

Washington County, Florida

Financial Statements

September 30, 2015



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**WASHINGTON COUNTY, FLORIDA
FINANCIAL STATEMENTS
September 30, 2015**

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Jeff Goodman**

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

Washington County, Florida
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September 30, 2015

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Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector



REPORT





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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

The financial statements of the Sunny Hills Units 12-15 Dependent District have not been audited, and we were not engaged to audit the Sunny Hills Units 12-15 Dependent District financial statements as part of our audit of the County's basic financial statements. Sunny Hills Units 12-15 Dependent District's financial activities are included in the County's basic financial statements as a discretely presented component unit and represents one-hundred percent of the assets, net position, and revenues, of the County's aggregate discretely presented component units.

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, 2015, 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

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

assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Washington County, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Award Programs and State Financial Assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550 of the Rules of the Auditor General State of Florida and is 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 Programs and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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.

Change in Accounting Principle

As discussed in Note 22 to the financial statements, effective October 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* – and amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2016, 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.

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

June 30, 2016



**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 2014-2015 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$22,261,502.
- The County's total net assets increased by \$4,893,881 which represents a 24.5% increase from the 2014-2015 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balances of \$14,333,367, an increase of \$5,420,114.
- Non-Restricted fund balance for all governmental funds total \$7,057,414 as of September 30, 2015 compared to total governmental fund balances of \$14,333,367 at the same date.
- Non-restricted Governmental Fund Balance of \$7,057,414, is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$14,985,549 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 \$494,742. This is primarily due to revenues exceeding the budget amount by \$162,034 and expenditures being less than the budgeted expenditures by \$656,082.
- Long-term debt decreased by \$1,090,290. 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 2015 fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave).

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

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

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

Fund Financial Statements

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

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

Infrastructure Assets

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government’s financial position. The following is a summary of the County’s net assets as of September 30, 2014 and September 30, 2015.

	Governmental Activities September 30, 2015		Governmental Activities September 30, 2014	
Current and Other Assets	\$	25,129,950	\$	15,607,361
Capital Assets		21,570,882		19,046,581
Total Assets	\$	46,700,832	\$	34,653,942
Deferred Outflows, Pensions	\$	4,183,072	\$	1,360,776
Current Liabilities	\$	10,796,583	\$	2,117,976
Long Term Liabilities		13,900,554		12,327,713
Total Liabilities		24,697,137		14,445,689
Deferred Inflows, Pensions	\$	3,925,265	\$	4,201,338
Net Assets				
Invested in Capital Assets		21,402,382		18,830,387
Restricted		7,275,953		6,865,403
Committed		3,403,714		3,264,058
Assigned		278,574		583,092
Unrestricted		(10,099,121)		(12,175,249)
Total Net Assets	\$	22,261,502	\$	17,367,691

At September 30, 2015 the largest portion of the County’s net assets reflected invested in capital assets (e.g. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets in the amount of \$21,402,382. 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 \$7,275,953. 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, 2015		Governmental Activities September 30, 2014 (As Restated)	
Revenues				
Program Revenues:				
Charges for Service	\$	3,209,536	\$	2,689,031
Operating Grants and Contributions		7,020,142		4,815,490
Capital Grants and Contributions		2,917,017		87,636
General revenues:				
Property Taxes		8,012,931		7,954,314
Local Option Taxes		3,262,808		3,087,370
Sales Tax and Other Taxes		1,048,528		790,819
Intergovernmental and Shared		2,503,415		2,526,505
Investment Earnings		5,865		2,133
Miscellaneous		1,121,907		475,873
Total Revenues	\$	29,102,149	\$	22,429,171
Expenses:				
Program Activities:				
General Government	\$	4,732,546	\$	4,804,989
Public Safety		8,320,911		6,392,629
Physical Environment		399,123		308,477
Transportation		6,942,171		4,967,241
Economic Development		1,299,386		1,096,112
Human Services		611,292		552,278
Culture and Recreation		962,538		767,856
Court Related		753,208		864,228
Interest on Long-Term Debt		187,163		247,825
Total Expenses		24,208,338		20,001,635
Change in Net Position, as restated		4,893,811		2,427,536
Net Assets, Beginning as Previously Stated		17,367,691		22,106,317
Change in Accounting Principle, Pensions		-		(7,166,162)
Net Assets, as Restated		17,367,691		14,940,155
Net Assets, Ending	\$	22,261,502	\$	17,367,691

Governmental activities increased the County's net assets by \$4,893,811 or approximately 24.5%. Total revenues increased by \$6,672,978 from the prior year due primarily to an increase in revenue reported above. Total expenses increased by \$4,206,703 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 \$6,171,141, while the total fund balance was \$6,245,884. 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 55.27% of the total general fund expenditures, while total fund balance represents 55.94% of the same amount. The non-reserved total fund balance increased by \$433,432 during 2014-2015 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 2014-2015 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, 2015 amounted to \$21,570,882 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, 2015, the County had long-term liabilities totaling \$13,900,554. Of this amount, revenue bonds outstanding were \$172,000, Notes Payable of \$5,947,070. Also, there is \$722,357 to address compensated absences obligations, \$6,933,756 for pension liability (GASB 68), \$20,371 for landfill post closure costs and the remaining amount of \$45,000 for OPEB liabilities.

ECONOMIC FACTORS-WASHINGTON COUNTY, FLORIDA

The unemployment rate for County was 5.7% at September 2015 a decrease of .80% over the 6.5% at September 2014.

Population decreased approximately .7% from fiscal year 2007 to 2015 with the population estimated at 24,922 as of September 2015.

The taxable value for personal and real property in the County for fiscal year ending September 30, 2015 is \$809,727,359, a decrease of 1.35% from the previous year when the taxable value was \$820,800,444.

The general ad valorem tax mileage rate was 9.252 for fiscal year ending September 30, 2015 and 8.9195 for fiscal year ending September 30, 2014.

The budget for the fiscal year ending September 30, 2015 represents an increase of 1.24% over the September 30, 2014 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, 2015

	Primary Government Governmental Activities	(Unaudited) Component Unit
Assets		
Cash and cash equivalents	\$ 3,798,794	\$ 200
Restricted cash and cash equivalents	12,570,153	-
Accounts receivable, net	2,527,108	-
Due from other funds	-	-
Due from other governments	3,360,017	-
Due from developer	-	5,010
Prepaid expenses	-	2,936
Notes receivable	2,873,878	-
Capital assets, net		
Nondepreciable capital assets	6,015,613	1,770,313
Depreciable capital assets, net	15,555,269	-
Total assets	46,700,832	1,778,459
Deferred outflows of resources		
Pension	4,183,072	-
Total deferred outflows of resources	4,183,072	-
Liabilities		
Accounts payable and accrued expenses	2,459,583	4,928
Due to other governments	39,927	-
Due to other funds	33,426	-
Deferred revenue	8,263,647	3,668
Long-term liabilities		
Portion due or payable within one year		
Notes payable	375,308	-
Bonds payable	3,500	-
Landfill closure liability	20,371	-
Portion due or payable after one year		
Notes payable	5,571,762	-
Bonds payable	168,500	-
Compensated absences	722,357	-
Pension Liability	6,993,756	-
Other post-employment benefit obligation	45,000	-
Total liabilities	24,697,137	8,596
Deferred inflows of resources		
Pension	3,925,265	-
Total deferred inflows of resources	3,925,265	-
Net position		
Invested in capital assets, net of related debt	21,402,382	1,770,313
Restricted	7,275,953	-
Committed	3,403,714	-
Assigned	278,574	-
Unrestricted	(10,099,121)	(450)
Total net position	\$ 22,261,502	\$ 1,769,863

See accompanying notes to the financial statements.

Washington County, Florida Statement of Activities

For the year ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	(Unaudited) Component Unit
		\$	\$	\$	\$	\$
Primary Government						
Governmental activities						
General government	\$ 4,732,546	\$ 1,005,680	\$ 123,959	\$ 1,688,404	\$ (1,914,503)	\$ -
Public safety	8,320,911	1,693,719	414,368	-	(6,212,824)	-
Physical environment	399,123	-	82,871	-	(316,252)	-
Transportation	6,942,171	6,505	5,432,155	-	(1,503,511)	-
Economic environment	1,299,386	-	835,219	-	(464,167)	-
Human services	611,292	-	31,540	1,228,613	648,861	-
Culture and recreation	962,538	-	100,030	-	(862,508)	-
Court related	753,208	503,632	-	-	(249,576)	-
Interest on long-term debt	187,163	-	-	-	(187,163)	-
Total governmental activities	24,208,338	3,209,536	7,020,142	2,917,017	(11,061,643)	-
Total primary government	\$ 24,208,338	\$ 3,209,536	\$ 7,020,142	\$ 2,917,017	(11,061,643)	-
Component Unit (Unaudited)	\$ 18,757	\$ -	\$ 15,149	\$ -	-	(3,608)
General revenues						
Taxes						
Property taxes					8,012,931	-
Local option taxes					3,262,808	-
Sales tax and other taxes					1,048,528	-
Intergovernmental and shared revenue					2,503,415	-
Investment earnings					5,865	-
Miscellaneous					1,121,907	-
Total general revenues					15,955,454	-
Change in net position					4,893,811	(3,608)
Net position - beginning, as previously stated					19,957,721	1,773,471
Change in accounting principle, pensions - Note 21					(7,166,162)	-
Prior period adjustment - Note 22					4,576,132	-
Net position, beginning, as restated					17,367,691	1,773,471
Net position, ending					\$ 22,261,502	\$ 1,769,863

See accompanying notes to the financial statements.

Washington County, Florida
Balance Sheet
Governmental Funds

September 30, 2015

	General Fund	Transportation Trust	Courthouse	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,137,555	\$ -	\$ -	\$ 1,661,239	\$ 3,798,794
Restricted cash and cash equivalents	71,967	2,075,652	8,530,234	1,892,300	12,570,153
Accounts receivable, net	494,846	-	-	2,032,262	2,527,108
Due from other funds	1,814,556	407,952	-	204,272	2,426,780
Due from other governmental units	59,435	3,300,582	-	-	3,360,017
Note receivable	2,873,878	-	-	-	2,873,878
Total assets	\$ 7,452,237	\$ 5,784,186	\$ 8,530,234	\$ 5,790,073	\$ 27,556,730
Liabilities					
Accounts payable and accrued expenses	\$ 419,925	\$ 371,499	\$ 569,499	\$ 1,098,660	\$ 2,459,583
Due to other funds	624,676	-	493,174	1,342,356	2,460,206
Due to other governmental units	-	-	-	39,927	39,927
Deferred revenue	161,752	64,666	7,463,728	573,501	8,263,647
Total liabilities	1,206,353	436,165	8,526,401	3,054,444	13,223,363
Fund balances					
Restricted	74,743	5,348,021	3,833	1,849,356	7,275,953
Committed	2,873,878	-	-	529,836	3,403,714
Assigned	-	-	-	278,574	278,574
Unassigned	3,297,263	-	-	77,863	3,375,126
Total fund balances	6,245,884	5,348,021	3,833	2,735,629	14,333,367
Total liabilities and fund balances	\$ 7,452,237	\$ 5,784,186	\$ 8,530,234	\$ 5,790,073	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					21,570,882
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(13,900,554)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.					
Deferred outflows of resources - pensions					4,183,072
Deferred inflows of resources - pensions					(3,925,265)
Net position of governmental activities					\$ 22,261,502

See accompanying notes to the financial statements.

