

# WALTON COUNTY FLORIDA



## *Morrison Springs*

The motto of Walton County is “Pride – Preservation – Conservation”. This mantra is particularly appropriate when looking at the number of parks, lakes, springs, and rivers located within Walton County.

In 2004, the Florida Department of Environmental Protection acquired the Morrison Springs property (on the cover) with the Walton County Board of County Commissioners managing the site.

Morrison Springs is a large 200 acre second magnitude spring that feeds directly into the Choctawhatchee River. The cold, crystal clear fresh water from this spring is an exceptional environmental and recreational resource. Because of the natural caves at the bottom of the spring and the clarity of the water, Morrison Springs has long been a destination point for divers from all over the country. It is also used as an access to the river for boaters and fisherman.

Since acquisition of the property in 2004, many improvements have taken place. These include: a concrete boat ramp and parking area for boat trailers and vehicles which is located south of the spring area with direct access to the Choctawhatchee River. The road to the parking area and boat ramp includes a timber bridge designed to reduce the impact to the wetlands.

Parking at Morrison Springs is located at the main entrance and was designed with barriers to keep vehicles from driving directly to the edge of the spring. The spring itself has been designated as a swimming and diving area. Additionally, the parking area was paved with a material that reduces run-off.

Barriers have been placed at certain locations to limit pedestrian traffic to designated areas. This improvement included a raised, ADA-compliant timber boardwalk to the spring. The Boardwalk begins at the parking area and go to the swim area, around the wetlands adjacent to the spring and to an observation deck over the spring. The boardwalk was designed to protect the quality of the water and wetlands by preventing erosion and impacts to vegetation caused by foot traffic. Other improvements include an educational pavilion, restrooms and showers, a playground and nature trail.

Future improvements include an educational pavilion, restrooms and showers, and playground and nature trail. Ultimately, Morrison Springs Park will add to the abundant outdoor recreational opportunities in Walton County.

**Photograph reprinted with permission  
by James A. Graves, Jr.  
of Milton, Florida.**



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**WALTON COUNTY, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

for the fiscal year ended

September 30, 2018

Prepared by the Office of the Clerk of Circuit Court and County Comptroller

WALTON COUNTY, FLORIDA

**PRINCIPAL OFFICERS**

**BOARD OF COUNTY COMMISSIONERS**

William Chapman	Chair – District 1
Tony Anderson	Vice-Chair – District 5
Sara Comander	Commissioner – District 4
Melanie Nipper	Commissioner – District 3
Cecilia Jones	Commissioner – District 2

**Tax Collector**

Rhonda Skipper

**Sheriff**

Michael A. Adkinson, Jr.

**Property Appraiser**

Patrick Pilcher

**Supervisor of Elections**

Bobby Beasley

**Clerk of the Circuit Court**

Alex Alford

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- CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
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# ALEX ALFORD



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CLERK OF CIRCUIT COURT & COUNTY COMPTROLLER, WALTON COUNTY, FLORIDA

March 4, 2019

To the Honorable Members of the Board of County Commissioners  
and Citizens of Walton County:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Walton County, Florida for the fiscal year ended September 30, 2018. This report was prepared in accordance with generally accepted accounting principles by the Clerk of Courts & County Comptroller. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the Clerk of Courts & County Comptroller as Chief Financial Officer of Walton County.

The Clerk of Courts & County Comptroller, through the Finance Department, is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. It is within this framework that we believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures necessary to enable the user of these financial statements to gain a thorough understanding of the County's financial activity have been included.

Chapter 218.39 of the Florida Statutes requires a financial audit of all counties in the state be performed by independent certified public accountants. This requirement has been met for the fiscal year ended September 30, 2018 and the independent auditors' report has been included in the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal and state Single Audit Act Amendments and the related Uniform Guidance. The standards governing single audit engagements require the independent auditor to report on the government's internal controls and compliance with legal requirements with special emphasis on the administration of federal awards.

Information related to the single audit, including schedules of federal awards and state financial assistance and independent auditors' reports on the internal control structure and compliance with requirements applicable to federal financial assistance, are included in the compliance section of this report.

Governmental accounting and auditing principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in combination with it. Walton County's MD&A can be found immediately following the independent auditors' report.

**County Organization.** Walton County encompasses 1,066 square miles with an estimated population of 67,656. There are three incorporated cities within Walton County: DeFuniak Springs, Freeport, and Paxton.

The County provides a number of services to its citizens, including police and fire protection, emergency medical services, health and social services, and cultural and recreation programs.

Walton County operates under a commission/administrator form of government with a governing board consisting of five county commissioners who are elected by the citizens of Walton County from at-large districts for staggered four-year terms. Each commission member must meet district residency requirements. In addition to the Board of County Commissioners, there are five elected constitutional officers: The Clerk of the Circuit Court & County Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Walton County Board of County Commissioners exercises varying degrees of budgetary control, but not administrative control, over the activities of the constitutional officers. The Property Appraiser, Sheriff, and Supervisor of Elections operate their respective offices as budget officers with funding provided by the Board of County Commissioners in the form of operating subsidies. In return, each budget officer is responsible for the collection of revenues within their jurisdictional area, and for the subsequent remittance of such collection to the Board. The Clerk of Courts & County Comptroller and the Tax Collector operate as fee officers. Fee officers are authorized to retain revenues generated within their offices for the purpose of defraying the cost of operations. All excess fees available at the end of the fiscal year are remitted back to the Board of County Commissioners, except for the excess fees received by the court system which are remitted to the Florida Department of Revenue.

Formal budgetary integration is employed as a management control device during the year. Constitutional officers funded by the Board and all county departments must submit their budget requests to the Office of Management and Budget (OMB) by June 1<sup>st</sup> of each year. After budget workshops are conducted with each department and constitutional officers, a proposed budget is submitted to the public by Board resolution and public hearings are held to obtain comments from the citizenry. A last public hearing is then held and the final budget is adopted. Walton County follows the laws of Florida regarding the control, adoption and amendment of the budget during each fiscal year; however, the County Administrator approves all departmental budgetary changes by means of a signed budget transfer form. The Board of County Commissioners approves all motions made for inter-divisional transfers and increases in the total budget for a division that occurs due to unanticipated grants or after a public hearing for special expenditures that need to be made from reserves.

**Local Economy.** Located in the Panhandle of Florida, tourism and its related industries continue to fuel the local economy; however, the County realizes the need to broaden economic opportunities by attracting more diversified businesses and jobs. While the majority of Walton County citizens are employed in the service or government sector, the need for employment diversity has never been more critical than it is now. The Mossy Head Industrial Park has added to our employment base and offers our citizens more employment options. The 350-acre property with connections to Interstate 10, U.S. Highway 90 and State Road 285 currently has eight businesses on site including FedEx Ground. Walton County's high quality of living serves as a great attraction for both individuals and their families. Our commitment to responsible growth furthers that opportunity.

While the economy continues to grow at a modest rate, there were some bright spots from our local economy. The September 2018 unemployment rate for Walton County was 2.5%, which is 40% below the state unemployment rate of 3.5% and 48% below the federal unemployment rate of 3.7%.

The beaches of South Walton are an integral part of the local economy with an annual economic impact of approximately \$3.8 billion according to research conducted for the Walton County Tourist Development Council (TDC). Visitors to Walton County are primarily drawn here by our world class beaches and by the abundance of choices in both retail and dining. The number of visitors to our area has continued to increase over the years, tourist development taxes (TDT) collected for 2018 topped the \$25 million mark for the first time. The 9.36% increase in collections from prior year can be attributed to aggressive marketing of the destination by the TDC and an increase in enforcement activities by the office of the Walton County Clerk of Courts. We expect TDT collections in 2019 to be slightly higher as the economy continues to improve and fuel prices remain low.

In the last decade, the real estate market has been our hardest hit sector. However, the real estate market has stabilized. Real property values increased 11.72% in 2015, 11.24% in 2016, 10.51% in 2017 and 10.18% in 2018. Overall, real property values have increased 3.61% in the last ten years. We expect an increase in 2019 as the economy begins to level off and home inventories begin to move. The biggest concern for our citizenry in recent times has been the rate of foreclosure. Over the last year, foreclosure case filings in Walton County dropped by 8.50% from the previous year. We anticipate a slight decrease in 2019.

**Long-term financial planning.** Walton County has obtained 350 acres of land in the Mossy Head area that is in a prime location bordering Interstate 10 to the south and State Road 285 and US Highway 90 to the north. Additionally, the CSX rail line has a main track which runs along the entire northern boundary. The site has sufficient land to accommodate larger operations which few sites within a fifty mile radius have available. The intended use of this property has been to develop a mixed-use commercial/industrial park and to supply employment opportunities for the substantial population growth that is predicted for the northern part of the county. Specific businesses that will be targeted include manufacturing and distribution, and research and development companies.

In 2014, Love's Truck Stops became the first company to purchase and open a business in the Mossy Head Industrial Park. Subsequently, several other business have invested in the property at the site including Brigman Properties, Empire Truck Service and Sales, and Southern Tire Mart.

Ultimately, development of this park will diversify the County's economic base from the tourism-oriented jobs in the southern part of the county and provide employment opportunities that will improve the standard of living for all residents of Walton County.

**Relevant financial policies.** For fiscal year 2018 (2017 millage rate), the Walton County Board of County Commissioners (Board) adopted a budget that showed no increase in the general county millage rate. However, the Board's final adopted millage rate of 3.636 mills is an increase of 8.09% from the 2008 general county millage rate.

The Board moved quickly to control spending during the 2018 budgeting process due to a slight increase in projected revenues. Several departments are still being considered for consolidation and a hiring freeze continues from past years on a limited basis. Additionally, merit increases were eliminated. The 2019 budget will continue the trend of past budgets with minimal growth projected in both revenues and expenses.

The Walton County Investment Committee monitors the County's investment portfolio in accordance with the County's written investment policy. Investment earnings are used to offset any projected revenue shortfalls in the budget. In 2018, Walton County's investment portfolio had a rate of return of 0.37%.

**Major initiatives.** The four-laning of U.S. Highway 331 has been a priority of the County Commissioners for a number of years. Safety concerns are paramount as this roadway is the only north-south hurricane evacuation route in Southern Walton County. This twenty-six mile stretch of highway was completed in 2018.

In 2017, the county purchased a 24 unit business complex in Freeport for \$1.92 million. While renovation of this building is ongoing, several county departments have moved in. They include the planning, building and code enforcement departments in this centralized location rather than in both DeFuniak Springs and Santa Rosa Beach. Additionally, satellite offices of the Tax Collector and Sheriff's department will open in 2019.

In 2009, the permitting process began on the restoration of the 12.9-mile stretch of beaches at Seagrove, Blue Mountain, Inlet, and Dune Allen. The permitting process for this federal project can take several years to complete. The approximate cost of this restoration is estimated to be between \$60 and \$70 million. The restoration will be paid for with tourist development taxes and federal and state funds should they become available. At present, this project is on hold pending further review by the Board of County Commissioners.

As stated previously, the U.S. Highway 331 corridor is a major north and southbound artery that is significant to this region in regards to its functional classification as well as its economic impact. Currently, there are areas along the corridor that do not have access to water and wastewater services. The need to upgrade and extend water and wastewater services along this corridor is vital to meet the economic and environmental needs of the City of DeFuniak Springs, the City of Freeport and Walton County. These upgrades could potentially have a transformational impact countywide. Without these water and wastewater services, any additional development would be impossible along this corridor.

The cost of the upgrades is projected to be over \$44 million. The Walton County Board of County Commissioners in conjunction with the Cities of DeFuniak Springs and Freeport are requesting grants of \$27 million over a three-year period from Triumph Gulf Coast, Inc. (TGC). TGC is the nonprofit corporation organized to oversee the expenditures of funds recovered for economic damages to the state from the 2010 Deepwater Horizon Oil Spill. Additionally, dedicated matching funds for the project will consist of the following:

1. \$12 million from Walton County RESTORE ACT POT 3 funds
2. \$5 million from Walton County RESTORE ACT POT 1 funds

POT 1 funding will be available and dedicated to match this project over a three-year period. POT 3 funding will be available over a 15-year period. If the project is approved, Walton County intends to borrow or bond the anticipated revenue immediately so that the funding will be available for construction during the three-year development process.

If funding is approved, the project is expected to be completed in 2021.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Walton County, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the seventeenth consecutive year that Walton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements.** This Comprehensive Annual Financial Report is a result of the tremendous effort and dedication given by the Finance Department of the Clerk of Courts & County Comptroller of Walton County. Your hard work is evident in this report. Thank you!

We would also like to thank the staff of the Office of Management and Budget for their cooperation and assistance during this process.

Finally, we would like to thank the accounting firm of Carr, Riggs & Ingram, LLC and specifically Hilton Galloway, Keith Hundley and Tyler Dunaway for their contribution to the publication of this document.

Sincerely,



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Alex Alford  
Clerk of Courts & County Comptroller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Walton County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

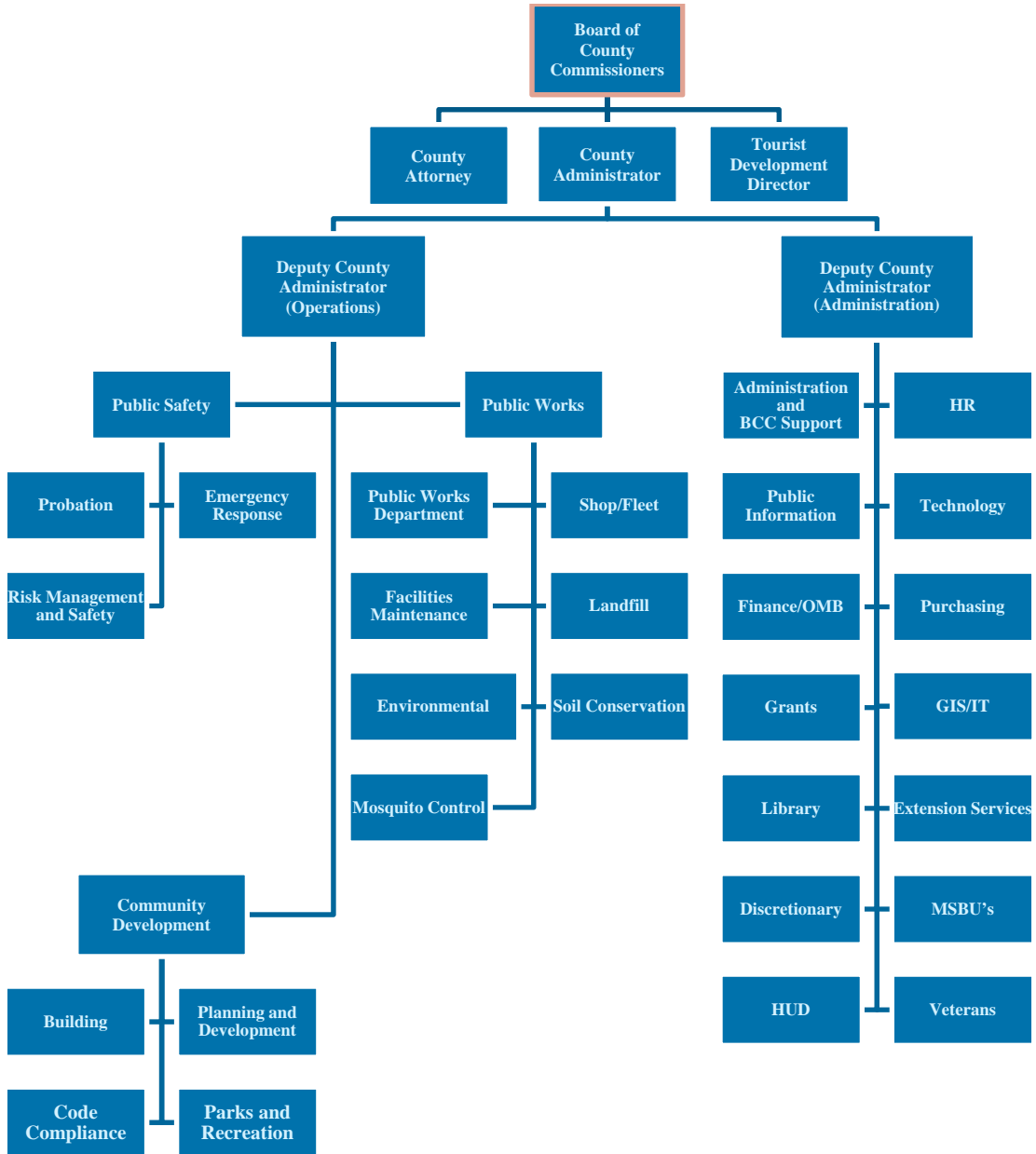
**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



# Walton County, Florida Organizational Chart





## **FINANCIAL SECTION**

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- COMBINING AND INDIVIDUAL FUND STATEMENTS

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the proprietary and fiduciary fund types of Walton County, Florida (the "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the proprietary fund type and the fiduciary fund type of the County, as of September 30, 2018 and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, County Transportation Fund, Fine and Forfeiture Fund, Tourist Development Fund, Solid Waste Landfill Fund and Building Department Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), during the year ended September 30, 2018. Our opinion is not modified with respect to these matters.

## **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 11 through 21, schedule of changes in net OPEB liability and related ratios, schedule of employer's proportionate share of the net pension liability – Florida Retirement Systems Pension Plan, schedule of employer contributions – Florida Retirement Systems Pension Plan, schedule of employer's proportionate share of the net pension liability – Health Insurance Subsidy Program and schedule of employer contributions – Health Insurance Subsidy Program, on pages 85 through 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, capital assets used in the operation of governmental funds schedules and statistical sections are presented for purposes of

additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Florida Single Audit Act*; and the schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill is required by Chapter 10.550, Local Governmental Audits, *Rules of the Auditor General of the State of Florida*, and neither schedule is a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, the schedule of expenditures of federal awards and state financial assistance, and the schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill 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 and schedules, capital assets used in the operation of governmental funds schedules, the schedule of expenditures of federal awards and state financial assistance, and the schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 4, 2019

## Management's Discussion and Analysis

This section of the report provides readers with a narrative overview and analysis of the financial activities of Walton County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, beginning on page 1, and the County's financial statements.

### ***Financial Highlights***

- Walton County's primary government assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by \$294,139,876 for fiscal year 2018 as compared to \$276,387,630 for fiscal year 2017. Unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net position at September 30, 2018 was \$20,261,537, a decrease of \$3,885,492 from the previous year, net of \$10,224,000 restatement of the September 30, 2017 balance to implement GASB Statement No. 75.
- The County's total primary government net position for fiscal year 2018 increased \$17,752,246 over fiscal year 2017.
- At September 30, the County's governmental funds reported a combined ending fund balance of \$127,502,814, an increase of \$6,818,562 over the prior year.
- The General Fund reported an unassigned fund balance of \$17,691,674 at September 30, 2018.
- The County's outstanding notes payable and capital lease debt decreased \$1,506,773 during fiscal year 2018.
- The primary government's net pension and post-employment benefit liabilities increased \$1,892,183 in fiscal year 2018 to a total obligation of \$98,561,076.

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to Walton County's financial statements, which include government-wide statements, fund statements, and notes to the basic financial statements. This report also contains additional supplementary information following the financial statements, which may be of interest to the reader.

### ***Government-wide Financial Statements***

Government-wide financial statements, which consist of the Statement of Net Position and the Statement of Activities, are designed to provide readers with a broad overview of the financial position of Walton County and are similar to private-sector financial statements. These statements begin on page 22 of the report.

The Statement of Net Position shows the County's assets plus deferred outflows less its liabilities and deferred inflows at September 30, 2018. The difference between these assets and deferred outflows and liabilities and deferred inflows is reported as net position. Over time, increases or

decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities follows the Statement of Net Position and presents information showing how the net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes or earned but unused vacation leave).

Governmental activities reported in the statements include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and interest on long-term debt.

The government-wide financial statements include both the County itself (known as the primary government) and Florida Community Services Corporation, a legally separate component unit formed to acquire and improve existing water distribution facilities in southern Walton County.

### ***Fund Financial Statements***

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Walton County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental, proprietary, and fiduciary funds.

### ***Governmental Funds***

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements and available resources.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds individually presented in Walton County's statements include six major funds: the General Fund, the County Transportation Fund, the Fine and Forfeiture Fund, the Tourist Development Fund, the Solid Waste Landfill Fund, and the Building Department Fund. Data from the other governmental funds are combined into a single, aggregated column titled "other governmental funds." Combining statements for these other governmental funds have been presented in the supplementary information section of this report.



The County adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the major funds to demonstrate budgetary compliance.

The government funds financial statements begin on page 25.

***Proprietary Funds***

Walton County maintains and presents one type of proprietary fund, an internal service fund, starting on page 37.

The County uses the internal service fund to report funded and accrued compensated absences.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County’s own operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 41.

***Other Information***

This report presents certain required supplementary information on pages 85 to 90 concerning Walton County’s progress in funding its obligation to provide pensions and other post-employment benefits to its employees.

***Government-Wide Financial Analysis***

Comparative data for fiscal years ending September 30, 2018 and 2017 are shown below:

**Net Position-Governmental Activities**

<i>For the fiscal year ended September 30,</i>	<b>2017*</b>	<b>2018</b>
Assets		
Current and other assets	\$ 136,266,926	\$ <b>146,355,796</b>
Capital assets	254,416,330	<b>270,092,556</b>
Total assets	390,683,256	<b>416,448,352</b>
<b>Deferred Outflows of Resources</b>	35,329,668	<b>39,068,599</b>

<b>Liabilities</b>		
Long-term liabilities outstanding	126,450,867	<b>127,367,331</b>
Other liabilities	18,020,632	<b>21,294,772</b>
<hr/>		
Total liabilities	144,471,499	<b>148,662,103</b>
<hr/>		
<b>Deferred Inflows of Resources</b>	5,153,795	<b>12,714,972</b>
<hr/>		
<b>Net Position</b>		
Net investment in capital assets	230,298,796	<b>247,481,794</b>
Restricted	21,941,805	<b>26,396,545</b>
Unrestricted	24,147,029	<b>20,261,537</b>
<hr/>		
<b>Total Net Position</b>	\$ 276,387,630	<b>\$ 294,139,876</b>

\*For comparative purposes, 2017 was restated to reflect implementation of GASB Statement No. 75.

