114	230,441	(29,327)
Economic environment	180,284	193,911	190,989	2,922
Human services	621,035	621,476	603,155	18,321
Culture and recreation	335,515	331,005	320,344	10,661
Court related	689,890	699,941	688,123	11,818
Capital outlay	6,600	53,802	114,442	(60,640)
Total expenditures	11,951,545	11,985,393	11,502,750	482,643
Excess of revenues over expenditures	1,457,344	1,477,371	2,480,611	1,003,240
Other financing sources (uses)				
Transfers in	202,251	212,251	286,859	74,608
Transfers out	(1,567,595)	(1,576,719)	(1,879,125)	(302,406)
Net other financing sources (uses)	(1,365,344)	(1,364,468)	(1,592,266)	(227,798)
Net change in fund balance	\$ 92,000	\$ 112,903	\$ 888,345	\$ 775,442

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

For the year ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$1,794,105	\$1,794,105	\$ 1,899,646	\$ 105,541
Licenses and permits	10,000	10,000	10,814	814
Intergovernmental	720,713	720,713	765,806	45,093
Grants	-	2,418,591	2,424,590	5,999
Investment earnings	-	-	840	840
Other fees and miscellaneous revenues	23,900	125,275	116,191	(9,084)
Less 5% estimated revenues	(127,436)	(127,436)	-	127,436
Total revenues	2,421,282	4,941,248	5,217,887	276,639
Expenditures Current				
Transportation	2,639,261	4,897,521	4,854,446	43,075
Capital Outlay	209,562	450,937	451,887	(950)
Total expenditures	2,848,823	5,348,458	5,306,333	42,125
Excess (deficiency) of revenues over (under) expenditures	(427,541)	(407,210)	(88,446)	318,764
Other financing sources (uses)				
Transfers in	-	-	2,099	2,099
Transfers out	-	-	(48,323)	(48,323)
Net other financing sources		-	(46,224)	(46,224)
Net change in fund balance	\$ (427,541)	\$ (407,210)	\$ (134,670)	\$ 272,540

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

Variance with **Final Budget** Original Favorable Final Budget Budget Actual (Unfavorable) Revenues \$8,500,000 \$6,534,541 Grants \$8,500,000 \$ (1,965,459)Investment earnings 14,586 14,586 8,500,000 8,500,000 **Total revenues** 6,549,127 (1,950,873) **Expenditures Capital Outlay** 8,500,000 8,775,508 6,810,048 1,965,460 **Total expenditures** 8,500,000 8,775,508 6,810,048 1,965,460 Excess of revenues over expenditures (275,508) (260, 921)14,587 Other financing sources (uses) Transfers in 275,508 275,508 Net other financing sources 275,508 275,508 Net change in fund balance - \$ \$ \$ 14,587 \$ 14,587 -

For the year ended September 30, 2016

Washington County, Florida Statement of Fiduciary Net Position Agency Funds

September 30, 2016

	Total	
Assets	 	
Cash	\$ 876,879	
Due from other funds	23,517	
	 000.000	
Total assets	\$ 900,396	
Liabilities		
Due to others	\$ 893,236	
Due to other funds	 7,160	
Total liabilities	\$ 900,396	

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, 2016.

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.

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 appoints 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.

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.

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.

Courthouse Fund – This fund accounts for the revenues and expenses related to the construction of the new Washington County Courthouse.

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.

Investments

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in reporting on investments owned. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

Assets	Years
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.

Deferred Revenues

Deferred revenues reported in the government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred 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 deferred 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.

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, 2016, 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.

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 2016 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 \$14,599,023 and the bank balance was \$15,232,274. 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, 2016, the market value and the carrying value of these funds was \$11,355. The funds are carried as a cash equivalent on the balance sheet at September 30, 2016 (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 County's investments in the Local Government Surplus Funds Trust Fund (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2016, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is 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, 2016, 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, 2016, is 70 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM.

CUSTODIAL CREDIT RISK

At September 30, 2016, 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, 2016, the County did not hold any investments that were considered to have a concentration of credit risk.

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, 2016 consisted of the following:

Due to/from Other Funds:

Receivable Fund General fund	Payable Fund Small Counties Grant Fund Courthouse Fund Municipal Service Business Unit Fire Operations Special Projects - Impact Other Special Revenue Funds	\$ 166,550 864,643 3,525 48,672 900 354,166
Transportation Trust	General Fund Other Special Revenue Funds	121,913 2,415
Courthouse	Fifteen Dollar Surcharge Fund	28,717
Agency Fund	General Fund	16,357
Nonmajor governmental funds		
Public Library Fund	General Fund	16,901
Fifteen Dollar Surcharge Fund	General Fund	4,623
Surplus Property Fund	General Fund	20,331
Radio Communications Fund	General Fund	688
Other Special Revenue Funds	General Fund	29,873
Other Special Revenue Funds	Other Special Revenue Funds	19,181
Total		\$ 1,699,455

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.

NOTE 4 - INTERFUND BALANCES (CONTINUED)

Interfund transfers for the year ended September 30, 2016, consisted of the following:

Transfers to General Fund from: Local Housing Assistance Trust (SHIP) Emergency Medical Service Fund Nonmajor Governmental funds Total	10,000 11,126 265,733	286,859
Transfers to Transportation Fund		
Special Projects - Impact	2,099	
Total		2,099
Transfers to Courthouse Fund		
Courthouse Grant Fund	240,000	
Nonmajor Governmental funds	35,508	
Total		275,508
Transfers to Nonmajor Governmental Funds		
General fund	1,879,125	
Nonmajor Governmental funds	241,630	
Total		2,120,755
Total interfund transfers		2,685,221

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.
NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2016, but not yet received by the County. The majority of these amounts were received in October and November 2016.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivables of the EMS are accounted for in a special revenue fund. Accounts receivable in the EMS total \$601,620 and are shown net of allowance for doubtful accounts and contractual adjustments totaling \$466,342. 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 \$96,796 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, 2016, was \$2,778,082. See also Note 16.

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, 2016, was as follows:

	E	BEGINNING BALANCE INCREASES				DECREASES	ENDING BALANCE
Governmental activities:							
Capital assets, not being							
depreciated:							
Land	\$	3,009,517	\$	-	\$	-	\$ 3,009,517
Construction in progress		3,006,096		9,682,622		3,324,410	9,364,308
Total capital assets, not							
being depreciated		6,015,613		9,682,622		3,324,410	12,373,825
Capital assets, being							
depreciated:							
Buildings and improvements		15,057,356		279,939		-	15,337,295
Furniture and equipment		14,447,484		703,942		-	15,151,426
Roads		5,166,846		3,044,471		-	8,211,317
Infrastructure		1,224,828		247,801		-	1,472,629
Total capital assets,				4 276 452			40 472 667
being depreciated		35,896,514		4,276,153		-	 40,172,667
Less: Total accumulated							
_depreciation		20,341,245		1,227,255		-	21,568,500
Total capital assets,							
being depreciated, net		15,555,269		3,048,898		-	18,604,167
Governmental activities							
capital assets, net	\$	21,570,882	\$	12,731,520	\$	3,324,410	\$ 30,977,992

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.

NOTE 8 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 293,603
Public safety	165,375
Physical environment	20,052
Transportation	646,057
Economic environment	16,619
Human Services	52,484
Culture and recreation	27,875
Court related	5,190
Total depreciation expense-governmental activities	\$ 1,227,255

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2016, was as follows:

	BEGINNING BALANCE			R	EDUCTIONS	ENDING BALANCE	-	DUE WITHIN NE YEAR
Governmental activities: Bonds, notes, lease and other payable:								
Revenue bonds	\$ 172,000	\$	-	\$	3,500	\$ 168,500	\$	3,500
Notes payable	5,947,070		-		541,062	5,406,008		540,608
Total bonds, notes, capital leases and other payables	6,119,070				544,562	5,574,508		544,108
Other liabilities: Landfill closure and post- closure costs Other post employment	20,371		-		-	20,371		20,371
benefit obligations	45,000		24,000		-	69,000		-
Compensated absences	722,357		404,595		479,734	647,218		129,444
Total other liabilities	787,728		428,595		479,734	736,589		149,815
Total governmental	\$ 6,906,798	\$	428,595	\$	1,024,296	\$6,311,097	\$	693,923

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 payable, and sales tax revenue bonds 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.

	Governmental Activities										
FISCAL YEAR ENDING		REVENU	E BO	NDS	NOTES PAYABLE						
SEPTEMBER 30,	PRIM	NCIPAL	INTEREST		PRI	NCIPAL	INTEREST				
2017	\$	3,500	\$	7,793	\$	540 <i>,</i> 608	\$	149,393			
2018		4,000		7,631		359,600		131,366			
2019		4,000		7,446		369,500		121,657			
2020		4,000		7,261		379,600		111,680			
2021		4,500		7,076		390,000		101,431			
2022-2026		25,500		32,098		2,239,800		338,561			
2027-2031		32,000		25,600		1,126,900		51,033			
2032-2036		37,000		17,737		-		-			
2037-2041		44,000		8,580		-		-			
2042		10,000		463		-		-			
		-									
Total	\$	168,500	\$	121,685	\$	5,406,008	\$	1,005,121			

Debt service requirements on long-term debt at September 30, 2016 are as follows:

Notes payable

\$2,500,000, Bank of America, payable in annual installments of \$169,239, interest a 3.570% fixed, due 2025. Collateralized by pledged revenues.	t \$	190,608
\$5,500,000, Sales Tax promissory note Series 2015, SunTrust Bank, payable in monthly installments ranging from \$28,200 to \$43,000, interest at 2.70%, due 2028. Collateralized by pledged revenues.	ļ	5,215,400
Total notes payable	\$	5,406,008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

\$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 bond payment and interest charges each year until 2042 to the City of	
Chipley, Florida.	\$ 168,500
Total revenue bonds	\$ 168,500

Total governmental activities (excluding landfill closure costs, other post	
employment benefit obligations, pension liability and compensated	
absences)	\$ 5,574,508

Long-term landfill closure and post-closure liability - The total estimated liability for post closure landfill costs totals \$20,371 as of September 30, 2016. 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, 2016, of the Supervisor of Elections is not recorded as it is not material in relation to the financial statements taken as a whole.

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:

2017	\$	79,346
2018		72,178
2019		50,676
2020		50,676
2021		39,548
Thereafter		203,375
Total	Ś	495,799

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. A separate insurance policy is carried for the aircraft.

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 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, 2016, were as follows:

Class or Plan	FRS	HIS
Florida Retirement System:		
Regular	5.86%	1.66%
County Elected Officers	41.58%	1.66%
Senior Management Service Class	20.11%	1.66%
Special Risk	20.91%	1.66%
DROP	11.33%	1.66%

The employer's contributions for the year ended September 30, 2016, were \$918,321 to the FRS and \$122,810 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2016, the County reported a liability for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. 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, 2016	\$ 9,508,368	\$ 2,792,437
Proportion at:		
Current measurement date	0.0003770	0.0002400
Prior measurement date	0.0003580	0.0002330
Pension expense (benefit)	\$ 1,538,961	\$ 238,017

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

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS					Н	lIS	
	Deferred			Deferred		Deferred		Deferred
	(Outflows		Inflows		Outflows		Inflows
Description	of	Resources	of	of Resources of Resources		of Resources		Resources
Differences between expected and								
actual experience	\$	728,034	\$	(88,529)	\$	-	\$	(6,360)
Change of assumption		575,228		-		438,204		-
Net difference between projected and								
actual investment earnings		4,374,201		(1,916,404)		1,412		-
Changes in proportion		1,274,614		(864,798)		237,800		(199,846)
County contributions subsequent to								
the measurement date		257,532		-		31,451		-
Total	\$	7,209,609	\$	(2,869,731)	\$	708,867	\$	(206,206)

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		
2017	\$ 603,290	\$ 83,988		
2018	603,290	83,988		
2019	1,558,148	83,988		
2020	1,067,046	83,988		
2021	197,096	69,437		
Thereafter	53,476	65,820		
Total	\$ 4,082,346	\$ 471,209		

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, 2016, was determined by an actuarial valuation dated July 1, 2016, 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	7.60%	N/A
Discount rate	7.60%	2.85%

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, 2016 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 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.80% to 2.85%.