Washington County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the year ended September 30, 2015

	General Fund	Transportation Trust	Courthouse	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,992,424	\$ 1,804,682	\$ -	\$ 527,161	\$ 12,324,267
Licenses and permits	17,227	6,505	-	190,288	214,020
Intergovernmental	1,747,071	744,344	-	12,000	2,503,415
Charges for services	1,253,840	-	-	1,734,020	2,987,860
Fines and forfeitures	2,656	-	-	5,000	7,656
Grants	123,959	3,713,411	1,687,061	4,412,728	9,937,159
Investment earnings	553	441	3,833	1,039	5,866
Other fees and miscellaneous revenue	389,575	574,050	-	158,282	1,121,907
Total revenues	13,527,305	6,843,433	1,690,894	7,040,518	29,102,150
Expenditures					
Current					
General government	4,430,434	-	-	112,559	4,542,993
Public health and safety	4,560,074	-	-	3,772,745	8,332,819
Physical environment	215,601	-	-	183,577	399,178
Transportation	-	4,753,381	-	1,511,562	6,264,943
Economic environment	183,991	-	-	1,104,071	1,288,062
Human services	532,492	-	-	29,422	561,914
Culture and recreation	470,284	-	-	462,541	932,825
Court related	629,223	-	-	141,016	770,239
Capital outlay	143,416	1,473,223	1,687,061	568,319	3,872,019
Debt service					
Principal	-	-	-	1,106,013	1,106,013
Interest and other charges	-	-	-	187,164	187,164
Total expenditures	11,165,515	6,226,604	1,687,061	9,178,989	28,258,169
Excess (deficiency) of revenues over (under) expenditures	2,361,790	616,829	3,833	(2,138,471)	843,981
Other financing sources (uses)					
Transfers in	262,898	-	-	2,896,467	3,159,365
Transfers out	(2,129,946)	-	-	(1,029,419)	(3,159,365)
Net other financing sources (uses)	(1,867,048)	-	-	1,867,048	-
Net changes in fund balances	494,742	616,829	3,833	(271,423)	843,981
Fund balances - beginning, as previously stated	5,751,142	155,063	-	3,007,052	8,913,257
Prior Period Adjustment - Note 23	-	4,576,129	-	-	4,576,129
Fund balances - beginning, as restated	5,751,142	4,731,192	-	3,007,052	13,489,386
Fund balances - ending	\$ 6,245,884	\$ 5,348,021	\$ 3,833	\$ 2,735,629	\$ 14,333,367

See accompanying notes to the financial statements.

Washington County, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2015

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

Net change in fund balances - total governmental funds	\$ 843,981
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	3,872,019
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(1,347,718)
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.	1,106,013
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	(23,000)
Long-term landfill closure and post-closure liability	18,773
Pension Expenses	430,413
Compensated absences	(6,670)
Change in net position of governmental activities	\$ 4,893,811

See accompanying notes to the financial statements.

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

For the year ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$10,439,467	\$10,600,983	\$9,992,424	\$ (608,559)
Licenses and permits	20,000	20,000	17,227	(2,773)
Intergovernmental	1,640,629	1,710,471	1,747,071	36,600
Charges for services	1,096,191	1,259,939	1,253,840	(6,099)
Fines and forfeitures	2,500	2,500	2,656	156
Grants	107,902	136,974	123,959	(13,015)
Investment earnings	-	225	553	328
Other fees and miscellaneous revenues	163,661	240,540	389,575	149,035
Less 5% estimated revenues	(606,361)	(606,361)	-	606,361
Total revenues	12,863,989	13,365,271	13,527,305	162,034
Expenditures				
Current				
General government	4,927,571	5,043,501	4,430,434	613,067
Public safety	4,485,740	4,579,292	4,560,074	19,218
Physical environment	210,204	218,695	215,601	3,094
Economic environment	185,995	185,324	183,991	1,333
Human services	633,586	516,509	532,492	(15,983)
Culture and recreation	478,351	486,940	470,284	16,656
Court related	640,633	718,012	629,223	88,789
Capital outlay	8,600	73,324	143,416	(70,092)
Total expenditures	11,570,680	11,821,597	11,165,515	656,082
Excess (deficiency) of revenues over (under) expenditures	1,293,309	1,543,674	2,361,790	818,116
Other financing sources (uses)				
Transfers in	183,524	274,626	262,898	(11,728)
Transfers out	(1,476,833)	(1,818,300)	(2,129,946)	(311,646)
Net other financing sources (uses)	(1,293,309)	(1,543,674)	(1,867,048)	(323,374)
Net change in fund balance	\$ -	\$ -	\$ 494,742	\$ 494,742

See accompanying notes to the financial statements.

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

For the year ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,714,246	\$ 1,714,246	\$ 1,804,682	\$ 90,436
Licenses and permits	10,000	10,000	6,505	(3,495)
Intergovernmental	690,317	690,317	744,344	54,027
Grants	-	5,845,920	3,713,411	(2,132,509)
Investment earnings	-	-	441	441
Other fees and miscellaneous revenues	13,900	571,772	574,050	2,278
Less 5% estimated revenues	(121,424)	(121,424)	-	121,424
Total revenues	2,307,039	8,710,831	6,843,433	(1,867,398)
Expenditures				
Current				
Transportation	2,403,631	7,334,200	4,753,381	2,580,819
Capital Outlay	-	1,473,223	1,473,223	-
Total expenditures	2,403,631	8,807,423	6,226,604	2,580,819
Excess (deficiency) of revenues over (under) expenditures	(96,592)	(96,592)	616,829	713,421
Net change in fund balance	\$ (96,592)	\$ (96,592)	\$ 616,829	\$ 713,421

See accompanying notes to the financial statements.

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

For the year ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ -	\$ 6,904,408	\$ 1,687,061	\$ (5,217,347)
Investment earnings	-	-	3,833	3,833
Total revenues	-	6,904,408	1,690,894	(5,213,514)
Expenditures				
Capital Outlay	-	6,904,408	1,687,061	5,217,347
Total expenditures	-	6,904,408	1,687,061	5,217,347
Excess of revenues over expenditures	-	-	3,833	3,833
Net change in fund balance	\$ -	\$ -	\$ 3,833	\$ 3,833

See accompanying notes to the financial statements.

Washington County, Florida
Statement of Fiduciary Net Position
Agency Funds

September 30, 2015

		Total
Assets		
Cash	\$	623,400
Due from other funds		35,839
Total assets	\$	659,239
Liabilities		
Due to others	\$	656,826
Due to other funds		2,413
Total liabilities	\$	659,239

See accompanying notes to the financial statements.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2015.

Reporting Entity

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

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

Blended Component Unit

Northwest Florida Community Hospital District

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

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Discretely Presented Component Unit

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

Sunny Hills Units 12-15 Dependent District

The Sunny Hills Units 12-15 Dependent District was created on August 14, 2006 through Ordinance No. 2006-12 enacted by the County, pursuant to Chapter 189, Florida Statutes. The Sunny Hills Units 12-15 Dependent District is a discretely presented component unit that was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District. The District is required to have their budget approved by the County on an annual basis. The District is governed by a separate three-member Board of Supervisors. Initially the County 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.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The County reports the following major governmental funds:

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

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Washington County, Florida
Notes to Financial Statements

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:

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

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

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.

Washington County, Florida Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Debt

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

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

Governmental Fund Balances

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

Encumbrances

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

Management Estimates and Assumptions

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

Net Position

For the year ending September 30, 2015, 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.

Washington County, Florida Notes to Financial Statements

NOTE 2 - PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2015 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 \$16,992,347 and the bank balance was \$18,499,789. 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, 2015, the market value and the carrying value of these funds was \$11,294. The funds are carried as a cash equivalent on the balance sheet at September 30, 2015 (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, 2015, 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, 2015, 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, 2015, is 29 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM.

CUSTODIAL CREDIT RISK

At September 30, 2015, 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, 2015, the County did not hold any investments that were considered to have a concentration of credit risk.

Washington County, Florida
Notes to Financial Statements

NOTE 4 - INTERFUND BALANCES

Interfund balances are generally used to meet cash demands necessary to pay operating expenses. Amounts are generally repaid during the next fiscal year. Interfund balances at September 30, 2015 consisted of the following:

Due to/from Other Funds:

Receivable Fund	Payable Fund	
General fund	Small Counties Grant Fund	\$ 105,415
	Courthouse Fund	493,174
	Tax Deed Over Bid	100,000
	Fire Operations	2,470
	Public Library Fund	12,215
	Other Special Revenue Funds	1,101,282
Transportation Trust	General Fund	405,428
	Other Special Revenue Funds	2,524
Agency Fund	General Fund	33,426
Nonmajor governmental funds		
Public Library Fund	General Fund	34,987
Radio Communications Fund	General Fund	2,086
Fire Operations Fund	General Fund	7,454
Other Special Revenue Funds	General Fund	138,882
Other Special Revenue Funds	Agency Fund	2,413
Other Special Revenue Funds	Other Special Revenue Funds	18,450
Total		\$ 2,460,206

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

Washington County, Florida
Notes to Financial Statements

NOTE 4 - INTERFUND BALANCES (CONTINUED)

Interfund transfers for the year ended September 30, 2015, consisted of the following:

Transfers to General Fund from:

Nonmajor Governmental funds	\$	262,898	
Total			\$ 262,898

Transfers to Nonmajor Governmental Funds

General fund		2,129,946	
Nonmajor Governmental funds		766,521	
Total			2,896,467

Total interfund transfers		\$ 3,159,365	
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Transfers are used to (1) use unrestricted nonmajor governmental revenues to finance general operating activities and landfill closure costs, (2) use constitutional gas tax and other nonmajor revenues to cover public works operating expenses, (3) use unrestricted general fund revenues to fund debt service payments, (4) use unrestricted general funds and nonmajor governmental revenues to fund debt service, fire operations, emergency management service, library and operating expenses for other governmental activities that are accounted for in other funds.

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

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



Washington County, Florida Notes to Financial Statements

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2015, but not yet received by the County. The majority of these amounts were received in October and November 2015.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivables of the EMS are accounted for in a special revenue fund. Accounts receivable in the EMS total \$574,908 and are shown net of allowance for doubtful accounts and contractual adjustments totaling \$453,997. 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, 2015, was \$2,873,878. See also Note 16.

Washington County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

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

Capital asset activity for the year ended September 30, 2015, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,009,517	\$ -	\$ -	\$ 3,009,517
Construction in progress	867,199	2,138,897	-	3,006,096
Total capital assets, not being depreciated	3,876,716	2,138,897	-	6,015,613
Capital assets, being depreciated:				
Buildings and improvements	14,986,865	70,491	-	15,057,356
Furniture and equipment	12,784,853	1,662,631	-	14,447,484
Roads	5,166,846	-	-	5,166,846
Infrastructure	1,224,828	-	-	1,224,828
Total capital assets, being depreciated	34,163,392	1,733,122	-	35,896,514
Less: Total accumulated depreciation	18,993,527	1,347,718	-	20,341,245
Total capital assets, being depreciated, net	15,169,865	385,404	-	15,555,269
Governmental activities capital assets, net	\$ 19,046,581	\$ 2,524,301	\$ -	\$ 21,570,882

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.

Washington County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$	306,431
Public safety		190,866
Physical environment		20,785
Transportation		712,264
Economic environment		17,737
Human Services		49,378
Culture and recreation		45,337
Court related		4,920

<u>Total depreciation expense-governmental activities</u>	<u>\$</u>	<u>1,347,718</u>
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NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2015, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Bonds, notes, lease and other payable:					
Revenue bonds	\$ 175,500	\$ -	\$ 3,500	\$ 172,000	\$ 3,500
Notes payable	7,049,583	-	1,102,513	5,947,070	375,308
<u>Total bonds, notes, capital leases and other payables</u>	<u>7,225,083</u>	<u>-</u>	<u>1,106,013</u>	<u>6,119,070</u>	<u>378,808</u>
Other liabilities:					
Landfill closure and post-closure costs	39,144	-	18,773	20,371	20,371
Other post employment benefit obligations	22,000	23,000	-	45,000	-
Compensated absences	710,861	47,459	35,963	722,357	-
<u>Total other liabilities</u>	<u>772,005</u>	<u>70,459</u>	<u>54,736</u>	<u>787,728</u>	<u>20,371</u>
<u>Total governmental</u>	<u>\$ 7,997,088</u>	<u>\$ 70,459</u>	<u>\$ 1,160,749</u>	<u>\$ 6,906,798</u>	<u>\$ 399,179</u>

Washington County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Additions and reductions of notes payable and capital leases for governmental activities does not agree to the debt service principal expense and issuance of long-term debt per the Statement of Revenues, Expenditures, and Changes in Fund Balances due to net effect noncash transactions. Payments on the notes, leases 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.