Governmental current and other assets increased \$10,088,870 with the primary increase in cash and cash equivalents of \$10,842,808. These increases were predominately due to increases in property tax revenues arising from an increase in the tax base, sales tax revenues, and tourist development tax collections.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The overall financial position of the County continued to improve in both fiscal years 2018 and 2017. The net position for fiscal years ending September 30, 2018 and 2017, increased \$17,752,246 and \$15,522,387, respectively.

A portion of Walton County's net position (6.9%) represents unrestricted net position of \$20,261,537, which may be used to meet the County's ongoing obligations to citizens and creditors.

A portion of the County's net position (7.9% at September 30, 2017 and 9.0% at September 30, 2018) represents resources that are dedicated or subject to external restrictions on how they may be used. The overall dollar increase in restricted net position was \$4,454,740 for fiscal year 2018. The increase in restricted net position is principally due to increases in net position restricted for public safety and net position restricted for transportation.

The County's investment in capital assets such as land, buildings, and equipment, as a percentage of net position, amounts to 83.3% and 84.1% at September 30, 2017 and 2018, respectively, and accounts for the largest portion of the County's net position. The increase of \$17,182,998 in 2018 over fiscal year 2017 is due primarily to the purchase of land by the Tourist Development fund for public beach access, a Tourist Development fund multi-use path renovation project, construction of the Walton County Sports Complex, improvements at Helen McCall Park, construction of a new solid waste transfer station at the Landfill, and various road and bridge construction projects including the paving of Walton Bridge Road and construction of Big Redfish Lake Bridge. These asset values are presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The County uses capital assets to provide services to the citizens and consequently these assets are not available for future spending. Although the investment in capital

assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A comparison of current unrestricted assets as compared to current unrestricted liabilities can be a good indication of the County's ability to meet its current and existing operational responsibilities.

The ratio for both years is as follows:

**Comparison of Current Unrestricted Assets and Liabilities – Governmental Activities**

<i>September 30,</i>	2017	2018
Current unrestricted assets	\$ 133,738,190	\$ 143,765,734
Current unrestricted liabilities	18,020,632	21,294,772
Ratio of current assets to current liabilities	7.42	6.75

The County continues to maintain healthy ratios as noted above which indicates more than adequate cash flows to Walton County.

**Changes in Net Position-Governmental Activities**

<i>September 30,</i>	2017	2018
<b>Revenues</b>		
Program revenue:		
Charges for services	\$ 13,734,896	\$ 16,359,145
Operating grants and contributions	4,367,631	4,501,975
Capital grants and contributions	9,125,493	6,111,741
General revenues:		
Property taxes	55,078,685	60,600,283
Other taxes	63,479,346	68,390,723
Other	8,183,150	5,742,113
<b>Total revenues</b>	<b>153,969,201</b>	<b>161,705,980</b>
<b>Expenses</b>		
General government	33,365,289	27,081,341
Public safety	51,584,165	55,294,616
Physical environment	12,379,377	11,458,965
Transportation	21,438,931	26,914,820
Economic environment	12,781,381	17,862,455
Human services	2,088,995	2,408,915
Culture/recreation	3,618,864	2,107,503
Capital Projects	415,378	-
Interest on long-term debt	774,434	825,119
<b>Total expenses</b>	<b>138,446,814</b>	<b>143,953,734</b>

Increase in net position	15,522,387	<b>17,752,246</b>
<b>Net Position - Beginning</b>	271,890,107	<b>286,611,630</b>
Prior period adjustment	(800,864)	<b>(10,224,000)</b>
<b>Net Position - Beginning, as restated</b>	271,089,243	<b>276,387,630</b>
<b>Net Position - Ending</b>	<b>\$ 286,611,630</b>	<b>\$ 294,139,876</b>

### ***Governmental Activities***

Governmental activities net position increased \$17,752,246 in 2018. Key elements of this increase are as follows:

Total revenues increased by \$7,736,779, or 5.0% from the prior year, due to the combination of several items. Property tax revenues increased \$5,521,598 due to higher overall property values. Other taxes increased \$4,911,377, primarily due to increases in sales tax and tourist development tax receipts. These increases were partially offset by a decrease in capital grants and contributions of \$3,013,752. Capital grant receipts were lower in 2018 due to a reduction in state and federal funding for road and bridge projects. The increase in charges for services of \$2,624,249 is offset by the decrease in other general revenues of \$2,441,037.

Expenditures totaled \$143,953,734, representing an overall 4.0% increase, or \$5,506,920. Transportation spending increased \$5,475,889 related primarily to the Kidd Road paving project and transportation infrastructure improvements at Helen McCall Park. The increase in public safety expenditures of \$3,710,451 represented a budgeted increase in spending for the Sheriff's Office. The increase in economic environment expenditures of \$5,081,074 was due primarily to an increase in promotional Tourist Development spending over 2017. These increases were partially offset by decreases in general government of \$6,283,948 and in culture/recreation of \$1,511,361. The decrease in general government expenditures can be attributed to higher capital expenditures in FY 17 related to the purchase of building space in the Freeport Business Complex and higher spending on infrastructure projects in FY 17. The decrease in cultural/recreation spending is due to the completion in FY 17 of a Natural Resource Damage Assessment (NRDA) grant funded artificial reef project.

### ***Governmental Funds***

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County's governmental funds reported combined ending fund balances of \$120,684,252 at the end of fiscal year 2017 and \$127,502,814 at the end of fiscal year 2018. This was an increase of \$6,818,562 over the prior year. The unassigned General Fund balances of \$15,706,380 at September 30, 2017 and \$17,691,674 at September 30, 2018 were available for spending at the County's discretion. Governmental funds held restricted, committed, or assigned amounts totaling

\$108,683,122 in 2018 to reflect the various constraints placed on those resources for future use, as well as \$1,128,018 for non-spendable amounts, reflecting items such as inventory and prepaid items.

**Major Fund Information**

	<b>General Fund</b>	<b>County Transportation</b>	<b>Fine and Forfeiture</b>
<b>Fiscal Year 2018</b>			
Revenues and other sources	\$ 34,673,085	\$ 27,129,570	\$ 49,348,807
Expenditures and other uses	34,023,922	25,443,022	48,605,489
Increase in fund balance	\$ 649,163	\$ 1,686,548	\$ 743,318
<b>Fiscal Year 2017</b>			
Revenues and other sources	\$ 47,371,583	\$ 26,863,451	\$ 35,222,319
Expenditures and other uses	48,012,542	23,239,753	34,548,795
Increase (decrease) in fund balance	\$ (640,959)	\$ 3,623,698	\$ 673,524
	<b>Tourist Development</b>	<b>Solid Waste Landfill</b>	<b>Building Department</b>
<b>Fiscal Year 2018</b>			
Revenues and other sources	\$ 27,644,059	\$ 22,993,244	\$ 2,787,477
Expenditures and other uses	22,932,084	23,055,759	1,242,073
Increase in fund balance	\$ 4,711,975	\$ (62,515)	\$ 1,545,404
<b>Fiscal Year 2017</b>			
Revenues and other sources	\$ 26,295,271	\$ 21,256,650	\$ 2,582,909
Expenditures and other uses	30,203,460	20,690,935	1,567,072
Increase (decrease) in fund balance	\$ (3,908,189)	\$ 565,715	\$ 1,015,837

**General Fund**

The General Fund is the chief operating fund of the County. At September 30, 2018, the total fund balance in the General Fund was \$23,368,821 of which \$17,691,674 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 59.6% of total 2018 expenditures, while total fund balance is 78.7% of the same amount. For fiscal year 2017, unassigned fund balance represented 37.58% of total expenditures, while total fund balance was 54.33% of the same amount.

During fiscal year 2017, the Walton County Board of County Commissioners approved the transfer of Walton County Fire Rescue operations to the Sheriff's office. The 2018 increase in fund balance as a percentage of expenditures over 2017 is attributable to the shift in fire rescue operations from the General Fund to the Fine and Forfeiture fund.

Total revenues in the General Fund decreased 21.3%. Ambulance fees and property taxes recorded in the General Fund in 2017 were recorded as revenues in the Fine and Forfeiture fund in 2018 due to operations transferring to the Sheriff's office. Total expenditures also decreased 29.0%, mostly due to this same change in the reporting structure for fire rescue services.

## **Budget**

Budget amendments to the general fund of \$5,410,706 increased the original budgeted expenditures from \$31,626,815 to \$37,037,520. Actual expenditures were \$7,359,590 less than the final budget. Budget amendments were made to account for various capital projects in progress and additional federal and state grants received.

## ***Other Major Governmental Funds***

The major governmental funds table also discloses information regarding the other five major governmental funds of the County. Data for the County Transportation, Fine and Forfeiture, Tourist Development Council, Solid Waste Landfill, and Building Department funds are presented for fiscal years 2018 and 2017.

The County Transportation Fund accounts for ad valorem, motor fuel taxes, and various grants to finance road and bridge construction and maintenance. State statutes and grant agreements govern how these funds are to be used. Fiscal year 2018 showed a decrease of \$755,993 in revenues from fiscal year 2017. The primary factors contributing to this change were a decrease in grant funding in 2018, partially offset by an increase in insurance reimbursements, and proportional fair share funds for transportation infrastructure projects. Overall expenditures increased \$2,203,269, primarily due to higher spending on road infrastructure projects over 2017.

The Fine and Forfeiture Fund accounts for ad valorem tax revenues, fines and forfeitures, special assessments, and various grants used to finance law enforcement. The increased revenues in fiscal 2018 can be attributed to an increase in property tax revenues allocated to this fund related to the transfer of Walton County Fire Rescue to the Sheriff's Office, as well as higher overall property values within Walton County. Increased expenditures can be attributed to operation of the Fire Rescue division within this fund.

The Tourist Development Council (TDC) Fund accounts for the local option tourist development tax arising from activities related to the tourist industry. Its use is governed by State statute for promotion of the tourism industry, as well as beach maintenance and renourishment. The increased revenues in 2018 over 2017 can be attributed to a continued increase in Tourist Development Tax collections. Expenditures decreased when compared to 2017, due to fewer purchases of land in 2018. TDC funds are not available for the County to use for general government operation.

The Solid Waste Landfill Fund utilizes a one-cent small county sales tax to pay for operation of a landfill and provide garbage and yard debris collection to County residences. Revenues from this sales tax increased \$1,555,668 for fiscal year 2018 as a result of both overall growth and increased tourism in the County. The increase in expenditures is due to the construction of a new solid waste transfer station at the landfill. Construction was begun in 2018 and is anticipated to be completed during 2019. The balance of the fund is restricted, committed or assigned to fund remaining costs

on capital projects, acquisition of land for landfill expansion, landfill closure costs, economic development and road paving.

Within the Solid Waste Landfill Fund, deposits are made to the fund's other cash and cash equivalents account for the purpose of complying with federal and state laws and regulations related to funding the minimum estimated landfill closure and post-closure costs. This requires the County to annually deposit funds in an interest-bearing account for the purpose of funding these costs. This amount is shown as a restricted asset within the fund and was \$1,246,422 at September 30, 2017. This was increased to \$1,464,785 at September 30, 2018.

The Building Department Fund is used to account for fees and assessments levied on building activities to help ensure compliance with Florida Building Code. Overall, the total permits issued (including Single Family Dwelling and Building Permits) increased 4.8% from 2017 to 2018. The increased revenues from 2017 to 2018 are directly attributable to this activity. Expenditures within the department decreased 20.7% from 2017 to 2018. An initiative began in fiscal year 2016 to move County records into a cloud-based storage system. The initial costs related to converting these records to an electronic format were charged in 2016 and 2017 and were reduced in 2018. The Building department also purchased two offices in the Freeport Business Complex during 2017.

### ***General Fund Budgetary Highlights***

General Fund revenues were \$437,777 more than budgeted, reflecting the County's generally conservative approach to estimating revenues. Per the Statement of Revenues, Expenditures and Changes in Fund Balance, taxes received were \$453,498 less than budgeted. Those taxes consist of Ad Valorem taxes and the Communications Services Tax. The statement does not consider the 5% discount (\$679,938) allowance included principally for the early prepayment of ad valorem taxes. When netted against that budgeted allowance, there is \$226,440 more in revenues from taxes than was budgeted.

General Fund expenditures were \$7,359,590 less than budgeted. The primary component of that difference consisted of \$4,868,211 in grant and project funding not expended in the current year but carried over to the next fiscal year. Also contributing to this difference was a \$597,183 reduction in personnel costs due to the delayed filling of vacancies and \$953,604 in funding budgeted for professional services but not spent.

Differences between the General Fund's fiscal year 2018 original budget and final amended budget were an increase of \$5,410,705 summarized as follows:

- o \$2,375,568 rolled forward from fiscal year 2017 for grants and projects not completed in FY 2017
- o \$930,084 for new grants received in FY 2018
- o \$2,098,656 brought forward from General Fund reserves for capital renovations at the Freeport Business Complex and South Walton Courthouse Annex and construction of a records storage facility
- o \$6,397 in unanticipated revenues library donations, and a donation from the Florida Bar.

### **Capital Asset and Debt Administration**

The County's investment in capital assets for its governmental activities, net of accumulated depreciation, as of September 30, 2017 amounted to \$254,416,330, as restated (see Note 21), and at September 30, 2018 amounted to \$270,092,556. This investment includes capital assets subject to depreciation, such as infrastructure, buildings, and equipment as well as capital assets not subject to depreciation such as land and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 6.16%.

Major capital events during the current fiscal year include the following:

- The purchase of properties by the Tourist Development fund during 2018 totaling \$3,705,017. These properties are to be utilized for additional parking for the Miramar Beach access and the site of a new TDC Visitor's Center.
- The net increase in improvements other than buildings is due primarily to improvements at Helen McCall Park and the Walton County Sports Complex.
- Construction in progress at September 30, 2018 consisted mostly of \$16,572,505 for transportation and stormwater infrastructure projects.

### **Capital Assets-(Net of Depreciation)**

<u>September 30,</u>	<u>2017</u>	<u>2018</u>
Land	\$ 83,643,207	\$ 87,576,585
Buildings	50,590,505	50,121,673
Infrastructure	73,274,274	71,548,312
Improvements other than buildings	16,416,819	22,681,939
Construction in progress	14,165,178	19,700,272
Equipment	16,326,347	18,463,775
<u>Total</u>	<u>\$ 254,416,330</u>	<u>\$ 270,092,556</u>

Additional information on the County's capital assets can be found in Note 7 of the financial statements.

### **Long-Term Debt**

The County had \$21,169,826 in notes payable at September 30, 2018, of which \$1,648,453 is due for repayment during fiscal year 2019.

<u>September 30,</u>	<u>2017</u>	<u>2018</u>
Notes payable		
<u>Capital Projects Loan</u>	<u>\$ 22,759,466</u>	<u>\$ 21,169,826</u>

During the current fiscal year, the County's outstanding notes payable decreased by \$1,589,640, or 7.0%. The decrease during the current year can be attributed to normal debt service principal reductions.



The Constitution of the State of Florida, Florida Statute 200.181 and Walton County set no legal debt limit. Additional information on the County's long-term debt can be found in Note 8 of the financial statements.

### ***Economic Factors and Next Year's Budget and Rates***

The unemployment rate for the County at September 30, 2018 was 2.5%, down from 2.9% at September 30, 2017.

Overall building permit activity continued to improve for fiscal year 2018, with 2,917 total building permits issued, including 1,487 residential permits. 2,626 building permits, including 1,298 residential permits, were issued for fiscal year 2017. These figures reflect both new housing starts and commercial construction during the County's fiscal year.

Walton County's population increased 3.6% from the fiscal year ending September 30, 2017, to a total population of 67,656.

The general ad valorem tax rate for fiscal year 2018 and the upcoming 2019 fiscal year remained at 3.6363 mills.

### ***Request for Information***

This financial report is designed to present users with a general overview of the County's finances for all those with an interest in our government. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the County's Finance Director at 176 Montgomery Circle, DeFuniak Springs, Florida 32435, or the Director of Administrative Services for the Clerk of the Court, P.O. Box 1260, DeFuniak Springs, Florida 32435. Additional information can also be found on the County's web site: <http://www.co.walton.fl.us>.

## **Basic Financial Statements**

**Walton County, Florida**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Primary Governmental Activities</b>	<b>Component Unit</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 76,300,072	\$ 17,250,143
Cash - designated for construction	-	17,426,230
Investments	54,525,585	5,000,000
Accounts receivable, net	2,853,246	2,425,379
Accounts receivable-developer agreements, net	-	1,402,477
Due from other governments	9,165,715	-
Inventory	721,779	3,663,340
Prepaid items	199,337	-
Restricted assets:		
Cash and cash equivalents	2,313,249	-
Assessments receivable	36,593	-
<b>Total current assets</b>	<b>146,115,576</b>	<b>47,167,569</b>
Noncurrent assets		
Restricted cash		
Debt service fund	-	4,686,139
Renewal and replacement fund	-	1,147,786
Customer's deposits	-	2,074,655
Accounts receivable-developer agreements, net	-	1,234,353
Accounts receivable	34,848	-
Loans receivable	205,372	-
Land and other nondepreciable assets	107,276,857	27,271,548
Capital assets, net of depreciation	162,815,699	140,279,317
<b>Total noncurrent assets</b>	<b>270,332,776</b>	<b>176,693,798</b>
<b>Total assets</b>	<b>416,448,352</b>	<b>223,861,367</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pension	38,375,284	-
Deferred outflows related to post-employment benef	693,315	-
Deferred losses on debt refundings	-	312,045
<b>Total deferred outflows of resources</b>	<b>39,068,599</b>	<b>312,045</b>

-Continued-

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Statement of Net Position - Continued**  
**September 30, 2018**

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 6,914,792	\$ 378,554
Accrued liabilities	2,984,085	148,226
Accrued interest payable	181,625	-
Due to other governments	1,942,978	-
Due to individuals	123,208	-
Deposits	5,282,220	-
Unearned revenue	742,207	-
Landfill closure costs	120,200	-
Compensated absences	925,363	-
Payable from restricted assets:		
Accrued interest payable	-	380,779
Bonds payable	-	1,865,000
Capital lease obligations	429,641	-
Notes payable	1,648,453	-
<b>Total current liabilities</b>	<b>21,294,772</b>	<b>2,772,559</b>
Noncurrent liabilities		
Customer deposits	-	2,074,655
Notes payable	19,521,373	-
Capital lease obligations	1,011,295	-
Bonds payable	-	24,874,875
Deposits	-	-
Obligation for deferred compensation	-	-
Net pension liability	75,456,076	-
Other post-employment benefit obligation	23,105,000	-
Landfill closure cost	4,964,960	-
Compensated absences	3,308,627	244,741
<b>Total noncurrent liabilities</b>	<b>127,367,331</b>	<b>27,194,271</b>
<b>Total liabilities</b>	<b>148,662,103</b>	<b>29,966,830</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pension	12,714,972	-
<b>Net Position</b>		
Net investment in capital assets	247,481,794	141,123,035
Restricted for:		
Debt service	1,450,217	5,833,925
Capital projects	3,256,071	-
General government	1,266,929	-
Public safety	5,412,019	-
Transportation	14,423,434	-
Economic environment	173,421	-
Human services	414,454	-
Unrestricted	20,261,537	47,249,622
<b>Total net position</b>	<b>\$ 294,139,876</b>	<b>\$ 194,206,582</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Statement of Activities**  
**September 30, 2018**

Functions/Programs	Expenses	Program Charges for Services
<b>Primary Government</b>		
<b>Governmental Activities:</b>		
General government	\$ 27,081,341	\$ 6,093,711
Public safety	55,294,616	9,478,276
Physical environment	11,458,965	574,967
Transportation	26,914,820	-
Economic environment	17,862,455	182,118
Human services	2,408,915	10,800
Culture/recreation	2,107,503	19,273
Capital projects	-	-
Interest on long-term debt	825,119	-
Total primary government	\$ 143,953,734	\$ 16,359,145
<b>Component Unit</b>		
Florida Community Services Corporation	\$ 24,854,595	\$ 22,918,827

**General Revenues**

- Property taxes
- Gasoline taxes
- Sales tax
- Tourist development tax
- Other taxes
- Investment earnings
- Miscellaneous
- Gain on disposition of equipment

Total general revenues

Change in net position

**Total Net Position - beginning**

Prior period adjustment

Net Position - beginning, as restated

**Total Net Position - ending**

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Revenues</b>		<b>Net (Expense) Revenues and Changes in Net Position</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Governmental Activities</b>	<b>Component Unit</b>	
\$ 630,275	\$ 56,526	\$ (20,300,829)		\$ -
1,219,005	111,010	(44,486,325)		-
128,358	371,227	(10,384,413)		-
9,908	4,470,053	(22,434,859)		-
2,410,754	1,048,115	(14,221,468)		-
42,905	-	(2,355,210)		-
60,770	54,810	(1,972,650)		-
-	-	-		-
-	-	(825,119)		-
<u>\$ 4,501,975</u>	<u>\$ 6,111,741</u>	<u>(116,980,873)</u>		<u>-</u>
<u>\$ -</u>	<u>\$ 2,376,978</u>	<u>-</u>		<u>441,210</u>
		60,600,283		-
		6,422,671		-
		33,670,146		-
		25,726,361		-
		2,571,545		-
		502,257	98,110	
		4,508,137	8,458,322	
		731,719	435,318	
		<u>134,733,119</u>	<u>8,991,750</u>	
		<u>17,752,246</u>	<u>9,432,960</u>	
		286,611,630	184,773,622	
		(10,224,000)	-	
		<u>276,387,630</u>	<u>184,773,622</u>	
		<u>\$ 294,139,876</u>	<u>\$ 194,206,582</u>	