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. The reduced investment return assumption of 7.60 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

Commonwood

			Compound
		Annual	Annual
	Target	Arithmetic	(Geometric)
Asset Class	Allocation	Return	Return
Cash	1.00%	3.20%	3.0%
Fixed Income	18.00%	4.80%	4.6%
Global Equity	53.00%	8.50%	6.8%
Real Estate (Property)	10.00%	6.80%	5.8%
Private Equity	6.00%	11.90%	7.8%
Strategic Investments	12.00%	6.70%	5.6%
Total	100.00%		

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

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.60%. 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 2.85% 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.

	FRS Net Pension Liability				
	Current				
	1% Decrease	Discount Rate	1% Increase		
	(6.60%)	(7.60%)	(8.60%)		
Governmental Employer's proportionate					
share of the net pension liability	\$ 17,505,549	\$ 9,508,368	\$ 2,851,771		
	HIS	Net Pension Liab	oility		
		Current			
	1% Decrease	Current Discount Rate	1% Increase		
	1% Decrease (1.85%)		1% Increase (3.85%)		
Governmental Employer's proportionate		Discount Rate			
Governmental Employer's proportionate share of the net pension liability	(1.85%)	Discount Rate	(3.85%)		

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

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2016, totaled \$1,054,661.

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, 2016, 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.

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:

Non Spendable – 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	\$ 56,827
	Education and crime prevention	9,188
Transportation trust fund	Funding for:	
	Transportation	5,213,351
Courhouse fund	Funding for:	
	Courthouse construction	18,419
Other governmental funds	Funding for:	
	Court innovations	1,028,357
	Debt service	156,943
	Emergency communications	200,154
	Law enforcement	192,341
	Probation	120,781
	Emergency management	64,091
	Road improvements	19,100
	Economic development	16,237
	Local housing assistance	47,567
	Modernization of Public Records	14,226
	Crime prevention	12,444
	Court-related technology	9,422
	Ballot-on-demand	97
	Total	\$ 7,179,545

NOTE 14 - FUND EQUITY (CONTINUED)

Committed Fund Balance:

Funds	Purpose	
General	Funding for:	
	Debt service	\$ 2,778,082
Other governmental funds	Funding for:	
	Fire operations	284,094
	Municipal service business unit	174,431
	Mosquito control	67,911
	Emergency management	50,542
	Boater improvement	46,165
	Building department	59,363
	Police education	6,582
	Total	\$ 3,467,170

Assigned Fund Balance:

Funds	Purpose	
Other governmental funds	Funding for:	
	2017 Budget appropriations	\$ 186,939
	Total	\$ 186,939

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 \$750,000 in construction contract commitments remaining at September 30, 2016.

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Northwest Florida Community Hospital District (Component Unit of Washington County Board of County Commissioners)

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 \$96,796 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. During the current year, 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 \$82,315 is included in Due to Other Governments at September 30, 2016. The County may also be required to purchase real property for an amount between \$500,000 and \$700,000 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, 2016, was \$56,827. 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, 2016. 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 2015 amounts have been reclassified to conform with 2016 classifications. Such reclassifications had no effect on reported net income.

NOTE 18 - DEFICIT FUND BALANCES

The County had four non-major special revenue funds with a deficit fund balance as of September 30, 2016:

Funds	Amount		
Fire Impact Fees	\$	(80)	
EMPA	\$	(43,862)	
Boat Ramp Fund	\$	(10,670)	

They will be funded by future revenues in the next fiscal year.

NOTE 19 - 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 \$54,978.

NOTE 20 - 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 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.

NOTE 20 - 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, 2016, 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 2016 was \$8,071. 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,	2016
Annual required contribution	\$ 30,000
Interest on prior year net OPEB obligation	2,000
Adjustments to annual required contribution	 (2,000)
Annual OPEB costs	30,000
Estimated employer contributions made	 (6,000)
Increase in net OPEB obligation	24,000
Net OPEB obligation, beginning of year	45,000
Estimated net OPEB obligation, end of year	\$ 69,000

NOTE 20 - 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
9/30/2014	\$ 22,000	0%	\$	22,000
9/30/2015	\$ 24,000	4%	\$	45,000
9/30/2016	\$ 30,000	20%	\$	69,000

Funded Status and Funding Progress – As of September 30, 2016, 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.

Actuarial Valuation Date	Actuaria Value o Assets	f	-	Actuarial abilities (AAL)	ļ	Infunded Actuarial iabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
10/1/2013 10/1/2014 10/1/2015	\$	- - -	Ţ	133,000 156,000 205,000	\$ \$ \$	133,000 156,000 205,000	0.00% 0.00% 0.00%	\$ 7,361,194 \$ 7,380,629 \$ 7,837,732	1.8% 2.1% 2.6%

Schedule of Funding Progress -

Actuarial Method and Assumptions – The valuation dated March 15, 2017, for the fiscal date of October 1, 2015 to September 30, 2016, 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.

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

In the September 30, 2016 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, 2016 was 15 years.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent to year end, the County entered into a financing agreement with Trane totaling \$934,000 for an energy conservation project. The County also returned \$750,000 to the State of Florida from the Courthouse Fund. Subsequent to year end, the County signed FEMA construction contracts totaling approximately \$4.6 million.

COMBINING FINANCIAL STATEMENTS

Page 1 of 3 Washington County, Florida Combining Balance Sheet Nonmajor Governmental Funds

Special Revenue Funds Public Fifteen Small Local Housing Tax Counties Assistance Dollar Library Deed Surplus **Grant Fund** E 911 Fund Trust (SHIP) Surcharge Fund **Over Bid** Fund Property Assets Cash and cash equivalents \$ 17,796 \$ 79,704 \$ - \$ \$ - \$ 75,569 \$ 70,915 -479,374 Restricted cash and cash equivalents 65,510 837,027 Accounts receivable 642 99,197 44,315 5,703 Due from other funds 16,901 4,623 20,331 _ Ś 178,901 \$ 109,825 \$ 479,374 \$ 847,353 \$ 75,569 \$ 91,246 Total assets 35,339 \$ Liabilities Accounts payable and accrued expenses \$ 25,044 \$ 6,824 \$ - \$ 690 \$ - \$ \$ -Due to other funds 166,550 28,717 2,407 Due to other governmental units Deferred revenue 428,710 **Total liabilities** 25.044 28,717 173,374 431,807 -Fund balances Restricted 109,825 47,567 818,636 Committed 5,527 Assigned 10,295 75,569 91,246 Unassigned **Total fund balances** 10,295 5,527 109,825 47,567 818,636 75,569 91,246 Total liabilities and fund balances Ś 35,339 \$ 178,901 \$ 109,825 \$ 479,374 \$ 847,353 \$ 75,569 \$ 91,246

September 30, 2016

Page 2 of 3 Washington County, Florida **Combining Balance Sheet** Nonmajor Governmental Funds

September 30, 2016

						Sp	ecia	l Revenue Fund	ls					
		Emergency Medical Service Fund		Municipal Service Business Unit		Fire Operation Fund		Radio Communication Fund		Courthouse Grant Fund		Law Enforcement Trust Fund III		Special Projects - Impact
Assets														
Cash and cash equivalents	\$	83,989	Ś	-	\$	374,515	Ś	-	\$	-	\$	-	\$	-
Restricted cash and cash equivalents	Ŷ	-	Ŷ	196,763	Ŷ		Ŷ	88,223	Ŷ	-	Ŷ	44,825	Ŷ	20,000
Accounts receivable		136,756		1,287		-		1,992		-				
Due from other funds		-		-		-		688		-		-		-
Total assets	\$	220,745	\$	198,050	\$	374,515	\$	90,903	\$	-	\$	44,825	\$	20,000
Liabilities														
Accounts payable and accrued expenses	\$	-	\$	20,094	\$	41,749	\$	574	\$	-	\$	-	\$	-
Due to other funds		-		3,525		48,672		-		-		-		900
Due to other governmental units		39,927		-		-		-		-		-		-
Deferred revenue		-		-		-		-		-		-		-
Total liabilities		39,927		23,619		90,421		574		-		-		900
Fund balances														
Restricted		-		-		-		90,329		-		44,825		19,100
Committed		-		174,431		284,094		-		-		-		-
Assigned		-		-		-		-		-		-		-
Unassigned		180,818		-		-		-		-		-		-
Total fund balances		180,818		174,431		284,094		90,329		-		44,825		19,100
Total liabilities and fund balances	\$	220,745	\$	198,050	\$	374,515	\$	90,903	\$	-	\$	44,825	\$	20,000

Page 3 of 3 Washington County, Florida Combining Balance Sheet Nonmajor Governmental Funds

September 30, 2016

		Special Rev	enu	e Funds									
		Law orcement st Fund II		Other Special Revenue Funds		Debt Service Fund		Series 2009 A & B Debt Service	Loan Fund				Total Nonmajor Governmental Funds
Assets													
Cash and cash equivalents	\$	-	\$	661,658	\$	6,970	\$	9,959 \$	146,98	4 \$		-	\$ 1,528,05
Restricted cash and cash equivalents	•	82,879	•	261,775	·	, -	•	-	,	- '		-	2,076,37
Accounts receivable		-		89,809		-		-		-		-	379,70
Due from other funds		-		49,054		-		-		-		-	91,59
Total assets	\$	82,879	\$	1,062,296	\$	6,970	\$	9,959 \$	146,98	34 \$		-	\$ 4,075,73
Liabilities													
Accounts payable and accrued expenses	\$	-	\$	39,724	\$	-	\$	- \$		- \$		-	\$ 134,69
Due to other funds		-		325,032		-		-		-		-	575,80
Due to other governmental units		-		-		-		-		-		-	39,92
Deferred revenue		-		5,631		-		-		-		-	434,34
Total liabilities		-		370,387				-		-		-	1,184,77
Fund balances													
Restricted		82 <i>,</i> 879		511,656		-		9,959	146,98	4		-	1,881,76
Committed		-		230,563		-		-		-		-	689 <i>,</i> 08
Assigned		-		4,302		-		-		-		-	186,93
Unassigned		-		(54,612)		6,970		-		-		-	133,17
Total fund balances		82,879		691,909		6,970		9,959	146,98	4		-	2,890,96
Total liabilities and fund balances	\$	82,879	\$	1,062,296	\$	6,970	\$	9,959 \$	146,98	4 \$		-	\$ 4,075,73

Page 1 of 3 Washington County, Florida Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

For the year ended September 30, 2016			S	pecial Revenue Fu	nds		
	Public Library Fund	Small Counties Grant Fund	E 911 Fund	Local Housing Assistance Trust (SHIP)	Fifteen Dollar Surcharge Fund	Tax Deed Over Bid	Surplus Property
Revenues							
Taxes	\$-	\$-	\$-	\$-	\$-	\$ -	\$-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	137,371	-	91,115	-	-
Grants	80,609	89,273	36,022	240,945	-	-	-
Investment earnings				457	-	-	8
Other fees and miscellaneous revenues	25,599	57,573	-	10,500	57	-	-
Total revenue	106,208	146,846	173,393	251,902	91,172	-	8
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	-	-	168,172	-	-	-	-
Physical environment	_	198,805		_	_	-	-
Transportation	_	150,005	_	_	_	_	_
Economic environment				230,944			
Human services	-	-	-	230,944	-	-	-
Culture and recreation	410 208	-	-	-	-	-	-
	410,298	-	-	-	2 5 6 9	-	-
Court related	-	-	-	-	2,568	-	-
Capital outlay	-	-	-	-	-	-	120,868
Debt service							
Principal	3,500	-	-	-	-	-	-
Interest and other charges	7,955	-	-	-	-	-	-
Total expenditures	421,753	198,805	168,172	230,944	2,568	-	120,868
Excess (deficiency) of revenues over (under) expenditures	(315,545)	(51,959)	5,221	20,958	88,604	-	(120,860)
Other financing sources							
Transfers in	316,549	82,672	-	-	-	-	20,331
Transfers out	-	-	(7,148)	(10,000)	(73,629)	-	-
Net other financing sources	316,549	82,672	(7,148)	(10,000)	(73,629)	-	20,331
Net change in fund balances	1,004	30,713	(1,927)	10,958	14,975	-	(100,529)
Fund balances - beginning	9,291	(25,186)	111,752	36,609	803,661	75,569	191,775
Fund balances - ending	\$ 10,295	\$ 5,527	\$ 109,825	\$ 47,567	\$ 818,636	\$ 75,569	\$ 91,246

Page 2 of 3 Washington County, Florida Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