Debt service requirements on long-term debt at September 30, 2015 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	Governmental Activities			
	REVENUE BONDS		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	\$ 3,500	\$ 7,955	\$ 375,308	\$ 126,118
2017	3,500	7,793	444,562	116,720
2018	4,000	7,631	458,182	105,885
2019	4,000	7,446	472,271	94,692
2020	4,000	7,261	440,047	83,128
2021-2025	24,500	33,231	2,150,700	286,081
2026-2030	30,500	27,010	1,606,000	68,090
2031-2035	36,000	19,402	-	-
2036-2040	42,500	10,546	-	-
2041-2042	19,500	1,365	-	-
Total	\$ 172,000	\$ 129,640	\$ 5,947,070	\$ 880,714

Notes payable

\$2,500,000, Bank of America, payable in annual installments of \$169,239, interest at 3.570% fixed, due 2025. Collateralized by pledged revenues. \$ 447,070

\$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 revenue. 5,500,000

Total notes payable	\$ 5,947,070
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Washington County, Florida
Notes to Financial Statements

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.

\$ 172,000

Total revenue bonds

\$ 172,000

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

\$ 6,119,070

Long-term landfill closure and post-closure liability - The total estimated liability for post closure landfill costs totals \$20,371 as of September 30, 2015. 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 17.

Compensated absences - Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net change in compensated absences payable is shown.

Supervisor of Elections - The total accrued leave at September 30, 2015, of the Supervisor of Elections is not recorded as it is not material in relation to the financial statements taken as a whole.

Washington County, Florida
Notes to Financial Statements

NOTE 10 - OPERATING LEASES

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

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

2015	\$	79,346
2016		79,346
2017		72,178
2018		50,676
2019		39,548
Thereafter		209,538
<hr/>		
Total	\$	530,632

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

All regular employees of the County are covered by the Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program, two defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The Florida legislature has the authority to establish and amend retirement legislation and related bills of significance to members of the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

Plan Descriptions and Contribution Requirements

Florida Retirement System Pension Plan (FRS)

The FRS is a cost-sharing, multiple-employer qualified 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 Chapters 121, Florida Statutes. FRS membership is compulsory for employers filing regularly established positions in a state agency, county agency, state university, state community college, or County school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special District's, charter schools and metropolitan planning organizations is optional.

The FRS has several classes of membership applicable to the County, including regular class, senior management, elected County official class, and DROP. Retirees receive a lifetime pension benefit with joint and survivor payment options. The FRS provides retirement, disability, and death benefits and annual cost-of-living adjustments. Benefits vest at six years, or number of years of service. The FRS also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. Benefits are computed on the basis of age, average final compensation and service credit.

DROP was established effective July 1, 1998, subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payment while continuing employment with a Florida Retirement system employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the

Washington County, Florida
Notes to Financial Statements

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

period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Retiree Health Insurance Subsidy Program (HIS)

The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 122.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year end June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 122.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

The FRS and HIS financial information is included in the Florida Retirement System (System) Pension Plan and Other State-Administered Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The System CAFR, including audited financial information to support the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, are available online at: http://dms.myflorida.com/workforce_operations/retirement/publications.

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:
 Department of Management Services
 Division of Retirement
 Bureau of Research and Member Contributions
 P.O. Box 9000
 Tallahassee, FL 32315-9000
 850-488-5706 or toll-free 877-377-1737

Contribution Requirements

The contribution rates for FRS and HIS members are established, and may be amended, by the State of Florida. The County is required to contribute at an actuarially determined rate. These rates are percentages of annual covered payroll. The FRS and HIS contribution rates were as follows:

Class or Plan	Year ended September 30,		
	2015	2014	2013
Florida Retirement System:			
Regular	7.37%	6.95%	5.18%
County Elected Officers	43.24%	33.03%	10.23%
Senior Management Service Class	21.14%	18.31%	6.30%
Special Risk	19.82%	19.06%	14.90%
DROP	12.28%	12.84%	5.44%

Washington County, Florida Notes to Financial Statements

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

Rates include 1.66% for HIS, and 0.04% for Administrative fee for 2015; 1.26% for HIS and .04% for Administrative fee for 2015.

Employees contribute 3% of their salary, except for members of DROP.

The County's contributions recognized during the fiscal year ended June 30, 2015 by the FRS and HIS were \$871,715 and \$89,045 respectively.

FRS and HIS Collective Net Pension Liability

Basis for Accounting

Information about the FRS and HIS assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the System CAFR. The System CAFR is available online or can be obtained as mentioned previously. The FRS and HIS fiduciary net position and additions to/deductions from the fiduciary net position have been determined based on the System's records, which utilize the flow of economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable. Investments are reported at fair value. Contributions are recognized as revenue when due, pursuant to statutory and contractual requirements. There have been no significant changes since the publication of the System CAFR.

Actuarial Methods and Assumptions

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

The total pension liability for the FRS and HIS was determined by an actuarial valuation as of July 1, 2015 using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables. Both the discount rate and long-term expected rate of return used for FRS investments is 7.65%. The 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 uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine its total pension liability. In September 2014, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As of June 30, 2015, the FRS long-term rate of return remained unchanged at 7.65% and the municipal rate used by HIS decreased from 4.29% to 3.80%. The inflation rate assumption

Washington County, Florida
Notes to Financial Statements

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

was unchanged at 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%.

Long-term Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumption Conference reviewed assumptions by Milliman’s capital markets assumption team and by a capital market assumptions team from Aon Hewitt Investment Consulting. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

County’s Share of Net Pension Liability

Employers participating in the FRS and HIS were provided pension allocation schedules for use in recording their proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The underlying financial information used to prepare the pension allocation schedules is based on the same basis as mentioned previously.

At September 30, 2015, the County reported a net pension liability of \$6,993,756 for its proportionate share of the collective net pension liability of the FRS and HIS. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations dated July 1, 2015.

Washington County, Florida
Notes to Financial Statements

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

The County's proportionate share was calculated using accrued retirement contributions for employees that were members of the FRS and HIS during fiscal years 2013-14 and 2014-15. The aggregate employer contribution amounts for the year ended June 30, 2014 agree to the employer contribution amounts reported in the State of Florida CAFR. The aggregate employer contribution amounts for the fiscal year ended June 30, 2015 agree to the employer contribution amounts reported in the System CAFR.

The County's proportionate share was applied to the collective net pension liability of FRS and HIS and other pension amounts applicable to the fiscal year to calculate the County's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The following table presents information on the County's proportionate share of the FRS and HIS.

	<u>FRS</u>	<u>HIS</u>	<u>County Total</u>
Proportionate Share of Net Pension			
Liability at June 30, 2015	\$ 4,618,120	\$ 2,375,636	\$ 6,993,756
County's proportion at June 30, 2015	0.0003580	0.0002330	0.0005910
County's proportion at June 30, 2014	0.0003460	0.0002370	0.0005830
Change in proportion during current year	0.0000120	-0.0000040	0.0000080

For the year ended September 30, 2015, the County recognized pension expense of \$551,731. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>FRS</u>	<u>HIS</u>	<u>County Total</u> Deferred Outflow/ (Deferred Inflow)
Differences between expected and actual experience	\$ 378,009	\$ -	\$ 378,009
Change of assumption	306,520	186,901	493,421
Net difference between projected and actual investment earnings	(1,102,730)	1,286	(1,101,444)
Changes in proportion	230,940	(18,571)	212,369
County contributions subsequent to the measurement date	243,281	32,171	275,452
Total	\$ 56,020	\$ 201,787	\$ 257,807

Washington County, Florida
Notes to Financial Statements

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

Deferred outflows of resources of \$275,453 are reported by the County for employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	FRS	HIS	<u>County Total</u>
			Deferred Outflow/ (Deferred Inflow)
2016	\$ (102,954)	\$ 27,471	\$ (75,483)
2017	(102,954)	27,471	(75,483)
2018	(102,954)	27,471	(75,483)
2019	(102,954)	27,469	(75,485)
2020	172,731	27,149	199,880
Thereafter	51,824	32,584	84,408
Total	\$ (187,261)	\$ 169,615	\$ (17,646)

Discount Rate Sensitivity Analysis

The following tables demonstrate the sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The sensitivity shows the impact if the discount rate was 1.0% higher or 1.0% lower than the current discount rate at June 30, 2015.

FRS Net Pension Liability			HIS Net Pension Liability		
Current			Current		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
6.65%	7.65%	8.65%	2.80%	3.80%	4.80%
\$ 11,966,594	\$ 4,618,120	\$ (1,497,017)	\$ 2,706,926	\$ 2,375,636	\$ 2,099,389

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, 2015, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial except as described in the schedule of findings and questioned costs.

Washington County, Florida
Notes to Financial Statements

NOTE 14 - FUND EQUITY

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

Non Spendable – Amounts that can not 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	\$ 56,778
	Education and crime prevention	17,965
Transportation trust fund	Funding for:	
	Transportation	5,348,021
Courthouse fund	Funding for:	
	Courthouse construction	3,833
Other governmental funds	Funding for:	
	Court innovations	1,003,085
	Debt service	157,214
	Emergency communications	186,267
	Law enforcement	212,134
	Probation	98,398
	Emergency management	67,684
	Road improvements	22,099
	Economic development	20,707
	Local housing assistance	36,609
	Modernization of Public Records	8,763
	Crime prevention	12,971
	Court-related technology	23,328
Ballot-on-demand	97	
Total		\$ 7,275,953

Washington County, Florida
Notes to Financial Statements

NOTE 14 - FUND EQUITY (CONTINUED)

Committed Fund Balance:

Funds	Purpose	
General	Funding for:	
	Debt service	\$ 2,873,878
Other governmental funds	Funding for:	
	Fire operations	235,725
	Municipal service business unit	82,898
	Mosquito control	46,720
	Emergency management	50,425
	Boater improvement	38,427
	Building department	70,973
	Police education	4,668
Total		\$ 3,403,714

Assigned Fund Balance:

Funds	Purpose	
Other governmental funds	Funding for:	
	2016 Budget appropriations	\$ 278,574
Total		\$ 278,574

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 \$20.1 million in construction contract commitments remaining at September 30, 2015.

Washington County, Florida Notes to Financial Statements

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 \$123,471 is included in Due to Other Governments at September 30, 2015. 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, 2015, was \$56,806. 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, 2015. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Washington County, Florida
Notes to Financial Statements

NOTE 17 - RECLASSIFICATION

Certain 2014 amounts have been reclassified to conform with 2015 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, 2015:

Funds	Amount
Fire Impact Fees	\$ (80)
EMPA	\$ (24,102)
Small Counties Grant Fund	\$ (25,186)
Boat Ramp Fund	\$ (1,635)

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 \$42,595.

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 special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

Washington County, Florida
Notes to Financial Statements

NOTE 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, 2015, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	173
Retirees and beneficiaries currently receiving benefits	0
<u>Total membership</u>	<u>173</u>
<u>Participating employers</u>	<u>1</u>

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 2015 was \$-0-. 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,	2015
Annual required contribution	\$ 24,000
Interest on prior year net OPEB obligation	900
Adjustments to annual required contribution	(900)
Annual OPEB costs	24,000
Estimated employer contribution made	(1,000)
Increase in net OPEB obligation	23,000
Net OPEB obligation, beginning of year	22,000
<u>Estimated net OPEB obligation, end of year</u>	<u>\$ 45,000</u>

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress – As of September 30, 2015, the actuarial accrued liability of \$156,000 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 Method and Assumptions – The valuation dated February 4, 2015, for the fiscal date of October 1, 2014 to September 30, 2015, was prepared using generally accepted accrual principles and practices, and relied on unaudited census data 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.

In the September 30, 2015 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, 2015 was 15 years.

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE

In 2015, the County implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27* and also GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*. Upon adoption of these statements, the County's proportionate share of the collective net pension liability and deferred outflows for contributions were recorded, resulting in a restatement of beginning net position for governmental activities totaling \$7,166,362.



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

NOTE 22 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for September 30, 2014 have been restated to correct an error in accounts payable in the Transportation Fund made in the previous year. Fund Balance at the beginning of 2015 has been increased by \$4,576,132 for the effect of the restatement on the prior year.

NOTE 23 - SUBSEQUENT EVENTS

Subsequent to year end, the County entered into a contract for an energy project in the amount of \$1.1 million.