**Walton County, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	General	County Transportation	Fine and Forfeiture	Tourist Development
<b>Assets</b>				
Cash and cash equivalents	\$ 13,916,388	\$ 10,381,840	\$ 3,818,036	\$ 24,735,074
Investments	11,582,229	7,758,415	1,123,789	18,484,454
Accounts receivable, net	124,025	5,180	623,966	2,072,404
Due from other governments	3,315,344	1,969,662	657,419	-
Due from other funds	265,398	9,826	68,894	2,494,603
Inventory	134,441	587,338	-	-
Prepaid items	177,102	117	-	21,798
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Assessments receivable	-	-	-	-
Loans receivable	205,372	-	-	-
<b>Total assets</b>	<b>\$ 29,720,299</b>	<b>\$ 20,712,378</b>	<b>\$ 6,292,104</b>	<b>\$ 47,808,333</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,933,002	\$ 513,936	\$ 1,004,407	\$ 2,032,622
Accrued liabilities	982,331	403,323	1,166,511	140,216
Due to other governments	150,931	41,609	-	-
Due to individuals	-	5,817	-	-
Deposits	590,108	4,691,312	-	-
Due to other funds	2,495,877	-	258,867	9,822
Unearned revenue	199,229	45,492	27,748	-
<b>Total liabilities</b>	<b>6,351,478</b>	<b>5,701,489</b>	<b>2,457,533</b>	<b>2,182,660</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue on special assessments	-	-	-	-
<b>Fund Balance</b>				
Nonspendable	517,245	587,455	-	22,098
Restricted	987,732	14,423,434	3,834,571	-
Committed	-	-	-	30,914,944
Assigned	4,172,170	-	-	14,688,631
Unassigned:				
General fund	17,691,674	-	-	-
<b>Total fund balance</b>	<b>23,368,821</b>	<b>15,010,889</b>	<b>3,834,571</b>	<b>45,625,673</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 29,720,299</b>	<b>\$ 20,712,378</b>	<b>\$ 6,292,104</b>	<b>\$ 47,808,333</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Solid Waste Landfill</b>	<b>Building Department</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,850,487	\$ 5,075,680	\$ 12,695,300	\$ 75,472,805
3,624,127	3,792,491	8,160,080	54,525,585
-	-	62,519	2,888,094
2,755,707	-	467,583	9,165,715
-	-	6,363	2,845,084
-	-	-	721,779
-	-	320	199,337
1,464,785	-	848,464	2,313,249
-	-	36,593	36,593
-	-	-	205,372
<b>\$ 12,695,106</b>	<b>\$ 8,868,171</b>	<b>\$ 22,277,222</b>	<b>\$ 148,373,613</b>
\$ 1,244,926	\$ 2,138	\$ 183,761	\$ 6,914,792
31,950	67,701	192,053	2,984,085
1,653,295	-	97,143	1,942,978
-	-	117,391	123,208
-	800	-	5,282,220
-	-	80,518	2,845,084
-	-	469,738	742,207
<b>2,930,171</b>	<b>70,639</b>	<b>1,140,604</b>	<b>20,834,574</b>
-	-	36,225	36,225
900	-	320	1,128,018
1,464,785	-	5,686,023	26,396,545
709,686	8,797,532	4,166,648	44,588,810
7,589,564	-	11,247,402	37,697,767
-	-	-	17,691,674
<b>9,764,935</b>	<b>8,797,532</b>	<b>21,100,393</b>	<b>127,502,814</b>
<b>\$ 12,695,106</b>	<b>\$ 8,868,171</b>	<b>\$ 22,277,222</b>	<b>\$ 148,373,613</b>





**Walton County, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2018**

Differences in amounts reported for governmental activities in the Statement of Net Position:

Fund balances - Total governmental funds		\$ 127,502,814
Assessments receivable are not available to pay current period expenditures and therefore are deferred in the governmental funds.		36,225
Capital assets used in government activities are not current financial resources and therefore are not reported at the fund level.		270,092,556
Pension related deferred outflows, deferred inflows and net pension liability represent an acquisition or consumption of net position that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		(49,795,764)
Other post-employment benefit ("OPEB") related deferred outflows, deferred inflows and net OPEB obligation represent an acquisition or consumption of net position that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		(22,411,685)
Other liabilities not due and payable in the current period and therefore not reported in the funds are as follows:		
Notes payable	(21,169,826)	
Capital lease obligations	(1,440,936)	
Accrued interest payable	(181,625)	
Landfill closure costs	(5,085,160)	
Compensated absences, net of Internal Service Fund, \$827,267	(3,406,723)	(31,284,270)
Net position of governmental activities		\$ 294,139,876

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	<b>General</b>	<b>County Transportation</b>	<b>Fine and Forfeiture</b>
<b>Revenues</b>			
Taxes	\$ 13,470,270	\$ 6,368,225	\$ 41,199,548
Licenses and permits	581,808	-	-
Intergovernmental	14,702,653	8,289,614	640,579
Charges for services	3,890,728	43,085	6,566,212
Fines and forfeitures	59,121	-	57,187
Investment earnings	131,842	66,998	37,949
Miscellaneous	1,826,511	600,012	46,238
<b>Total revenue</b>	<b>34,662,933</b>	<b>15,367,934</b>	<b>48,547,713</b>
<b>Expenditures</b>			
Current			
General government	23,888,383	2,734,400	-
Public safety	1,713,828	-	48,208,348
Physical environment	454,517	19,549	-
Transportation	-	21,889,579	-
Economic environment	285,944	-	-
Human services	1,838,107	-	-
Culture/recreation	1,361,289	799,494	-
Capital projects	-	-	-
Debt service			
Principal	135,217	-	360,317
Interest	645	-	36,824
<b>Total expenditures</b>	<b>29,677,930</b>	<b>25,443,022</b>	<b>48,605,489</b>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<b>4,985,003</b>	<b>(10,075,088)</b>	<b>(57,776)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of equipment	9,956	406,395	-
Transfers in	7,000	11,761,636	335,000
Transfers out	(4,345,992)	-	-
Issuance of debt	3,152	-	466,094
<b>Total other financing sources (uses)</b>	<b>(4,325,884)</b>	<b>12,168,031</b>	<b>801,094</b>
Net change in fund balance	659,119	2,092,943	743,318
<b>Fund Balance - beginning</b>	<b>22,709,702</b>	<b>12,917,946</b>	<b>3,091,253</b>
<b>Fund Balance - ending</b>	<b>\$ 23,368,821</b>	<b>\$ 15,010,889</b>	<b>\$ 3,834,571</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Tourist Development</b>	<b>Solid Waste Landfill</b>	<b>Building Department</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 25,726,361	\$ 22,339,946	\$ -	\$ 3,627,978	\$ 112,732,328
-	-	2,637,791	-	3,219,599
-	128,358	-	3,233,248	26,994,452
68,683	474,158	49,974	1,307,071	12,399,911
-	-	-	516,722	633,030
137,856	8,822	33,725	85,063	502,255
1,711,159	41,960	65,987	1,732,273	6,024,140
27,644,059	22,993,244	2,787,477	10,502,355	162,505,715
-	-	-	2,464,509	29,087,292
-	-	1,242,073	732,270	51,896,519
-	12,059,999	-	49,771	12,583,836
-	-	-	3,529,872	25,419,451
22,932,084	-	-	2,478,095	25,696,123
-	-	-	571,504	2,409,611
-	-	-	1,079,475	3,240,258
-	-	-	3,762,969	3,762,969
-	-	-	1,480,485	1,976,019
-	-	-	799,801	837,270
22,932,084	12,059,999	1,242,073	16,948,751	156,909,348
4,711,975	10,933,245	1,545,404	(6,446,396)	5,596,367
5,300	161,698	-	169,600	752,949
-	-	-	6,560,116	18,663,752
-	(10,995,760)	-	(3,322,000)	(18,663,752)
-	-	-	-	469,246
5,300	(10,834,062)	-	3,407,716	1,222,195
4,717,275	99,183	1,545,404	(3,038,680)	6,818,562
40,908,398	9,665,752	7,252,128	24,139,073	120,684,252
\$ 45,625,673	\$ 9,764,935	\$ 8,797,532	\$ 21,100,393	\$ 127,502,814

**Walton County, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2018**

Differences in amounts reported for governmental activities in the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 6,818,562
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.	31,572,491
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(15,875,035)
Proceeds from the issuance of debt are reported as an other financing source in governmental funds but as an increase of long-term liabilities in the Statement of Net Position.	(469,246)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold.	(21,230)
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 Position.	1,976,019
Assessment revenue is not collected for several months after year-end and is deferred in the governmental funds.	(16,329)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported in governmental funds.	11,351
Accrued landfill closure/post closure costs do no require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(324,066)
Pension related deferred outflows, deferred inflows and changes in net pension liability do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(5,567,744)
Accrued other post-employment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(166,685)
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(185,842)
<b>Change in net position of governmental activities</b>	<b>\$ 17,752,246</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 13,923,768	\$ 13,923,768	\$ 13,470,270	\$ (453,498)
Licenses and permits	338,150	338,150	581,808	243,658
Intergovernmental	12,998,291	14,525,645	14,702,653	177,008
Charges for services	4,275,697	4,318,470	3,890,728	(427,742)
Fines and forfeitures	16,300	16,300	59,121	42,821
Investment earnings	132,000	132,000	131,842	(158)
Miscellaneous	1,839,980	1,846,377	1,826,511	(19,866)
<b>Total revenues</b>	<b>33,524,186</b>	<b>35,100,710</b>	<b>34,662,933</b>	<b>(437,777)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
Board of County Commissioners	7,924,110	12,192,003	7,654,865	4,537,138
Comptroller	4,335,700	4,335,700	3,639,926	695,774
Clerk of Court - circuit court	220,292	229,292	199,911	29,381
Clerk of Court - county court	69,956	69,956	67,826	2,130
Court technology	180,900	180,900	160,887	20,013
GIS - information services	516,291	577,191	574,702	2,489
Property Appraiser	2,007,201	2,007,201	1,808,776	198,425
Tax Collector	3,170,797	3,108,375	2,896,947	211,428
Supervisor of Elections	933,627	1,038,822	780,920	257,902
Legal services	782,463	782,463	744,496	37,967
State Attorney/Public Defender	97,663	97,663	91,161	6,502
Growth management and comprehensive planning	2,757,922	2,944,156	2,501,989	442,167
County administrator	1,206,299	1,206,299	1,200,343	5,956
Financial and administrative services	1,388,771	1,784,855	1,565,634	219,221
<b>Total general government</b>	<b>25,591,992</b>	<b>30,554,876</b>	<b>23,888,383</b>	<b>6,666,493</b>

-Continued-

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Continued**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Public Safety</b>				
Fire coordination	776,153	853,953	810,864	43,089
Parole and probation	345,372	345,372	300,837	44,535
Emergency operations center	318,464	385,939	353,559	32,380
Emergency medical services	-	9,603	3,199	6,404
Medical examiner	245,369	245,369	245,369	-
Total public safety	1,685,358	1,840,236	1,713,828	126,408
<b>Physical Environment</b>				
Extension service	384,884	384,884	357,605	27,279
Natural resource conservation service	103,572	103,572	96,912	6,660
Total physical environment	488,456	488,456	454,517	33,939
<b>Economic Environment</b>				
Economic development	147,056	147,858	147,858	-
Veteran services	142,865	146,369	138,086	8,283
Total economic environment	289,921	294,227	285,944	8,283
<b>Human Services</b>				
Health department	1,879,729	2,097,755	1,744,741	353,014
Community service	10,000	10,000	22,238	(12,238)
Mental health	14,063	14,063	14,063	-
Welfare	37,750	37,750	46,180	(8,430)
Developmental disabilities	13,219	22,557	10,885	11,672
Total human services	1,954,761	2,182,125	1,838,107	344,018
<b>Cultural and Recreation</b>				
Library	949,085	983,733	882,744	100,989
Parks and recreation	300,575	666,265	478,545	187,720
Total cultural and recreation	1,249,660	1,649,998	1,361,289	288,709

-Continued-

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Continued**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Reserved for Contingencies</b>	366,667	27,602	-	27,602
<b>Debt Service</b>				
Principal	-	-	135,217	(135,217)
Interest	-	-	645	(645)
<b>Total debt service</b>	-	-	135,862	(135,862)
<b>Total expenditures</b>	31,626,815	37,037,520	29,677,930	7,359,590
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	1,897,371	(1,936,810)	4,985,003	6,921,813
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of equipment	-	-	9,956	9,956
Transfers in	-	7,000	7,000	-
Transfers out	(4,039,511)	(4,345,992)	(4,345,992)	-
Issuance of debt	-	-	3,152	3,152
<b>Total other financing sources (uses)</b>	(4,039,511)	(4,338,992)	(4,325,884)	13,108
<b>Net change in fund balance</b>	(2,142,140)	(6,275,802)	659,119	6,934,921
<b>Fund Balance - beginning</b>	22,709,702	22,709,702	22,709,702	-
<b>Fund Balance - ending</b>	\$ 20,567,562	\$ 16,433,900	\$ 23,368,821	\$ 6,934,921

The accompanying "Notes to Financial Statements" form an integral part of this statement.



**Walton County, Florida**  
**County Transportation Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 6,576,916	\$ 6,576,916	\$ 6,368,225	\$ (208,691)
Intergovernmental	2,939,006	23,300,039	8,289,614	(15,010,425)
Charges for services	36,000	36,000	43,085	7,085
Investment earnings	100,000	100,000	66,998	(33,002)
Miscellaneous	234,500	1,298,400	600,012	(698,388)
<b>Total revenues</b>	<b>9,886,422</b>	<b>31,311,355</b>	<b>15,367,934</b>	<b>(15,943,421)</b>
<b>Expenditures</b>				
General government	3,166,313	3,185,501	2,734,400	451,101
Physical environment	-	1,019,773	19,549	1,000,224
Transportation	18,674,446	43,206,211	21,889,579	21,316,632
Culture/recreation	875,424	875,424	799,494	75,930
<b>Total expenditures</b>	<b>22,716,183</b>	<b>48,286,909</b>	<b>25,443,022</b>	<b>(22,843,887)</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(12,829,761)</b>	<b>(16,975,554)</b>	<b>(10,075,088)</b>	<b>6,900,466</b>
<b>Other Financing Sources</b>				
Proceeds from sale of equipment	-	-	406,395	406,395
Transfers in	11,761,636	11,761,636	11,761,636	-
<b>Total other financing sources</b>	<b>11,761,636</b>	<b>11,761,636</b>	<b>12,168,031</b>	<b>406,395</b>
<b>Net change in fund balance</b>	<b>(1,068,125)</b>	<b>(5,213,918)</b>	<b>2,092,943</b>	<b>7,306,861</b>
<b>Fund Balance - beginning</b>	<b>12,917,946</b>	<b>12,917,946</b>	<b>12,917,946</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 11,849,821</b>	<b>\$ 7,704,028</b>	<b>\$ 15,010,889</b>	<b>\$ 7,306,861</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Fine and Forfeiture Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 42,670,049	\$ 42,670,049	\$ 41,199,548	\$ (1,470,501)
Intergovernmental	371,550	415,100	640,579	225,479
Charges for services	7,350,000	7,350,000	6,566,212	(783,788)
Fine and forfeitures	55,000	55,000	57,187	2,187
Investment earnings	53,000	53,000	37,949	(15,051)
Miscellaneous	100,000	167,718	46,238	(121,480)
<b>Total revenues</b>	<b>50,599,599</b>	<b>50,710,867</b>	<b>48,547,713</b>	<b>(2,163,154)</b>
<b>Expenditures</b>				
Current				
Public safety				
Sheriff department	49,416,097	51,896,568	48,208,348	3,688,220
Debt service				
Principal	-	-	360,317	(360,317)
Interest	-	-	36,824	(36,824)
<b>Total expenditures</b>	<b>49,416,097</b>	<b>51,896,568</b>	<b>48,605,489</b>	<b>3,291,079</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>1,183,502</b>	<b>(1,185,701)</b>	<b>(57,776)</b>	<b>1,127,925</b>
<b>Other Financing Sources</b>				
Lease proceeds	-	466,094	466,094	-
Transfers in	350,000	350,000	335,000	(15,000)
<b>Total other financing sources</b>	<b>350,000</b>	<b>816,094</b>	<b>801,094</b>	<b>(15,000)</b>
<b>Net change in fund balance</b>	<b>1,533,502</b>	<b>(369,607)</b>	<b>743,318</b>	<b>1,112,925</b>
<b>Fund Balance - beginning</b>	<b>3,091,253</b>	<b>3,091,253</b>	<b>3,091,253</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 4,624,755</b>	<b>\$ 2,721,646</b>	<b>\$ 3,834,571</b>	<b>\$ 1,112,925</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Tourist Development Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 25,703,316	\$ 25,703,316	\$ 25,726,361	\$ 23,045
Charges for services	80,000	80,000	68,683	(11,317)
Investment earnings	170,000	170,000	137,856	(32,144)
Miscellaneous	1,140,968	1,140,968	1,711,159	570,191
<b>Total revenues</b>	<b>27,094,284</b>	<b>27,094,284</b>	<b>27,644,059</b>	<b>549,775</b>
<b>Expenditures</b>				
Current				
Economic environment				
Tourist development	27,094,284	27,094,284	22,932,084	4,162,200
<b>Excess Revenues Over Expenditures</b>	-	-	4,711,975	4,711,975
<b>Other Financing Sources</b>				
Proceeds from sale of equipment	-	-	5,300	5,300
<b>Net change in fund balance</b>	-	-	4,717,275	4,717,275
<b>Fund Balance - beginning</b>	40,908,398	40,908,398	40,908,398	-
<b>Fund Balance - ending</b>	<b>\$ 40,908,398</b>	<b>\$ 40,908,398</b>	<b>\$ 45,625,673</b>	<b>\$ 4,717,275</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Solid Waste Landfill Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 21,100,000	\$ 21,100,000	\$ 22,339,946	\$ 1,239,946
Intergovernmental	-	128,309	128,358	49
Charges for services	200,000	200,000	474,158	274,158
Investment earnings	40,000	40,000	8,822	(31,178)
Miscellaneous	108,000	108,000	41,960	(66,040)
<b>Total revenues</b>	<b>21,448,000</b>	<b>21,576,309</b>	<b>22,993,244</b>	<b>1,416,935</b>
<b>Expenditures</b>				
Current				
Physical environment				
Garbage and solid waste	11,202,240	17,022,265	12,059,999	4,962,266
<b>Excess Revenues Over Expenditures</b>	<b>10,245,760</b>	<b>4,554,044</b>	<b>10,933,245</b>	<b>6,379,201</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of equipment	-	-	161,698	161,698
Transfers out	(10,995,760)	(10,995,760)	(10,995,760)	-
<b>Total other financing sources (uses)</b>	<b>(10,995,760)</b>	<b>(10,995,760)</b>	<b>(10,834,062)</b>	<b>161,698</b>
Net change in fund balance	(750,000)	(6,441,716)	99,183	6,540,899
<b>Fund Balance - beginning</b>	<b>9,665,752</b>	<b>9,665,752</b>	<b>9,665,752</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 8,915,752</b>	<b>\$ 3,224,036</b>	<b>\$ 9,764,935</b>	<b>\$ 6,540,899</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Building Department Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Licenses and permits	\$ 1,389,979	\$ 1,389,979	\$ 2,637,791	\$ 1,247,812
Charges for services	30,000	30,000	49,974	19,974
Investment earnings	-	-	33,725	33,725
Miscellaneous	-	-	65,987	65,987
<b>Total revenues</b>	<b>1,419,979</b>	<b>1,419,979</b>	<b>2,787,477</b>	<b>1,367,498</b>
<b>Expenditures</b>				
Current				
Planning and inspections	1,419,979	1,524,979	1,242,073	282,906
<b>Excess Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(105,000)</b>	<b>1,545,404</b>	<b>1,650,404</b>
<b>Fund Balance - beginning</b>	<b>7,252,128</b>	<b>7,252,128</b>	<b>7,252,128</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 7,252,128</b>	<b>\$ 7,147,128</b>	<b>\$ 8,797,532</b>	<b>\$ 1,650,404</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<hr/>	
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 827,267
<hr/>	
<b>Liabilities</b>	
Current liabilities	
Accrued compensated absences	128,534
Non-current liabilities	
Accrued compensated absences	698,733
<hr/>	
Total liabilities	827,267
<hr/>	
<b>Net Position</b>	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Operating Revenues</b>	
Charges for services	\$ 162,732
<b>Expenses</b>	
Personal services	162,732
Change in net position	
	-
<b>Net Position - beginning</b>	
	-
<b>Net Position - ending</b>	
	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2018**

	Governmental Activities	Internal Service Fund
<hr/>		
<b>Cash Provided by (Used in) Operating Activities</b>		
Funding of compensated absences liability	\$	162,732
Payments on compensated absences liability		(94,981)
<hr/>		
Net increase in cash and cash equivalents		67,751
Cash and cash equivalents at the beginning of the year		759,516
<hr/>		
Cash and cash equivalents at the end of the year	\$	827,267
<hr/> <hr/>		
<b>Reconciliation of Change in Net Position to Cash Provided by Operating Activities</b>		
Change in net position	\$	-
Increase in liabilities:		
Compensated absences payable		67,751
<hr/>		
<b>Cash Provided by Operating Activities</b>	\$	67,751
<hr/> <hr/>		

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*



**Walton County, Florida**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 6,688,476
Receivables, net	2,553
<hr/>	
Total assets	\$ 6,691,029
<hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 1,666,369
Accounts payable	79
Deposits	3,908,578
Due to individuals	1,116,003
<hr/>	
Total liabilities	\$ 6,691,029
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**NOTE**

- 1 Summary of Significant Accounting Policies
- 2 Stewardship, Compliance and Accountability
- 3 Cash, Cash Equivalents and Investments
- 4 Receivables
- 5 Interfund Activity
- 6 Restricted Assets
- 7 Capital Assets
- 8 Long-Term Debt
- 9 Revenues Pledged
- 10 Deferred Outflows of Resources
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- 12 Recognition of Landfill Closure and Post-Closure Costs
- 13 Employee Retirement System
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- 15 Net Position
- 16 Fund Balance
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- 18 Risk Management
- 19 Litigation
- 20 Tax Abatement
- 21 Restatement of Beginning Balances
- 22 Subsequent Events

The financial statements of Walton County, Florida (the 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.

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

***Reporting Entity***

The County is a political subdivision of the State of Florida created pursuant to Article VIII of the State Constitution with geographical boundaries as established in Florida Statutes Chapter 7.66. It is guided by an elected Board of County Commissioners (the Board) which is governed by state statutes. In addition to the members of the Board, there are five elected Constitutional Officers: Tax Collector, Property Appraiser, Clerk of the Circuit Court, Sheriff, and Supervisor of Elections. The operations of the County as a whole, including the constitutional officers, have been combined in these financial statements.