			Sj	pecial Revenue Fur	nds		
	Emergency Medical Service Fund	Municipal Service Business Unit	Fire Operation Fund	Radio Communication Fund	Courthouse Grant Fund	Law Enforcement Trust Fund III	Special Projects - Impact
Revenues							
Taxes	\$-	\$ 454,098	\$-	\$-	\$-	\$-	\$
Licenses and permits	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	
Charges for services	1,443,259	-	-	32,502	-	-	
Grants	-	-	10,192	- ,	240,000	-	
Investment earnings	-	-		_	2.0,000	-	
Other fees and miscellaneous revenues	-	-	700	-	-	-	
Total revenue	1,443,259	454,098	10,892	32,502	240,000	_	
Expenditures							
Current							
General government	-	-	-	-	-	-	
Public health and safety	1,682,266	-	355,512	16,688	-	-	
Physical environment	-	-	-	-	-	-	
Transportation	-	-	-	-	-	-	
Economic environment	-	87,565	-	-	-	-	
Human services	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	-	
Court related	-	-	-	-	-	-	
Capital outlay	121,181	-	-	-	-	-	
Debt service							
Principal	-	-	-	-	-	-	
Interest and other charges	-	_	-	-	-	-	
Total expenditures	1,803,447	87,565	355,512	16,688	-	-	
Excess (deficiency) of revenues over (under) expenditures	(360,188)	366,533	(344,620)) 15,814	240,000	_	
Other financing sources							
Transfers in	430,199	-	416,350	-	-	-	
Transfers out	(11,126)	(275,000)	(23,357)) -	(240,000)	-	(2,99
Net other financing sources	419,073	(275,000)	392,993	-	(240,000)	-	(2,99
Net change in fund balances	58,885	91,533	48,373	15,814	-	-	(2,99
Fund balances - beginning	121,933	82,898	235,721	74,515		44,825	22,099
Fund balances - ending	\$ 180,818	\$ 174,431	\$ 284,094	\$ 90,329	<u>ج</u> -	\$ 44,825	\$ 19,10

Page 3 of 3 Washington County, Florida Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

For the year ended September 30, 2016	Specia	l Reven	ue Funds							
	Law Enforceme Trust Fund	nt	Other Special Revenue Funds	 Debt Service Fund	Seri 2009 A Debt Se	& B	Loan Fund	Other Debt Service Funds	Total Nonmajor Governmental Funds	
Revenues										
Taxes	\$	- \$	87,396	\$ -	\$	- \$	-	\$-	\$ 541,494	
Licenses and permits		-	143,272	-		-	-	-	143,272	
Intergovernmental		-	12,000	-		-	-	-	12,000	
Charges for services		-	275,986	-		-	-	-	1,980,233	
Grants		-	4,896,585	-		-	-	-	5,593,626	
Investment earnings		-	101	38		11	6	-	621	
Other fees and miscellaneous revenues		-	40,778	-		-	-	-	135,207	
Total revenue		-	5,456,118	38		11	6	-	8,406,453	
Expenditures										
Current										
General government		_	114,244	-		288	-	-	114,532	
Public health and safety		-	328,332	-			-	-	2,550,970	
Physical environment		-	-	-		_	-	-	198,805	
Transportation		-	1,098,518	-		_	-	-	1,098,518	
Economic environment		_	727,025			_			1,045,534	
Human services		-	32,349	-		_	_	-	32,349	
Culture and recreation		-	70,701	-		-	-	-	480,999	
Court related		-	97,626	-		-	-	-	100,194	
Capital outlay		-	3,015,939	-		-	-	-	3,257,988	
Debt service		-	5,015,959	-		-	-	-	3,237,980	
Principal				-	-	84,600	-	256,462	544,562	
		-	-							
Interest and other charges		-	-	 1	-	39,797	-	41,895	189,648	
Total expenditures		-	5,484,734	1	4	24,685	-	298,357	9,614,099	
Excess (deficiency) of revenues over (under) expenditures		-	(28,616)	37	(4	24,674)	6	(298,357)	(1,207,646	
Other financing sources										
Transfers in		-	131,900	-		24,397	-	298,357	2,120,755	
Transfers out		-	(114,514)	-		-	-	-	(757,773	
Installment loan proceeds		-	-	 -		-	-	-		
Net other financing sources		-	17,386	-	Z	24,397	-	298,357	1,362,982	
Net change in fund balances		-	(11,230)	37		(277)	6	-	155,336	
Fund balances - beginning	82,	,879	703,139	6,933		10,236	146,978	-	2,735,627	
Fund balances - ending	\$ 82	,879 \$	691,909	\$ 6,970	Ś	9,959 \$	146,984	\$ -	\$ 2,890,963	

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

September 30, 2016													
	Clerk of the Circuit Court												
		General		Child	J	ury and		Тах		Cash		Registry	
		Trust	S	upport	N	Nitness		Deeds		Bonds		of Court	
Assets													
Cash	\$	161,313	\$	8,166	\$	2,287	\$	45,810	\$	57,788	\$	369,600	
Due from other funds		21,109		-		-		-		460		1,948	
Total assets	\$	182,422	\$	8,166	\$	2,287	\$	45,810	\$	58,248	\$	371,548	
Liabilities													
Due to others	\$	180,928	\$	2,500	\$	2,287	\$	45,810	\$	58,248	\$	371,548	
Due to other funds		1,494		5,666		-		-		-		-	
Total liabilities	\$	182,422	\$	8,166	\$	2,287	\$	45,810	\$	58,248	\$	371,548	

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

September 30, 2016							
	 Sheriff			_			
	Inmate Welfare Trust			Тад	Тах		Total
Assets			Escrow	 105			
Cash	\$ 13,313	\$	203,570	\$ (1,575) \$	16,607	\$	876,879
Due from other funds	-		-	-	_		23,517
Total assets	\$ 13,313	\$	203,570	\$ (1,575) \$	16,607	\$	900,396
Liabilities							
Due to others	\$ 13,313	\$	203,570	\$ (1,575) \$	16,607	\$	893,236
Due to other funds	-		-	-	-		7,160
Total liabilities	\$ 13,313	\$	203,570	\$ (1,575) \$	16,607	\$	900,396

REQUIRED SUPPLEMENTARY INFORMATION

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

	2016			2015	2014		2013
County's proportion of the net pension liability (asset)	0.	037700000%		0.035800000%	0.034600000%	C	.033900000%
County's proportionate share of the net pension liability (asset)	\$	9,508,368	\$	4,618,120	\$ 2,113,210	\$	5,839,069
County's covered - employee payroll	\$	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		121.32%		61.00%	28.63%		79.32%
FRS Plan fiduciary net position as a percentage of the total pension liability		84.88%		92.00%	96.09%		N/A

Note: Data was unavailable prior to 2013

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

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

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

		2016	 2015		2014		2013
County's proportion of the net pension liability (asset)	0.	024000000%	0.023300000%	(0.012800000%	C	0.023500000%
County's proportionate share of the net pension liability (asset)	\$	2,792,437	\$ 2,375,636	\$	2,212,590	\$	2,046,241
County's covered - employee payroll	\$	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		35.63%	31.38%		29.98%		27.80%
HIS Plan fiduciary net position as a percentage of the total pension liability		0.97%	0.50%		0.99%		N/A
Note Determination in the 2012							

Note: Data was unavailable prior to 2013

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

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

SUPPLEMENTARY INFORMATION



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

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

To the Honorable 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, 2016, 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, 2017.

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 deficiency listed as BCC1997-01 described in the accompanying schedule of findings and questioned costs to be a material weakness.

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 BCC2005-001, BCC2009-003, CC2015-002, PA03-003, PA07-011, SH03-001, SH07-010, SE03-003, SE07-012, TC03-003 and TC07-011 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*.

We also noted certain other matters that we reported to the management of the County in a separate letter dated June 26, 2017.

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.

Can, Rigge & Ingram, L.L.C.

June 26, 2017


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

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

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

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

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 each of its major federal programs and state projects for the year ended September 30, 2016. The County's major federal programs 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.

Auditor's 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, 2016.

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 a state 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, we identified a certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items BCC2014-001, and BCC2010-001 that we consider to be significant deficiencies.

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

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

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.

Can, Rigge & Ingram, L.L.C.

June 26, 2017

Page 1 of 4 Washington County, Florida Schedule of Expenditures of Federal Awards Programs And State Financial Assistance Projects

Federal Agency			
Pass through entity	Contract/Grant	CFDA/	
Federal Program	Number	CSFA	Expenditures
United States Department of Housing and Urban Development			
Section 8 Housing Choice Vouchers	FL109	14.871	\$ 593,49
Total United States Department of Housing and Urban Develo	pment		593,499
United States Department of Homeland Security, Federal Emerg	ency Management Agency		
Passed through Department of Community Affairs and Florida D			
of Emergency Management			
Emergency Management Performance Grants (EMPG)	15-FG-4D-02-77-01-208	97.042	41,88
Total EMPG Programs			41,88
			,
Hazard Mitigation Grant (HMGP) - Hospital Wind Retrofit	14-HM-2X-02-77-02-500	97.039	61,79
Total HMGP Program			61,79
Homeland Security Grant Program (HSGP)	15-DS-P4-02-77-01-411	97.067	4,50
Total Homeland Security Grant Program			4,50
· · · · ·			
Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2014-44-00339	97.083	167,34
Total SAFER Grant Program			167,34
Disaster Grants - Public Assistance (Presidentially			
Declared Disasters) - FEMA-4138-DR-FL	14-FS-8Q02-77-02-500	97.036	1,627,55
Disaster Grants - Public Assistance (Presidentially			
Declared Disasters) - FEMA-4177-DR-FL	15-SP-8Z02-77-02-548	97.036	17
Total FEMA Programs			1,627,73
Total United States Department of Homeland Security			1,903,26
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)	V230-14139	16.575	38,04
Total Office for Victims of Crime			38,04
United States Department of Justice			
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grants	2016-JAGC-WASH-1-R3-169	16.738	36,45
Total Department of Law Enforcement			36,450
Total United States Department of Justice			74,49
			, -,-, - ,

See Independent Auditors' Report and

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

Page 2 of 4 Washington County, Florida Schedule of Expenditures of Federal Awards Programs And State Financial Assistance Projects

Total United States Department of Agriculture, Office of Forest	Service		10,192
Services - Sunny Hills	VFA772	10.664	3,795
Cooperative Forestry Assistance Program - Fire Services			
Services - Sunny Hills/Carryville	VFA806	10.664	1,542
Cooperative Forestry Assistance Program - Fire Services			
Services - Sunny Hills/Carryville	VFA767	10.664	4,855
Cooperative Forestry Assistance Program - Fire			
United States Department of Agriculture, Office of Forest Service			
Total United States Department of Health and Human Services			54,978
Child Support Enforcement	COC67-2017-010	93.563	54,978
Passed through Florida Department of Revenue			
United States Department of Health and Human Services			
Total United States Federal Highway Administration			249,417
Federal-Aid Highway Program-LAP-Sidewalk	429857-1-68-01	20.205	16,994
Federal-Aid Highway Program-LAP-Sidewalk	G0387 / 429857-1-58-01	20.205	232,423
Highway Planning and Construction			
Passed through Florida Department of Transportation			

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, 2016

State Financial Assistance	Contract/Grant	CFDA/		
State Program	Number	CSFA	Ex	penditures
Florida Department of Transportation				
Highway Operations				
Small County Outreach Program (SCOP)	431398-1-58-01	55.009	\$	1,308,041
Small County Outreach Program (SCOP)	431386-1-58-01	55.009		1,417,120
Total Small County Outreach Program (SCOP)				2,725,161
Highway Operations Program				
Small County Road Assistance Program (SCRAP) - Wilderness Rd.	ARK05 / 431223-1-58-01	55.016		838,027
Small County Road Assistance Program (SCRAP) - Shaky Joe Rd.	ARN73 / 435190-1-54-01	55.016		90,651
Total Small County Road Assistance Program (SCRAP)				928,678
Total Florida Department of Transportation				3,653,839
Executive office of the Governor, Division of Emergency Management	•			
Emergency Management Program	-			
Emergency Management Project (EMPA)	15-BG-83-02-77-01-067	31.063		104,045
FEMA - 2015 Severe Storms and Flooding (FEMA-4177-FL-DR)	15-SP-8Z-02-77-02-548	31.063		8,113
FEMA - 2013 Severe Storms and Flooding (FEMA-4138DR-FL)	14-FS-8Q-02-77-02-500	31.063		782,744
Total Executive Office of the Governor, Division of Emergency Man	,	011000		894,902
Florida Housing Finance Corporation				
Florida Housing Finance Corporation Program				
State Housing Initiatives Partnership Program (SHIP)	N/A	52.901		240,945
Total Florida Housing Finance Corporation				240,945
Florida Department of Environmental Protection				
Waste Management Program				
Small County Consolidated Grant	SC-533	37.012		89,273
Total Florida Department of Environmental Protection	36-333	57.012		89,273
				05,275
Florida Department of State and Secretary of State				
Library and Information Services Program				
State Aid to Libraries	16-ST-69	45.030		80,609
Total Florida Department of State and Secretary of State				80,609

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

Florida Department of Management Services			
Technology Program			
E911 State Grant Program - E911 Maintenance	15-4-26	72.002	36,022
Total Florida Department of Management Services			36,022
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
State Courts Systems			
Small County Courthouse Facilities Program			
Administered Funds - Judicial - Courthouse Construction	SC00592	22.004	6,534,541
Courthouse Grant-In-Aid	Grant-in-Aid, FY 14-15	22.004	240,000
Total State Courts Systems			6,774,541
Florida Department of Health			
Emergency Medical Services			
County Grant Awards	C4067	64.005	13,825
Total Florida Department of Health			13,825
Total Expenditures of State Financial Assistance Projects			11,815,496
Total Expenditures of Federal Awards Programs and State Financial A	Assistance Projects	:	\$ 14,701,334

Washington County, Florida Notes to Schedule of Expenditures of Federal Award Programs And State Financial Assistance Projects For the year ended September 30, 2016

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.