COMBINING FINANCIAL STATEMENTS

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Washington County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2015

	Special Revenue Funds						
	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
Assets							
Cash and cash equivalents	\$ 1,508	\$ 47,886	\$ -	\$ -	\$ -	\$ 175,569	\$ 193,303
Restricted cash and cash equivalents	-	-	64,430	360,598	838,630	-	-
Accounts receivable	521	42,092	46,172	-	6,527	-	-
Due from other funds	34,987	-	1,150	-	-	-	100,000
Due from other governmental units	-	-	-	-	-	-	-
Total assets	\$ 37,016	\$ 89,978	\$ 111,752	\$ 360,598	\$ 845,157	\$ 175,569	\$ 293,303
Liabilities							
Accounts payable and accrued expenses	\$ 15,510	\$ 9,580	\$ -	\$ 4,334	\$ 21,643	\$ -	\$ 101,528
Due to other funds	12,215	105,584	-	-	19,853	100,000	-
Due to other governmental units	-	-	-	-	-	-	-
Deferred revenue	-	-	-	319,655	-	-	-
Total liabilities	27,725	115,164	-	323,989	41,496	100,000	101,528
Fund balances							
Restricted	-	-	111,752	36,609	803,661	-	-
Committed	-	-	-	-	-	-	-
Assigned	9,291	-	-	-	-	75,569	191,775
Unassigned	-	(25,186)	-	-	-	-	-
Total fund balances	9,291	(25,186)	111,752	36,609	803,661	75,569	191,775
Total liabilities and fund balances	\$ 37,016	\$ 89,978	\$ 111,752	\$ 360,598	\$ 845,157	\$ 175,569	\$ 293,303

See Independent Auditors' Report

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

September 30, 2015

	Special Revenue Funds							
	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	\$ 67,536	\$ -	\$ 280,413	\$ -	\$ 240,000	\$ -	\$ -	-
Restricted cash and cash equivalents	-	111,145	-	70,085	-	52,375	-	84,824
Accounts receivable	120,911	936	1,976	2,344	-	-	-	-
Due from other funds	-	-	7,454	2,086	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-
Total assets	\$ 188,447	\$ 112,081	\$ 289,843	\$ 74,515	\$ 240,000	\$ 52,375	\$ -	\$ 84,824
Liabilities								
Accounts payable and accrued expenses	\$ 26,587	\$ 26,862	\$ 51,648	\$ -	\$ -	\$ -	\$ -	-
Due to other funds	-	2,321	2,470	-	-	7,550	-	62,725
Due to other governmental units	39,927	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	240,000	-	-	-
Total liabilities	66,514	29,183	54,118	-	240,000	7,550	-	62,725
Fund balances								
Restricted	-	-	-	74,515	-	44,825	-	22,099
Committed	-	82,898	235,725	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	121,933	-	-	-	-	-	-	-
Total fund balances	121,933	82,898	235,725	74,515	-	44,825	-	22,099
Total liabilities and fund balances	\$ 188,447	\$ 112,081	\$ 289,843	\$ 74,515	\$ 240,000	\$ 52,375	\$ -	\$ 84,824

See Independent Auditors' Report

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

September 30, 2015

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Law Enforcement Trust Fund II	Other Special Revenue Funds	Debt Service Fund	Series 2009 A & B Debt Service	Loan Fund	Other Debt Service Funds	
Assets							
Cash and cash equivalents	\$ -	\$ 490,877	\$ 6,933	\$ 10,236	\$ 146,978	\$ -	\$ 1,661,239
Restricted cash and cash equivalents	82,879	227,334	-	-	-	-	1,892,300
Accounts receivable	-	1,810,783	-	-	-	-	2,032,262
Due from other funds	-	58,595	-	-	-	-	204,272
Due from other governmental units	-	-	-	-	-	-	-
Total assets	\$ 82,879	\$ 2,587,589	\$ 6,933	\$ 10,236	\$ 146,978	\$ -	\$ 5,790,073
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ 840,968	\$ -	\$ -	\$ -	\$ -	\$ 1,098,660
Due to other funds	-	1,029,638	-	-	-	-	1,342,356
Due to other governmental units	-	-	-	-	-	-	39,927
Deferred revenue	-	13,846	-	-	-	-	573,501
Total liabilities	-	1,884,452	-	-	-	-	3,054,444
Fund balances							
Restricted	82,879	515,802	-	10,236	146,978	-	1,849,356
Committed	-	211,213	-	-	-	-	529,836
Assigned	-	1,939	-	-	-	-	278,574
Unassigned	-	(25,817)	6,933	-	-	-	77,863
Total fund balances	82,879	703,137	6,933	10,236	146,978	-	2,735,629
Total liabilities and fund balances	\$ 82,879	\$ 2,587,589	\$ 6,933	\$ 10,236	\$ 146,978	\$ -	\$ 5,790,073

See Independent Auditors' Report

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

For the year ended September 30, 2015

	Special Revenue Funds						
	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	-	-	130,669	-	73,286	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	100,030	82,871	218,493	258,607	-	-	-
Investment earnings	-	-	-	-	-	-	130
Other fees and miscellaneous revenues	20,537	43,630	2,000	16,000	-	7,810	24,420
Total revenue	120,567	126,501	351,162	274,607	73,286	7,810	24,550
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	-	-	348,738	-	-	-	-
Physical environment	-	183,577	-	-	-	-	-
Transportation	-	-	-	-	-	-	13,616
Economic environment	-	-	-	258,606	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	395,984	-	-	-	-	-	-
Court related	-	-	-	-	5,937	-	-
Capital outlay	-	-	-	-	70,491	-	159,071
Debt service	-	-	-	-	-	-	-
Principal	3,500	-	-	-	-	-	40,694
Interest and other charges	8,117	-	-	-	-	-	-
Total expenditures	407,601	183,577	348,738	258,606	76,428	-	213,381
Excess (deficiency) of revenues over (under) expenditures	(287,034)	(57,076)	2,424	16,001	(3,142)	7,810	(188,831)
Other financing sources							
Transfers in	287,032	3,591	109,328	-	-	-	110,000
Transfers out	-	-	-	-	-	(201,602)	-
Net other financing sources	287,032	3,591	109,328	-	-	(201,602)	110,000
Net change in fund balances	(2)	(53,485)	111,752	16,001	(3,142)	(193,792)	(78,831)
Fund balances - beginning	9,293	28,299	-	20,608	806,803	269,361	270,606
Fund balances - ending	\$ 9,291	\$ (25,186)	\$ 111,752	\$ 36,609	\$ 803,661	\$ 75,569	\$ 191,775

See Independent Auditors' Report

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

For the year ended September 30, 2015

	Special Revenue Funds						
	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	\$ -	\$ 444,549	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	1,260,616	-	-	25,622	-	2,298	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	-	1,976	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Other fees and miscellaneous revenues	-	2,488	250	-	-	-	-
Total revenue	1,260,616	447,037	2,226	25,622	-	2,298	-
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public health and safety	1,548,621	-	327,862	21,101	-	(1)	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	123,944	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Court related	-	-	-	-	-	-	-
Capital outlay	45,992	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	1,594,613	123,944	327,862	21,101	-	(1)	-
Excess (deficiency) of revenues over (under) expenditures	(333,997)	323,093	(325,636)	4,521	-	2,299	-
Other financing sources							
Transfers in	612,028	-	406,879	-	-	7,551	-
Transfers out	(156,098)	(354,768)	(23,934)	-	-	(7,551)	(62,725)
Net other financing sources	455,930	(354,768)	382,945	-	-	-	(62,725)
Net change in fund balances	121,933	(31,675)	57,309	4,521	-	2,299	(62,725)
Fund balances - beginning	-	114,573	178,416	69,994	-	42,526	84,824
Fund balances - ending	\$ 121,933	\$ 82,898	\$ 235,725	\$ 74,515	\$ -	\$ 44,825	\$ 22,099

See Independent Auditors' Report

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

For the year ended September 30, 2015

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Law Enforcement Trust Fund II	Other Special Revenue Funds	Debt Service Fund	Series 2009 A & B Debt Service	Loan Fund	Other Debt Service Funds	
Revenues							
Taxes	\$ -	\$ 82,612	\$ -	\$ -	\$ -	\$ -	\$ 527,161
Licenses and permits	-	190,288	-	-	-	-	190,288
Intergovernmental	-	12,000	-	-	-	-	12,000
Charges for services	-	241,529	-	-	-	-	1,734,020
Fines and forfeitures	5,000	-	-	-	-	-	5,000
Grants	-	3,750,751	-	-	-	-	4,412,728
Investment earnings	-	64	734	6	105	-	1,039
Other fees and miscellaneous revenues	-	41,147	-	-	-	-	158,282
Total revenue	5,000	4,318,391	734	6	105	-	7,040,518
Expenditures							
Current							
General government	-	108,288	-	256	4,015	-	112,559
Public health and safety	-	1,526,424	-	-	-	-	3,772,745
Physical environment	-	-	-	-	-	-	183,577
Transportation	-	1,497,946	-	-	-	-	1,511,562
Economic environment	-	721,521	-	-	-	-	1,104,071
Human services	-	29,422	-	-	-	-	29,422
Culture and recreation	-	66,557	-	-	-	-	462,541
Court related	-	135,079	-	-	-	-	141,016
Capital outlay	-	292,765	-	-	-	-	568,319
Debt service							
Principal	-	-	-	734,809	-	327,010	1,106,013
Interest and other charges	-	-	-	127,355	-	51,692	187,164
Total expenditures	-	4,378,002	-	862,420	4,015	378,702	9,178,989
Excess (deficiency) of revenues over (under) expenditures	5,000	(59,611)	734	(862,414)	(3,910)	(378,702)	(2,138,471)
Other financing sources							
Transfers in	-	226,627	-	754,729	-	378,702	2,896,467
Transfers out	-	(222,741)	-	-	-	-	(1,029,419)
Installment loan proceeds	-	-	-	-	-	-	-
Net other financing sources	-	3,886	-	754,729	-	378,702	1,867,048
Net change in fund balances	5,000	(55,725)	734	(107,685)	(3,910)	-	(271,423)
Fund balances - beginning	77,879	758,862	6,199	117,921	150,888	-	3,007,052
Fund balances - ending	\$ 82,879	\$ 703,137	\$ 6,933	\$ 10,236	\$ 146,978	\$ -	\$ 2,735,629

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

September 30, 2015

	<i>Clerk of the Circuit Court</i>					
	General Trust	Child Support	Jury and Witness	Tax Deeds	Cash Bonds	Registry of Court
Assets						
Cash	\$ 127,477	\$ 7,285	\$ (708)	\$ 28,116	\$ 74,239	\$ 172,645
Due from other funds	15,000	-	5,839	-	-	15,000
Total assets	\$ 142,477	\$ 7,285	\$ 5,131	\$ 28,116	\$ 74,239	\$ 187,645
Liabilities						
Due to others	\$ 142,477	\$ 4,872	\$ 5,131	\$ 28,116	\$ 74,239	\$ 187,645
Due to other funds	-	2,413	-	-	-	-
Total liabilities	\$ 142,477	\$ 7,285	\$ 5,131	\$ 28,116	\$ 74,239	\$ 187,645

See Independent Auditors' Report

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

September 30, 2015

	<i>Sheriff</i>		<i>Tax Collector</i>		
	Inmate Welfare Trust	Escrow	Tag	Tax	
Assets					
Cash	\$ 15,361	\$ 184,799	\$ (408)	\$ 14,594	
Due from other funds	-	-	-	-	
Total assets	\$ 15,361	\$ 184,799	\$ (408)	\$ 14,594	
Liabilities					
Due to others	\$ 15,361	\$ 184,799	\$ (408)	\$ 14,594	
Due to other funds	-	-	-	-	
Total liabilities	\$ 15,361	\$ 184,799	\$ (408)	\$ 14,594	

See Independent Auditors' Report



**REQUIRED SUPPLEMENTARY
INFORMATION**

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

	2015	2014	2013
County's proportion of the net pension liability (asset)	0.035800000%	0.034600000%	0.033900000%
County's proportionate share of the net pension liability (asset)	\$ 4,618,120	\$ 2,113,210	\$ 5,839,069
County's covered - employee payroll	\$ 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	61.00%	28.63%	79.32%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

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

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

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

	2015	2014	2013
County's proportion of the net pension liability (asset)	0.012600000%	0.012800000%	0.023500000%
County's proportionate share of the net pension liability (asset)	\$ 2,375,636	\$ 2,212,590	\$ 2,046,241
County's covered - employee payroll	\$ 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	31.38%	29.98%	27.80%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	N/A

Note: Data was unavailable prior to 2013

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

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



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**

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 and the aggregate remaining fund information of Washington County, Florida (the "County") as of and for the year ended September 30, 2015, and have issued our report thereon dated June 30, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, listed as BCC1997-01 and BCC2015-004 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the summary schedule of prior audit findings as items BCC2003-001, BCC2005-001, BCC2007-001, BCC2009-003 and BCC2009-004, BCC2015-001, CC03-003, CC07-009, CC13-001, CC2015-001, CC2015-002, PA03-003, PA07-011, SH03-001, SH07-010, SH2015-001, SH2015-002, 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 30, 2016.