The financial reporting entity consists of the County and its component unit, which is a legally separate organization for which the County is financially accountable. The County is financially accountable for legally separate organizations if County officials appoint a voting majority of an organization's governing body and either the County is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burden on, the County. The County may also be financially accountable for organizations that are fiscally dependent on the County if there is a potential for the organization to provide specific financial benefits to the County or impose specific financial burdens on the County, regardless of whether the organizations have separate elected governing boards, governing boards appointed by higher levels of government, or jointly appointed boards.

Florida Community Services Corporation of Walton County's governing board is appointed by the County Commission and the County Commission has regulatory authority, including utility rate approval which allows the County Commission to impose its will on FCSC. FCSC which has a February 29 year-end is reported as a component unit in a separate column in the financial statements to emphasize it is legally separate from the government.

***Discretely Presented Component Unit***

**Florida Community Services Corporation of Walton County (FCSC)** was organized under the laws of the State of Florida on August 7, 1985. FCSC was incorporated as a non-profit corporation under state law. On November 26, 1985, the Board by Ordinance 85-15 rescinded the Public Service Commission's jurisdiction over FCSC and transferred regulatory authority, including utility rate approval, to the Board. FCSC was formed to acquire and improve existing water distribution facilities in the southern part of the County for incorporation into a county regional utility system

and to construct a regional sewage collection treatment and disposal facility and water transmission, storage and distribution system, exclusively for the benefit of the primary government. To fulfill its purpose, FCSC has issued revenue bonds pledging its property and revenues to secure the payment of such bonds. After the bonds have been fully paid, FCSC without consideration will transfer all of its assets to the County. FCSC retains all revenue generated by the system to provide for debt service and maintaining the system. The Corporation is reported as a proprietary fund type.

Complete financial statements of the component unit can be obtained directly from its administrative office listed below:

Florida Community Services Corporation of Walton County  
4432 Highway 98 East  
Santa Rosa Beach, Florida 32459

***Government-Wide and Fund Financial Statements***

Basic financial statements consist of government-wide financial statements and fund financial statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole, both the primary government and its component unit, and provide a consolidated financial picture of the government. As part of the consolidation process, inter-fund activities, with the exception of inter-fund services provided and used, are eliminated to avoid distorted financial results. Fiduciary funds of the government are also eliminated from this presentation since these resources are not available for general government funding purposes. The Statement of Net Position reports all financial and capital resources of the County's governmental activities. It is presented in a net position format (assets plus deferred outflows of resources less liabilities less deferred inflows of resources equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. The Statement of Activities reports functional categories of programs provided by the County, and demonstrates how and to what degree those programs are supported by specific revenue.

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 revenue section displays revenue collected that help support all functions of government and contribute to the change in the net assets for the fiscal year.

The fund financial statements follow and report additional and detailed information about the County's operations for major funds individually and nonmajor funds in the aggregate for governmental, proprietary and fiduciary funds. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations. The preparation of financial statements in conformity with GAAP, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

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

The government-wide financial statements, as well as the fund financial statements for the proprietary fund, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue upon completion of the grant requirements.

Proprietary fund operating revenues and expenses generally result from charges for services and operating expenses related to compensated absences for Clerk of the Courts and the Supervisor of Elections. Expenses include compensated absences and all related fringe costs. Revenue and expenses not meeting these definitions are reported as non-operating revenues and expenses.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. 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 property taxes and ninety days for all other revenue.

Expenditures are recorded when the related fund liabilities are incurred. Exceptions to this general rule include: (1) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due. Budgets for governmental funds are also prepared on the modified accrual basis.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings and most fines and forfeitures are recorded as earned since they are measurable and available.

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

Notes to Financial Statements

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The accounting policies and the presentation of the financial report of the County have been designed to conform to GAAP as applicable to governmental units, in accordance with the GASB.

The following are reported as major governmental funds:

**General Fund** – This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**County Transportation Special Revenue Fund** – To account for ad valorem, motor fuel taxes, state revenue sharing and various grant funds designated to finance highway and road construction and maintenance.

**Fine and Forfeiture Special Revenue Fund** – To account for ad valorem taxes, fines, forfeitures, grants, expenditures and transfers to the Walton County Sheriff's Department (Sheriff) necessary to carry out the obligations of the office of Sheriff as detailed in Florida Statutes Chapter 30.15.

**Tourist Development Council Special Revenue Fund** – Fund activity is designated for the promotion of tourism and beach renourishment. Primary revenue for the fund is the local option tourist development tax.

**Solid Waste Landfill Special Revenue Fund** – To account for one cent County surtax, state grants, landfill fees, and scrap sales designated for the operation of the landfill.

**Building Department Special Revenue Fund** – To account for fees and assessments levied on building activities to help ensure compliance with state statutes and County ordinances.

The County also reports the following fund types:

**Internal Service Fund** (a proprietary fund) – Used to report funded and accrued compensated absences for the Clerk of Courts and Supervisor of Elections.

**Agency Funds** – To account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units and/or funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. These funds are accounted for on the accrual basis of accounting. Used to account for licenses, tags, and property taxes collected and remitted to other taxing authorities; funds held in general agency trust, witness advances, for compliance with court orders, child support, and inmate cash bonds; and unclaimed tax deed sales.

***Budgetary Accounting***

**Basis of Budgetary Accounting** - Annual budgets for governmental fund types that are legally required to prepare an annual budget are adopted on a basis consistent with GAAP. All appropriations lapse at year-end.

The following special revenue funds are not budgeted and budget information is not presented: Inmate Canteen (Sheriff), Criminal Justice Education, Special Law Enforcement, State Law Enforcement Trust, Abandoned Property, Marijuana Eradication, Federal Forfeiture Sharing, Law Enforcement Automation, Domestic Violence Trust, Aviation and Traffic & Parking Enforcement.

**Board of County Commissioners** - Pursuant to Chapter 129, Florida Statutes, General Budget Policies, the following procedures are followed by the Board in establishing, adopting and maintaining the operating budget.

Prior to July 15, the Director of the Office of Management and Budget and the Clerk of the Circuit Court, as ex-officio Clerk of the Board, submits to the Board a tentative budget for the fiscal year commencing the following October 1.

Taxpayers are informed of the proposed budget and tentative millage rates through legal advertising. Public hearings are held to elicit taxpayer comments.

Prior to September 30, the budget is legally adopted through passage of a resolution for the fiscal year beginning October 1.

The Board, at any time within a fiscal year, may amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board, however, has established procedures by which the designated budget officer and heads of departments may authorize certain interdepartmental budget amendments, provided that the total appropriations of the department are not changed.

Florida Statute 129, Section 7, as amended in 1978, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Board acts on all budget changes between departments, the lower of fund or department becomes the level of control.

Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expenditure in the same fund, or to create an appropriation in the fund for any lawful purpose, but no expenditures shall be charged directly to the reserve for contingencies.

Notes to Financial Statements

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A receipt of a nature or from a source not anticipated in the budget and received for a particular purpose, including but not limited to grants, donations, gifts, or reimbursements for damages, may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget of the proper fund.

Supplemental appropriations funded from sources not described above, require public hearings and action by the Board in the same manner as adopting the original budget.

**Clerk of the Court** – Florida Statutes Chapter 218.35 and 218.36 governs the preparation, adoption and administration of the Clerk of the Circuit Court’s annual budget. The Clerk establishes an annual balanced budget which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk of the Circuit Court, functioning in the capacity as Clerk of the Circuit and County Courts and as Clerk of the Board, prepares a budget in two parts:

The budget relating to the state court system (Circuit and County) is filed with and approved by the Florida Clerk of the Court Operations Corporation; and

The budget approved by the Board for funds necessary to perform those duties of Clerk of the Board, County Auditor, and Custodian or Treasurer of all County funds and other County-related duties.

The Comptroller and Clerk of Court - Departments within the Clerk's office such as Finance and MIS that deal primarily or exclusively with the County are budgeted with appropriations from the Board. The fees generated by the various non-court departments of the Clerk of Circuit Court are used to pay operating expenditures of that department. All excess fees are remitted to the Board at year-end.

**Sheriff** - Florida Statutes Chapter 30.49 and 129.03 governs the preparation, adoption and administration of the Sheriff’s annual budget. By June 1 each year, the Sheriff shall certify to the Board a proposed budget of expenditures for carrying out the duties of his office for the ensuing fiscal year. No later than August 1 of each year, the Board shall approve the Sheriff’s budget. The Sheriff’s budget is funded primarily from property taxes maintained in the Fine and Forfeiture Fund.

**Tax Collector and Property Appraiser** - Florida Statutes Chapter 195.087 details the preparation, adoption and administration of the budgets of the Tax Collector and Property Appraiser. On or before a legally designated date each year, the Tax Collector and the Property Appraiser shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board. Final approval of the budgets is given by the Florida Department of Revenue.

**Supervisor of Elections** - Florida Statutes Chapter details the preparation, adoption and administration of the budget of the Supervisor of Elections. The Supervisor of Elections works in cooperation with the Board to establish an annual budget for his office. The Supervisor of Elections budget is funded from the Board’s General Fund.



***Cash, Cash Equivalents, and Pooled Cash Investments***

Cash, cash equivalents, and pooled cash investments represents cash on hand as well as demand deposits, and certificates of deposit with original maturities of three months or less. This policy applies to the primary government and its component unit.

***Investments***

As governed by Florida Statute 218 and the County's investment policy, the County is authorized to invest available surplus funds to the extent noted in the following:

1. Local Government Surplus Funds Trust Fund Investment Pool (the SBA), the State Investment Pool administered by the Florida State Board of Administration – 50%
2. Florida Local Government Investment Trust (FLGIT) administered by the Florida Association of Court Clerks and the Florida Association of Counties – 50%
3. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency – 50%
4. Savings and Certificates of Deposit in state qualified public depositories – 50%
5. Direct obligations of the U.S. Treasury – 100%
6. Public funds checking – 100%
7. U.S. Government Instrumentality Debt (i.e. Federal Farm Credit Bureau) – 50%
8. High-grade Corporate debt, including Eurodollar notes and bonds – 50%
9. Mortgaged back securities – 50%
10. State and Local Taxable and/or Tax-exempt debt – 50%
11. Equities – 20%
12. Income Trusts – 20%
13. Mutual Funds – 20%

Investments are stated at fair value. U.S. Treasury notes and U.S. agency and instrumentalities obligations are valued at quoted market. The reported value of the Local Government Surplus Funds Trust Fund Investment Pool's PRIME account ("Florida PRIME") is shown at share value as it meets the criteria to be "2A-7 Like".

FLGIT reports all share information at Net Asset Value (NAV) and reflects fair value in accordance with GASB 72.

The County invests throughout the year in the Florida PRIME account, administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME is rated by Standard and Poor's as AAAM. At September 30, 2018, Florida PRIME's investments dollar weighted average days to maturity (WAM) was 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 72 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2017 through September 30, 2018. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the County's daily access to 100 percent of their account value.

The County also invests in FLGIT, a public entity investment trust organized under the laws of the State of Florida. FLGIT is based on current net asset value, variations in value of these assets is determined on a daily basis in the FLGIT portfolio. At September 30, 2018, the FLGIT portfolio included certain asset-backed securities, corporate securities and mortgage-backed securities. These securities amounted to 2.7%, 19.6% and 1.4% respectively of the FLGIT Investment Trust portfolio. The asset backed securities and mortgage-backed securities credit quality rating as rated by Fitch Ratings varied from AAAMmf to AAAf.

The County's investments and portfolio allocation is determined by an investment committee comprised of the Clerk of Court (the Clerk) or designee, the Board's Finance Director or designee, and two other advisors, one to be named by the Clerk and one by the Board's Finance Director.

The Portfolio of investments is maintained by the Clerk who provides a portfolio report quarterly (or more often if requested) to the Board. The report provides a breakdown of the portfolio as well as overall performance. Investments for the County, as well as for its component unit, are reported at fair value.

***Receivables and Unbilled Revenue***

Estimated unbilled revenues in the component unit statements are accrued at year-end by pro-rating actual subsequent billings.

***Allowance for Doubtful Accounts***

The component unit provides for doubtful accounts based on analysis of individual accounts. For customer accounts, an allowance is created for accounts that are 120 days past due. For developer receivables, an allowance has been created for the full amount of all past due developer receivables.

***Inventories and Prepaid Items***

Inventories are stated at cost determined by the first-in, first-out cost method. The County uses the consumption method of accounting for inventories. Payment for goods and services applicable to a future period are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. Inventories and prepaid items are equally offset in a nonspendable fund balance which indicates that they do not constitute available spendable resources.

## Notes to Financial Statements

***Interfund Loans and Transfers***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

***Restricted Assets***

The Highway 331 bridge fund, solid waste landfill fund, and component unit, based on certain bond covenants and regulations, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt and landfill closure cost.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems) are reported in the applicable governmental activities columns in the government-wide financial statements. Additions to capital assets are recorded at cost at the time of purchase. Gifts or contributions of capital assets, and assets received in a service concession arrangement are recorded at acquisition value at the time received.

The County maintains a \$5,000 threshold for additions to equipment and a \$25,000 threshold for additions to land, buildings, infrastructure and other capital assets. The County also maintains a fixed asset listing for all tangible personal property equal to or greater than \$1,000 as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006.

Depreciation has been provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

<b>Asset</b>	<b>Years</b>
Buildings	30 - 40
Building improvements	30 - 40
System infrastructure	20
Vehicles	5
Equipment	5 - 7
Improvements other than buildings	20

***Bond Premiums, Discounts and Issuance Costs - FCSC***

Bond premiums and discounts are deferred and amortized as a component of interest expense over the remaining useful life of the related debt. Debt issuance costs are considered outflows of resources in the period incurred and, accordingly, are expensed at the time of debt issuance.

***Losses on Refunding - FCSC***

Losses on refunding resulting from differences between the costs incurred to refund debt and the carrying value of the refunded debt at the time of refunding are deferred and amortized on the straight-line basis over the shorter of the term of the new debt or the refunded debt. Unamortized losses on refunding are presented as deferred outflows of resources within the Statement of Net Position.

***Compensated Absences***

It is the County's policy to allow employees to accumulate unused sick leave and vacation benefits. For the fiscal year ended September 30, 2018, for all governmental fund types, the liability relating to such vested unused vacation and sick leave to the extent of certain maximum hours is recorded in the accompanying financial statements. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources.

Accumulated annual and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the component unit were recorded on the accrual basis as noncurrent liabilities.

***Lease Obligations***

Capital lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements in the Statement of Revenues, Expenditures and Changes in Fund Balances. Capital lease obligations of proprietary funds and governmental activities in the government-wide financial statements are reported as depreciable assets and lease obligations payable. The County has elected not to utilize any operating leases.

***Long-Term Liabilities***

For long-term liabilities, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. All long-term liabilities are reported in the government-wide financial statement of net position.

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had deferred outflows at year end related to various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations and retirement contribution payments made by the County after the valuation date of the Florida Retirement System's latest valuation but before the end of the County's fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The only such item at year end consists of various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations. These amounts are recognized as inflows of resources in the period that they become available.

***Net Position/Fund Equity***

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net asset categories:

*Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

*Restricted* – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

*Unrestricted* – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

Fund equity is reported in the fund financial statements as either nonspendable or spendable as follows:

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

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

*Committed* – Amounts constrained for a specific purpose by the Board.

*Assigned* – Includes spendable fund balance amounts established by the Board (resolution) that are intended to be used for specific purposes and are neither considered restricted or committed.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that is spendable and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The authority to establish, modify or rescind a committed or assigned fund balance rests with the Board and these actions are accomplished through an adopted resolution. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County’s policy to use committed funds first, then assigned, and finally unassigned.

**Property Taxes**

Property taxes in the County are levied by the Board. The millage levies are determined on the basis of estimates of revenue needs and the total taxable valuations within the jurisdiction of the Board. No aggregate ad valorem tax millage in excess of 10 mills on the dollar is levied against property of the County as specified in Florida Statute 200.071.

Each year the total taxable valuation is established by the County Property Appraiser and the list of property assessments is submitted to the State Department of Revenue for approval. Taxes, assessed as of January 1 of each year, are due and payable on November 1 of each year or as soon thereafter as the assessment roll is opened for collection. Pursuant to Florida Law, all owners of property have the responsibility of ascertaining the amount due and paying it before April 1 of the year following the year in which the tax was assessed.

2018 property tax calendar:

- Lien date - January 1, 2017
- Levy date - November 1, 2017
- Tax bills mailed - November 1, 2017
- Collection dates - November 30, 2017: 4% discount  
- Through January 2, 2018: 3% discount  
- Through January 31, 2018: 2% discount  
- Through February 29, 2018: 1% discount
- Delinquent date - April 1, 2018
- Tax sale - 2017 delinquent property taxes - on or before June 1, 2018

***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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

***Impact of Recently Issued Accounting Pronouncements***

In fiscal year 2018, the County adopted four new statements of financial accounting standards issued by the GASB:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81)
- GASB Statement No. 85, *Omnibus 2017* (GASB 85)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 resulted in a restatement of the County's 2017 government-wide financial statements net position in the amount of (\$10,224,000) to reflect the reporting of the net OPEB liability. Changes in this liability from year to year will largely be reflected on the statement of activities, though certain amounts will be deferred and amortized over varying periods.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the County's financial statements as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment

## Notes to Financial Statements

benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the County's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the County's financial statements as a result of the implementation of GASB 86.

***Pronouncements Issued But Not Yet Effective***

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

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

During the fiscal year 2018, there were supplemental appropriations of \$56,931,003 or 36 percent of the original budget. The following items represent the major additional appropriations:

**General Fund**

Various projects in work and capital projects	\$	3,824,966
Various operating costs		41,807
Various federal and state grants		1,543,932

**Special Revenue Funds**

**County Transportation Trust**

Paving projects funded with current revenue, federal and state grants, and available fund balance		25,451,393
Various operating costs		119,333



## Notes to Financial Statements

<b>Fine and Forfeiture</b>		
Various personnel services and operating costs		2,480,471
<b>Solid Waste Landfill</b>		
Various capital improvements, facility repairs and upgrades		5,691,116
Various federal and state grants		128,909
<b>Building Department</b>		
Various personnel services and operating costs		105,000
<b>Nonmajor Funds</b>		
Capital Project Fund, various capital improvements, facility repairs and upgrades		6,818,536
Capital Project Fund - Mossy Head Industrial Park, various capital improvements, facility repairs and upgrades		140,962
Capital Projects Fund - Infrastructure Improvements, various capital improvements, facility repairs and upgrades		887,107
Capital Projects Fund - Infrastructure Improvements (TIF), various stormwater capital improvements		3,805,122
Various capital improvements, facility repairs and upgrades		4,898,005
Various federal and state grants		672,052
Various personnel services and operating costs		322,292
<b>Total</b>		<b>\$ 56,931,003</b>

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents are cash on hand, as well as demand deposits, investments, and certificates of deposit included in pooled cash with original maturities of three months or less. Investments include non-pooled investments and certificates of deposit with original maturities of three months or greater.

**Investments****Custodial Credit Risk - Deposits**

The County and FCSC maintain cash balances at various banks which are “Qualified Public Depositories” as defined by Chapter 280, Florida Statutes. Cash accounts are also insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000.

The entire amount of the Board’s demand deposits in fiscal year 2018 were transferred to a public fund net interest bearing checking account, paying interest at the current federal funds rate less .05%, with no reserve requirements.

## Notes to Financial Statements

***Custodial Credit Risk - Investments***

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Board will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The Board's investments are held by the counterparty(s), or by their respective trust departments, not in the Board's name. Consequently, these investments are exposed to custodial credit risk. The Board has no policy on custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Increases in prevailing fixed-maturity investments fluctuate in responses to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in the fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. The longer the maturity of an investment, the greater its price volatility. The County's investment policy places no limit on the maturity of investments.

<b>Investment Type</b>	<b>Total Fair Value</b>	<b>0-1 Year</b>	<b>1-5 Year</b>	<b>5-10 Year</b>	<b>More Than 10 Year</b>
Certificate of deposit	\$ 3,881,728	\$ 756,160	\$ 3,125,568	\$ -	\$ -
Corporate bonds	26,279,354	2,952,101	23,327,253	-	-
Municipal bonds	4,951,766	439,994	4,511,772	-	-
U.S. Government and agency securities	8,442,964	-	6,613,398	304,503	1,525,063
	43,555,812	\$ 4,148,255	\$ 37,577,991	\$ 304,503	\$ 1,525,063
Money market	416,407				
Equity securities	434,519				
	<u>\$ 44,406,738</u>				

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. To limit concentration of credit risk, the County's investment policy requires diversification of the portfolio with maximum limits per investment type, as disclosed in Note 1. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. Credit quality risk results from potential default of investments that are not financially sound. The County's investment policy requires that corporate and government debt instruments must be of investment grade as rated by a nationally recognized rating agency.

## Notes to Financial Statements

Investment Type	Credit Rating	Concentration Risk at Fair Value	Percentage of Total Investments*
Florida Local Government Investment Trust (FLGIT)	AAAmf	\$ 9,993,215	18.33%

\*Excludes mutual funds, treasury notes, money market funds and Florida PRIME. Florida PRIME meets the criteria to be recognized as a "2A-7 like" investment company.

### Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes inputs in to three categories – Level 1, Level 2, and Level 3 inputs – considering the relative reliability of inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

At September 30, 2018, the County's pooled investments are valued as follows:

Investment Type	9/30/2018 Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of deposit	\$ 3,881,728	\$ 3,881,728	\$ -
Money market funds	416,407	416,407	-
U.S. government and agency securities	8,442,964	-	8,442,964
Municipal bonds	4,951,766	-	4,951,766
Corporate bonds	26,279,354	-	26,279,354
Equity securities	434,519	434,519	-
Total investments at fair value	44,406,738	\$ 4,732,654	\$ 39,674,084

## Notes to Financial Statements

	9/30/2018 Value
<b>Investments Measured at Net Asset Value (NAV)</b>	
Florida Local Government Investment Trust (FLGIT)	\$ 9,993,215
<b>Investments Measured at Amortized Cost</b>	
Florida PRIME (SBA)	125,632
Total investments valued at NAV and amortized cost	10,118,847
<b>Total Investments</b>	<b>\$ 54,525,585</b>

Investments classified as level 2 of the fair value hierarchy use valuation techniques that reflect market participant's assumptions and maximize the use of relevant observable inputs including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

***Florida Community Services Corporation***

For the year ended February 28, 2018, the Corporation invested certain reserve funds through the Blackrock T-Fund (BTRXX) at the Bank of New York Mellon. The fund strategy is to invest at least 99.5% of its total assets in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreements secured by such obligation or cash. The average weighted maturity of investments held by the fund is 42 days, therefore the Corporation considers these cash equivalents. Blackrock T-Fund has a Standard & Poor's credit rating of AAAM and a Moody's credit rating of Aaa-mf. At February 28, 2018, total invested in the fund with The Bank of New York Mellon totaled \$9,823,814.