Washington County, Florida Schedule of Findings and Questioned Costs For the year ended September 30, 2016

A. SUMMARY OF AUDIT RESULTS

- 1. The Independent Auditors' Report expresses a qualified opinion on the financial statements of Washington County, Florida.
- 2. 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*." We believe the significant deficiencies listed as BCC1997-001 to be material weaknesses.
- 3. No instances of noncompliance material to the financial statements of Washington County, Florida, Board of County Commissioners were disclosed during the audit.
- 4. 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. 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, 2016

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
State Court Systems, Small County Courthouse Facilities, Administered	
Funds – Judicial – Courthouse Construction	22.004
Florida Department of Transportation, Small County Road Assistance	
Program (SCRAP)	55.016
Florida Department of Transportation, Small County Outreach	
Program (SCOP)	55.009

- 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

NONE NOTED

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

NONE NOTED

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENTS AUDIT

BOARD OF COUNTY COMMISSIONERS

CAPITAL ASSETS RECORDS, FINDING BCC1997-001 - NOT RESOLVED

COMMENT: It was noted that property, equipment, and infrastructure were not recorded on the capital asset listing. The Property records do not have a complete listing of buildings, land, and infrastructure owned by the County. Because of the lack of sufficient detail the capital asset listing is unauditable.

RECOMMENDATION: The County should undertake a project to ensure all assets are recorded on the capital asset listing at cost or estimated historical cost. 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.

SEGREGATION OF DUTIES, FINDING BCC2005-001 - NOT RESOLVED

COMMENT: It was noted during the audit there is a lack of segregation of duties. The custody of assets, recording, and authorization should be separated to the greatest extent possible without this, there is a greater risk of misstatement.

RECOMMENDATION: We realize due to the limited number of employees it is difficult to maintain ideal separation of duties, however, we recommend controls be implemented to help compensate for these weaknesses to the greatest extent possible.

STATUS: There is still a lack of segregation of duties between employees who have recordkeeping responsibilities and employees with custody of County assets.

Washington County, Florida Summary Schedule of Prior Audit Findings For the year ended September 30, 2016 PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

DEFICIENCY OVER FINANCIAL REPORTING, FINDING BCC2007-001 - RESOLVED

COMMENT: The County has a capable individual providing bookkeeping services, however the County does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

The fact that the County 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 hiring someone with this expertise may not cost effective. We recommend that the County continue to rely on Carr, Riggs and Ingram to prepare their Financial Statements. We recommend that the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to more accurately record financial activities.

STATUS: This condition was corrected during the current year.

ACCOUNTING TRANSACTIONS, FINDING BCC2009-003 - NOT RESOLVED

COMMENT: Certain items were noted as misclassified during the audit. These items were related to nonrecurring and unusual transactions.

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

STATUS: This condition continues to exist.

EMERGENCY MANAGEMENT SERVICES, FINDING BCC2009-004 - RESOLVED

COMMENT: Accounts receivable for EMS charges were not recorded at year end. Contractual adjustments for EMS were not recorded for part of 2009.

RECOMMENDATION: All charges and receivables related to EMS operations should be properly recorded.

STATUS: This condition was resolved during the current year.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

OFFSETTING TRANSACTIONS, BCC 2015-001 - RESOLVED

COMMENT: Operations from several funds were eliminated or transferred during the current year to other funds, both within and outside the Board. Balances from the existing funds were offset to eliminate these amounts instead of properly recording transfers to the 'receiving' funds.

RECOMMENDATION: All transfers between funds should be properly recorded and not offset between accounts. We recommend requesting outside accounting assistance to record complex transactions and provide support to staff in monitoring and reconciling these balances.

STATUS: This condition was resolved in the current year.

CLERK OF THE CIRCUIT COURT

SEGREGATION OF DUTIES, FINDING CC03-003 - RESOLVED

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

RECOMMENDATION: We realize that due to the size of the Clerk's administrative staff it is difficult to achieve ideal separation of duties. However, the Clerk should remain very active and involved in the day-to-day operations. It is essential that records be maintained current and up-to-date. Controls should be implemented to help compensate for these weaknesses and to provide appropriate checks and balances.

STATUS: This condition was resolved during the current year.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

CLERK OF THE CIRCUIT COURT (CONTINUED)

PREPARATION OF FINANCIAL STATEMENTS, FINDING CC07-009 - RESOLVED

COMMENT: The Clerk 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition was resolved during the current year.

BOOKKEEPING PROCEDURES, CC13-001 - RESOLVED

COMMENT: We noted that general bookkeeping procedures including bank account reconciliations and court related reporting were not being performed on a timely basis.

RECOMMENDATION: We recommend that bank account reconciliations, court related reporting, and other general bookkeeping procedures be performed in a timely manner.

STATUS: This condition was resolved during the current year.

AGENCY FUND DISBURSEMENT, CC 2015-001 - RESOLVED

COMMENT: Funds were mistakenly transferred between the Clerk's agency and operating funds due to clerical error. The amounts were recoded as Due To or From the respective funds at September 30, 2015.

RECOMMENDATION: Agency fund disbursements should be made for authorized purposes.

STATUS: This condition was corrected in the current year.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

CLERK OF THE CIRCUIT COURT (CONTINUED)

ACCOUNTING TRANSACTIONS, CC 2015-002 - NOT RESOLVED

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

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

STATUS: This condition continues to exist.

PROPERTY APPRAISER

SEGREGATION OF DUTIES, FINDING PA03-003 - NOT RESOLVED

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

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 appropriate checks and balances.

STATUS: This condition continues to exist.

PREPARATION OF FINANCIAL STATEMENTS, FINDING PA07-011 - NOT RESOLVED

COMMENT: 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

SHERIFF

SEGREGATION OF DUTIES, FINDING SH03-001 - NOT RESOLVED

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

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 appropriate checks and balances.

STATUS: This condition continues to exist.

PREPARATION OF FINANCIAL STATEMENTS, FINDING SH07-010 - NOT RESOLVED

COMMENT: The Sheriff has a capable individual providing bookkeeping services; however the Sheriff 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

EMS/E911 TRANSFER OF OPERATIONS, SH 2015-001 - RESOLVED

COMMENT: Operations for EMS and E911 were transferred from the Board to the Sheriff during the current year. While bookkeeping staff recorded ongoing transactions during the year, the initial balances transferred from the Board were not recorded, resulting in significant adjustments at year end.

RECOMMENDATION: We recommend that the Sheriff request outside accounting assistance to record complex transactions and provide support to staff in monitoring and reconciling these balances.

STATUS: This condition was resolved during the current year.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

SHERIFF (CONTINUED)

ACCOUNTING TRANSACTIONS, FINDING SH-2015-002 - RESOLVED

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

RECOMMENDATION: We recommend that all accrual transactions including accounts payable and other liabilities be recorded and suggest the accounting staff seek additional training and guidance to enable them to accurately record financial activities.

STATUS: This condition was resolved during the current year.

SUPERVISOR OF ELECTIONS

SEGREGATION OF DUTIES, FINDING SE03-003 - NOT RESOLVED

COMMENT: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Supervisor of Elections' assets. The Board of County Commissioners maintains the record keeping of the Supervisor of Elections' office.

RECOMMENDATION: We realize that due to the size of the Board's finance office staff it is difficult to achieve ideal separation of duties. However, the Board and 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 appropriate checks and balances.

STATUS: This condition continues to exist.

PREPARATION OF FINANCIAL STATEMENTS, FINDING SE07-012 - NOT RESOLVED

COMMENT: 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

TAX COLLECTOR

SEGREGATION OF DUTIES, FINDING TC03-003 - NOT RESOLVED

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

RECOMMENDATION: We realize that due to the size of the Tax Collector's 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 appropriate checks and balances.

STATUS: This condition continues to exist.

PREPARATION OF FINANCIAL STATEMENTS, FINDING TC07-011 - NOT RESOLVED

COMMENT: 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS

BOARD OF COUNTY COMMISSIONERS

SUBRECIPIENT MONITORING and RECORDKEEPING, FINDING BCC2014-001 – NOT RESOLVED

United States Department of Housing and Urban Development, HUD, CFDA 14.871

COMMENT: Housing and Urban Development funds are received by the County and then passed to a subrecipient, Tri-County Community Council (TCCC). TCCC is contractually responsible for administering and disbursing these funds but the County retains responsibility for monitoring TCCC's compliance with the grant requirements. While County staff does perform a limited review of TCCC's annual audited financial statements, they do not perform other procedures to adequately monitor and supervise TCCC's compliance related to this award. Excess funds were remitted to TCCC by the County during the year, the error was not detected and corrected until year end.

RECOMMENDATION: We recognize that due to the size of the County, it is not cost effective to take on the responsibility of administering the grant. However, we recommend the County take measures to ensure that TCCC is in compliance with the award requirements by reviewing supporting documents for program costs and reconciling costs to requests for funds. Additionally, we recommend that the County reconcile cash receipts and disbursements monthly to ensure that funds are not remitted in excess of available funds.

STATUS: This condition continues to exist.

POSTING ERRORS and REPORTING, FINDING BCC2013-002 - RESOLVED

United States Department of Homeland Security, FEMA, CFDA 97.036 Executive Office of the Governor, Division of Emergency Management, FEMA CSFA 31.063

COMMENT: It was noted the County did not process project files in a timely manner resulting in errors in posting as well as in estimating revenue and receivables, which resulted in need for change in estimate in current year.

RECOMMENDATION: We recommend that the County process projects in order to recognize revenue and expenses to extent completed in the proper period.

STATUS: This condition was resolved in the current year.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

REPORTING and MONITORING, FINDING BCC10-001 – NOT RESOLVED

United States Department of Housing and Urban Development, HUD, CFDA 14.871

COMMENT: It was noted the County has not uploaded electronic versions of financial statements to the REAC website as required by U.S. Department of Housing and Urban Development.

RECOMMENDATION: We recommend that the County determine reporting requirements and ensure that Tri County Community Council complies with all those requirements.

STATUS: The County is in the process of resolving this comment.

ACCRUAL BASIS TRANSACTIONS, FINDING BCC 2015-002 - RESOLVED

Florida Department of Transportation, SCRAP, CFSA 55.016

COMMENT: Payments on grant related road construction invoices made after year end were not recorded as payables for the current year. The corresponding receivable from the grant was also not recorded. The unrecorded amounts were part of a large invoice which included work performed both before and after September 30, 2015.

RECOMMENDATION: Accrual basis accounting must be followed to accurately record grant revenues and expenditures in the proper period.

STATUS: This condition was resolved during the current year.