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.

Carri Riggs & Ingram, L.L.C.

June 30, 2016

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

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

Report on Compliance for Each Major Federal Program and State Project

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

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550 Rules of the Florida Auditor General. Those standards, OMB Circular A-133 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 Major State Project

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

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 OMB Circular A-133 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.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items BCC2015-002, BCC2015-003 and BCC2015-004 to be material weaknesses.

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. We considered certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item, BCC2015-005, BCC2014-001, BCC2013-002, BCC2010-001 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 OMB Circular A-133 and Chapter 10.550 Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

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

June 30, 2016

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

For the year ended September 30, 2015

Federal Agency Pass through entity Federal Program	Contract/Grant Number	CFDA/ CSFA	Expenditures
United States Department of Housing and Urban Development			
Section 8 Housing Choice Vouchers	FL109	14.871	\$ 556,612
Total United States Department of Housing and Urban Development			556,612
United States Department of Homeland Security			
Passed through Department of Community Affairs and Florida Division of Emergency Management			
Emergency Management Programs (EMPG)	15-FG-4D02-77-01-208	97.042	59,554
Total EMPA Programs			59,554
Hazard Mitigation Grant (HMGP) - Hospital Wind Retrofit	14HM-2X-02-77-02-500	97.039	1,228,613
Total HMGP Program			1,228,613
Homeland Security Grant Program (HSGP)	14-DS-L5-02-77-01-134	97.067	14,200
Homeland Security Grant Program (HSGP)	15-ds-p4-02-77-01-411	97.067	12,366
Total Homeland Security Grant Program			26,566
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - FEMA-4138-DR-FL	14-FS-8Q02-77-02-500	97.036	2,465,220
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - FEMA-4177-DR-FL	15-SP-8Z02-77-02-548	97.036	364,832
Total FEMA Programs			2,830,052
Total United States Department of Homeland Security			4,144,785
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	36,200
Total Office for Victims of Crime			36,200
United States Department of Justice			
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grants	2015-JAGC-WASH-1-R3-182	16.738	39,686
Total Department of Law Enforcement			39,686
Total United States Department of Justice			75,886
United States Department of Transportation			
Passed through Florida Department of Transportation			
Highway Planning and Construction Federal-Aid Highway Program-LAP-Sidewalk	G0387	20.205	1,343
Total United States Department of Transportation			1,343
United States Department of Health and Human Services			
Passed through Florida Department of Revenue			
Child Support Enforcement	69-4209-10-1746	93.563	42,595
Total United States Department of Health and Human Services			42,595
United States Department of Agriculture, Office of Forest Service			
Cooperative Forestry Assistance Program - Fire Services (Sunny Hills)			
	na	10.664	1,976
Total United States Department of Agriculture			1,976
Total expenditures of Federal Awards Programs			\$ 4,823,197


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

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

For the year ended September 30, 2015

State Financial Assistance State Program	Contract/Grant Number	CFDA/ CSFA	Expenditures
Florida Department of Transportation			
Transportation Systems Operations Program			
Small County Outreach Program (SCOP)	431398-1-58-01	55.009	\$ 166,560
Small County Outreach Program (SCOP)	431386-1-58-01	55.009	126,205
Total Small County Outreach Program (SCOP)			292,765
Highway Operations Program			
Small County Road Assistance Program (SCRAP) - Wilderness Rd.	ARK05 / 431223-1-58-01	55.016	1,327,357
Small County Road Assistance Program (SCRAP) - Griffin Rd.	ARU28 / 436716-1-A8-01	55.016	99,121
Small County Road Assistance Program (SCRAP) - Shaky Joe Rd.	ARN73 / 435190-1-54-01	55.016	8,743
Total Small County Road Assistance Program (SCRAP)			1,435,221
Total Florida Department of Transportation			1,727,986
Executive office of the Governor, Division of Emergency Management			
Emergency Management Program			
Emergency Management Programs (EMPA)	15-BG-83-02-77-01-067	31.063	107,779
FEMA - 2015 Severe Storms and Flooding (FEMA-4177-FL-DR)	15-SP-8Z-02-77-02-548	31.063	53,896
FEMA - 2013 Severe Storms and Flooding (FEMA-4138DR-FL)	14-FS-8Q-02-77-02-500	31.063	829,462
Total Executive Office of the Governor, Division of Emergency Management			991,137
Florida Housing Finance Corporation			
Florida Housing Finance Corporation Program			
State Housing Initiatives Partnership Program (SHIP)	N/A	52.901	258,607
Total Florida Housing Finance Corporation			258,607
Florida Department of Environmental Protection			
Waste Management Program			
Small County Consolidated Grant	SC-433	37.012	82,871
Total Florida Department of Environmental Protection			82,871
Florida Department of State			
Library and Information Services Program			
State Aid to Libraries	15-ST-70	45.030	100,030
Total Florida Department of State			100,030
Florida Department of Management Services			
Technology Program			
Rural County Grant Program - E911 Maintenance	13-10-21	72.002	8,296
Rural County Grant Program - E911 System Replacement	14-4-1	72.002	199,241
Rural County Grant Program - E911 Recorder Maintenance	14-4-27	72.002	2,962
Rural County Grant Program - E911 Maintenance	15-4-26	72.002	6,349
Total Florida Department of Management Services			216,848
Florida Department of Agriculture and Consumer Services			
Consumer Protection			
Mosquito Control	na	42.003	29,422
Total Florida Department of Agriculture and Consumer Services			29,422
State Court Systems			
Small County Courthouse Facilities Program			
Administered Funds - Judicial - Courthouse Construction	Grant-in-Aid, FY 14-15	22.004	1,687,061
Total State Court Systems			1,687,061
Florida Department of Economic Opportunity			
Bureau of Community Planning Program			
Tourist Master Plan	P0095	40.025	20,000
Total Florida Department of Economic Opportunity			20,000
Total Expenditures of State Financial Assistance Projects			5,113,962
Total Expenditures of Federal Awards Programs and State Financial Assistance Projects			\$ 9,937,159

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



Washington County, Florida
Notes to Schedule of Expenditures of Federal Award Programs
And State Financial Assistance Projects
For the year ended September 30, 2015

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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the primary 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.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

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 items Board, No. BCC1997-001 and BCC2015-004 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 and Internal Control Over Compliance Applicable to Each Major Program and State Project. We believe the significant deficiencies listed as items BCC2015-002 and BCC2015-003 to be material weaknesses.
5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each major federal award programs and state financial assistance projects 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 Housing and Urban Development Section 8 Housing Choice Vouchers	14.871
U.S. Department of Homeland Security Disaster Grants – Public Assistance (FEMA)	97.036
Hazard Mitigation Grant – Hospital Wind Retrofit	97.039

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

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

8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 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 pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

BOARD OF COUNTY COMMISSIONERS

OFFSETTING TRANSACTIONS, BCC 2015-001

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.

CLERK OF THE CIRCUIT COURT

AGENCY FUND DISBURSEMENT, FINDING CC 2015-001

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.

ACCOUNTING TRANSACTIONS, FINDING CC 2015-002

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

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

CLERK OF THE CIRCUIT COURT (CONTINUED)

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.

SHERIFF

EMS/E911 TRANSFER OF OPERATIONS, SH 2015-001

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.

ACCOUNTING TRANSACTIONS, FINDING SH-2015-002

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.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

ACCRUAL BASIS TRANSACTIONS, FINDING BCC 2015-002

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.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS (CONTINUED)

PAYROLL RECORDKEEPING ERROR, FINDING BCC 2015-003

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.

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.

RECORDKEEPING DEFICIENCIES, FINDING BCC 2015-004

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.

Washington County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS (CONTINUED)

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

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.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

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 unauditible.

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.

DEPRECIATION RECORDS, FINDING BCC2003-001 - NOT RESOLVED

COMMENT: It was noted the County did not compute accumulated depreciation on purchases of capital assets prior to fiscal year ending September 30, 2003, due to the lack of capital asset records.

RECOMMENDATION: The County should take an inventory of all County owned property (equipment, buildings, land, construction in progress, improvements other than buildings) and establish this listing as an official record of capital assets. The listing should incorporate the date (or approximate date) purchased. The County would then be able to calculate accumulated depreciation and make the necessary adjustments to have a complete recording of capital assets.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

STATUS: The County has recorded current and accumulated depreciation for September 30, 2015. However, due to the lack of adequate records regarding the cost of capital assets, the accuracy of the recorded amounts cannot be determined. The County is continuing to make improvements to its recordkeeping process to provide for accurate future computation of depreciation.

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.

DEFICIENCY OVER FINANCIAL REPORTING, FINDING BCC2007-001 - NOT 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).

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

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 continues to exist.

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 - NOT 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 continues to exist. Emergency Management Services operations were reported by the Sheriff in 2015.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

CLERK OF THE CIRCUIT COURT

SEGREGATION OF DUTIES, FINDING CC03-003 - NOT 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 continues to exist.

PREPARATION OF FINANCIAL STATEMENTS, FINDING CC07-009 - NOT 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 continues to exist.

BOOKKEEPING PROCEDURES, CC13-001 - NOT 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 continues to exist.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

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.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

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.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENTS AUDIT (CONTINUED)

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.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

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.

**Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015**

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 - NOT 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 continues to exist. See also Finding BCC2015-003.

Washington County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2015

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.

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, 2015, and have issued our report thereon dated June 30, 2016.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 OMB A-133 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 30, 2016, 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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

BOARD OF COUNTY COMMISSIONERS

COMMENT ML 14-01: It was noted that the public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDFS) in a timely manner.

RECOMMENDATION: We recommend the report be submitted to the FDFS by the November 30 deadline.

STATUS: This item has been resolved.

COMMENT ML 05-01: It was noted during the audit that there are no written accounting policies and procedures. While existing cross training would allow accounting functions to continue in the absence of the person assigned to the duty, it would be helpful to have the procedures in writing.

RECOMMENDATION: We recommend that accounting policies and procedures for all offices be compiled to document the Board's authorized reporting and recording methods.

STATUS: This item has not been corrected, however, the Board's personnel feel that cross training is adequate.

COMMENT ML 05-02: It was noted that documentation of personal and/or business use of automobiles does not appear to be in accordance with Internal Revenue Service regulations (Publication 535). Internal Revenue Service requires strict recordkeeping including the separation of business and personal use of vehicles.

RECOMMENDATION: We recommend that the County follow the Internal Revenue Service guidelines governing reimbursement of business use of personal vehicles and proper treatment of personal use of Board's vehicles.

STATUS: This item has not been corrected.

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

CLERK OF THE CIRCUIT COURT

COMMENT ML 14-01: It was noted that the public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDFS) in a timely manner.

RECOMMENDATION: We recommend the report be submitted to the FDFS by the November 30 deadline.

STATUS: This item has been resolved.

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, 2015, 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, 2015. 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.

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

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.

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

June 30, 2016



Carr, Riggs & Ingram, LLC
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Marianna, FL 32446

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

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

We have examined Washington County, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the 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, 2015.

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

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

June 30, 2016

Washington County, Florida Management's Response



Lora C. Bell, Clerk
Washington County, Florida
Fourteenth Judicial Circuit

Office Location:

1331 South Boulevard
Chipley, Florida 32428

Mailing Address:

Post Office Box 647
Chipley, Florida 32428-0647

Telephone Number: 850-638-6285

Fax Number: 850-638-6288

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, 2015, 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 1997-01 – Capital Assets Records and BCC 2003-001 – Depreciation Records:

These two findings are addressed together as they both relate to the lack of adequate capital asset records. The County has designated an employee to take an inventory of all County owned property and we are pleased to report that 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.

CC 2005-001 – Need for Segregation of Duties

The Board of Commissioners are 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. Nonetheless, the Board is aware of the need to continually seek ways to strengthen internal controls in this area, and is committed to do so, where feasible.