For the year ended February 28, 2018, the Corporation also invested in the Goldman Sachs Financial Square Treasury Obligations Fund (FYAXX and FTOXX) at the Bank of New York Mellon. The fund is a high quality money market portfolio that comprises U.S. Government and U.S. Treasury securities including bills, bonds, notes and repurchase agreements. The average weighted maturity of investments held by the fund is 23 days, therefore the Corporation considers these cash equivalents. Goldman has a Standard & Poor's credit rating of AAAM and a Moody's credit rating of Aaa-mf. At February 28, 2018, total invested in the fund with The Bank of New York Mellon totaled \$2,595,645 (FYAXX) and \$1,893,060 (FTOXX). Investments held at February 29, 2018 were insured or registered, or are securities held by the Corporation or its agent in the Corporation's name. Investments at February 29, 2018 consisted solely of certificates of deposit with financial institutions. Certificates of deposit are reported at cost which approximates fair value. At February 28, 2018, investments in certificates of deposit totaled \$5,000,000. The certificates of deposit bear interest of 1.12 % and mature in August 2018.

**NOTE 4 – RECEIVABLES**

**Accounts Receivables** consists primarily of franchise fee and ambulance billings in the General Fund, Tourist Development Council tax in the Special Revenue Fund and fraud recoveries in the Housing and Urban Development (“HUD”) non-major special revenue fund. All accounts receivables

are considered collectible and no allowance for uncollectibles is deemed necessary, except for ambulance billings which had a balance of \$2,060,650 and an allowance of \$1,442,455 and HUD which had billings of \$206,556 and an allowance of \$206,556

**Florida Community Services Corporation (FCSC)** charges accounts to bad debt expense as they are billed and deemed uncollectible. At year-end, the allowance for uncollectible accounts was \$22,015, and billed and unbilled trade accounts receivable, net totaled \$2,425,379.

**Due From Other Governments** is comprised of grants reimbursements of \$3,683,080, refunds and expenditure reimbursements of \$107,465, and revenue sharing and taxes collected by the State for the County \$5,375,170.

**Assessment Receivable** is the amount due from property owners in various MSBUs. At September 30, 2018, assessments receivable is comprised of the following: Daughette MSBU \$12,398 and Leisure Lake MSBU \$24,195. Receivables are collected annually to the extent of the debt service on bonds issued to pay for the cost of infrastructure.

**Loans Receivable** consists of a loan agreement with the City of Freeport for extension of water and sewer service in the Bay area. The outstanding balance at September 30, 2018 is \$205,372 and will be paid interest free in 2 annual installments of \$102,686.

**FCSC - Developers Agreements Receivable**

At February 28, 2018, FCSC had a gross balance of \$5,109,349 for accounts receivable related to developer's agreements. This amount represents payments owed by developers for water and/or sewer connection fees under the terms of contracts between the parties and the Corporation. As of February 28, 2018, FCSC had taken legal action related to the collection of the past due amounts by filing liens. However, management feels there is significant uncertainty regarding the collectability of the past due amounts. Therefore, FCSC established an allowance for doubtful accounts of \$2,472,519 at February 28, 2018.

**NOTE 5 – INTERFUND ACTIVITY**

Receivables (due from other funds) and payables (due to other funds) resulting from various interfund transactions are as follows:

## Notes to Financial Statements

**General Fund**

Fine and forfeiture	\$	253,267
Other governmental funds		12,131
	\$	265,398

Amount due from Fine and Forfeiture, fiduciary funds, and other governmental funds is for miscellaneous reimbursements. All amounts due will be paid within one year of the financial statement date.

**County Transportation**

Other governmental funds	\$	4
Tourist Development Council		9,822
	\$	9,826

Amounts due from Tourist Development Council and other governmental funds represents fleet charges. All amounts due will be paid within one year of the financial statement date.

**Fine and Forfeiture**

General Fund	\$	1,274
Other governmental funds		67,620
	\$	68,894

Amounts due from General Fund and other governmental funds represent grant reimbursements. Amount due from fiduciary funds is for miscellaneous reimbursements. All amounts due will be paid within one year of the financial statement date.

**Tourist Development Council**

General Fund	\$	2,494,603
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Amounts due are from Clerk of the Courts for the September 2018 Tourist Development Tax. All amounts due will be paid within one year of the financial statement date.

**Other Governmental Funds**

Fine and forfeiture	\$	5,600
Other governmental funds		763
	\$	6,363

Amount due from Fine and Forfeiture and other governmental funds represent various operating and grant reimbursements. All amounts due will be paid within one year of the financial statement date.

**Interfund Transfers**

Transfers are used to (1) use unrestricted general fund revenues to finance public safety and fire department activities that are accounted for in other funds, (2) use nonmajor governmental fund revenues, general fund revenues and solid waste landfill revenues to cover road paving expenditures in county transportation fund, (3) transfer general fund revenues, solid waste landfill revenues, and nonmajor governmental fund revenues to fund capital projects, and (4) transfer general fund revenues to fine and forfeiture fund for personnel services.

## Notes to Financial Statements

<b>Transfers to General Fund from:</b>		
Other governmental funds		\$ 7,000
<b>Transfers to County Transportation Fund from :</b>		
Solid waste landfill	8,781,636	
Other governmental funds	2,980,000	
Total		11,761,636
<b>Transfers to Fine and Forfeiture Fund from:</b>		
Other governmental funds		335,000
<b>Transfers to Other Governmental Funds from:</b>		
Solid waste landfill	2,214,124	
General fund	4,345,992	
Total		6,560,116
Total interfund transfers		\$ 18,663,752

**NOTE 6 – RESTRICTED ASSETS**

Restricted assets of the County are those required to be set aside for future debt service and landfill closure requirements. FCSC includes assets restricted for debt service, as well as customer deposits and construction funds. Restricted assets are as follows:

	Cash and Cash Equivalents	Assessments Receivable	Total
<b>Walton County - Primary Government</b>			
Debt service funds	\$ 848,464	\$ -	\$ 848,464
Infrastructure improvements	-	36,593	36,593
Landfill closure costs	1,464,785	-	1,464,785
	\$ 2,313,249	\$ 36,593	\$ 2,349,842
<b>Florida Community Service Corporation</b>			
Debt service funds	\$ 4,686,139	\$ -	\$ 4,686,139
Renewal and replacement funds	1,147,786	-	1,147,786
Customer deposits	2,074,655	-	2,074,655
	\$ 7,908,580	\$ -	\$ 7,908,580

## Notes to Financial Statements

**NOTE 7 – CAPITAL ASSETS**

Capital assets activity for the fiscal year is as follows:

	Restated October 1, 2017	Additions	Deductions	September 30, 2018
Capital assets not being depreciated				
Land	\$ 83,643,207	\$ 3,934,616	\$ 1,238	\$ 87,576,585
Construction in progress	14,165,178	5,631,270	96,176	19,700,272
<b>Total non-depreciable assets</b>	<b>\$ 97,808,385</b>	<b>\$ 9,565,886</b>	<b>\$ 97,414</b>	<b>\$ 107,276,857</b>
Capital assets being depreciated:				
Buildings	\$ 72,997,307	\$ 1,362,188	\$ -	\$ 74,359,495
Improvements other than buildings	30,941,327	7,533,955	-	38,475,282
Infrastructure	158,493,914	4,964,887	-	163,458,801
Machinery and equipment	61,484,324	8,241,751	3,731,472	65,994,603
<b>Total depreciable assets</b>	<b>323,916,872</b>	<b>22,102,781</b>	<b>3,731,472</b>	<b>342,288,181</b>
Less accumulated depreciation:				
Buildings	22,406,802	1,831,020	-	24,237,822
Improvements other than buildings	14,524,508	1,268,835	-	15,793,343
Infrastructure	85,219,640	6,690,849	-	91,910,489
Machinery and equipment	45,157,977	6,084,331	3,711,480	47,530,828
<b>Total accumulated depreciation</b>	<b>167,308,927</b>	<b>15,875,035</b>	<b>3,711,480</b>	<b>179,472,482</b>
<b>Total depreciable capital assets, net</b>	<b>156,607,945</b>	<b>6,227,746</b>	<b>19,992</b>	<b>162,815,699</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 254,416,330</b>	<b>\$ 15,793,632</b>	<b>\$ 117,406</b>	<b>\$ 270,092,556</b>

Depreciation expense was charged to the functions of the government as follows:

<b>Governmental Activities</b>	
General government	\$ 1,510,608
Public safety	3,794,023
Physical environment	466,299
Transportation	8,529,244
Economic environment	909,633
Human services	62,018
Culture and recreation	603,210
<b>Total</b>	<b>\$ 15,875,035</b>



## Notes to Financial Statements

A summary of capital assets for FCSC, a proprietary fund type component unit, at year-end is as follows:

	March 1, 2017	Additions	Transfer/ Deductions	February 28, 2018
Capital assets not being depreciated				
Land	\$ 10,446,045	\$ -	\$ -	\$ 10,446,045
Construction in progress	4,444,730	17,662,592	(5,281,819)	16,825,503
<b>Total non-depreciable assets</b>	<b>\$ 14,890,775</b>	<b>\$ 17,662,592</b>	<b>\$ (5,281,819)</b>	<b>\$ 27,271,548</b>
Capital assets being depreciated:				
Buildings	\$ 10,865,654	\$ -	\$ -	\$ 10,865,654
Utility system	265,638,039	5,735,772	5,300,606	276,674,417
Automobiles and trucks	5,467,091	926,886	(550,755)	5,843,222
Furniture and fixtures	771,107	29,861	(14,759)	786,209
Machinery and equipment	15,127,177	2,501,099	(262,099)	17,366,177
<b>Total depreciable assets</b>	<b>297,869,068</b>	<b>9,193,618</b>	<b>4,472,993</b>	<b>311,535,679</b>
Less accumulated depreciation:	157,260,399	14,542,951	(546,988)	171,256,362
<b>Total depreciable capital assets, net</b>	<b>140,608,669</b>	<b>(5,349,333)</b>	<b>5,019,981</b>	<b>140,279,317</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 155,499,444</b>	<b>\$ 12,313,259</b>	<b>\$ (261,838)</b>	<b>\$ 167,550,865</b>

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	10/01/17	Additions	Reductions	09/30/18	One Year
Capital leases	\$ 1,358,068	\$ 469,246	\$ 386,379	\$ 1,440,935	\$ 429,641
Notes payable	22,759,466	-	1,589,640	21,169,826	1,648,453
Compensated absences	3,980,396	4,362,001	4,108,407	4,233,990	925,363
Landfill closure costs	4,761,094	324,066	-	5,085,160	120,200
	<b>\$ 32,859,024</b>	<b>\$ 5,155,313</b>	<b>\$ 6,084,426</b>	<b>\$ 31,929,911</b>	<b>\$ 3,123,657</b>

Governmental activities, claims, obligations and compensated absences are generally liquidated by the general fund. Long-term debt payable is composed of the following.

**Capital Leases**

The County has entered into multiple lease agreements as lessee for vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes.

## Notes to Financial Statements

The present value of the future minimum lease payments is as follows:

	<u>Tax Collector</u> Office Equipment	<u>Sheriff</u> Virtual Imaging System      Ambulances		<u>Board</u> Emergency Vehicles	Total
2019	\$ 7,970	\$ 42,069	\$ 101,131	\$ 316,493	\$ 467,663
2020	1,922	42,069	101,131	316,493	461,615
2021	872	21,034	101,131	174,897	297,934
2022	450	-	101,131	80,648	182,229
2023	-	-	75,848	44,301	120,149
Thereafter	-	-	-	-	-
Total minimum payments	11,214	105,172	480,372	932,832	1,529,590
Less: amount representing interest	(333)	(6,911)	(35,884)	(45,527)	(88,655)
Present value of minimum capital lease payments	\$ 10,881	\$ 98,261	\$ 444,488	\$ 887,305	\$ 1,440,935
Gross capital asset value	\$ 44,662	\$ 185,000	\$ 482,158	\$ 1,833,407	\$ 2,545,227
Accumulated depreciation	(37,125)	(61,667)	(24,108)	(1,003,045)	(1,125,945)
Net capital asset value	\$ 7,537	\$ 123,333	\$ 458,050	\$ 830,362	\$ 1,419,282

**Notes Payable**

September 30,

2018

**Note Payable - SunTrust** - Original loan of \$27,000,000 for capital projects. Due in quarterly principal and interest installments of \$553,331 with an interest rate of 3.25%. Note matures in 2030 and is secured by half-cent sales tax revenues.

\$ 21,043,349

**Note Payable - Nationwide Capital LLC** - Original loan of \$379,429 to finance acquisition of voting equipment. Due in annual installments of \$126,476 on a non-interest bearing note. Note is secured by equipment.

126,477

\$ 21,169,826

Principal maturities of all the primary government's notes payable and related interest payments for the next five years are as follows:

## Notes to Financial Statements

Year Ending September 30,	Principal	Interest	Total
2019	\$ 1,648,453	\$ 702,146	\$ 2,350,599
2020	1,560,634	653,489	2,214,123
2021	1,614,481	599,642	2,214,123
2022	1,668,341	545,782	2,214,123
2023	1,723,998	490,125	2,214,123
2024-2028	9,520,227	1,367,147	10,887,374
2029-2031	3,433,692	343,231	3,776,923
	\$ 21,169,826	\$ 4,701,562	\$ 25,871,388

**Florida Community Services Corporation (FCSC)**

The following is a summary of changes in FCSC long-term debt for the year:

*FCSC's bonds and notes payable were comprised of the following at February 28, 2018:*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds,					
Series 2011	\$ 6,215,000	\$ -	\$ 570,000	\$ 5,645,000	\$ 390,000
Series 2012	1,836,000	-	812,000	1,024,000	1,024,000
Series 2013	5,925,000	-	335,000	5,590,000	340,000
Series 2015	14,531,000	-	108,000	14,423,000	111,000
Revenue bonds and notes payable	28,507,000	-	1,825,000	26,682,000	1,865,000
Plus unamortized bond premium	62,188	-	4,313	57,875	-
Total revenue bonds and notes payable	\$ 28,569,188	\$ -	\$ 1,829,313	\$ 26,739,875	\$ 1,865,000

**February 28, 2018**

	Current	Long-term	Total
\$6,685,000 Revenue Bonds, Series 2011, serial bonds for the purpose of refunding the outstanding Water and Sewer Revenue Refunding Bonds, Series 2001, principal and interest payments are due semi-annually with principal due in increasing amounts and interest rates from 2.0% to 4.75%. The bonds are secured by the assets of the Corporation and by future revenues.	\$ 390,000	\$ 5,255,000	\$ 5,645,000

## Notes to Financial Statements

<b>February 28, 2018</b>	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
\$4,868,000 Water and Sewer Revenue Refunding Note, Series 2012 (Series 2012 Note) for the purpose of refunding the outstanding Water and Sewer Revenue Refunding Bonds, Series 2002, principal and interest payments are due semi-annually with principal due in increasing amounts and an interest rate of 1.97%. The note is secured by the assets of the Corporation and by future revenues.	1,024,000	-	1,024,000
\$6,800,000 Water and Sewer Revenue Note, Series 2013, for the purpose of refunding the outstanding Water and Sewer Revenue Refunding Bonds, Series 2003, principal and interest payments are due semi-annually with principal due in increasing amounts and an interest rate of 2.47%. The note is secured by the assets of the Corporation and by future revenues.	340,000	5,250,000	5,590,000
\$14,626,000 Water and Sewer Revenue Note, Series 2015, for the purpose of refunding the outstanding Water and Sewer Revenue Refunding Bonds, Series 2006, principal and interest payments are due semi-annually with principal due in increasing amounts and an interest rate of 2.5447%. The note is secured by the assets of the Corporation and by future revenues.	111,000	14,312,000	14,423,000
Total revenue bonds and notes outstanding	1,865,000	24,817,000	26,682,000
Unamortized premium	-	57,875	57,875
Total revenue bonds and notes, net	\$ 1,865,000	\$ 24,874,875	\$ 26,739,875

FCSC's annual requirements to amortize all debts outstanding as of February 28, 2018 on the bonds and notes are as follows:

<b>Year Ending February 28,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 1,865,000	\$ 745,864	\$ 2,610,864
2020	1,604,000	700,269	2,304,269
2021	1,649,000	656,304	2,305,304
2022	1,695,000	609,533	2,304,533
2023-2027	9,229,000	2,294,887	11,523,887
2028-2032	10,640,000	868,505	11,508,505
	\$ 26,682,000	\$ 5,875,362	\$ 32,557,362

## Notes to Financial Statements

***Bond Covenants***

FCSC's outstanding bond and note issues require FCSC to provide in each fiscal year net revenues and water and sewer impact fees that are adequate to pay at least 115% of the annual debt service. Additionally, annual net revenues must be adequate to pay 105% of FCSC's annual debt service plus any amounts required to be deposited in reserve and certain other accounts.

***Indenture Provisions***

FCSC's outstanding bond and note issues require the establishment of certain debt service reserve accounts to be maintained. At February 28, 2018, FCSC was in compliance with the debt service reserve requirements of the outstanding bond and note issues. FCSC's outstanding bond and note issues require the establishment of a renewal and replacement fund which must maintain a balance equal to 5% of the gross revenues received by the issuer in the immediately preceding fiscal year. FCSC met this requirement for fiscal year 2018. Within the same bank account, FCSC's maintains additional funds which are designated by FCSC's Board for use in replacement and repairs due to natural disasters, such as hurricanes.

**NOTE 9 – REVENUES PLEDGED*****Sales Tax Revenues Pledged***

The County has pledged a portion of its future half-cent sales tax revenue to repay the \$27,000,000 Note Payable – SunTrust Bank issued in fiscal year 2015 to finance the planning, development, acquisition, construction, equipping and maintenance of certain improvements and public facilities in the County. The note is payable solely from the half-cent sales tax approved by the Board and effective January 1, 2013. The half-cent sales tax is projected to produce 100 percent of the debt service requirements over the life of the note. For the current year, principal and interest paid and half-cent sales tax revenues were \$2,214,124 and \$10,992,739, respectively.

**NOTE 10 – DEFERRED OUTFLOWS OF RESOURCES**

FCSC defers losses resulting from the refunding of debt issues and amortizes the losses over the lesser of the remaining life of the refunded debt or the life of the new debt. Unamortized deferred losses on debt refunding are presented as deferred outflows of resources within the Statement of Net Position and are summarized as follows as of February 28, 2018:

Unamortized loss on Series 2001 refunding	\$ 163,035
Unamortized loss on Series 2002 refunding	1,696
Unamortized loss on Series 2003 refunding	57,547
Unamortized loss on Series 2006 refunding	89,767
<b>Total deferred losses on debt refunding</b>	<b>\$ 312,045</b>

**NOTE 11 – DEPOSITS**

At September 30, 2018, deposits totaled \$5,282,220. Of this total, \$590,908 was for bid bond deposits and cash sureties for infrastructure paid by developers and \$4,931,312 was for proportionate fair share deposits. Proportionate fair share is a funding mechanism passed by the Florida Legislature designed to mitigate the impact of development on transportation facilities by the cooperative efforts of the public and private sectors.

**NOTE 12 – RECOGNITION OF LANDFILL CLOSURE AND POST-CLOSURE COSTS**

State and federal laws require final cover and closure as well as post-closure care of landfills. Closure cost estimates include final cover, anticipated costs of equipment and facilities constructed near or after closure and thirty years of monitoring and maintenance costs subsequent to closing. Closure costs estimates are subject to regulatory review. The County has one landfill site for which closure and post-closure cost estimates are required. Presently, the County is utilizing a 120 acre site located on Highway 83 North. This site contains approximately 40 acres of filled Class I cells that have been closed, approximately 16 acres of Class III cells that are approximately 89% filled and 5.1 acres of Class I cells constructed and available that have not been utilized. Since construction of the new Class I cell, the County has elected to ship all Class I materials to a facility outside the County. The current closure cost estimate for the 16 acre Class III cells of \$5,736,696 represents closure costs of \$1,761,486 and post-closure cost of \$3,975,210. A portion of the cost is reported each period as operating expense based on landfill capacity used as of each balance sheet date. The estimated closure/post-closure cost of \$5,085,160 for this used capacity is reflected as a liability at September 30, 2018. Closure and post-closure costs of \$651,536 remain to be recognized in the estimated four years of remaining useful life.

The landfill is required, by state and federal law and regulations, to make annual contributions to a cash escrow account to meet financial assurance requirements. In the event closure escrows and interest earnings prove inadequate due to inflation, changes in technology, or additional closure/post-closure care requirements, these costs may need to be covered by charges to future landfill users.

**NOTE 13 – EMPLOYEE RETIREMENT SYSTEM**

**Florida Retirement System Pension Plan**

Substantially all full-time County employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full time employees of various governmental units within the State of Florida.

Notes to Financial Statements

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The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentages of payroll employer contribution rates established by state law are determined using the entry-age actuarial funding method.

The System provides for those employees hired prior to July 1, 2011 for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. 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 employees who retire at or after age 65 with eight or more years of service. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-8.26% DROP Program-14.03%, special risk employees-24.50%, senior management-24.06% and elected officials-48.70%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The County's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$7,237,833, \$6,476,207, and \$5,871,540 respectively, and equal to the actuarially determined contributions for each year. These contributions were paid by their due date. Total payroll for the County employees covered by the System was \$46,957,748 the year ended September 30, 2018. The County's total payroll was \$48,042,740 for the same period.