PAYROLL RECORDKEEPING ERROR, FINDING BCC 2015-003 - RESOLVED

United States Department of Homeland Security, FEMA, CFDA 97.036 Executive Office of the Governor, Division of Emergency Management, FEMA CSFA 31.063

COMMENT: It was noted that time sheets prepared by County employees for work performed on roads did not always identify the amount of time worked on specific roads listed on time the sheets, rather all roads worked in a given day were listed with an overall time worked for the day. As a result, time worked on these roads cannot be appropriately charged to FEMA projects and therefore the County cannot include these costs in requests for reimbursement.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

RECOMMENDATION: We recommend that all employees be made aware of the need to identify the time spent on each road project, the type of job performed, and the equipment type and time and material type and amounts, and that all this documentation be properly signed off and supported as applicable with materials invoices to ensure that project costs are allowed and allowable and charged to correct FEMA projects in compliance with grant and state law requirements.

STATUS: This condition was resolved during the current year.

RECORDKEEPING DEFICIENCIES, FINDING BCC 2015-004 - RESOLVED

United States Department of Homeland Security, FEMA, CFDA 97.036 Executive Office of the Governor, Division of Emergency Management, FEMA CSFA 31.063

COMMENT: Various inconsistencies were noted in the testing of grant records and related supporting documentation. Some files were missing project worksheets entirely while others were missing invoices or other supporting documents. There were inconsistencies noted in the scope of work performed relative to the PW and the recorded percentage of completion at year end. Job progress schedules maintained by the road department staff were not in agreement with those maintained by the finance department staff. Amounts receivable and payable related to this grant were not accurately recorded.

RECOMMENDATION: Grant files and schedules should be monitored and reviewed on a regular basis for accuracy and completeness. All grant related records and job files should be reviewed for incomplete or inconsistent documentation and corrected. Job progress schedules should be updated to reflect only those amounts which can be verified. These schedules should be provided to the finance department in a timely manner to allow proper recording of grant revenues and expenditures.

STATUS: This condition was resolved during the current year.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

QUESTIONED COST FOR WORK NOT PERFORMED, FINDING BCC 2015-005 - RESOLVED

United States Department of Homeland Security, FEMA, CFDA 97.036 Executive Office of the Governor, Division of Emergency Management, FEMA CSFA 31.063

COMMENT: It was noted that the client did not order and place Rip Rap as indicated under PW 199 (FEMA DR-4177 due to an issue with the narrowness of the road. However, the PW scope of work indicates that the Rip Rap was to be replaced at a cost of \$13,485. As the County chose not to replace the Rip Rap, the road has not been replaced back to pre-disaster condition. Additionally, it was noted that the County has decided not to put roads in District 1 back to pre-disaster condition.

RECOMMENDATION: We recommend that the County review the need to replace all roads to pre-disaster condition in order to use the funds as required under the scope of work to be completed per the Project Worksheets and where there are legitimate concerns with the PW's, the County needs to address these issues with FEMA and request that the PW's be adjusted to address the concerns so that the County does not become liable for repayment of funds advanced. Additionally, the County should be aware that if they leave the roads in a condition that is not up to pre-disaster, this becomes the new 'pre-disaster' standard for these roads in the future.

STATUS: This condition was resolved during the current year.



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

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INDEPENDENT AUDITORS' MANAGEMENT LETTER COMMENTS

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, 2016, and have issued our report thereon dated June 26, 2017.

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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General; and Independent Accountants' Report on compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*. Disclosures in those reports and schedule, which are dated June 26, 2017, 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 "Prior Year Findings and Recommendations."

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

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Washington County, Florida for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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.

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 charges with governance. In connection with our audit, we did not have 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.

Can, Riggs & Ingram, L.L.C.

June 26, 2017



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

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

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

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

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

We have examined Washington County, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Washington County, Florida'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 Washington County, Florida'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, 2016.

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.

Can, Riggs & Ingram, L.L.C.

June 26, 2017

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



June 23, 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, 2016, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control Over Financial Reporting, the Independent Auditors' Report on Compliance for Each Major Federal Program and State Project, and the Independent Auditors' Management Letter Comments. 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.

BCC 2005-001 - Need for Segregation of Duties

The County is aware of the risk associated with having employees that perform incompatible accounting and administrative duties. However, the limitation of sufficient financial resources in the Board's finance office, and thus available staff, makes the implementation of an ideal internal control structure, whereby all accounting responsibilities and duties are properly segregated, impractical. While this finding may not ever be fully resolved, we are currently working with an outside consultant to help design and implement compensating controls in this area. It is expected that this effort will reduce the inherent risk generally associated with a lack of segregation of duties to an acceptable level, and that this finding will not be included in future audit reports.

A Public Office is a Public Trust

Office Location:	Mailing Address:	Telephone: 850-638-6285
1293 Jackson Avenue	Post Office Box 647	Fax: 850-638-6288
Chipley, FL 32428	Chipley FL 32428-0647	www.washingtonclerk.com

BCC 2009-003 - Accounting Transactions:

This finding resulted from the failure to record certain year end transactions in the proper period. These transactions are infrequent and nonrecurring in nature. The County has retained the services of a CPA to assist the accounting staff in the proper recording of nonrecurring and unusual transactions and it is not expected that this finding will be present in subsequent audit reports.

BCC 2010–001 – Reporting and Monitoring:

It should be noted that the County did upload electronic versions of financial statements to the REAC website as required by the US Department of Housing and Urban Development, but the auditors deemed them to be incomplete. The County acts as a "pass-through" agent for this particular grant and is in the process of developing adequate policies to allow them to obtain the necessary financial information to fully comply with Federal reporting and monitoring requirements. It is anticipated that this item will be resolved in the current year.

BCC 2014-001 - Sub-recipient Monitoring and Recordkeeping:

The County is in the process of developing adequate internal procedures to ensure that all Subrecipients are in compliance with the award requirements. Such procedures will consist of reviewing supporting documentation for program costs and reconciling costs to requests for funds on a monthly basis.

Respectfully submitted,

Dra

Honoyable Lora Bell, Clerk of Court Washington County

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



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, 2016, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control and the Independent Accountants' Report on Compliance with Section 61.181, Florida Statutes. Accordingly, the following comments are provided.

CC 2015-002 - Accounting Transactions:

This finding resulted from the failure to record a single invoice as a payable at the end of the fiscal year, and is considered an isolated incident. It is not expected that this finding will be present in subsequent audit reports.

Section 61.181, Florida Statutes, Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees

This finding resulted from the failure to remit fees collected under the Florida Statute captioned above in a timely manner. This matter has been corrected and this finding will not be included in subsequent audit reports.

Respectfully submitted,

07 Honorable Lora Bell, Clerk of Court

Washington County

A Public Office is a Public Trust

Office Location:	Mailing Address:	Telephone: 850-638-6285
1293 Jackson Avenue	Post Office Box 647	Fax: 850-638-6288
Chipley, FL 32428	Chipley FL 32428-0647	www.washingtonclerk.com

BOBBY HADDOCK, Sheriff WASHINGTON COUNTY

1293 JACKSON AVE., BUILDING 400 P.O. BOX 626 • CHIPLEY, FLORIDA 32428 PHONE (850) 638-6111 • FAX (850) 638-6184 • www.wcso.us

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, 2016.

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.

The issue of GAAP is noted, however, our budget does not allow for the hiring of a professional accountant to handle the financial statements and the everyday workload of the department. We will continue to request outside assistance.

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

Sincerely,

Bobby Haddock Sheriff, Washington County



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

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, 2016. 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.

Preparation of GAAP - based Financial Statements – I will continue to use outsourced bookkeeping services for my office as it is not cost efficient to have someone on staff with the expertise necessary in preparing generally accepted accounting principles (GAAP) based financial statements. We are aware of the deficiencies this reporting area presents for our audit, however I will continue to evaluate the cost-benefit related to my office.

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

Sincerely,

Gil Carter, CFA Washington County Property Appraiser



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:

I am in receipt of the audit report for the Washington County Supervisor of Elections for the fiscal year ending in September, 2016. 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.
- 2. Management believes this policy is the most effective approach to prepare the annual financial statements in accordance with generally accepted accounting principles.

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

Sincerely,

Judd

Carol F. Rudd Supervisor of Elections Washington Co., FL



<u>Main Office Hours</u> 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

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, 2016. 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:

- 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.
- 2. Preparation of GAAP-Based Financial Statements: I will continue to use outsourced bookkeeping services for my office as it is not cost efficient to have someone on my staff with the expertise necessary in preparing generally accepted accounting principles (GAAP) based financial statements. We are aware of the deficiencies this reporting area presents for our audit; however I will continue to evaluate the cost-benefit related to my office.

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, 2016



Washington County, Florida Clerk of the Circuit Court Table of Contents September 30, 2016

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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 Financial Statements

We have audited the accompanying 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, 2016, and the related notes to the financial statements, which collectively comprise the Clerk's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits contained in the *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.

As discussed in Note 1 to the 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.

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, 2016, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's basic financial statements. The combining and individual nonmajor 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 nonmajor 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017 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.

Can, Rigge & Ingram, L.L.C.

June 26, 2017

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

September 30, 2016

	General Fund	Μ	ublic Records odernization Trust Fund	Go	Total overnmental Funds
Assets					
Cash and cash equivalents	\$ 124,960	\$	-	\$	124,960
Restricted cash and cash equivalents	-		7,968		7,968
Accounts receivable	11,103		-		11,103
Due from other funds	6,248		11,612		17,860
Total assets	\$ 142,311	\$	19,580	\$	161,891
Liabilities					
Accounts payable and accrued expenses	\$ 63,926	\$	5,354	\$	69,280
Due to the Board of County Commissioners	2,761		-		2,761
Due to other governmental units	41,407		-		41,407
Due to other funds	34,217		-		34,217
Total liabilities	142,311		5,354		147,665
Fund balances					
Unassigned	-		-		-
Restricted	-		14,226		14,226
Total fund balances	-		14,226		14,226
Total liabilities and fund balances	\$ 142,311	\$	19,580	\$	161,891

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, 2016

	General Fund	Public Records Modernization Trust Fund	Go	Total overnmental Funds
Revenues				
Grants	\$ 54,978	\$-	\$	54,978
Intergovernmental	184,123	-		184,123
Charges for services	491,123	74,921		566,044
Other fees and miscellaneous revenues	1,066	-		1,066
Total revenues	731,290	74,921		806,211
Expenditures				
Current				
General government	549,840	368		550,208
Court-related	628,483	16,104		644,587
Capital outlay				
General government	5,404	-		5,404
Court-related	-	16,432		16,432
Total expenditures	1,183,727	32,904		1,216,631
Excess (deficiency) of revenues over (under) expenditures	(452,437)	42,017		(410,420)
Other financing sources (uses)				
Transfers in	497,638	-		497,638
Transfers out	(2,761)	(36,555)		(39,316)
Net other financing sources	494,877	(36,555)		458,322
Net change in fund balances	42,440	5,462		47,902
Fund balance - beginning	(42,440)	8,764		(33,676)
Fund balance - ending	\$ _	\$ 14,226	\$	14,226

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, 2016

	Original Budget	Final Budget	Actual Amounts		Fin Fa	iance with al Budget avorable favorable)
Revenues						
Grants	\$ 55,450	\$ 55,450	\$	54,978	\$	(472)
Intergovernmental	235,886	235,886		184,123		(51,763)
Charges for services	396,545	396,545		491,123		94,578
Investment earnings	200	200		-		(200)
Other fees and miscellaneous revenues	-	-		1,066		1,066
Total revenues	688,081	688,081		731,290		43,209
Expenditures						
Current						
General government	551,083	551,083		549,840		1,243
Court-related	634,636	634,636		628,483		6,153
Capital outlay						
General government	-	-		5,404		(5,404)
Total expenditures	1,185,719	1,185,719		1,183,727		1,992
Excess (deficiency) of revenues over (under) expenditures	(497,638)	(497,638)		(452,437)		45,201
Other financing sources (uses)						
Transfers in	497,638	497,638		497,638		-
Transfers out	-	-		(2,761)		(2,761)
Net other financing sources	497,638	497,638		494,877		(2,761)
Net change in fund balance	\$ -	\$ -	\$	42,440	\$	42,440

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

September 30, 2016

	 Agency Funds
Assets	
Cash and cash equivalents	\$ 647,389
Due from other funds	23,517
Total assets	\$ 670,906
Liabilities	
Due to other funds	\$ 7,160
Due to others	635,841
Due to other governmental units	27,905
Total liabilities	\$ 670,906

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, 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 specialpurpose 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.