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Washington County, Florida Management's Response

Page Two

BCC 2007-001 – Deficiency Over Financial Reporting:

Due to the limitation of available staff with the necessary qualifications to prepare financial statements in accordance with generally accepted accounting principles (GAAP), it is the intent of the Board to continue to rely on the Independent Auditors' to prepare their annual financial statements, including the related note disclosures.

BCC 2009-003 – Accounting Transactions:

The County has retained the services of a CPA to assist the accounting staff in the proper recording of nonrecurring and unusual transactions. These transactions are infrequent in nature.

BCC 2009-004 – Emergency Management Services:

Although the responsibility for the EMS operations has been transferred to the Sheriff, accounting personnel in that department has not yet completely implemented a policy to properly record EMS receivables at year-end. The Board is committed to providing the necessary training to ensure that this matter is resolved for future periods.

BCC 2010-001 – Reporting and Monitoring:

It is anticipated that this item will be resolved in the current year.

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

The County will take additional measures to ensure that all Sub-recipients are in compliance with the award requirements by reviewing supporting documentation for program costs and reconciling costs to requests for funds.

BCC 2013-002, 2015-002, 2015-003, 2015-004, 2015-005 – Recordkeeping Errors & Questioned Costs:

These five items are discussed together as they all relate to the same issue. The County received Grant funding for various road improvements/repairs under programs administered by the Federal Emergency Management Agency, the Florida Division of Emergency Management, the Florida Department of Transportation, as well as other programs. These programs contain numerous compliance requirements which are often very technical in nature and difficult to understand and follow. In an effort to ensure future compliance, and to navigate the various complexities associated with these types of programs, the Board has retained the services of a

Washington County, Florida Management's Response

Page Three

qualified consultant, with specific experience in this area, to advise and assist the staff with the proper processing and recording of these transactions. The County has also retained the services of a CPA to assist the staff in the recording of more complicated non-routine transactions.

BCC 2015-001 – Offsetting Transactions

The County has retained the services of a CPA to assist the accounting staff in the proper recording of nonrecurring and unusual transactions. These transactions are infrequent in nature.

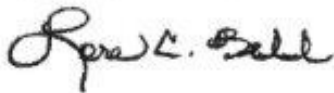
ML 05-01 – Accounting Policies and Procedures:

While a comprehensive listing of accounting policies and procedures has not been compiled, key accounting employees do have many of the procedures they follow reduced to writing. We recognize the need for a more comprehensive policy and procedures manual and we are committed to developing one in the very near future.

ML 05-02 – IRS Compliance:

This finding stems from the use of "travel allowances" to compensate certain elected officials for the use of their personal vehicles while on County business. Supporting documentation for these payments is not always received in a timely manner as required by Internal Revenue Service regulations. We will continue to seek to improve compliance with County policies and Internal Service regulations.

Respectfully submitted,



Honorable Lora Bell, Clerk of Court
Washington County

Washington County, Florida Management's Response



Lora C. Bell, Clerk
Washington County, Florida
Fourteenth Judicial Circuit

Office Location:

1331 South Boulevard
Chipley, Florida 32428

Mailing Address:

Post Office Box 647
Chipley, Florida 32428-0647

Telephone Number: 850-638-6285

Fax Number: 850-638-6288

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, 2015, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control. Accordingly, the following comments are provided.

CC 2015-001 – Agency Fund Disbursement:

The Clerk has instituted a policy requiring specific approval for all non-routine transfers between the agency funds and operating funds. Further, the Clerk has instructed accounting personnel to promptly remit all amounts due to other funds as of September 30, 2015.

CC 2015-002 - Accounting Transactions:

The Clerk has instituted a policy requiring that all accounting transactions including, but not limited to, accruals be properly recorded in a timely manner, and that the financial statements be reviewed on a monthly basis by an independent CPA to ensure completeness and accuracy.

CC 2003-003 – Need for Segregation of Duties:

The Clerk 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 Clerk's office, and thus available staff, makes the implementation of an ideal internal control structure, whereby all accounting responsibilities and duties are properly segregated, impractical. Nonetheless, the Clerk is aware of the need to continually seek ways to strengthen internal controls in this area, and is committed to do so, where feasible.

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Washington County, Florida Management's Response

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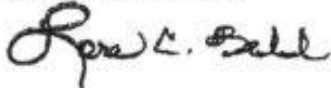
CC 2007-009 – Preparation of Financial Statements:

Due to the limitation of available staff with the necessary qualifications to prepare financial statements in accordance with generally accepted accounting principles (GAAP), it is the intent of the Clerk to continue to rely on the Independent Auditors' to prepare their annual financial statements, including the related note disclosures.

CC 2013-001 – Bookkeeping Procedures:

The Clerk has instituted a policy requiring that all bank accounts be reconciled monthly and that all other accounting and bookkeeping procedures, and reporting, be performed in a timely manner. Such activity is to be reviewed on a monthly basis as discussed in the response to CC 2015-002 noted above.

Respectfully submitted,



Honorable Lora Bell, Clerk of Court
Washington County

Washington County, Florida
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, 2015.

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.

In regards to Washington County Emergency Medical Services and E-911, the accounting staff will seek additional training and guidance in recording of accrual accounting transactions.

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

Sincerely,

A handwritten signature in green ink that reads "Bobby Haddock".

Bobby Haddock
Sheriff, Washington County

Washington County, Florida Management's Response



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

GIL CARTER, CFA WASHINGTON COUNTY PROPERTY APPRAISER

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



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

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 ending September 30, 2015. 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,

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

Gil Carter, CFA
Washington County Property Appraiser

Washington County, Florida Management's Response



Carol Finch Rudd
Supervisor of Elections
Washington County

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

Telephone No.
850-638-6230

Fax No.
850-638-6238

To Whom It May Concern:

I am in receipt of the audit report for the Washington County Supervisor of Elections for the fiscal year ending in September, 2015. 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:

1. 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,

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

Washington County, Florida Management's Response



Main Office Hours

Monday - Friday 8:00am - 4:00pm
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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, 2015. I have reviewed the letter regarding compliance and internal control, the schedule of findings and questioned costs and the management letter. Concerning the items noted, the following apply:

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



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

Special-Purpose Financial Statements

September 30, 2015



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com | blog.cricpa.com

**Clerk of the Circuit Court
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September 30, 2015**

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REPORT





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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 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, 2015, and the related notes to the financial statements, which collectively comprise the Clerk'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 Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

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

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 the governmental activities and fiduciary fund type of the Clerk as of September 30, 2015, 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 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 June 28, 2016 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.

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

June 28, 2016



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 55,392	\$ -	\$ 55,392
Restricted cash and cash equivalents	-	8,039	8,039
Accounts receivable	8,273	582	8,855
Due from other funds	2,413	142	2,555
Due from other governmental units	-	-	-
Total assets	\$ 66,078	\$ 8,763	\$ 74,841
Liabilities			
Accounts payable and accrued expenses	\$ 53,160	\$ -	\$ 53,160
Due to other governmental units	19,377	-	19,377
Due to other funds	35,981	-	35,981
Total liabilities	108,518	-	108,518
Fund balances			
Unassigned	(42,440)	-	(42,440)
Restricted	-	8,763	8,763
Total fund balances	(42,440)	8,763	(33,677)
Total liabilities and fund balances	\$ 66,078	\$ 8,763	\$ 74,841

See accompanying notes to financial statements

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

For the year ended September 30, 2015

	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Revenues			
Grants	\$ 42,595	\$ -	\$ 42,595
Intergovernmental	221,306	-	221,306
Charges for services	422,530	54,698	477,228
Investment earnings	50	-	50
Other fees and miscellaneous revenues	17,287	-	17,287
Total revenues	703,768	54,698	758,466
Expenditures			
Current			
General government	563,996	17,487	581,483
Court-related	578,179	44,101	622,280
Capital outlay			
General government	33,795	-	33,795
Total expenditures	1,175,970	61,588	1,237,558
Excess (deficiency) of revenues over (under) expenditures	(472,202)	(6,890)	(479,092)
Other financing sources (uses)			
Appropriations from Board of County Commissioners	429,762	-	429,762
Reversion to Board of County Commissioners	-	-	-
Net other financing sources	429,762	-	429,762
Net change in fund balances	(42,440)	(6,890)	(49,330)
Fund balance - beginning	-	15,653	15,653
Fund balance (deficit) - ending	\$ (42,440)	\$ 8,763	\$ (33,677)

See accompanying notes to financial statements

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

For the year ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ 30,000	\$ 42,594	\$ 42,595	\$ 1
Intergovernmental	231,793	242,642	221,306	(21,336)
Charges for services	358,300	522,048	422,530	(99,518)
Investment earnings	-	225	50	(175)
Other fees and miscellaneous revenues	-	46,347	17,287	(29,060)
Total revenues	620,093	853,856	703,768	(150,088)
Expenditures				
Current				
General government	420,869	551,235	563,996	(12,761)
Court-related	590,093	662,754	578,179	84,575
Capital outlay				
Court-related	-	36,015	33,795	2,220
Total expenditures	1,010,962	1,250,004	1,175,970	74,034
Excess (deficiency) of revenues over (under) expenditures	(390,869)	(396,148)	(472,202)	(76,054)
Other financing sources (uses)				
Transfers in	390,869	396,148	429,762	33,614
Reversion to the Board of County Commissioners	-	-	-	-
Net other financing sources	390,869	396,148	429,762	33,614
Net change in fund balance	\$ -	\$ -	\$ (42,440)	\$ (42,440)

See accompanying notes to financial statements

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

September 30, 2015

	Agency Funds
Assets	
Cash and cash equivalents	\$ 411,929
Due from other funds	35,839
Total assets	\$ 447,768
Liabilities	
Due to others	\$ 447,719
Due to other governmental units	49
Total liabilities	\$ 447,768

See accompanying notes to financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These 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.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

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

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

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

Fund Balance Reporting and Governmental Fund – Type Definitions

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

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

Due to Others

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

Risk Management and Insurance

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

Management Estimates and Assumptions

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

Subsequent Events

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2015, the carrying amount of the Clerk's deposits was \$475,360 and the bank balance was \$586,356. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

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, 2015, the Clerk did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

As of September 30, 2015, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2015, 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.

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

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:

	10/01/14 Through 06/30/15	07/01/15 Through 09/30/15
Regular employees	7.37%	7.26%
Senior management	21.14%	21.43%
Elected county officials' class	43.24%	42.27%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2014 through September 30, 2015, the total payroll for all covered employees by the System was \$733,112. The retirement contributions for all employees covered by the System for the periods ended September 30, 2015, 2014 and 2013 were \$94,331, \$78,531 and \$38,474, respectively, which were the required contributions. For the year ended September 30, 2015, retirement contributions represented 12.87% 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.



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

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. However, the adoption has resulted in the restatement of the Washington County, Florida's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Washington County, Florida Clerk's financial statements as a result of the implementation of Statement No. 68.

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, 2015, excess court-related funds were \$19,377.

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

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, 2015:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental					
activities:					
Compensated absences	\$ 61,100	\$ 22,267	\$ -	\$ 83,367	\$ -

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 \$42,595.

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, 2015, there were no excess revenues over expenditures.

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

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 ending September 30, 2015, 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 Modernization Trust Fund	Funding for:	
	Modernization of Public Records	\$ 724
	Court-related technology	2,484
	Court-related operational needs and program enhancements	5,555
	Total restricted fund equity	\$ 8,763

At September 30, 2015, the Clerk’s fund balance was a negative \$42,440 classified as unassigned. This was a result of an unanticipated reduction in revenues during the year.

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.



SUPPLEMENTARY INFORMATION



**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

September 30, 2015

	General Trust	Child Support	Jury and Witness	Tax Deeds	Cash Bonds	Registry of Court	Dependency Mediation	Total
Assets								
Cash and cash equivalents	\$ 127,477	\$ 7,285	\$ (708)	\$ 28,116	\$ 74,239	\$ 172,645	2,875	\$ 411,929
Due from other funds	15,000	-	5,839	-	-	15,000	-	35,839
Total assets	\$ 142,477	\$ 7,285	\$ 5,131	\$ 28,116	\$ 74,239	\$ 187,645	\$ 2,875	\$ 447,768
Liabilities								
Due to others	\$ 142,428	\$ 7,285	\$ 5,131	\$ 28,116	\$ 74,239	\$ 187,645	2,875	\$ 447,719
Due to other governmental units	49	-	-	-	-	-	-	49
Total liabilities	\$ 142,477	\$ 7,285	\$ 5,131	\$ 28,116	\$ 74,239	\$ 187,645	\$ 2,875	\$ 447,768

See Independent Auditors' Report

**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, 2015, 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 28, 2016.