The County has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly 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.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At September 30, 2018, the Board reported a liability of \$60,588,162 for its proportionate share of the collective net pension liability for the Florida Retirement System Pension Plan ("Pension Plan"). The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2018, the System's proportion of the Pension Plan was 0.201152%, which was a decrease of 0.000315% from its proportion measured as of June 30, 2017.

## Notes to Financial Statements

For the year ended September 30, 2018, the Board recognized pension expense of \$4,974,171 for the Pension Plan. At September 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 5,132,728	\$ 186,294
Changes of assumptions	19,797,274	-
Net difference between projected and actual earnings on pension plan investments	-	4,681,175
Changes in proportion and difference between employer contributions and proportionate Employer contributions subsequent to the measurement date	7,326,834	5,041,504
	1,666,236	-
<b>Total</b>	<b>\$ 33,923,072</b>	<b>\$ 9,908,973</b>

\$1,666,236 reported as deferred outflows of resources related to the Pension Plan resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<b>Year Ended September 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense, Net</b>
2019	\$ 5,973,486	\$ 2,138,405	\$ 3,835,081
2020	5,973,486	2,138,405	3,835,081
2021	5,973,486	2,138,405	3,835,081
2022	5,973,486	2,138,404	3,835,082
2023	5,973,486	968,111	5,005,375
Thereafter	2,389,406	387,243	2,002,163
	<b>\$ 32,256,836</b>	<b>\$ 9,908,973</b>	<b>\$ 22,347,863</b>

*Actuarial assumptions.* The total pension liability for the Pension Plan was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	7.00%
Projected salary increases	3.25%

\* Net of pension plan investment expense



Notes to Financial Statements

The actuarial assumptions used in the actuarial valuation as of July 1, 2018 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System (“FRS”) based upon participant data as of June 30, 2013.

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

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

Asset Class	Target Allocation(1)	Annual Arithmetic Return*	Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
<b>Total</b>	<b>100%</b>			

Note: (1) As outlined in the Pension Plan’s investment policy

\* Includes assumed rate of inflation of 2.60%

*Discount rate.* The discount rate used to measure the total pension liability for the Pension Plan was 7.00%. The Plan’s fiduciary net position was projected to be available to make all 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.

*Sensitivity of the Board’s proportionate share of the net pension liability to changes in the discount rate.* The following table presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.00% for the Pension Plan, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Board's proportionate share of collective pension liability	\$ 110,575,937	\$ 60,588,162	\$ 19,070,360

## Notes to Financial Statements

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the FRS prepared as of June 30, 2018. The auditor's report dated December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

### Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program ("HIS"), a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS plan are included in contributions to the Pension Plan noted above. The Pension Plan contributes 1.66% of each covered employee's salary to the HIS Plan. The remainder is contributed to the Pension Plan, with the exception for 0.04% that is contributed to administrative expenses.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At September 30, 2018, the Board reported a liability of \$14,867,914 for its proportionate share of the collective net pension liability. For the Health Insurance Subsidy program ("HIS Plan"), the net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS Plan relative to the total employer contributions of all participating employers. At June 30, 2018, the Board's proportion of the HIS Plan was 0.140474%, which was an increase of 0.001954% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Board recognized pension expense of \$593,573 for the HIS Plan. At September 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 227,622	\$ 25,260
Changes of assumptions	1,653,495	1,571,960
Net difference between projected and actual earnings on pension plan investments	8,975	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,358,942	1,208,779
Employer contributions subsequent to the measurement date	203,178	-
<b>Total</b>	<b>\$ 4,452,212</b>	<b>\$ 2,805,999</b>

## Notes to Financial Statements

\$203,178 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in the pension's expense as follows:

Year Ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense, Net
2019	\$ 686,125	\$ 452,580	\$ 233,545
2020	686,125	452,580	233,545
2021	686,125	452,580	233,545
2022	686,124	452,580	233,544
2023	683,881	452,580	231,301
Thereafter	820,654	543,099	277,555
	<u>\$ 4,249,034</u>	<u>\$ 2,805,999</u>	<u>\$ 1,443,035</u>

The total pension liability for the HIS Plan was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	3.87%
Projected salary increases	3.25%

\* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2018 for the HIS Plan were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System ("FRS") based upon participant data as of June 30, 2013.

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

The long-term expected rate of return for the HIS Plan investments was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

*Discount rate.* The discount rate used to measure the total pension liability for the HIS Plan was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion rate is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Notes to Financial Statements

*Sensitivity of the Board’s proportionate share of the net pension liability to changes in the discount rate.* The following table presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 3.87% for the HIS Plan as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

	<b>1% Decrease 2.87%</b>	<b>Current Discount Rate 3.87%</b>	<b>1% Increase 4.87%</b>
Board's proportionate share of collective pension liability	\$ 16,933,683	\$ 14,867,914	\$ 13,145,976

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the FRS prepared as of June 30, 2018. The auditor’s report dated December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**NOTE 14 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION**

**Plan Description** - The Board administers a single-employer defined benefit healthcare plan (the “Plan”). In accordance with Section 112.0801 of the Florida Statutes, because Walton County provides a medical plan to active employees of the County and their eligible dependents, the County is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides healthcare benefits including medical coverage, prescription drug benefits, and life insurance coverage to both active and eligible retired employees. The Plan is administered through an agreement with Blue Cross Blue Shield of Florida (BCBSFL). Four plans are offered: (i) a Blue Cross PPO plan with a \$500 deductible (Plan 0727), or (ii) a Blue Cross PPO plan with a \$1,000 deductible (Plan 3359), a Blue Cross PPO plan with a \$1,500 deductible (Plan 5360), and a Blue Cross PPO plan with a \$2,000 deductible (Plan 5901). Once the retiree becomes eligible for Medicare coverage, the monthly premium is reduced. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full time employees of the County and of the Constitutional Officers. A retired employee who is participating in the employer’s medical program is eligible to elect post-retirement coverage if:

Notes to Financial Statements

Normal retirement requirements for members initially enrolled before July 1, 2011.

- For Special Risk – is at least age 55 with 6 years of service or any age with 25 years of service, and is eligible for immediate retirement benefits under FRS, or
- For Non-Special Risk – is at least age 62 with 6 or more years of service, or any age with 30 years of service.

Normal retirement requirements for members initially enrolled on or after July 1, 2011.

- For Special Risk – is at least age 60 with 8 years of service or any age with 30 years of service, and is eligible for immediate retirement benefits under FRS, or
- For Non-Special Risk – is at least age 65 with 8 or more years of service, or any age with 33 years of service.

The benefit is payable immediately upon retirement for life.

**Benefits Provided** - The County provides post-employment healthcare and life insurance to its retirees. Health benefits are provided through the County’s healthcare provider, 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 age 65 years of age, Medicare becomes the primary insurer and the County’s plan becomes secondary.

**Membership** – At October 1, 2016, the date of the actuarial valuation, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	833
Inactive (employees or beneficiaries currently receiving benefits)	267
<u>Inactive (employees entitled but not yet receiving benefits)</u>	<u>0</u>
<u>Total membership</u>	<u>1,100</u>
<u>Participating employers</u>	<u>1</u>

**Funding Policy** – A qualifying trust or agency fund has not been authorized by the County. The County negotiates the premium rates with BCBSFL. The required contribution is based on pay-as-you-go financing requirements. Upon a retiree or beneficiary reaching age 65 years of age, they are required to contribute 100% of their current premium costs. Prior to a retiree or beneficiary reaching age 65 years of age, the County pays a portion of the premium and the beneficiary is required to pay the remainder. The County contributes the remainder to cover the costs of providing the benefits to the retirees.

**Net OPEB Liability** – The County’s net OPEB liability is reported herein as of September 30, 2018 for the County’s fiscal year and reporting period of October 1, 2017 to September 30, 2018. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2017 and the corresponding measurement period of October 1, 2016 to September 30, 2017. The measurement of the total OPEB liability is based on a valuation date of October 1, 2016. The following shows the changes in the County’s net OPEB liability:

## Notes to Financial Statements

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Pension	Net OPEB Liability
	(a)	(b)	(a)+(b)
Balance at October 1, 2017	\$ 22,245,000	\$ -	\$ 22,245,000
Service cost	719,000	-	719,000
Interest cost	792,000	-	792,000
Difference between expected and actual	-	-	-
Employer contributions	-	651,000	651,000
Employee contributions	-	-	-
Net investment income	-	-	-
Changes in assumptions	-	-	-
Benefit Payments	(651,000)	(651,000)	(1,302,000)
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	860,000	-	860,000
Balance at September 30, 2018	\$ 23,105,000	\$ -	\$ 23,105,000

Sensitivity of the net OPEB liability to changes in the discount rate – The following represents the net OPEB liability of the School System, as well as what the School System’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Net OPEB liability	\$ 28,541,000	\$ 23,105,000	\$ 19,025,000

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following represents the net OPEB liability of the School System, as well as what the School System’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability	\$ 19,059,000	\$ 23,105,000	\$ 28,599,000

\$693,315 reported as deferred outflows of resources related to post-employment benefits resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2018.

## Notes to Financial Statements

**Actuarial Methods and Assumptions** – The valuation dated November 20, 2018 for the fiscal year end date of September 30, 2018 was prepared using GAAP and practices, and relied on unaudited census data and medical claims data reported by the County. 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, 2018 actuarial valuation, the entry age normal actuarial cost method was used to determine the Plan’s funding liabilities and assets. The actuarial assumption included a 3.50% discount rate, general wage increases of 2.6% and a medical trend rate for fiscal year 2018 of 6.50%, graded down 0.5% per year to 5.0%. The discount rate represents the Municipa GO AA 20-year yield curve rates as of September 30, 2017. Mortality rates were based on the Generational RP-2000 Mortality Table.

**NOTE 15 – NET POSITION*****Net Investment in Capital Assets***

All debt proceeds obtained for capital assets were expended and netted against net capital assets to arrive at net investment in capital assts.

***Net Position Restricted by Enabling Legislation***

The government-wide statement of net position reports \$26,396,545 of restricted net position, of which \$22,460,016 is restricted by enabling legislation.

**NOTE 16 – FUND BALANCE**

The County classifies fund balance as nonspendable, restricted, committed, assigned or unassigned based upon a hierarchy that imposes certain constraints on the resources. See Note 1 for a description and detailed explanation of each classification.

At September 30, 2018, fund balance is comprised of the following:

<b>Nonspendable</b>		
General fund		
Inventory	\$	134,441
Prepays		177,102
Loan proceeds		205,372
Miscellaneous		330
<hr/>		
Total general fund	\$	517,245

## Notes to Financial Statements

County transportation		
Inventory	587,338	
Prepays	117	
<hr/>		
Total county transportation		587,455
Tourist development		
Prepays	21,798	
Other	300	
<hr/>		
Total tourist development		22,098
Solid waste landfill		
Prepays		900
Nonmajor funds		
Prepays		320
<hr/>		
Total nonspendable fund balance		\$ 1,128,018
<hr/>		
<b>Restricted</b>		
General fund		
Court technology	\$ 632,494	
Court innovations	355,238	
<hr/>		
Total general fund		\$ 987,732
County transportation		
Road and bridge		14,423,434
Fine and forfeiture		
Public safety		3,834,571
Solid waste landfill		
Closure costs		1,464,785
Nonmajor governmental funds		
Debt service	1,450,217	
Housing and Urban Development (HUD)	173,421	
Mosquito control	414,454	
Court technology	773,433	
Public Records Modernization	211,239	
Criminal justice education	304,540	
Child support enforcement	279,197	
Transportation	740,893	
Infrastructure	65,721	
Law enforcement	1,272,908	
<hr/>		
Total nonmajor governmental funds		5,686,023
<hr/>		
Total restricted fund balance		\$ 26,396,545
<hr/>		



## Notes to Financial Statements

**Committed**

Tourist development		
Beach renourishment	\$	23,327,956
New product development		6,371,714
Emerging markets		1,215,274
<hr/>		
Total tourist development	\$	30,914,944
Solid waste landfill		
Land purchase		709,686
Building department		
Code enforcement		8,797,532
Nonmajor governmental funds		
Preservation		3,940,170
Sidewalk		226,478
<hr/>		
Total nonmajor governmental funds		4,166,648
<hr/>		
Total committed fund balance	\$	44,588,810

**Assigned**

General fund		
Capital projects	\$	1,026,476
2018 budget appropriations and encumbrances		3,145,694
<hr/>		
Total general fund	\$	4,172,170
Tourist development		
2018 budget appropriations and encumbrances		2,041,374
Administration		11,787,257
Tourism and economic growth		860,000
<hr/>		
Total tourist development		14,688,631
Solid waste landfill		
2018 budget appropriations and encumbrances		4,383,119
Landfill operations and capital projects		3,206,445
<hr/>		
Total solid waste landfill		7,589,564
Nonmajor governmental funds		
Capital projects and improvements and encumbrances		9,781,333
Public safety		29,759
Culture and recreation		1,436,310
<hr/>		
Total nonmajor governmental funds		11,247,402
<hr/>		
Total assigned fund balance	\$	37,697,767

## Notes to Financial Statements

Encumbrances represent commitments for future expenditures, based on purchase orders or contracts issued, when goods or services have been ordered but not received. Significant encumbrances for the governmental funds include construction contracts, as included in the construction commitments in Note 17. The County has the following encumbrances as of September 30, 2018.

<b>Governmental Activities</b>	<b>Encumbrance</b>
General fund	\$ 2,708,371
Tourist development	2,041,374
Solid waste landfill	4,383,119
Other governmental funds	4,068,486
Total encumbrances	\$ 13,201,350

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

**Grants** - Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such reviews may result in requests for reimbursement due to disallowed expenditures. The County is not aware of any potential disallowed grant expenditures.

**Construction Commitments** - The County has open contract commitments as follows:

<b>Project</b>	<b>Contract Amount</b>	<b>Expended to Date</b>	<b>Remaining Commitment</b>
Various road and bridge projects	\$ 4,079,599	\$ 2,523,874	\$ 1,555,725
Freeport Business Center	2,280,882	1,021,933	1,258,949
South Walton Sports Complex	6,116,069	3,524,553	2,591,516
Solid Waste Transfer Station	4,833,046	1,202,555	3,630,491
Total contract commitments	\$ 17,309,596	\$ 8,272,915	\$ 9,036,681

**NOTE 18 – RISK MANAGEMENT**

The County is exposed to various risks of losses related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County handles these risks in several ways including participation in several public entity risk pools. The County maintains workers' compensation coverage through Preferred Governmental Insurance Trust, automobile liability and property coverage through the Florida League of Cities, and general liability coverage through the Florida Association of County Trust. The County pays yearly premiums to these pools which cover all losses incurred subject to policy and contract limitations and coverage.

## Notes to Financial Statements

Except for vehicular property damage, the County carries commercial insurance for all other risks of loss including accidental death and dismemberment, health and workers' compensation for Community Service Workers. Settled claims resulting from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

It is the policy of the County not to purchase commercial insurance for the risks associated with vehicular property damage. The County believes it is more economical to manage this risk internally and covers all claim settlements and judgments for vehicular property damage out of its General Fund resources. The County currently reports all risk management activities for vehicular property damage from its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss is reasonably estimated. These losses include an estimate of amounts incurred but not reported.

At September 30, 2017, there was no outstanding liability claims for vehicular property damage. Changes in the reported liability resulted from the following:

	<b>Beginning of Fiscal Year Liability</b>		<b>Current Year Claims</b>		<b>Claim Payments</b>		<b>Fiscal Year-End Balance</b>
2014-2015	\$	-	\$ 3,877	\$	3,877	\$	-
2015-2016		-	9,123		9,123		-
2016-2017		-	-		-		-
2017-2018		-	7,857		7,857		-

The County maintains a pay-as-you-go method of funding current and future liabilities, and has reserved none of its fund balance for future potential liability.

**NOTE 19 – LITIGATION**

The County is involved in numerous litigations and claims arising in the ordinary course of operations. In the opinion of legal counsel, the range of potential recoveries or liabilities in excess of insurance coverage, if any, is not reasonably determinable and no loss contingencies have been recorded.

Customary Use of Dry Sand Area of Beaches

On March 28, 2017 the Walton County Board of County Commissioners passed Ordinance 77-10 protecting the public's long-standing customary use of the dry sand areas of the beaches, clarifying which uses are permitted and prohibited for members of the public on the dry sand areas of the beach that are owned by private entities; providing for a buffer area around private permanent structures; providing for penalties of violation of this ordinance; providing authority, severability, and an effective date. Customary use doctrine in Walton County states that the County's beaches have been accessed by the public for as long as mankind has walked upon them and therefore some portion of that beach should remain available to the public.

## Notes to Financial Statements

On March 23, 2018, Governor Rick Scott signed into law HB631 Possession of Real Property. A section of the bill bans local governments from adopting ordinances finding or declaring customary use of the beach, after January 1, 2016, unless the ordinance is based on a judicial declaration affirming the existence of customary use. The bill requires the local government wishing to adopt a customary use ordinance to follow a procedure whereby beachfront property owners are notified prior to a public hearing and upon filing a complaint in circuit court. Walton County's current customary use ordinance became void on July 1, 2018, the effective date of the bill. Should Walton County wish to adopt a new customary use ordinance, it will be required to comply with procedures outlined in the bill.

Management is currently evaluating the potential economic impact of HB631 and the impact, if any, is not reasonably determinable at this time.

**NOTE 20 – TAX ABATEMENT**

As part of the November 6, 2012 General Election, a referendum was placed on the ballot to authorize the Board authority to grant property tax exemptions to new businesses and expansions of existing businesses that are expected to create, new full time jobs in Walton County. The referendum received a 63.42% affirmative vote establishing authority for the Board to grant ad valorem tax exemptions for economic development.

The Board determines the percentage amount which can range from 10% to 100% and duration of the tax abatement, which is not to exceed 10 years. The amount of the abatement is automatically deducted from the property owner's tax bill.

For the year ended September 30, 2018, the County abated property taxes totaling \$5,850, under this program. The Board has elected to disclose all tax abatement agreements without consideration of materiality.

<b>Name of Business</b>	<b>Purpose</b>	<b>Percent Abated</b>	<b>Amount Abated</b>
Professional Products	To make improvements to real property and purchase tangible personal property to facilitate to expansion.	60%	\$ 1,899
Empire Truck Sales, LLC	To construct a new Freightliner Truck dealership.	90%	\$ 1,963
Triangle Chevrolet-Buick, Co. Inc.	Construction of a new dealership, building and related improvements.	78%	\$ 847

## Notes to Financial Statements

**NOTE 21 – RESTATEMENT OF BEGINNING BALANCES****Government-wide Financial Statements**

As discussed in Note 1, the implementation of GASB Statement No. 75 required that the Board record its beginning net OPEB liability. The cumulative effect of applying these statements retroactively was a decrease in governmental activities net position in the amount of \$10,224,000.

**Capital Assets Note Restatement**

The beginning capital assets being depreciated and accumulated depreciation balances have been restated. The County identified fully depreciated assets that had previously reported as disposed of by the County as still being in service. There was no impact on the financial statements from this prior period adjustment.

Beginning capital assets being depreciated	\$ 318,958,273
Adjustment to correct total capital assets being depreciated	4,958,599
<hr/>	
Beginning capital assets being depreciated, restated	\$ 323,916,872
<hr/>	
Beginning accumulate depreciation	\$ 162,350,328
Adjustment to correct total capital assets being depreciated	4,958,599
<hr/>	
Beginning accumulate depreciation, restated	\$ 167,308,927
<hr/>	

**NOTE 22 – SUBSEQUENT EVENTS**

Management has evaluated events occurring subsequent to September 30, 2018 and through March 4, 2019, the date these financial statements were available for issue and there are none to disclose.

**Walton County, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years\***

<i>For the year ended September 30,</i>	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 719,000
Interest	792,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(651,000)
Other changes	-
<hr/>	
Net change in total OPEB liability	860,000
<hr/>	
<b>Total OPEB liability - beginning, as restated</b>	<b>22,245,000</b>
<hr/>	
<b>Total OPEB liability - ending (a)</b>	<b>\$ 23,105,000</b>
<hr/>	
Plan Fiduciary Net Position	
Contributions - employer	651,000
Benefit payments	(651,000)
<hr/>	
Net change in plan fiduciary net position	-
<hr/>	
Plan fiduciary net position - beginning	-
<hr/>	
Plan fiduciary net position - ending (b)	-
<hr/>	
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 23,105,000</b>
<hr/>	
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	\$ 36,941,000
Net OPEB liability as a percentage of covered-employee payroll	62.55%
Contributions as a percentage of covered-employee payroll	1.76%

\*This schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*

**Walton County, Florida**  
**Required Supplementary Information**  
**Schedule of Employer's Proportionate Share of the Net Pension Liability**  
**Florida Retirement Systems Pension Plan**

<i>As of June 30,</i>	<b>2018 <sup>(1)</sup></b>	<b>2017 <sup>(1)</sup></b>	<b>2016 <sup>(1)</sup></b>	<b>2015 <sup>(1)</sup></b>
Employer's proportion of the net pension liability	0.201152%	0.201467%	0.192488%	0.177419%
Employer's proportionate share of the net pension liability	\$ 60,588,162	\$ 59,592,706	\$ 48,603,420	\$ 22,916,098
Employer's covered payroll*	\$ 48,245,952	\$ 44,398,430	\$ 40,627,415	\$ 39,986,370
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	125.58%	134.22%	119.63%	57.31%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

\*Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The amounts determined for each fiscal year were determined as of June 30.

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*

**Walton County, Florida**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**  
**Florida Retirement Systems Pension Plan**

<i>For the year ended September 30,</i>	<b>2018</b> <sup>(1)</sup>	<b>2017</b> <sup>(1)</sup>	<b>2016</b> <sup>(1)</sup>	<b>2015</b> <sup>(1)</sup>
Contractually required contribution**	\$ 6,734,188	\$ 5,742,586	\$ 5,183,622	\$ 4,710,495
Contributions in relation to the actuarially determined contribution	6,734,188	5,742,586	5,183,622	4,710,495
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 46,957,748	\$ 44,194,033	\$ 41,440,841	\$ 39,760,306
Contributions as a percentage of covered payroll	14.34%	12.99%	12.51%	11.85%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

\* Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The amounts determined for each fiscal year were determined for the year ended September 30.