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 Clerk, 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 Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.

In addition, the Clerk has reported the following non-major governmental funds:

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.

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 9.

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.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Clerk's deposits was \$780,317 and the bank balance was \$835,670. 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 depositors are assessed additional amounts, they are assessed on a pro-rata basis.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2016, the Clerk did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

As of September 30, 2016, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2016, 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.

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.

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

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:

	10/01/15	07/01/16
	Through	Through
	<u>06/30/16</u>	09/30/16
Regular employees	7.26%	7.52%
Senior management	21.43%	21.77%
Elected county officials' class	42.27%	42.47%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2015 through September 30, 2016, the total payroll for all covered employees by the System was \$749,591. The retirement contributions for all employees covered by the System for the periods ended September 30, 2016, 2015 and 2014 were \$96,680, \$94,331 and \$78,531, respectively, which were the required contributions. For the year ended September 30, 2016, retirement contributions represented 12.90% 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.

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 3 - EMPLOYEE PENSION PLAN (CONTINUED)

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, 2016, excess court-related funds were \$41,407.

NOTE 6 - LONG-TERM LIABILITIES

The Clerk's long-term liabilities are reported in the statement of net position in the County's financial statements.

The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2016:

	 INNING LANCE	AD	DITIONS	RED	UCTIONS	_	NDING ALANCE	DUE WITHIN ONE YEAR
Governmental								
activities: Compensated								
absences	\$ 83,367	\$	71,358	\$	98,563	\$	56,162	\$ 14,041

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Clerk's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

NOTE 7 - 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 \$54,978.

NOTE 8 - 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, 2016, excess revenues over expenditures of \$2,761 are accrued and reported as a transfer out.

NOTE 9 - FUND EQUITY

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, 2016, the Clerk reports 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	
Public Records	Funding for:	
Modernization		
Trust Fund		
	Modernization of Public Records	\$ 6,921
	Court-related technology	7,305
	Total restricted fund equity	\$ 14,226

NOTE 10 - 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.

Washington County, Florida Clerk of the Circuit Court Description of Fiduciary Funds

Fiduciary Funds

General Trust - To account for the collections held in trust including: taxes, fine and forfeitures, as ordered by the court and other miscellaneous sources prior to disbursement.

Child Support - To account for the collections held in trust for child support payments prior to disbursement.

Jury and Witness - To account for the collection and disbursement of advances received from the State and County for payment of jurors and witnesses.

Tax Deeds - To account for the collection and disbursement of tax deed sale proceeds for overbids, clerk fees, and publications.

Cash Bonds - To account for the collections held as cash bonds and disbursed out according to court orders signed by the Judge.

Registry of Court - To account for the collections held in registry and disbursed out according to court orders signed by the Judge.

Dependency Mediation - To account for the collection and disbursement of advances received by the State for payment of mediation services.

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

	General		Child	Ju	iry and		Тах	Cash	Registry	Dep	endency	
	Trust	S	upport	V	Vitness	I	Deeds	Bonds	of Court	M	ediation	Total
Assets												
Cash and cash equivalents	\$ 161,313	\$	8,166	\$	2,287	\$	45,810	\$ 57,788	\$ 369,600	\$	2,425	\$ 647,389
Due from other funds	21,109		-		-		-	460	1,948		-	23,517
Total assets	\$ 182,422	\$	8,166	\$	2,287	\$	45,810	\$ 58,248	\$ 371,548	\$	2,425	\$ 670,906
Liabilities												
Due to other funds	\$ 1,494	\$	5,666	\$	-	\$	-	\$ -	\$ -	\$	-	\$ 7,160
Due to others	153,023	•	2,500		2,287		45,810	58,248	371,548	·	2,425	635,841
Due to other governmental units	27,905		-		-		, _	-	-		-	27,905
Total liabilities	\$ 182,422	\$	8,166	\$	2,287	\$	45,810	\$ 58,248	\$ 371,548	\$	2,425	\$ 670,906

September 30, 2016



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

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

To the Honorable 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, 2016, 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 26, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on 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 Clerk'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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below as finding No. CC 2015-002 and that we consider to be a significant deficiency.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Need for Segregation of Duties, CC 2003-003 - RESOLVED

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. This is due to the limited number of employees, and certain incompatible duties being performed by the same employee.

RECOMMENDATION: The Clerk of Circuit Courts recognized that the cost of its internal control structure should not exceed the benefits expected to be derived and the inherent limitations of any internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

STATUS: This condition has been resolved.

Preparation of Financial Statements, CC 2007-009 - RESOLVED

COMMENT: The Clerk 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition has been resolved.

Bookkeeping Procedures, CC 2013-001 - RESOLVED

COMMENT: We noted that general bookkeeping procedures including bank account reconciliations and court related reporting were not being performed on a timely basis.

RECOMMENDATION: We recommend that the bank account reconciliations, court related reporting, and other general bookkeeping procedures be performed in a timely manner.

STATUS: This condition has been resolved.

Agency Fund Disbursement, CC 2015-001 - RESOLVED

COMMENT: Funds were mistakenly transferred between the Clerk's agency and operating funds due to clerical error. The amounts were recorded as Due To or From the respective funds at September 30, 2015.

RECOMMENDATION: Agency fund disbursements should be made for authorized purposes.

STATUS: This condition has been resolved.

Accounting Transactions, CC 2015-002 - NOT RESOLVED

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

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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.

Can, Rigge & Ingram, L.L.C.

June 26, 2017



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

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

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Clerk'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 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, 2016.

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.

Can, Riggs & Ingram, L.L.C.

June 26, 2017



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

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*

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Clerk'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 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, 2016.

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.

Can, Rigge & Ingram, L.L.C.

June 26, 2017



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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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Clerk'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 Clerk's compliance with specified requirements.

In our opinion, the Clerk did not comply, in all material respects, with the aforementioned requirements for the year ended September 30, 2016. The specified fees collected were not remitted in a timely manner.

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.

Can, Rigge & Ingram, L.L.C.

June 26, 2017



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

INDEPENDENT AUDITORS' MANAGEMENT LETTER

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

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 financial statements of the Washington County, Florida, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2016, and have issued our report thereon dated June 26, 2017.

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,* Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2017, 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."

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.

Other Matters

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.

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

Can, Rigge & Ingram, L.L.C.

June 26, 2017

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

LORA C. BELL

Clerk of Court and Comptroller



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, 2016, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control and the Independent Accountants' Report on Compliance with Section 61.181, Florida Statutes. Accordingly, the following comments are provided.

CC 2015-002 - Accounting Transactions:

This finding resulted from the failure to record a single invoice as a payable at the end of the fiscal year, and is considered an isolated incident. It is not expected that this finding will be present in subsequent audit reports.

Section 61.181, Florida Statutes, Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees

This finding resulted from the failure to remit fees collected under the Florida Statute captioned above in a timely manner. This matter has been corrected and this finding will not be included in subsequent audit reports.

Respectfully submitted,

03

Honorable Lora Bell, Clerk of Court Washington County

A Public Office is a Public Trust

(Office Location:	Mailing Address:	Telephone: 850-638-6285
	293 Jackson Avenue	Post Office Box 647	Fax: 850-638-6288
(Chipley, FL 32428	Chipley FL 32428-0647	www.washingtonclerk.com

Washington County, Florida Property Appraiser

Special-Purpose Financial Statements

September 30, 2016



REPORT

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INDEPENDENT AUDITORS' REPORT

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

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To the Honorable Gil Carter Property Appraiser 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, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements as listed in the table of contents.

Management's Responsibility for the 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 audits contained in the *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 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

As discussed in Note 1 to the 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 the governmental activities of the Property Appraiser as of September 30, 2016, 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 February 9, 2017 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.

Can, Riggs & Ingram, L.L.C.

February 9, 2017

SPECIAL-PURPOSE FINANCIAL STATEMENTS

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

September 30, 2016

	General Fund
Assets	
Cash	\$ 143,298
Total assets	\$ 143,298
Liabilities	
Accounts payable and accrued expenses	\$ 15,382
Due to Board of County Commissioners	127,916
Total liabilities	143,298
Fund balance	-
Total liabilities and fund balance	\$ 143,298

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

For the year ended September 30, 2016		
	(General Fund
Revenues		
Charges for services	\$	751
Other fees and miscellaneous revenues		16
Total revenues		767
Expenditures		
Current		
General government		439,779
Total expenditures		439,779
Excess (deficiency) of revenues over (under) expenditures		(439,012)
Other financing sources (uses)		
Transfers in		566,928
Transfers out		(127,916)
Net other financing sources (uses)		439,012
Net change in fund balance		-
Fund balance - beginning		-
Fund balance - ending	\$	-

The accompanying notes are an integral part of these 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, 2016								
	Original Budget		Final Budget		Actual Amounts (Budgetary Basis)		Variance with Final Budget - Favorable (Unfavorable)	
Revenues								
Charges for services	\$	-	\$	-	\$	751	\$	751
Other fees and miscellaneous revenues		-		-		16		16
Total revenues		-		-		767		767
Expenditures								
Current								
General government	556,22	28		556,228		439,779		116,449
Capital outlay	3,00	00		3,000		-		3,000
Reserve for contingencies	7,70	00		7,700		-		7,700
Total expenditures	566,92	28		566,928		439,779		127,149
Excess (deficiency) of revenues over (under) expenditures	(566,92	28)		(566,928)		(439,012)		127,916
Other financing sources (uses)								
Transfers in	566,92	28		566,928		566,928		-
Transfers out		-		-		(127,916)		(127,916)
Net other financing sources (uses)	566,92	28		566,928		439,012		(127,916)
Net change in fund balance	\$	-	\$	-	\$	-	\$	-

The accompanying notes are an integral part of these 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.

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.

3-30 years

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

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.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Property Appraiser's cash and cash equivalents was \$143,298 and the bank balance was \$155,942. 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 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 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, 2016, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

INTEREST RATE RISK

At September 30, 2016, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2016, 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, 2016, 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.

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:

	10/01/15	07/01/16
	Through	Through
	<u>06/30/16</u>	<u>09/30/16</u>
Regular employees	7.26%	7.52%
Senior management	21.43%	21.77%
Elected county officials' class	42.27%	42.47%

Chapter 121, Florida Statutes established the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2014 through September 30, 2016, total payroll for the Property Appraiser employees covered by the Florida Retirement System was \$276,279. The Property Appraiser's contribution to the plan for the years ended September 30, 2016, 2015, and 2014 was \$55,560, \$57,942, and \$49,480, which were the required contributions. For the year ended September 30, 2016 retirement contributions represent 20.11% 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.

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 - LONG-TERM LIABILITIES

The Property Appraiser's long-term liabilities are reported in the statement of net position in the County's financial statements.

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.

Liability activity for the year ended September 30, 2016, was as follows:

										DUE
	BEC	GINNING					I	ENDING		WITHIN
	BA	LANCE	AD	DITIONS	RE	DUCTIONS	В	BALANCE	(ONE YEAR
Governmental activities:										
Compensated absences	\$	7,405	\$	8,234	\$	7,579	\$	8,060	\$	2,015

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund.

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. For the year ended September 30, 2016, excess revenues over expenditures of \$127,916 are accrued and reported as transfer out.

NOTE 6 - 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 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 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 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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Property Appraiser'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 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, 2016.

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.

Can, Rigge & Ingram, L.L.C.

February 9, 2017



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

To the Honorable 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, 2016, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements and have issued our report thereon dated February 9, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as finding No. 03-03 and 07-11 that we consider to be significant deficiencies.

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

PRIOR YEAR FINDINGS AND RECOMMENDATION

Need for Segregation of Duties, 03-03

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

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, 07-11

COMMENT: 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser'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*.

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

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.

Can, Rigge & Ingram, L.L.C.

February 9, 2017



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington County, Florida Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2016, and have issued our report thereon dated February 9, 2017.

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;* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 9, 2017, 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. Findings 03-03 and 07-11 found in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* have 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.

Other Matters

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.

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.

Can, Rigge & Ingram, L.L.C.

February 9, 2017

Washington County, Florida Property Appraiser Management's Response



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

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, 2016. 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.

Preparation of GAAP - based Financial Statements – I will continue to use outsourced bookkeeping services for my office as it is not cost efficient to have someone on staff with the expertise necessary in preparing generally accepted accounting principles (GAAP) based financial statements. We are aware of the deficiencies this reporting area presents for our audit, however I will continue to evaluate the cost-benefit related to my office.