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 certain deficiencies in internal control, described below as findings No. CC 2015-001, CC 2015-002, CC 2003-003, CC 2007-009 and CC 2013-001 and that we consider to be significant deficiencies.

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

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Agency Fund Disbursement, CC 2015-001

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.

Accounting Transactions, CC 2015-002

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.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Need for Segregation of Duties, CC 2003-003

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 continues to exist.

Preparation of Financial Statements, CC 2007-009

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.

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

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 continues to exist.

Bookkeeping Procedures, CC 2013-001

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 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.

Carri Riggs & Ingram, L.L.C.

June 28, 2016



Carr, Riggs & Ingram, LLC
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

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

We have examined 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, 2015. 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, 2015.

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

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

June 28, 2016

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

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

We have examined the office of the Washington County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2015. 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, 2015.

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

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

June 28, 2016

**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, 2015. 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, 2015. 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.

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

June 28, 2016

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington County, Florida, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 28, 2016.

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 28, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have been corrected except as noted under "prior year findings and recommendations."

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

Official Title and Legal Authority

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Washington County, Florida, Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Washington County, Florida, Clerk of the Circuit Court.

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.

Public Depositor Annual Report - CC 2014-001

COMMENT: It was noted that the public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDfs) timely.

RECOMMENDATION: We recommend the report be submitted to the FDfs by the November 30 deadline.

Status: This item was resolved during the current year.

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.

Carri Riggs & Ingram, L.L.C.

June 28, 2016

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



Lora C. Bell, Clerk
Washington County, Florida
Fourteenth Judicial Circuit

Office Location:
1331 South Boulevard
Chipley, Florida 32428

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

Telephone Number: 850-638-6285

Fax Number: 850-638-6288

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, 2015, and offer my response to the audit findings noted in the Independent Auditors' Report on Internal Control. Accordingly, the following comments are provided.

CC 2015-001 – Agency Fund Disbursement:

The Clerk has instituted a policy requiring specific approval for all non-routine transfers between the agency funds and operating funds. Further, the Clerk has instructed accounting personnel to promptly remit all amounts due to other funds as of September 30, 2015.

CC 2015-002 - Accounting Transactions:

The Clerk has instituted a policy requiring that all accounting transactions including, but not limited to, accruals be properly recorded in a timely manner, and that the financial statements be reviewed on a monthly basis by an independent CPA to ensure completeness and accuracy.

CC 2003-003 – Need for Segregation of Duties:

The Clerk 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 Clerk's office, and thus available staff, makes the implementation of an ideal internal control structure, whereby all accounting responsibilities and duties are properly segregated, impractical. Nonetheless, the Clerk is aware of the need to continually seek ways to strengthen internal controls in this area, and is committed to do so, where feasible.

A Public Office is a Public Trust

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

Page Two

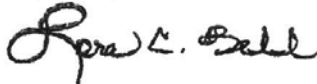
CC 2007-009 – Preparation of Financial Statements:

Due to the limitation of available staff with the necessary qualifications to prepare financial statements in accordance with generally accepted accounting principles (GAAP), it is the intent of the Clerk to continue to rely on the Independent Auditors' to prepare their annual financial statements, including the related note disclosures.

CC 2013-001 – Bookkeeping Procedures:

The Clerk has instituted a policy requiring that all bank accounts be reconciled monthly and that all other accounting and bookkeeping procedures, and reporting, be performed in a timely manner. Such activity is to be reviewed on a monthly basis as discussed in the response to CC 2015-002 noted above.

Respectfully submitted,



Honorable Lora Bell, Clerk of Court
Washington County

**Washington County, Florida
Property Appraiser**

Special-Purpose Financial Statements

September 30, 2015



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INGRAM

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Washington County, Florida
Property Appraiser
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September 30, 2015

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REPORT





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INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2015, 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, 2015, 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 May 9, 2016 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.

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

May 12, 2016



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund
Assets	
Cash	\$ 117,663
Total assets	\$ 117,663
Liabilities	
Accounts payable and accrued expenses	\$ 12,610
Due to Board of County Commissioners	105,053
Total liabilities	117,663
Fund balance	-
Total liabilities and fund balance	\$ 117,663

See accompanying notes to financial statements

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

For the year ended September 30, 2015

	General Fund
Revenues	
Charges for services	\$ 874
Other fees and miscellaneous revenues	15
Total revenues	889
Expenditures	
Current	
General government	458,782
Capital outlay	5,000
Total expenditures	463,782
Excess (deficiency) of revenues over (under) expenditures	(462,893)
Other financing sources (uses)	
Transfers in	567,946
Transfers out	(105,053)
Net other financing sources (uses)	462,893
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

See accompanying notes to 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, 2015

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
Revenues				
Charges for services	\$ -	\$ -	\$ 874	\$ 874
Other fees and miscellaneous revenues	-	-	15	15
Total revenues	-	-	889	889
Expenditures				
Current				
General government	555,246	555,246	458,782	96,464
Capital outlay	5,000	5,000	5,000	-
Reserve for contingencies	7,700	7,700	-	7,700
Total expenditures	567,946	567,946	463,782	104,164
Excess (deficiency) of revenues over (under) expenditures	(567,946)	(567,946)	(462,893)	105,053
Other financing sources (uses)				
Transfers in	567,946	567,946	567,946	-
Transfers out	-	-	(105,053)	(105,053)
Net other financing sources (uses)	567,946	567,946	462,893	(105,053)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements, the following is reported as a major governmental fund:

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

Measurement Focus

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

Basis of Accounting

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

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

Accumulated Compensated Absences

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

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

Budgetary Requirements

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

Risk Management and Insurance

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Management Estimates and Assumptions

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

Subsequent Events

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2015, the carrying amount of the Property Appraiser's cash and cash equivalents was \$117,663 and the bank balance was \$130,028. 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 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, 2015, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

INTEREST RATE RISK

At September 30, 2015, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2015, 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, 2015, 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.

Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEES PENSION PLAN (Continued)

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

	10/01/14 Through 06/30/15	07/01/15 Through 09/30/15
Regular employees	7.37%	7.26%
Senior management	21.14%	21.43%
Elected county officials' class	43.24%	42.27%

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, 2015, total payroll for the Property Appraiser employees covered by the Florida Retirement System was \$299,759. The Property Appraiser's contribution to the plan for the years ended September 30, 2015, 2014, and 2013 was \$57,942, \$49,480, and \$27,296, which were the required contributions. For the year ended September 30, 2015 retirement contributions represent 19.33% of covered payroll.

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

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

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

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

NOTE 3 - EMPLOYEES PENSION PLAN (Continued)

The adoption of Statement No. 68 has no impact on the Washington County Property Appraiser's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the Washington County's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Washington County Property Appraiser's financial statements as a result of the implementation of Statement No. 68.

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, 2015, was as follows:

	BEGINNING		ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	WITHIN
					ONE YEAR
Governmental activities:					
Compensated absences	\$ 11,676	\$ 17,217	\$ 21,488	\$ 7,405	\$ -

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 ending September 30, 2015, excess revenues over expenditures of \$105,053 are accrued and reported as transfer out.



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

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

**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, 2015. 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, 2015.

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

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

May 12, 2016



Carr, Riggs & Ingram, LLC
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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, 2015, 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 May 12, 2016.

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.

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

May 12, 2016

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, 2015, and have issued our report thereon dated May 12, 2016.

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 May 12, 2016, 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.

Carly Riggs & Ingram, L.L.C.

May 12, 2016

Washington County, Florida
Property Appraiser
Management's Response



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

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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 ending September 30, 2015. 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,

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

Gil Carter, CFA
Washington County Property Appraiser

**Washington County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2015



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Washington County, Florida
Sheriff
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September 30, 2015

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REPORT





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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 the Washington County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2015, 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 special-purpose financial statements presenting only the financial position and results of operations of the Sheriff. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

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 Sheriff as of September 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016 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.

Carly Riggs & Ingram, L.L.C.

June 29, 2016



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund	Emergency Medical Services	Inmate Welfare Fund	E911	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 63,101	\$ 67,536	\$ -	\$ 64,430	\$ 195,067
Restricted cash and cash equivalents	15,161	-	70,871	-	86,032
Due from other governmental units	59,435	-	-	-	59,435
Accounts receivable	11,024	120,911	-	46,172	178,107
Due from Board of County Commission	66,231	-	-	1,150	67,381
Total assets	\$ 214,952	\$ 188,447	\$ 70,871	\$ 111,752	\$ 586,022
Liabilities					
Accounts payable and accrued expenses	\$ 178,835	\$ 26,587	\$ 2,631	\$ -	\$ 208,053
Due to other governmental units	-	39,927	-	-	39,927
Deferred revenue	3,904	-	-	-	3,904
Due to Board of County Commissioners	17,052	-	-	-	17,052
Total liabilities	199,791	66,514	2,631	-	268,936
Fund balance					
Unrestricted	-	121,933	-	-	121,933
Restricted	15,161	-	68,240	111,752	195,153
Total liabilities and fund balances	\$ 214,952	\$ 188,447	\$ 70,871	\$ 111,752	\$ 586,022

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, 2015

	General Fund	Emergency Medical Services	Inmate Welfare Fund	E911	Total Governmental Funds
Revenues					
Intergovernmental	\$ 107,770	\$ -	\$ -	\$ -	\$ 107,770
Charges for services	234,480	1,260,616	49,107	130,669	1,674,872
Grants	96,595	-	-	218,493	315,088
Investment earnings	-	-	64	-	64
Other fees and miscellaneous revenues	54,794	-	-	2,000	56,794
Total revenues	493,639	1,260,616	49,171	351,162	2,154,588
Expenditures					
Current					
Public safety and health	4,038,571	1,548,621	33,667	348,738	5,969,597
Capital outlay	75,912	45,992	-	-	121,904
Total expenditures	4,114,483	1,594,613	33,667	348,738	6,091,501
Excess (deficiency) of revenues over (under) expenditures	(3,620,844)	(333,997)	15,504	2,424	(3,936,913)
Other financing sources (uses)					
Transfers in	3,757,982	612,028	-	109,328	4,479,338
Transfers out	(135,847)	(156,098)	-	-	(291,945)
Net other financing sources (uses)	3,622,135	455,930	-	109,328	4,187,393
Net change in fund balances	1,291	121,933	15,504	111,752	250,480
Fund balances - beginning	13,870	-	52,736	-	66,606
Fund balance - ending	\$ 15,161	\$ 121,933	\$ 68,240	\$ 111,752	\$ 317,086

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, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 106,937	\$ 106,937	\$ 107,770	\$ 833
Grants	77,902	77,902	96,595	18,693
Charges for services	145,778	145,778	234,480	88,702
Other fees and miscellaneous revenues	8,761	8,761	54,794	46,033
Total revenues	339,378	339,378	493,639	154,261
Expenditures				
Current:				
Public safety and health	4,045,644	4,045,644	4,038,571	7,073
Capital outlay	-	-	75,912	(75,912)
Total expenditures	4,045,644	4,045,644	4,114,483	(68,839)
Excess (deficiency) of revenues over (under) expenditures	(3,706,266)	(3,706,266)	(3,620,844)	85,422
Other financing sources (uses)				
Transfers in	3,706,266	3,706,266	3,757,982	51,716
Transfers out	-	-	(135,847)	(135,847)
Total other financing sources	3,706,266	3,706,266	3,622,135	(84,131)
Net change in fund balance	\$ -	\$ -	\$ 1,291	\$ 1,291

See accompanying notes to financial statements

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

September 30, 2015

	Agency Funds
Assets	
Cash	\$ 15,361
Total assets	\$ 15,361
Liabilities	
Due to others	\$ 15,361
Total liabilities	\$ 15,361

See accompanying notes to financial statements

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

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

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

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

The Sheriff also reported the following fund type:

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

Measurement Focus

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

Budgetary Requirements

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

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

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.

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.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10.

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, 2015, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$296,460 and the bank balance was \$431,456. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

CREDIT RISK

At September 30, 2015, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2015, the Sheriff did not hold any investments that were considered to have interest rate risk.

Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK

At September 30, 2015, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2015, 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, 2015 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, 2015.

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.

Notes to Special-Purpose Financial Statements

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:

	10/01/14 Through 06/30/15	07/01/15 Through 09/30/15
Regular employees	7.37%	7.26%
Senior management	21.14%	21.43%
Special risk employees	19.82%	22.04%
DROP participants	12.28%	12.88%
Elected county officials' class	43.24%	42.27%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2014 through September 30, 2015, the total payroll for all employees was \$3,340,827. The retirement contributions for all employees covered by the System for the years ended September 30, 2015, 2014 and 2013 were \$524,986, \$370,862, and \$308,159 which were the required contributions. For the year ended September 30, 2015 retirement contributions represented 15.71% 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

Notes to Special-Purpose Financial Statements

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. However, the adoption has resulted in the restatement of the Washington County's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Washington County Sheriff's financial statements as a result of the implementation of Statement No. 68.

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, 2015:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 283,140	\$ 22,202	\$ -	\$ 305,342	\$ -

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. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

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 \$6,801 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, 2015, 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 8 - BUDGET

The Sheriff did not prepare a budget for the Inmate Welfare Fund, Emergency Medical Services or E911 funds as required by Florida Statutes, Chapter 129.

The Sheriff had expenditures that were in excess of his budget in the following fund:

Fund	Amount
General Fund	\$ (68,839)

This is a technical violation of Florida Statutes, Chapter 129.

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 10 - 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, 2015.

Notes to Special-Purpose Financial Statements

NOTE 10 - FUND EQUITY (CONTINUED)

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, 2015, 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.

Balances of reported fund balance at September 30, 2015 are as follows:

	General Fund	Inmate Welfare Fund	E911	Total
Restricted for:				
Education and crime prevention	\$ 15,161	\$ -	\$ -	\$ 15,161
Emergency communications	-	-	68,240	68,240
Crime prevention	-	52,736	-	52,736
Total fund balances	\$ 15,161	\$ 52,736	\$ 68,240	\$ 136,137

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 4, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Sheriff are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government wide financial statements.



SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
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 Washington County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated June 29, 2016.

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. 03-01, 07-10, 2015-001 and 2015-002 that we consider to be significant deficiencies.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

EMS/E911 TRANSFER OF OPERATIONS, SH 2015-001

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.

ACCOUNTING TRANSACTIONS, FINDING SH-2015-002

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.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

NEED FOR SEGREGATION OF DUTIES, 03-01 – 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, 07-10 – 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 June 27, 2016.

Sheriff's Response to Findings

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

Purpose of this Report

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

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

June 29, 2016

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

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, 2015. 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, 2015.

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

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

June 29, 2016

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 29, 2016.

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 June 29, 2016, 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.

Carly Riggs & Ingram, L.L.C.

June 29, 2016



Carr, Riggs & Ingram, LLC
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(850) 526-3207
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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, 2015. 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, 2015.

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

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

June 29, 2016

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, 2015.

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.

In regards to Washington County Emergency Medical Services and E-911, the accounting staff will seek additional training and guidance in recording of accrual accounting transactions.

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, 2015



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Washington County, Florida
Supervisor of Elections
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September 30, 2015

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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Washington County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2015, 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.

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

To the Honorable Carol Finch Rudd
Supervisor of Elections of Washington County, Florida
Chipley, Florida

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, 2015, 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 May 31, 2016 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.

Carly Riggs & Ingram, L.L.C.

May 31, 2016



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund	Grant Fund	Total Governmental Funds
Assets			
Restricted cash	\$ -	\$ 13,798	\$ 13,798
Due from Board of County Commissioners	8,006	-	8,006
Total assets	\$ 8,006	\$ 13,798	\$ 21,804
Liabilities			
Accounts payable and accrued expenses	\$ 8,006	\$ -	\$ 8,006
Deferred revenue	-	13,701	13,701
Total liabilities	8,006	13,701	21,707
Fund balance			
Restricted	-	97	97
Total liabilities and fund balance	\$ 8,006	\$ 13,798	\$ 21,804

See accompanying notes to financial statements

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

For the year ended September 30, 2015

	General Fund	Grant Fund	Total Governmental Funds
Revenues			
Grants	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-
Investment earnings	-	-	-
Total revenues	-	-	-
Expenditures			
Current			
General government	343,035	-	343,035
Total expenditures	343,035	-	343,035
Excess (deficiency) of revenues over (under) expenditures	(343,035)	-	(343,035)
Other financing sources			
Transfers in	343,035	-	343,035
Transfers out	-	-	-
Net other financing sources	343,035	-	343,035
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, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Fund Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
General government	367,297	357,297	343,035	14,262
Total expenditures	367,297	357,297	343,035	14,262
Excess (deficiency) of revenues over (under) expenditures	(367,297)	(357,297)	(343,035)	14,262
Other financing sources (uses)				
Transfers in	367,297	357,297	343,035	(14,262)
Net other financing sources (uses)	367,297	357,297	343,035	(14,262)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements, the following is reported as a major governmental fund:

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

In preparing these financial statements, the following is reported as a non-major governmental fund:

Grant Fund - Accounts for the grant funds received relating to ballot-on-demand.

Measurement Focus

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

Basis of Accounting

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

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (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
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Accumulated Compensated Absences

The total accrued leave at September 30, 2015, 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.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

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.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2015, the carrying amount of the Supervisor of Elections' cash and cash equivalents was \$13,798 and the bank balance was \$13,798. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

CREDIT RISK

At September 30, 2015, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2015, the Supervisor of Elections did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2015, 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, 2015, the Supervisor of Elections did not hold any investments that were considered to have concentration of credit risk.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEES PENSION PLAN

The Supervisor of Election participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

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

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

	10/01/14 Through 06/30/15	07/01/15 Through 9/30/15
Regular employees	7.37%	7.26%
Elected county officials	43.24%	42.27%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2014 through September 30, 2015, the total payroll for all covered employees was \$146,952. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2015, 2014 and 2013 were \$39,395, \$33,131 and \$15,062. The contributions for the current year represented 26.8% of

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEES PENSION PLAN (CONTINUED)

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. However, the adoption has resulted in the restatement of the Washington County's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Washington County Supervisor of Election's financial statements as a result of the implementation of Statement No. 68.

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, 2015, there were no excess revenues over expenditures.

Washington County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

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, 2015.

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, 2015, the Supervisor 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	
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, 2015, as well as prior years, have not been yet been accepted/approved by the grantors. Accordingly, the final determination of the Supervisor or Elections’ compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Supervisor of Elections expects such amounts, if any, to be immaterial.

NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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



SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
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, 2015, 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 May 31, 2016.

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 identify certain deficiencies in internal control, described below as finding SOE03-03 and SOE07-12 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, SOE03-03

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, SOE07-12

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.

Carly Riggs & Ingram, L.L.C.

May 31, 2016

**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, 2015. 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, 2015.

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

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

May 31, 2016

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, 2015, and have issued our report thereon dated May 31, 2016.

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 May 31, 2016, 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 07-12 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.

Carly Riggs & Ingram, L.L.C.

May 31, 2016

**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, 2015. 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:

1. 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,

A handwritten signature in blue ink that reads "Carol F. Rudd". The signature is written in a cursive, flowing style.

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

**Washington County, Florida
Tax Collector**

Special-Purpose Financial Statements

September 30, 2015



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RIGGS &
INGRAM

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Washington County, Florida
Tax Collector
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September 30, 2015

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REPORT





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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 the Washington County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2015, 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 special-purpose financial statements presenting only the financial position and results of operations of the Tax Collector. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Washington County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Tax Collector.

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, 2015, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 May 31, 2016 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

May 31, 2016



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund
Assets	
Cash and cash equivalents	\$ 10,944
Total assets	\$ 10,944
Liabilities	
Accounts payable	\$ 4,927
Due to Board of County Commissioners	6,017
Total liabilities	10,944
Fund balance	-
Total liabilities and fund balance	\$ 10,944

See accompanying notes to financial statements

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

For the year ended September 30, 2015

	General Fund
<hr/>	
Revenues	
Charges for services	\$ 522,736
<hr/>	
Total revenues	522,736
<hr/>	
Expenditures	
Current	
General government	591,370
<hr/>	
Total expenditures	591,370
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(68,634)
<hr/>	
Other financing sources (uses)	
Transfers in	74,651
Transfers out	(6,017)
<hr/>	
Net other financing sources (uses)	68,634
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/>	

See accompanying notes to financial statements

Washington County, Florida
Tax Collector

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

For the year ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 524,113	\$ 524,113	\$ 522,736	\$ (1,377)
Total revenues	524,113	524,113	522,736	(1,377)
Expenditures				
Current				
General government	595,164	595,164	591,370	3,794
Capital outlay	3,600	3,600	-	3,600
Total expenditures	598,764	598,764	591,370	7,394
Excess (deficiency) of revenues over (under) expenditures	(74,651)	(74,651)	(68,634)	6,017
Other financing sources (uses)				
Transfers in	74,651	74,651	74,651	-
Transfers out	-	-	(6,017)	(6,017)
Net other financing sources (uses)	74,651	74,651	68,634	(6,017)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

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

September 30, 2015

	Agency Funds
<hr/>	
Assets	
Cash	\$ 198,985
<hr/>	
Total assets	\$ 198,985
<hr/> <hr/>	
Liabilities	
Due to others	\$ 198,985
<hr/>	
Total liabilities	\$ 198,985
<hr/> <hr/>	

See accompanying notes to financial statements

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements the following is reported as a major governmental fund:

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

The Tax Collector also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

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

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

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

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

Accumulated Compensated Absences

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

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

Budgetary Requirements

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

Due to Others

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

Current Taxes

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes - Sale of Tax Certificates

The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

Tax Deeds

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Court administers these sales.

Risk Management and Insurance

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

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

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

Management Estimates and Assumptions

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Tax Collector has evaluated subsequent events through the date of the Independent Auditors' Report which was the date the auditor's report was available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2015, the carrying amount of the Tax Collector's cash and cash equivalents and restricted cash was \$209,929 and the bank balance was \$367,472. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

CREDIT RISK

At September 30, 2015, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2015, the Tax Collector did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2015, 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, 2015, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE 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:

	10/01/14 Through 06/30/15	07/01/15 Through 09/30/15
Regular employees	7.37%	7.26%
Senior management	21.14%	21.43%
Elected county officials' class	43.24%	42.27%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2014 through September 30, 2015, the total payroll for all covered employees was \$398,319. The Tax Collector's contribution to the plans for the periods ended September 30, 2015, 2014 and 2013 were \$63,161, \$52,443 and \$25,311. The contributions for the current year represented 15.86% of covered payroll.

Notes to Special-Purpose Financial Statements**NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)**

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

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

The adoption of Statement No. 68 has no impact on the Washington County, Florida Tax Collector'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. However, the adoption has resulted in the restatement of the Washington County, Florida's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Washington County, Florida Tax Collector's financial statements as a result of the implementation of Statement No. 68.

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.

Notes to Special-Purpose 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.

Liability activity for the year ended September 30, 2015, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental					
activities:					
Compensated absences	\$ 9,175	\$ 2,990	\$ -	\$ 12,165	\$ -

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, 2015, excess revenues over expenditures of \$6,017 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, 2015

	Escrow	Tag	Tax	Total
Assets				
Cash	\$ 184,799	\$ (408)	\$ 14,594	\$ 198,985
Total assets	\$ 184,799	\$ (408)	\$ 14,594	\$ 198,985
Liabilities				
Due to others	\$ 184,799	\$ (408)	\$ 14,594	\$ 198,985
Total liabilities	\$ 184,799	\$ (408)	\$ 14,594	\$ 198,985

See Independent Auditors' Report

**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 Washington County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2015, 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 May 31, 2016.

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.

Carly Riggs & Ingram, L.L.C.

May 31, 2016

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

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

We have examined Washington County, Florida Tax Collector (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. 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, 2015.

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

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

May 31, 2016

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 financial statements of the Washington County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2015, and have issued our report thereon dated May 31, 2016.

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 May 31, 2016, 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.

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

May 31, 2016

Washington County, Florida
Tax Collector
Management's Response



Main Office Hours

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

Drivers License Hours

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

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, 2015. I have reviewed the letter regarding compliance and internal control, the schedule of findings and questioned costs and the management letter. Concerning the items noted, the following apply:

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