\*\* The amount contractually required contribution is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*



**Walton County, Florida**  
**Required Supplementary Information**  
**Schedule of Employer's Proportionate Share of the Net Pension Liability**  
**Health Insurance Subsidy Program**

<i>As of June 30,</i>	<b>2018</b> <sup>(1)</sup>	<b>2017</b> <sup>(1)</sup>	<b>2016</b> <sup>(1)</sup>	<b>2015</b> <sup>(1)</sup>
Employer's proportion of the net pension liability	0.140474%	0.138520%	0.131258%	0.127901%
Employer's proportionate share of the net pension liability	\$ 14,867,914	\$ 14,811,187	\$ 15,297,561	\$ 13,043,922
Employer's covered payroll*	\$ 48,245,952	\$ 44,398,430	\$ 40,627,415	\$ 39,986,370
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	30.82%	33.36%	37.65%	32.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

\* Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The amounts determined for each fiscal year were determined as of June 30.

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*

**Walton County, Florida  
Required Supplementary Information  
Schedule of Employer Contributions  
Health Insurance Subsidy Program**

<i>For the year ended September 30,</i>	<b>2018</b> <sup>(1)</sup>	<b>2017</b> <sup>(1)</sup>	<b>2016</b> <sup>(1)</sup>	<b>2015</b> <sup>(1)</sup>
Contractually required contribution**	\$ 779,499	\$ 733,621	\$ 687,918	\$ 660,558
Contributions in relation to the actuarially determined contribution	779,499	733,621	687,918	660,558
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 46,957,748	\$ 44,194,033	\$ 41,440,841	\$ 39,760,306
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

\* Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The amounts determined for each fiscal year were determined for the year ended September 30.

\*\* The amount contractually required contribution is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year

*See accompanying notes to required supplementary schedules and accompanying independent auditors' report.*



**Walton County, Florida**  
**Notes to Required Supplementary Information Schedules**  
**September 30, 2018**

**NOTE 1 – POST-EMPLOYMENT BENEFITS PLAN**

**Contributions** – The County has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as “pay-as-you-go.” The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group. Actuarially determined contributions, which are based on the expected “pay as you go” cost, and actual contributions are from the measurement periods ending September 30 of the year prior to the year-end of the reporting periods shown. This is the first valuation under GASB 75 for the County.

**NOTE 2 – FLORIDA RETIREMENT SYSTEMS (FRS)**

The following actuarial assumptions changed in 2018:

- The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.

**NOTE 3 – HEALTH INSURANCE SUBSIDY PROGRAM (HIS)**

The following actuarial assumptions changed in 2018:

- The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**Mosquito Control Grant** - To account for state grants to help control mosquitoes and insects.

**Housing and Urban Development** - To account for federal grants from the Department of Housing and Urban Development.

**SHIP Grant** - To account for state grant funds provided under the State Housing Initiatives Partnership Program.

**North Walton Mosquito Control District** - To account for activities of this dependent special district established to help control mosquitoes and insects.

**Recreation Plat** - To account for specific assessment charged property developers to provide recreational facilities within their developments.

**Inmate Canteen (Sheriff)** - To account for inmate canteen activities.

**Daughette MSBU** - To account for a special assessment charged to Daughette property owners to provide for infrastructure.

**Court Technology** - To account for activity related to the technology needs of the court system.

**Record Modernization** - To account for an additional service charge on each recorded instrument. These funds are used exclusively for improvements to the official records system and to pay for equipment and start-up costs necessitated by statewide recording systems.

**Local Option Gas Tax** - To account for the local option gas tax restricted to expenditures pursuant to Florida Statute Section 206.41(1)(b).

**Criminal Justice Education** - To account for a surcharge assessed on fines to be used for crime prevention.

**Special Law Enforcement** - To account for special revenue from fines and forfeitures to conduct criminal investigations.

**Preservation** - To account for fees paid in lieu of land reserved per land development Code 4.06. Fund expenditures are limited to cost incurred for restoration of native vegetation on public lands.

**Sidewalk** - To account for assessments charged to developers in lieu of construction of sidewalks as required by the Walton County Land Development Code.

**E-911** - To account for phone charges assessed for the purpose of providing emergency assistance.

**State Law Enforcement Trust** - To account for funds used to investigate or prevent drug related crimes.

**Crime Prevention Trust** - To account for funds used to educate the public in crime prevention.

**Abandoned Property** - To account for state and local forfeitures restricted to law enforcement.

**Marijuana Eradication** - To account for grant revenue restricted to drug eradication.

**Federal Forfeiture Sharing** - To account for federal forfeitures restricted to law enforcement.

**Law Enforcement Automation** - To account for funds collected under F.S. 318.21(9).

**Domestic Violence Trust** - To account for funds used in the prevention of domestic violence.

**Aviation** - To account for funds restricted to on-going maintenance of Sheriff department aircraft.

**Traffic and Parking Enforcement** - To account for fines collected by the Clerk of the Circuit Court for traffic and parking enforcement.

**Title IV-D** - To account for federal reimbursements for expenditures related to Title IV-D child support cases.

**Clerk's Fine and Forfeiture** - Established pursuant to Chapter 142.01(1) of the Florida Statutes to account for court related revenues and expenditures, which are required to be reported separately from the Clerk's general fund activities.

**MSBU Various** - To account for a special assessments charged to various property owners to provide for infrastructure.

#### **DEBT SERVICE FUND**

**Highway 331 Bridge** - To account for the accumulation of resources and debt service on the County's 2013 half-cent sales surtax note. Proceeds from the loan were used to construct the Highway 331 Bridge Project.

#### **CAPITAL PROJECT FUNDS**

**Tax Increment Financing 30A Project** - This fund is used to segregate a designated portion of new, incremental tax revenues generated by the geographical TIF area to fund infrastructure improvements within that area.

**Capital Projects Fund** - To account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary operations.

**Mossy Head Industrial Park** - This capital project fund is used to account for the activities associated with the improvements and development of the industrial park.

**Infrastructure Improvements** - This capital project fund is used to account for infrastructure improvements at the Mossy Head Industrial Park.

**Tax Increment Financing US Hwy 331 Project** - This fund is used to segregate a designated portion of new, incremental tax revenues generated by the geographical TIF area to fund infrastructure improvements within that area.

**Walton County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

Special

	<b>Mosquito Control Grant</b>	<b>Housing and Urban Development</b>	<b>SHIP Grant</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 25,524	\$ 135,588	\$ 243,311
Investments	19,074	101,326	181,829
Accounts receivable, net	-	-	-
Due from other governments	-	8,655	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assessments receivable	-	-	-
<b>Total assets</b>	<b>\$ 44,598</b>	<b>\$ 245,569</b>	<b>\$ 425,140</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 3,687	\$ -
Accrued liabilities	-	9,692	-
Due to other governments	-	21	-
Due to individuals	-	58,450	-
Due to other funds	-	298	-
Unearned revenue	44,598	-	425,140
<b>Total liabilities</b>	<b>44,598</b>	<b>72,148</b>	<b>425,140</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue on special assessments	-	-	-
<b>Fund Balance</b>			
Nonspendable	-	-	-
Restricted	-	173,421	-
Committed	-	-	-
Assigned	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>173,421</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 44,598</b>	<b>\$ 245,569</b>	<b>\$ 425,140</b>

**Revenue Funds**

<b>N. Walton Mosquito Control District</b>		<b>Recreation Plat</b>		<b>Inmate Canteen (Sheriff)</b>		<b>Daughette MSBU</b>	
\$	243,572	\$	825,440	\$	702,363	\$	18,750
	182,024		616,856		-		14,012
	449		-		55,352		-
	900		-		-		-
	-		-		5,630		-
	320		-		-		-
	-		-		-		-
	-		-		-		12,398
<b>\$</b>	<b>427,265</b>	<b>\$</b>	<b>1,442,296</b>	<b>\$</b>	<b>763,345</b>	<b>\$</b>	<b>45,160</b>
\$	519	\$	5,986	\$	38,528	\$	-
	11,972		-		-		-
	-		-		-		-
	-		-		34,033		-
	-		-		21,380		-
	-		-		-		-
	12,491		5,986		93,941		-
	-		-		-		12,059
	320		-		-		-
	414,454		-		669,404		33,101
	-		-		-		-
	-		1,436,310		-		-
	414,774		1,436,310		669,404		33,101
<b>\$</b>	<b>427,265</b>	<b>\$</b>	<b>1,442,296</b>	<b>\$</b>	<b>763,345</b>	<b>\$</b>	<b>45,160</b>

-Continued-



**Walton County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Continued**  
**September 30, 2018**

	<b>Special</b>		
	<b>Court Technology</b>	<b>Record Modern- ization</b>	<b>Local Option Gas Tax</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 777,587	\$ 211,260	\$ 293,557
Investments	-	-	219,377
Accounts receivable, net	-	-	-
Due from other governments	-	-	227,959
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assessments receivable	-	-	-
<b>Total assets</b>	<b>\$ 777,587</b>	<b>\$ 211,260</b>	<b>\$ 740,893</b>
<b>Liabilities</b>			
Accounts payable	\$ 278	\$ 21	\$ -
Accrued liabilities	3,876	-	-
Due to other governments	-	-	-
Due to individuals	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>4,154</b>	<b>21</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue on special assessments	-	-	-
<b>Fund Balance</b>			
Nonspendable	-	-	-
Restricted	773,433	211,239	740,893
Committed	-	-	-
Assigned	-	-	-
<b>Total fund balance</b>	<b>773,433</b>	<b>211,239</b>	<b>740,893</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 777,587</b>	<b>\$ 211,260</b>	<b>\$ 740,893</b>

**Revenue Funds**

<b>Criminal Justice Education</b>	<b>Special Law Enforcement</b>	<b>Preservation</b>	<b>Sidewalk</b>	<b>E-911</b>
\$ 287,846	\$ 7,284	\$ 2,254,997	\$ 129,615	\$ 992
17,001	5,443	1,685,173	96,863	742
1,232	-	-	-	-
-	-	-	-	86,835
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>\$ 306,079</b>	<b>\$ 12,727</b>	<b>\$ 3,940,170</b>	<b>\$ 226,478</b>	<b>\$ 88,569</b>
\$ 1,509	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
30	-	-	-	58,810
-	-	-	-	-
<b>1,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,810</b>
-	-	-	-	-
-	-	-	-	-
304,540	12,727	-	-	-
-	-	3,940,170	226,478	-
-	-	-	-	29,759
<b>304,540</b>	<b>12,727</b>	<b>3,940,170</b>	<b>226,478</b>	<b>29,759</b>
<b>\$ 306,079</b>	<b>\$ 12,727</b>	<b>\$ 3,940,170</b>	<b>\$ 226,478</b>	<b>\$ 88,569</b>

-Continued-

**Walton County, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds - Continued  
September 30, 2018**

**Special Revenue Fund**

	<b>State Law Enforcement Trust</b>	<b>Crime Prevention Trust</b>	<b>Abandoned Property</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,073	\$ 166,170	\$ 63,209
Investments	-	70,975	-
Accounts receivable, net	-	2,177	-
Due from other governments	-	-	-
Due from other funds	-	733	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assessments receivable	-	-	-
<b>Total assets</b>	<b>\$ 4,073</b>	<b>\$ 240,055</b>	<b>\$ 63,209</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Due to individuals	-	-	24,908
Due to other funds	-	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>24,908</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue on special assessments	-	-	-
<b>Fund Balance</b>			
Nonspendable	-	-	-
Restricted	4,073	240,055	38,301
Committed	-	-	-
Assigned	-	-	-
<b>Total fund balance</b>	<b>4,073</b>	<b>240,055</b>	<b>38,301</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 4,073</b>	<b>\$ 240,055</b>	<b>\$ 63,209</b>

<b>Marijuana Eradication</b>	<b>Federal Forfeiture Sharing</b>	<b>Law Enforcement Automation</b>	<b>Domestic Violence Trust</b>	<b>Aviation</b>
\$ 456	\$ 20,231	\$ 31,495	\$ 63,388	\$ 75,584
-	-	23,537	47,370	-
-	-	1,919	1,390	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 456</u>	<u>\$ 20,231</u>	<u>\$ 56,951</u>	<u>\$ 112,148</u>	<u>\$ 75,584</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
456	20,231	56,951	112,148	75,584
-	-	-	-	-
-	-	-	-	-
<u>456</u>	<u>20,231</u>	<u>56,951</u>	<u>112,148</u>	<u>75,584</u>
<u>\$ 456</u>	<u>\$ 20,231</u>	<u>\$ 56,951</u>	<u>\$ 112,148</u>	<u>\$ 75,584</u>

-Continued-

**Walton County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Continued**  
**September 30, 2018**

	Special Revenue Funds		
	Traffic and Parking Enforcement	Title IV-D	Clerk's Fine & Forfeiture
<b>Assets</b>			
Cash and cash equivalents	\$ 42,978	\$ 270,858	\$ 119,550
Investments	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	-	10,398	132,836
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assessments receivable	-	-	-
<b>Total assets</b>	<b>\$ 42,978</b>	<b>\$ 281,256</b>	<b>\$ 252,386</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 832
Accrued liabilities	-	2,059	154,432
Due to other governments	-	-	97,122
Due to individuals	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>2,059</b>	<b>252,386</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue on special assessments	-	-	-
<b>Fund Balance</b>			
Nonspendable	-	-	-
Restricted	42,978	279,197	-
Committed	-	-	-
Assigned	-	-	-
<b>Total fund balance</b>	<b>42,978</b>	<b>279,197</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 42,978</b>	<b>\$ 281,256</b>	<b>\$ 252,386</b>

		<b>Debt Service Fund</b>		<b>Capital Projects Funds</b>					
<b>MSBU Various</b>		<b>Highway 331 Bridge</b>		<b>Tax Increment Financing 30A Project</b>		<b>Mossy Head Industrial Park</b>			
\$	18,652	\$	-	\$	2,629,699	\$	2,596,281	\$	361,431
	13,939		634,061		1,965,191		1,940,218		270,099
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		848,464		-		-		-
	24,195		-		-		-		-
<b>\$</b>	<b>56,786</b>	<b>\$</b>	<b>1,482,525</b>	<b>\$</b>	<b>4,594,890</b>	<b>\$</b>	<b>4,536,499</b>	<b>\$</b>	<b>631,530</b>
\$	-	\$	32,308	\$	87,662	\$	-	\$	7,994
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		32,308		87,662		-		7,994
	24,166		-		-		-		-
	-		-		-		-		-
	32,620		1,450,217		-		-		-
	-		-		-		-		-
	-		-		4,507,228		4,536,499		623,536
	32,620		1,450,217		4,507,228		4,536,499		623,536
<b>\$</b>	<b>56,786</b>	<b>\$</b>	<b>1,482,525</b>	<b>\$</b>	<b>4,594,890</b>	<b>\$</b>	<b>4,536,499</b>	<b>\$</b>	<b>631,530</b>

-Continued-



**Walton County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Continued**  
**September 30, 2018**

	Infrastructure Improvements	Tax Increment Financing US Hwy 331	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 67,709	\$ 5,850	\$ 12,695,300
Investments	50,599	4,371	8,160,080
Accounts receivable, net	-	-	62,519
Due from other governments	-	-	467,583
Due from other funds	-	-	6,363
Prepaid items	-	-	320
Restricted assets:			
Cash and cash equivalents	-	-	848,464
Assessments receivable	-	-	36,593
<b>Total assets</b>	<b>\$ 118,308</b>	<b>\$ 10,221</b>	<b>\$ 22,277,222</b>
<b>Liabilities</b>			
Accounts payable	\$ 4,437	\$ -	\$ 183,761
Accrued liabilities	10,022	-	192,053
Due to other governments	-	-	97,143
Due to individuals	-	-	117,391
Due to other funds	-	-	80,518
Unearned revenue	-	-	469,738
<b>Total liabilities</b>	<b>14,459</b>	<b>-</b>	<b>1,140,604</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue on special assessments	-	-	36,225
<b>Fund Balance</b>			
Nonspendable	-	-	320
Restricted	-	-	5,686,023
Committed	-	-	4,166,648
Assigned	103,849	10,221	11,247,402
<b>Total fund balance</b>	<b>103,849</b>	<b>10,221</b>	<b>21,100,393</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 118,308</b>	<b>\$ 10,221</b>	<b>\$ 22,277,222</b>



**Walton County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances – Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2018**

	<b>Special</b>		
	<b>Mosquito Control Grant</b>	<b>Housing and Urban Development</b>	<b>SHIP Grant</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	42,057	2,112,280	298,474
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	141	459	1,307
Miscellaneous	-	-	-
Total revenue	42,198	2,112,739	299,781
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	2,185,314	292,781
Human services	47,498	-	-
Culture/recreation	-	-	-
Capital projects	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	47,498	2,185,314	292,781
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	(5,300)	(72,575)	7,000
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of equipment	5,300	1,800	-
Transfers in	-	-	-
Transfers out	-	-	(7,000)
Total other financing sources (uses)	5,300	1,800	(7,000)
Net change in fund balance	-	(70,775)	-
<b>Fund Balance - beginning</b>	-	244,196	-
<b>Fund Balance - ending</b>	\$ -	\$ 173,421	\$ -

**Revenue Funds**

<b>N. Walton Mosquito Control District</b>		<b>Recreation Plat</b>	<b>Inmate Canteen (Sheriff)</b>	<b>Daughette MSBU</b>
\$	517,670	\$ -	\$ -	\$ -
	848	-	-	-
	10,800	-	-	51,867
	-	-	-	-
	2,068	6,607	-	194
	-	834,902	468,242	339
	531,386	841,509	468,242	52,400
	-	-	-	-
	-	-	449,772	-
	-	-	-	22,147
	-	-	-	-
	524,006	-	-	-
	-	726,891	-	-
	-	-	-	-
	-	-	-	-
	524,006	726,891	449,772	22,147
	7,380	114,618	18,470	30,253
	-	-	-	-
	-	-	-	-
	-	-	-	-
	7,380	114,618	18,470	30,253
	407,394	1,321,692	650,934	2,848
\$	414,774	\$ 1,436,310	\$ 669,404	\$ 33,101

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**Walton County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances – Nonmajor Governmental Funds - Continued**  
**For the Year Ended September 30, 2018**

	<b>Special</b>		
	<b>Court Technology</b>	<b>Record Modernization</b>	<b>Local Option Gas Tax</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 3,110,297
Intergovernmental	-	-	-
Charges for services	260,209	85,504	-
Fines and forfeitures	-	-	-
Investment earnings	-	-	1,170
Miscellaneous	-	-	-
Total revenue	260,209	85,504	3,111,467
<b>Expenditures</b>			
Current			
General government	202,381	56,047	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Capital projects	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	202,381	56,047	-
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	57,828	29,457	3,111,467
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of equipment	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(2,980,000)
Total other financing sources (uses)	-	-	(2,980,000)
Net change in fund balance	57,828	29,457	131,467
<b>Fund Balance - beginning</b>	715,605	181,782	609,426
<b>Fund Balance - ending</b>	\$ 773,433	\$ 211,239	\$ 740,893

**Revenue Funds**

	<b>Criminal Justice Education</b>	<b>Special Law Enforcement</b>	<b>Preservation</b>	<b>Sidewalk</b>	<b>E-911</b>				
\$	-	\$	-	\$	-				
	15,406	-	-	-	418,408				
	-	-	-	-	-				
	-	-	-	-	-				
	151	48	15,106	874	234				
	4,938	-	244,885	101,572	-				
	20,495	48	259,991	102,446	418,642				
	-	-	17,675	20,890	-				
	38,910	-	-	-	111,010				
	-	-	-	-	-				
	-	-	-	-	-				
	-	-	-	-	-				
	-	-	-	-	-				
	17,321	-	-	-	-				
	-	-	-	-	-				
	56,231	-	17,675	20,890	111,010				
	(35,736)	48	242,316	81,556	307,632				
	-	-	-	-	-				
	-	-	-	-	-				
	-	-	-	-	(335,000)				
	-	-	-	-	(335,000)				
	(35,736)	48	242,316	81,556	(27,368)				
	340,276	12,679	3,697,854	144,922	57,127				
\$	304,540	\$	12,727	\$	3,940,170	\$	226,478	\$	29,759

-Continued-

**Walton County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances – Nonmajor Governmental Funds – Continued**  
**For the Year Ended September 30, 2018**

	<b>Special Revenue Funds</b>		
	<b>State Law Enforcement Trust</b>	<b>Crime Prevention Trust</b>	<b>Abandoned Property</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	27,327	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	-	638	-
Miscellaneous	6	43,583	33,544
<b>Total revenue</b>	<b>6</b>	<b>71,548</b>	<b>33,544</b>
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	-	80,677	7,008
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Capital projects	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>80,677</b>	<b>7,008</b>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<b>6</b>	<b>(9,129)</b>	<b>26,536</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of equipment	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>6</b>	<b>(9,129)</b>	<b>26,536</b>
<b>Fund Balance - beginning</b>	<b>4,067</b>	<b>249,184</b>	<b>11,765</b>
<b>Fund Balance - ending</b>	<b>\$ 4,073</b>	<b>\$ 240,055</b>	<b>\$ 38,301</b>

<b>Marijuana Eradication</b>	<b>Federal Forfeiture Sharing</b>	<b>Law Enforcement Automation</b>	<b>Domestic Violence Trust</b>	<b>Aviation</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	8,804	-
-	-	-	-	-
-	3,473	22,858	-	-
-	-	207	233	-
-	37	-	-	139
-	3,510	23,065	9,037	139
-	-	-	-	-
-	12,084	-	-	32,809
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	12,084	-	-	32,809
-	(8,574)	23,065	9,037	(32,670)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(8,574)	23,065	9,037	(32,670)
456	28,805	33,886	103,111	108,254
\$ 456	\$ 20,231	\$ 56,951	\$ 112,148	\$ 75,584

-Continued-

**Walton County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances – Nonmajor Governmental Funds - Continued**  
**For the Year Ended September 30, 2018**