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

Sincerely,

Gil Carter, CFA Washington County Property Appraiser

Washington County, Florida Sheriff

Special-Purpose Financial Statements

September 30, 2016



Independent Auditors' Report 1 SPECIAL-PURPOSE FINANCIAL STATEMENTS 3 Special-Purpose Balance Sheet - Governmental Funds Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance -4 **Governmental Funds** Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance -5 Budget and Actual - General Fund Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance -6 Budget and Actual - Emergency Medical Services Fund Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance -7 Budget and Actual - Inmate Welfare Fund Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - E911 Fund 8 Special Purpose Statement of Fiduciary Net Position - Agency Funds 9 10 Notes to Special-Purpose Financial Statements SUPPLEMENTARY INFORMATION 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 21 Independent Accountants' report on compliance with Section 218.415, 24 Florida Statutes, Local Government Investment Policies Independent Auditors' Management Letter 25 Independent Accountants' Report on Compliance with Sections 365.172(10) and 365.173(2)(d), Florida Statutes 27 28

Management's Response

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) www.cricpa.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Bobby Haddock Sheriff of 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, Sheriff (the "Sheriff") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Sheriff'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 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 audits contained in the *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 Bobby Haddock Sheriff of Washington County, Florida Washington County, Florida

As discussed in Note 1 to the financial statements, the Sheriff's financial statements are specialpurpose 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.

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, each major fund, and fiduciary fund type of the Sheriff as of September 30, 2016, and the respective changes in financial position where applicable and the respective budgetary comparisons 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 January 23, 2017 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.

Can, Rigge & Ingram, L.L.C.

Marianna, Florida January 23, 2017

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

September 30, 2016

	General Fund	mergency Medical vices Fund	Inmate Welfare Fund	E	911 Fund	Go	Total vernmental Funds
Assets					~ ~		
Cash and cash equivalents	\$ 72,377	\$ 83,989	\$ -	\$	65,510	\$	221,876
Restricted cash and cash equivalents	9,188	-	48,551		-		57,739
Due from other governmental units	44,092	-	-		-		44,092
Accounts receivable	880	136,756	-		44,315		181,951
Due from Board of County Commission	15,725	-	-		-		15,725
Total assets	\$ 142,262	\$ 220,745	\$ 48,551	\$	109,825	\$	521,383
Liabilities							
Accounts payable and accrued expenses	\$ 120,428	\$ -	\$ 3,090	\$	-	\$	123,518
Due to other governmental units	-	39,927	-		-		39,927
Deferred revenue	6,955	-	-		-		6,955
Due to Board of County Commissioners	5,691	_					5,691
Total liabilities	133,074	39,927	3,090		-		176,091
Fund balance							
Unrestricted	-	180,818	-		-		180,818
Restricted	9,188	-	45,461		109,825		164,474
Total fund balance	9,188	180,818	45,461		109,825		345,292
Total liabilities and fund balances	\$ 142,262	\$ 220,745	\$ 48,551	\$	109,825	\$	521,383

See accompanying notes to 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, 2016

	Emergency General Medical Fund Services Fund			Inmate Welfare		Go	Total overnmental	
Revenues		Fund	Services Fun	a	Fund	E911 Fund		Funds
Intergovernmental	Ś	106,937	Ś	- \$	_	\$-	Ś	106,937
Charges for services	Ŧ	221,424	1,443,259		54,604	137,371	•	1,856,658
Grants		, 78,490	, _, _	-	- ,	36,022		114,512
Investment earnings				-	101			101
Other fees and miscellaneous revenues		47,592		-	72	-		47,664
Total revenues		454,443	1,443,259)	54,777	173,393		2,125,872
Expenditures								
Current								
Public safety and health		4,314,725	1,682,266	5	63,387	168,172		6,228,550
Capital outlay		53,915	121,182	_	-	-		175,096
Total expenditures		4,368,640	1,803,447	,	63,387	168,172		6,403,646
Excess (deficiency) of revenues over (under) expenditures	(3,914,197)	(360,188	3)	(8,610)	5,221		(4,277,774)
Other financing sources (uses)								
Transfers in		3,972,955	430,199)	-	-		4,403,154
Transfers out		(64,731)	(11,126	5)	(14,169)	(7,148))	(97,174)
Net other financing sources (uses)		3,908,224	419,073	8	(14,169)	(7,148))	4,305,980
Net change in fund balances		(5 <i>,</i> 973)	58,885	5	(22,779)	(1,927))	28,206
Fund balances - beginning		15,161	121,933	3	68,240	111,752		317,086
Fund balance - ending	\$	9,188	\$ 180,818	3 \$	45,461	\$ 109,825	\$	345,292

See accompanying notes to 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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 106,937	\$ 106,937	\$ 106,937	\$-
Grants	77,638	77,638	78,490	852
Charges for services	145,470	145,470	221,424	75,954
Other fees and miscellaneous revenues	9,169	9,169	47,592	38,423
Total revenues	339,214	339,214	454,443	115,229
Expenditures Current:				
Public safety and health	4,219,332	4,368,645	4,314,725	53,920
Capital outlay	-	-	53,915	(53,915)
Total expenditures	4,219,332	4,368,645	4,368,640	5
Excess (deficiency) of revenues over (under) expenditures	(3,880,118)	(4,029,431)	(3,914,197)	115,234
Other financing sources (uses)				
Transfers in	3,880,118	4,015,015	3,972,955	(42,060)
Transfers out	-	-	(64,731)	(64,731)
Total other financing sources	3,880,118	4,015,015	3,908,224	(106,791)
Net change in fund balance	\$-	\$ (14,416)	\$ (5,973)	\$ 8,443

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, 2016	Original Budget	Final Budget	Actual Amounts on a Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)		
Revenues	¢ 0.00 000		<i>.</i>	ć (44.207)		
Charges for services	\$ 962,690	\$ 1,454,546	\$ 1,443,259	\$ (11,287)		
Total revenues	962,690	1,454,546	1,443,259	(11,287)		
Expenditures Current: Public safety and health Capital outlay	1,381,690	1,468,146	1,335,839 121,181	132,307 (121,181)		
Total expenditures	1,381,690	1,468,146	1,457,020	11,126		
Excess (deficiency) of revenues over (under) expenditures	(419,000)	(13,600)	(13,761)	(161)		
Other financing sources (uses) Transfers in Transfers out	419,000	418,913 -	430,199 (11,126)	11,286 (11,126)		
Total other financing sources	419,000	418,913	419,073	160		
Net change in fund balance	\$-	\$ 405,313	\$ 405,312	\$ (1)		

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

For the year ended September 30, 2016														
	Original Budget		•		•		Actual Amounts						Fir F	iance with al Budget avorable ifavorable)
Revenues														
Charges for services	\$	52,000	\$	54,604	\$	54,604	\$	-						
Other fees and miscellaneous revenues		175		173		173		-						
Total revenues		52,175		54,777		54,777		-						
Expenditures														
Current:														
Public safety and health		48,519		80,645		63,387		17,258						
Total expenditures		48,519		80,645		63,387		17,258						
Excess (deficiency) of revenues over (under) expenditures		3,656		(25,868)		(8,610)		17,258						
		•						,						
Other financing sources (uses) Transfers out		-		-		(14,169)		(14,169)						
Total other financing sources		-		-		(14,169)		(14,169)						
Net change in fund balance	\$	3,656	\$	(25,868)	\$	(22,779)	\$	3,089						

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, 2016										
	Original Budget		•						F	ariance with inal Budget Favorable Infavorable)
Revenues							<u>,</u>			
Intergovernmental Grants	\$	131,000 -	\$	137,371 36,022	\$	137,371 36,022	\$	-		
Total revenues		131,000		173,393		173,393		-		
Expenditures										
Current:										
Public safety and health		120,016		175,319		168,172		7,147		
Total expenditures		120,016		175,319		168,172		7,147		
Excess (deficiency) of revenues over (under) expenditures		10,984		(1,926)		5,221		7,147		
Other financing sources (uses)										
Transfers out		-		-		(7,148)		(7,148)		
Total other financing sources		-		-		(7,148)		(7,148)		
Net change in fund balance	\$	10,984	\$	(1,926)	\$	(1,927)	\$	(1)		

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

September 30, 2016	Agency
	Funds
Assets	
Cash	\$ 13,313
Total assets	\$ 13,313
Liabilities	
Due to others	\$ 13,313
Total liabilities	\$ 13,313

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.

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.

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

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	\$ 1,682,266
Non-budgeted expenditures:	
Bad debt expense	(346,427)
Budgetary basis	\$ 1,335,839

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.

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. A separate insurance policy is carried for the aircraft.

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 9.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$292,928 and the bank balance was \$395,838. 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 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, 2016, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2016, the Sheriff did not hold any investments that were considered to have interest rate risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK

At September 30, 2016, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2016, 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, 2016 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, 2016.

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.

NOTE 4 - EMPLOYEE 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:

	10/01/15	07/01/16
	Through	Through
	<u>06/30/16</u>	<u>09/30/16</u>
Regular employees	7.26%	7.52%
Senior management	21.43%	21.77%
Special risk employees	22.04%	22.57%
DROP participants	12.88%	12.99%
Elected county officials' class	42.27%	42.47%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2015 through September 30, 2016, the total payroll for all employees was \$3,555,956. The retirement contributions for all employees covered by the System for the years ended September 30, 2016, 2015 and 2014 were \$597,506, \$524,986, and \$370,862 which were the required contributions. For the year ended September 30, 2016 retirement contributions represented 16.80% of covered payroll.

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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 - LONG-TERM LIABILITIES

The Sheriff's long-term liabilities are reported in the statement of net position in the County's financial statements.

The following is a summary of the changes in long-term obligations of the Sheriff for the year ended September 30, 2016:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 305,342	\$ 176,496	\$ 221,739	\$ 260,099	\$ 39,015

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. See Note 1 for a summary of the Sheriff's policy regarding compensated absences.
Washington County, Florida Sheriff Notes to Special-Purpose Financial Statements

NOTE 6 - 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 \$1,281 at year end.

NOTE 7 - 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, 2016, 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 9 - 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 9 - 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, 2016.

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, 2016, 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 9 - FUND EQUITY (CONTINUED)

Balances of restricted fund balance at September 30, 2016 are as follows:

	General Fund	Inmate Welfare Fund	9	E911 Fund	Total
Restricted for:					
Education and crime preventior \$ Emergency communications Crime prevention	9,188 - -	\$ 45,	- \$ - 461	۔ 109,825 -	\$ 9,188 109,825 45,461
Total fund balances \$	9,188	\$ 45,	461 \$	109,825	\$ 164,474

NOTE 10 - 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.



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

To the Honorable Bobby Haddock 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 governmental activities 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, 2016, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated January 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the 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.

To the Honorable Bobby Haddock Sheriff of Washington County, Florida Chipley, Florida

However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as finding No. 2003-01, and 2007-10, that we consider to be significant deficiencies.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

EMS/E911 TRANSFER OF OPERATIONS, SH 2015-001 - RESOLVED

COMMENT: Operations for EMS and E911 were transferred from the Board to the Sheriff during the year ended September 30, 2015. While bookkeeping staff recorded ongoing transactions during the year, the initial balances transferred from the Board were not recorded, resulting in significant adjustments at year end.

RECOMMENDATION: We recommend that the Sheriff request outside accounting assistance to record complex transactions and provide support to staff in monitoring and reconciling these balances.

STATUS: This condition was corrected during the year.

ACCOUNTING TRANSACTIONS, FINDING SH-2015-002 - RESOLVED

COMMENT: Accrual accounting transactions were not properly recorded including accounts payable.

RECOMMENDATION: We recommend that all accrual transactions including accounts payable and other liabilities be recorded and suggest the accounting staff seek additional training and guidance to enable them to accurately record financial activities.

STATUS: This condition was corrected during the year.

NEED FOR SEGREGATION OF DUTIES, SH 2003-01 – NOT RESOLVED

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Management has made changes in the internal control procedures in the past year and added additional authorization and review procedures. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

STATUS: This condition continues to exist.

To the Honorable Bobby Haddock Sheriff of Washington County, Florida Chipley, Florida

PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS, SH 2007-10 - NOT RESOLVED

COMMENT: The Sheriff has a capable individual providing bookkeeping services; however the Sheriff 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

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*.

We also noted certain other matters that we reported to management of the Sheriff in a separate letter dated January 23, 2017.

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.

Can, Rigge & Ingram, L.L.C.

Marianna, Florida January 23, 2017



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

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

To the Honorable Bobby Haddock 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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Sheriff'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 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, 2016.

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.

Can, Rigge & Ingram, L.L.C.

Marianna, Florida January 23, 2017



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

INDEPENDENT AUDITORS' MANAGEMENT LETTER

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

To the Honorable Bobby Haddock 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, 2016, and have issued our report thereon dated January 23, 2017.

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 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 Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated January 23, 2017, 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 findings and recommendations made in the preceding annual financial audit report except as noted under the heading Prior Year Findings and Recommendations.

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 Bobby Haddock Sheriff of Washington County, Florida Chipley, Florida

Other Matters

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.

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

Can, Rigge & Ingram, L.L.C.

Marianna, Florida January 23, 2017



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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 Bobby Haddock 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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Sheriff'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 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, 2016.

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.

Can, Rigge & Ingram, L.L.C.

Marianna, Florida January 23, 2017

Washington County, Florida Sheriff Management's Response



BOBBY HADDOCK, Sheriff washington county

1293 JACKSON AVE., BUILDING 400 P.O. BOX 626 • CHIPLEY, FLORIDA 32428 PHONE (850) 638-6111 • FAX (850) 638-6184 • www.wcso.us

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, 2016.

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.

The issue of GAAP is noted, however, our budget does not allow for the hiring of a professional accountant to handle the financial statements and the everyday workload of the department. We will continue to request outside assistance.

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

Sincerely,

Bobby Haddock Sheriff, Washington County

Washington County, Florida Supervisor of Elections

Special-Purpose Financial Statements

September 30, 2016



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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 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, 2016, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements as listed in the table of contents.

Management's Responsibility for the 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 audits contained in the *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.

As discussed in Note 1 to the 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.

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 of the Supervisor of Elections as of September 30, 2016, 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 a report dated February 10, 2017 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.

Can, Rigge & Ingram, L.L.C.

February 10, 2017

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Washington County, Florida Supervisor of Elections Special-Purpose Balance Sheet Governmental Funds

September 30, 2016

	General Fund		Grant Fund		Total Governmenta Funds	
Assets						
Restricted cash	\$	-	\$	5,583	\$	5,583
Due from Board of County Commissioners		11,756				11,756
Total assets	\$	11,756	\$	5,583	\$	17,339
Liabilities Accounts payable and accrued expenses	\$	11,756	\$	_	\$	11,756
Deferred revenue	Ţ		T	5,486	T	5,486
Total liabilities		11,756		5,486		17,242
Fund balance						
Restricted		-		97		97
Total liabilities and fund balance	\$	11,756	\$	5,583	\$	17,339

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, 2016

	General Fund			Grant Fund	Total Governmental Funds	
Revenues						
Grants	\$	-	\$	8,215	\$	8,215
Total revenues		-		8,215		8,215
Expenditures						
Current						
General government	396,901		8,215		405,116	
Total expenditures	396,901		8,215		405,116	
Excess (deficiency) of revenues over (under) expenditures		(396,901)		-		(396,901)
Other financing sources						
Transfers in		396,901		-		396,901
Net other financing sources		396,901		-		396,901
Net change in fund balances		-		-		-
Fund balance - beginning		_		97		97
Fund balance - ending	\$	-	\$	97	\$	97

See accompanying notes to 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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Fund Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$-	\$-	\$-	\$-
Miscellaneous revenues	-	-	-	-
Total revenues	-	-	-	
Expenditures				
Current				
General government	383,550	397,164	396,901	263
Total expenditures	383,550	397,164	396,901	263
Excess (deficiency) of revenues over (under) expenditures	(383,550)	(397,164)	(396,901)	263
Other financing sources (uses)				
Transfers in	383,550	397,164	396,901	(263)
Net other financing sources (uses)	383,550	397,164	396,901	(263)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

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 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.

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.

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) (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 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, 2016, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Supervisor of Elections' cash and cash equivalents was \$5,583 and the bank balance was \$5,583. 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 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, 2016, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2016, the Supervisor of Elections did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2016, 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, 2016, the Supervisor of Elections did not hold any investments that were considered to have concentration of credit risk.

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:

	10/01/15	07/01/16
	Through	Through
	<u>06/30/16</u>	<u>9/30/16</u>
Regular employees	7.26%	7.52%
Elected county officials	42.27%	42.47%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2015 through September 30, 2016, the total payroll for all covered employees was \$191,784. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2016, 2015 and 2014 were \$39,089, \$39,395 and \$33,131.

NOTE 3 - EMPLOYEES PENSION PLAN (CONTINUED)

The contributions for the current year represented 20.4% 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.

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, 2016, 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, 2016.

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, 2016, the Supervisor reports

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	\$ 97
	Total restricted fund equity	\$ 97

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, 2016, 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



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

To the Honorable 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, 2016, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements and have issued our report thereon dated February 10, 2017.

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 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. However, material weaknesses may exist that have not been identified. We did identified certain deficiencies in internal control, described below as finding SOE 2003-03 and SOE 2007-12 that we consider to be significant deficiencies.

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 2003-03

COMMENT: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Washington County, Florida Supervisor of Elections' assets.

RECOMMENDATION: We realize that due to the size of the Washington County, Florida Supervisor of Elections' staff it is difficult to achieve ideal separation of duties. However, the Washington County, Florida 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 checks and balances.

STATUS: This condition continues to exist.

Preparation of GAAP–based Financial Statements, SOE 2007-12

COMMENT: The Washington County, Florida 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition continues to exist.

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 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.

Can, Rigge & Ingram, L.L.C.

February 10,2017



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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, 2016. 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 and, accordingly, included examining, on a test basis, evidence about the Supervisor of Elections 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 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, 2016.

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.

Can, Rigge & Ingram, L.L.C.

February 10, 2017



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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 financial statements of the Washington County, Florida Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2016, and have issued our report thereon dated February 10,2017.

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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 10, 2017, 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. Findings SOE 2003-03 and SOE 2007-12 found in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards have 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.

Other Matters

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.

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.

Can, Rigge & Ingram, L.L.C.

February 10, 2017

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:

I am in receipt of the audit report for the Washington County Supervisor of Elections for the fiscal year ending in September, 2016. 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.
- 2. Management believes this policy is the most effective approach to prepare the annual financial statements in accordance with generally accepted accounting principles.

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

Sincerely,

udd

Carol F. Rudd Supervisor of Elections Washington Co., FL

Washington County, Florida Tax Collector

Special-Purpose Financial Statements

September 30, 2016


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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, 2016, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements as listed in the table of contents.

Management's Responsibility for the 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 audits contained in the *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

As discussed in Note 1 to the financial statements, the Tax Collector's financial statements are specialpurpose 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.

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 fiduciary fund type of the Tax Collector as of September 30, 2016, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tax Collector's basic financial statements. The combining and individual nonmajor 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 nonmajor 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 financial statements and certain additional procedures applied in the audit of the basic financial statements or to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017 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.

Can, Rigge & Ingram, L.L.C.

February 13, 2017

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Washington County, Florida Tax Collector Special-Purpose Balance Sheet Governmental Funds

September 30, 2016

	General Fund		
Assets			
Cash and cash equivalents	\$	77,532	
Total assets	\$	77,532	
Liabilities Accounts payable		1,675	
Due to Board of County Commissioners		75,857	
Total liabilities		77,532	
Fund balance		-	
Total liabilities and fund balance	\$	77,532	

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

For the year ended September 30, 2016

	General
	Fund
Revenues	
Charges for services	\$ 620,818
Total revenues	620,818
Expenditures	
Current	
General government	611,691
Capital Outlay	7,921
Total expenditures	619,612
Excess (deficiency) of revenues over (under) expenditures	1,206
Other financing sources (uses)	
Transfers in	74,651
Transfers out	(75,857)
Net other financing sources (uses)	(1,206)
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ _

The accompanying notes are an integral part of these financial statements

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

Variance with **Final Budget** Original Favorable Final Actual Budget Budget (Unfavorable) Amounts Revenues \$ 620,818 \$ Charges for services \$ 555,683 \$ 559,558 61,260 **Total revenues** 620,818 61,260 555,683 559,558 Expenditures Current General government 626,734 630,609 611,691 18,918 Capital outlay 3,600 3,600 7,921 (4,321) **Total expenditures** 630,334 634,209 619,612 14,597 Excess (deficiency) of revenues over (under) expenditures (74, 651)(74, 651)1,206 75,857 Other financing sources (uses) Transfers in 74,651 74,651 74,651 Transfers out (75,857) (75,857) Net other financing sources (uses) 74,651 74,651 (1,206)(75,857) Net change in fund balance \$ \$ \$ \$ _ _ _

For the year ended September 30, 2016

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

September 30, 2016

	Agency Funds		
Assets			
Cash	\$ 218,602		
Total assets	\$ 218,602		
Liabilities			
Due to others	\$ 218,602		
Total liabilities	\$ 218,602		

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.

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.

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.

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.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Tax Collector's cash and cash equivalents and restricted cash was \$296,134 and the bank balance was \$516,753. 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 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, 2016, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2016, the Tax Collector did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2016, 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, 2016, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

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:

	10/01/15	07/01/16
	Through	Through
	<u>06/30/16</u>	<u>09/30/16</u>
Regular employees	7.26%	7.52%
Senior management	21.43%	21.77%
Elected county officials' class	42.27%	42.47%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2015 through September 30, 2016, the total payroll for all covered employees was \$414,154. The Tax Collector's contribution to the plans for the periods ended September 30, 2016, 2015 and 2014 were \$63,780, \$63,161 and \$52,443. The contributions for the current year represented 15.40% of covered payroll.

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 - LONG-TERM LIABILITIES

The Tax Collector's long-term liabilities are reported in the statement of net position in the County's financial statements.

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.

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

Liability activity for the year ended September 30, 2016, was as follows:

	 EGINNING BALANCE	A	DITIONS	RI		_	ENDING ALANCE	DUE WITHIN ONE YEAR
Governmental activities: Compensated absences	\$ 12,165	\$	14,453	\$	16,376	\$	10,242	\$ 2,561

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Tax Collector's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

NOTE 6 - 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, 2016, excess revenues over expenditures of \$75,857 are accrued and reported as transfers out.

NOTE 7 – 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, 2016

	Escrow	Tag	Тах	Total
Assets	A A A A A A A A A A		• • • • • • •	.
Cash	\$ 203,570	\$ (1,575)	\$ 16,607	\$ 218,602
Total assets	\$ 203,570	\$ (1,575)	\$ 16,607	\$ 218,602
Liabilities				
Due to others	\$ 203,570	\$ (1,575)	\$ 16,607	\$ 218,602
Total liabilities	\$ 203,570	\$ (1,575)	\$ 16,607	\$ 218,602



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

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

To the Honorable 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, 2016, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements and have issued our report thereon dated February 13, 2017.

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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as finding No. TC03-03 and TC07-11 that we consider to be significant deficiencies.

To the Honorable Ken Naker Tax Collector, Washington County, Florida Chipley, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Need for Segregation of Duties, TC03-03

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

RECOMMENDATION: We realize that due to the size of the Tax Collector's 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, TC07-11

COMMENT: 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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 continues to exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector'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*.

To the Honorable Ken Naker Tax Collector, Washington County, Florida Chipley, Florida

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.

Can, Riggs & Ingram, L.L.C.

February 13, 2017



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

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

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

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, 2016. 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, 2016.

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.

Can, Riggs & Ingram, L.L.C.

February 13, 2017



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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, 2016, and have issued our report thereon dated February 13, 2017.

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,* Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 13, 2017, 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. Findings TC03-03 and TC-07-11 found in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* have 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.

Other Matters

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.

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.

Can Rigge & Ingram, L.L.C.

February 13, 2017

Washington County, Florida Tax Collector Management's Response



<u>Main Office Hours</u> 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

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, 2016. 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:

- 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.
- 2. Preparation of GAAP-Based Financial Statements: 1 will continue to use outsourced bookkeeping services for my office as it is not cost efficient to have someone on my staff with the expertise necessary in preparing generally accepted accounting principles (GAAP) based financial statements. We are aware of the deficiencies this reporting area presents for our audit; however 1 will continue to evaluate the cost-benefit related to my office.

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

Sincerely,

Ken Naker, CFC Tax Collector