	<b>Special Revenue Funds</b>		
	<b>Traffic and Parking Enforcement</b>	<b>Title IV-D</b>	<b>Clerk's Fine &amp; Forfeiture</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	121,642	188,002
Charges for services	-	-	894,268
Fines and forfeitures	8,915	-	481,476
Investment earnings	-	-	2,633
Miscellaneous	57	-	-
<b>Total revenue</b>	<b>8,972</b>	<b>121,642</b>	<b>1,566,379</b>
<b>Expenditures</b>			
Current			
General government	-	193,148	1,566,379
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Capital projects	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>193,148</b>	<b>1,566,379</b>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<b>8,972</b>	<b>(71,506)</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of equipment	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	8,972	(71,506)	-
<b>Fund Balance - beginning</b>	<b>34,006</b>	<b>350,703</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 42,978</b>	<b>\$ 279,197</b>	<b>\$ -</b>

<u>Debt Service Fund</u>		<u>Capital Projects</u>		
<u>MSBU Various</u>	<u>Highway 331 Bridge</u>	<u>Tax Increment Financing 30A Project</u>	<u>Capital Projects</u>	<u>Mossy Head Industrial Park</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
4,423	-	-	-	-
-	-	-	-	-
137	6,032	23,278	20,914	2,423
29	-	-	-	-
<u>4,589</u>	<u>6,032</u>	<u>23,278</u>	<u>20,914</u>	<u>2,423</u>
-	-	264,495	-	97,719
-	-	-	-	-
11,086	-	-	-	16,538
-	17,649	2,831,687	-	-
-	-	-	-	-
-	-	-	-	-
-	-	347,987	4,597	-
-	139,316	-	3,602,849	17,238
-	-	-	1,463,164	-
-	-	-	799,801	-
<u>11,086</u>	<u>156,965</u>	<u>3,444,169</u>	<u>5,870,411</u>	<u>131,495</u>
<u>(6,497)</u>	<u>(150,933)</u>	<u>(3,420,891)</u>	<u>(5,849,497)</u>	<u>(129,072)</u>
-	-	-	-	162,500
-	-	4,030,103	2,520,605	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,030,103</u>	<u>2,520,605</u>	<u>162,500</u>
(6,497)	(150,933)	609,212	(3,328,892)	33,428
39,117	1,601,150	3,898,016	7,865,391	590,108
<u>\$ 32,620</u>	<u>\$ 1,450,217</u>	<u>\$ 4,507,228</u>	<u>\$ 4,536,499</u>	<u>\$ 623,536</u>

-Continued-



**Walton County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances – Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2018**

	Infrastructure Improvements	Tax Increment Financing US Hwy 331	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 11	\$ -	\$ 3,627,978
Intergovernmental	-	-	3,233,248
Charges for services	-	-	1,307,071
Fines and forfeitures	-	-	516,722
Investment earnings	157	52	85,063
Miscellaneous	-	-	1,732,273
<b>Total revenue</b>	<b>168</b>	<b>52</b>	<b>10,502,355</b>
<b>Expenditures</b>			
Current			
General government	45,775	-	2,464,509
Public safety	-	-	732,270
Physical environment	-	-	49,771
Transportation	680,536	-	3,529,872
Economic environment	-	-	2,478,095
Human services	-	-	571,504
Culture/recreation	-	-	1,079,475
Capital projects	3,566	-	3,762,969
Debt service:			
Principal	-	-	1,480,485
Interest	-	-	799,801
<b>Total expenditures</b>	<b>729,877</b>	<b>-</b>	<b>16,948,751</b>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<b>(729,709)</b>	<b>52</b>	<b>(6,446,396)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of equipment	-	-	169,600
Transfers in	-	9,408	6,560,116
Transfers out	-	-	(3,322,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>9,408</b>	<b>3,407,716</b>
<b>Net change in fund balance</b>	<b>(729,709)</b>	<b>9,460</b>	<b>(3,038,680)</b>
<b>Fund Balance - beginning</b>	<b>833,558</b>	<b>761</b>	<b>24,139,073</b>
<b>Fund Balance - ending</b>	<b>\$ 103,849</b>	<b>\$ 10,221</b>	<b>\$ 21,100,393</b>

**Walton County, Florida**  
**Mosquito Control Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 31,540	\$ 85,727	\$ 42,057	\$ (43,670)
Investment earnings	-	-	141	141
<hr/>				
Total revenues	31,540	85,727	42,198	(43,529)
<b>Expenditures</b>				
Current				
Human services				
Mosquito control	31,540	85,727	47,498	38,229
<hr/>				
<b>Excess Revenues Over (Under) Expenditures</b>	-	-	(5,300)	(5,300)
<b>Other Financing Sources</b>				
Proceeds from sale of equipment	-	-	5,300	5,300
<hr/>				
Net change in fund balance	-	-	-	-
<hr/>				
<b>Fund Balance - beginning</b>	-	-	-	-
<hr/>				
<b>Fund Balance - ending</b>	\$ -	\$ -	\$ -	\$ -

**Walton County, Florida**  
**Housing and Urban Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 2,257,507	\$ 2,289,025	\$ 2,112,280	\$ (176,745)
Investment earnings	-	-	459	459
<b>Total revenues</b>	<b>2,257,507</b>	<b>2,289,025</b>	<b>2,112,739</b>	<b>(176,286)</b>
<b>Expenditures</b>				
Current				
Economic environment				
Housing Assistance	2,257,507	2,289,025	2,185,314	103,711
<b>Excess Revenues Under Expenditures</b>	-	-	(72,575)	(72,575)
<b>Other Financing Sources</b>				
Proceeds from sale of equipment	-	-	1,800	1,800
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(70,775)</b>	<b>(70,775)</b>
<b>Fund Balance - beginning</b>	<b>244,196</b>	<b>244,196</b>	<b>244,196</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 244,196</b>	<b>\$ 244,196</b>	<b>\$ 173,421</b>	<b>\$ (70,775)</b>

**Walton County, Florida**  
**SHIP Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 672,052	\$ 298,474	\$ (373,578)
Investment earnings	-	-	1,307	1,307
<hr/>				
Total revenues	-	672,052	299,781	(372,271)
<b>Expenditures</b>				
Current				
Economic environment				
SHIP Program	-	672,052	292,781	379,271
<hr/>				
<b>Excess Revenues Over Expenditures</b>	-	-	7,000	7,000
<b>Other Financing Uses</b>				
Transfers out	-	-	(7,000)	(7,000)
<hr/>				
<b>Fund Balance - beginning, restated</b>	-	-	-	-
<hr/>				
<b>Fund Balance - ending</b>	\$ -	\$ -	\$ -	\$ -

**Walton County, Florida**  
**North Walton Mosquito Control District Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 530,623	\$ 517,337	\$ 517,670	\$ 333
Intergovernmental	-	-	848	848
Charges for services	10,800	10,800	10,800	-
Investment earnings	8,000	8,000	2,068	(5,932)
<b>Total revenues</b>	<b>549,423</b>	<b>536,137</b>	<b>531,386</b>	<b>(4,751)</b>
<b>Expenditures</b>				
Current				
Human services				
Mosquito control district	673,195	795,647	524,006	271,641
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(123,772)</b>	<b>(259,510)</b>	<b>7,380</b>	<b>266,890</b>
<b>Fund Balance - beginning</b>	<b>407,394</b>	<b>407,394</b>	<b>407,394</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 283,622</b>	<b>\$ 147,884</b>	<b>\$ 414,774</b>	<b>\$ 266,890</b>

**Walton County, Florida**  
**Recreation Plat Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 6,607	\$ 6,607
Miscellaneous	100,000	730,000	834,902	104,902
<b>Total revenues</b>	<b>100,000</b>	<b>730,000</b>	<b>841,509</b>	<b>111,509</b>
<b>Expenditures</b>				
Current				
Cultural/recreation				
Parks department	100,000	2,051,694	726,891	1,324,803
<b>Excess Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(1,321,694)</b>	<b>114,618</b>	<b>1,436,312</b>
<b>Fund Balance - beginning</b>	<b>1,321,692</b>	<b>1,321,692</b>	<b>1,321,692</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 1,321,692</b>	<b>\$ (2)</b>	<b>\$ 1,436,310</b>	<b>\$ 1,436,312</b>

**Walton County, Florida**  
**Daughette MSBU Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 23,882	\$ 23,882	\$ 51,867	\$ 27,985
Investment earnings	-	-	194	194
Miscellaneous	-	-	339	339
<b>Total revenues</b>	<b>23,882</b>	<b>23,882</b>	<b>52,400</b>	<b>28,518</b>
<b>Expenditures</b>				
Current				
Physical environment				
Daughette MSBU	23,882	23,882	22,147	1,735
<b>Excess Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>30,253</b>	<b>30,253</b>
<b>Fund Balance - beginning</b>	<b>2,848</b>	<b>2,848</b>	<b>2,848</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 2,848</b>	<b>\$ 2,848</b>	<b>\$ 33,101</b>	<b>\$ 30,253</b>

**Walton County, Florida**  
**Court Technology Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 245,000	\$ 245,000	\$ 260,209	\$ 15,209
<b>Expenditures</b>				
Current				
General Government				
Court Technology	338,099	338,099	202,381	135,718
<b>Excess Revenues Over (Under) Expenditures</b>	(93,099)	(93,099)	57,828	150,927
<b>Fund Balance - beginning</b>	715,605	715,605	715,605	-
<b>Fund Balance - ending</b>	\$ 622,506	\$ 622,506	\$ 773,433	\$ 150,927



**Walton County, Florida**  
**Record Modernization Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 81,000	\$ 81,000	\$ 85,504	\$ 4,504
<b>Expenditures</b>				
Current				
General Government				
Court Technology	81,000	81,000	56,047	24,953
<b>Excess Revenues Over Expenditures</b>				
	-	-	29,457	29,457
<b>Fund Balance - beginning</b>	181,782	181,782	181,782	-
<b>Fund Balance - ending</b>	\$ 181,782	\$ 181,782	\$ 211,239	\$ 29,457

**Walton County, Florida**  
**Local Option Gas Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 2,980,000	\$ 2,980,000	\$ 3,110,297	\$ 130,297
Investment earnings	-	-	1,170	1,170
<b>Total revenues</b>	<b>2,980,000</b>	<b>2,980,000</b>	<b>3,111,467</b>	<b>131,467</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(2,980,000)	(2,980,000)	(2,980,000)	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>131,467</b>	<b>131,467</b>
<b>Fund Balance - beginning</b>	<b>609,426</b>	<b>609,426</b>	<b>609,426</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 609,426</b>	<b>\$ 609,426</b>	<b>\$ 740,893</b>	<b>\$ 131,467</b>

**Walton County, Florida**  
**Preservation Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 15,106	\$ 15,106
Miscellaneous	-	196,750	244,885	48,135
<hr/>				
Total revenues	-	196,750	259,991	63,241
<b>Expenditures</b>				
Current				
General government				
Sidewalk	-	438,501	17,675	420,826
<hr/>				
<b>Excess Revenues Over (Under) Expenditures</b>	-	(241,751)	242,316	484,067
<b>Fund Balance - beginning</b>	3,697,854	3,697,854	3,697,854	-
<hr/>				
<b>Fund Balance - ending</b>	\$ 3,697,854	\$ 3,456,103	\$ 3,940,170	\$ 484,067

**Walton County, Florida**  
**Sidewalk Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 874	\$ 874
Miscellaneous	30,000	59,040	101,572	42,532
<b>Total revenues</b>	<b>30,000</b>	<b>59,040</b>	<b>102,446</b>	<b>43,406</b>
<b>Expenditures</b>				
Current				
General government				
Sidewalk	30,000	30,000	20,890	9,110
<b>Excess Revenues Over Expenditures</b>	<b>-</b>	<b>29,040</b>	<b>81,556</b>	<b>52,516</b>
<b>Fund Balance - beginning</b>	<b>144,922</b>	<b>144,922</b>	<b>144,922</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 144,922</b>	<b>\$ 173,962</b>	<b>\$ 226,478</b>	<b>\$ 52,516</b>

Walton County, Florida  
E-911 Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 350,000	\$ 1,254,210	\$ 418,408	\$ (835,802)
Investment earnings	-	-	234	234
Total revenues	350,000	1,254,210	418,642	(835,568)
<b>Expenditures</b>				
Current				
Public safety				
E-911 Services	-	904,210	111,010	793,200
<b>Excess Revenue Over (Under) Expenditures</b>	350,000	350,000	307,632	(42,368)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(350,000)	(350,000)	(335,000)	15,000
Net change in fund balance	-	-	(27,368)	(27,368)
<b>Fund Balance - beginning</b>	57,127	57,127	57,127	-
<b>Fund Balance - ending</b>	\$ 57,127	\$ 57,127	\$ 29,759	\$ (27,368)

**Walton County, Florida**  
**Crime Prevention Trust Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 27,327	\$ (7,673)
Investment earnings	-	-	638	638
Miscellaneous	-	-	43,583	43,583
<b>Total revenues</b>	<b>35,000</b>	<b>35,000</b>	<b>71,548</b>	<b>36,548</b>
<b>Expenditures</b>				
Current				
Public safety				
Sheriff department	35,000	35,000	80,677	(45,677)
<b>Excess Revenue Under Expenditures</b>	<b>-</b>	<b>-</b>	<b>(9,129)</b>	<b>(9,129)</b>
<b>Fund Balance - beginning</b>	<b>249,184</b>	<b>249,184</b>	<b>249,184</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 249,184</b>	<b>\$ 249,184</b>	<b>\$ 240,055</b>	<b>\$ (9,129)</b>

Walton County, Florida  
 Title IV -D Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 64,800	\$ 121,642	\$ 121,642	\$ -
<b>Expenditures</b>				
Current				
General Government				
Child Support	108,072	193,167	193,148	19
<b>Excess Revenues Over (Under) Expenditures</b>	(43,272)	(71,525)	(71,506)	19
<b>Fund Balance - beginning</b>	350,703	350,703	350,703	-
<b>Fund Balance - ending</b>	\$ 307,431	\$ 279,178	\$ 279,197	\$ 19

**Walton County, Florida**  
**Clerk's Fine & Forfeiture Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Intergovernmental	\$ 58,486	\$ 58,486	\$ 188,002	\$ 129,516
Charges for services	1,051,732	1,051,732	894,268	(157,464)
Fines and forfeitures	403,600	403,600	481,476	77,876
Investment earnings	1,500	1,500	2,633	1,133
<b>Total revenues</b>	<b>1,515,318</b>	<b>1,515,318</b>	<b>1,566,379</b>	<b>51,061</b>
<b>Expenditures</b>				
Current				
General Government				
Clerk of Court	1,515,318	1,515,318	1,566,379	(51,061)
<b>Excess Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**Walton County, Florida**  
**MSBU Various Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 9,040	\$ 9,040	\$ 4,423	\$ (4,617)
Investment earnings	-	-	137	137
Miscellaneous	-	-	29	29
<b>Total revenues</b>	<b>9,040</b>	<b>9,040</b>	<b>4,589</b>	<b>(4,451)</b>
<b>Expenditures</b>				
Current				
Physical environment				
MSBU various	9,040	9,040	11,086	(2,046)
<b>Excess Revenues Under Expenditures</b>	<b>-</b>	<b>-</b>	<b>(6,497)</b>	<b>(6,497)</b>
<b>Fund Balance - beginning</b>	<b>39,117</b>	<b>39,117</b>	<b>39,117</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 39,117</b>	<b>\$ 39,117</b>	<b>\$ 32,620</b>	<b>\$ (6,497)</b>

**Walton County, Florida**  
**Highway 331 Bridge Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 6,032	\$ 6,032
<b>Expenditures</b>				
Current				
Transportation	-	-	17,649	(17,649)
Capital projects	-	1,601,150	139,316	1,461,834
Total expenditures	-	1,601,150	156,965	1,444,185
<b>Excess Revenues Over (Under) Expenditures</b>	-	(1,601,150)	(150,933)	1,450,217
<b>Fund Balance - beginning</b>	1,601,150	1,601,150	1,601,150	-
<b>Fund Balance - ending</b>	\$ 1,601,150	\$ -	\$ 1,450,217	\$ 1,450,217

**Walton County, Florida**  
**Tax Increment Financing 30A Project Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 23,278	\$ 23,278
<b>Expenditures</b>				
Current				
General	4,030,103	823,650	264,495	559,155
Transportation	-	6,663,575	2,831,687	3,831,888
Culture/Recreation	-	348,000	347,987	13
Total expenditures	4,030,103	7,835,225	3,444,169	4,391,056
<b>Excess Revenues Over (Under) Expenditures</b>	(4,030,103)	(7,835,225)	(3,420,891)	4,414,334
<b>Other Financing Sources</b>				
Transfers in	4,030,103	4,030,103	4,030,103	-
Net change in fund balance	-	(3,805,122)	609,212	4,414,334
<b>Fund Balance - beginning</b>	3,898,016	3,898,016	3,898,016	-
<b>Fund Balance - ending</b>	\$ 3,898,016	\$ 92,894	\$ 4,507,228	\$ 4,414,334

**Walton County, Florida**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 20,914	\$ 20,914
Miscellaneous	-	10,000	-	(10,000)
<b>Total revenues</b>	-	10,000	20,914	10,914
<b>Expenditures</b>				
Culture/recreation	-	6,760,449	4,597	6,755,852
Capital projects	-	9,606	3,602,849	(3,593,243)
Debt service:				
Principal	1,463,164	1,463,164	1,463,164	-
Interest	750,960	799,441	799,801	(360)
<b>Total expenditures</b>	2,214,124	9,032,660	5,870,411	3,162,249
<b>Excess Revenues Over (Under) Expenditures</b>	(2,214,124)	(9,022,660)	(5,849,497)	3,173,163
<b>Other Financing Sources</b>				
Transfers in	2,214,124	2,520,605	2,520,605	-
<b>Net change in fund balance</b>	-	(6,502,055)	(3,328,892)	3,173,163
<b>Fund Balance - beginning</b>	7,865,391	7,865,391	7,865,391	-
<b>Fund Balance - ending</b>	\$ 7,865,391	\$ 1,363,336	\$ 4,536,499	\$ 3,173,163

**Walton County, Florida**  
**Mossy Head Industrial Park Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 2,423	\$ 2,423
<b>Expenditures</b>				
General government	-	140,962	97,719	43,243
Physical environment	-	-	16,538	(16,538)
Capital projects	-	-	17,238	(17,238)
Total expenses	-	140,962	131,495	9,467
<b>Excess Revenues Over (Under) Expenditures</b>	-	(140,962)	(129,072)	11,890
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of equipment	-	140,962	162,500	21,538
Net change in fund balance	-	-	33,428	33,428
<b>Fund Balance - beginning</b>	590,108	590,108	590,108	-
<b>Fund Balance - ending</b>	\$ 590,108	\$ 590,108	\$ 623,536	\$ 33,428

**Walton County, Florida**  
**Infrastructure Improvements Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 11	\$ 11
Investment earnings	-	-	157	157
<b>Total revenues</b>	-	-	168	168
<b>Expenditures</b>				
General government	-	65,368	45,775	19,593
Transportation	-	821,739	680,536	141,203
Capital projects	-	-	3,566	(3,566)
<b>Total expenses</b>	-	887,107	729,877	157,230
<b>Excess Revenues Over (Under) Expenditures</b>	-	(887,107)	(729,709)	157,398
<b>Fund Balance - beginning</b>	833,558	833,558	833,558	-
<b>Fund Balance - ending</b>	\$ 833,558	\$ (53,549)	\$ 103,849	\$ 157,398

**Walton County, Florida**  
**Tax Increment Financing US Hwy. 331 Capital Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>		<b>Final Budget</b>		<b>Actual</b>		<b>Variance With Final Budget</b>
<b>Revenues</b>							
Investment earnings	\$	-	\$	-	\$	52	\$ 52
<b>Expenditures</b>							
Capital projects		756		756		-	756
<b>Excess Revenues Over (Under) Expenditures</b>		(756)		(756)		52	808
<b>Other Financing Sources</b>							
Transfers in		9,408		9,408		9,408	-
Net change in fund balance		8,652		8,652		9,460	808
<b>Fund Balance - beginning</b>		761		761		761	-
<b>Fund Balance - ending</b>	<b>\$</b>	<b>9,413</b>	<b>\$</b>	<b>9,413</b>	<b>\$</b>	<b>10,221</b>	<b>\$ 808</b>

**FIDUCIARY FUNDS**

**ALL AGENCY FUNDS**

**Tax Collector**

**Licenses** – To account for the collection and remittance of miscellaneous licenses and permits.

**Tags** – To account for the collection and remittance of motor vehicle registration receipts.

**Property Tax** – To account for the collection and distribution of local property taxes.

**Clerk of the Circuit Court**

**General Agency** – To account for the collection and disbursement of trust accounts including tax accounts, fine and forfeiture accounts, and other miscellaneous sources.

**Witness** – To account for the collection and disbursement of advances received for payment of witnesses.

**Registry of the Court** – To account for the collection and disbursement of funds required by court orders.

**Child Support** – To account for the collection and disbursement of court ordered child support and/or alimony.

**Appearance Bonds** – To account for payment of cash and surety bonds.

**Tax Redemption** – To account for the collections and disbursements related to the sale of tax deeds.

**Sheriff**

**Suspense** – To account for the collection and remittance of miscellaneous receipts.

**Individual Depositors** – To account for prepayment of the Sheriff's fees for serving legal documents.



**Walton County, Florida**  
**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**September 30, 2018**

	Tax Collector			
	Licenses	Tags	Property Tax	General Agency
<b>Assets</b>				
Cash	\$ 1,708	\$ 267,200	\$ 793,102	\$ 2,534,151
Receivables, net	-	-	-	1,928
Total assets	\$ 1,708	\$ 267,200	\$ 793,102	\$ 2,536,079
<b>Liabilities</b>				
Due to other governments	\$ 1,708	\$ 267,200	\$ 36,117	\$ 1,059,894
Accounts payable	-	-	-	-
Due to other funds	-	-	-	46,514
Deposits	-	-	756,985	1,428,100
Due to individuals	-	-	-	1,571
Total liabilities	\$ 1,708	\$ 267,200	\$ 793,102	\$ 2,536,079

**Clerk of the Circuit Court**

<b>Witness</b>	<b>Registry of the Court</b>	<b>Child Support</b>	<b>Appearance Bonds</b>	<b>Tax Redemption</b>
\$ 16,376	\$ 1,797,839	\$ -	\$ 212,737	\$ 881,600
-	-	625	-	-
<b>\$ 16,376</b>	<b>\$ 1,797,839</b>	<b>\$ 625</b>	<b>\$ 212,737</b>	<b>\$ 881,600</b>
\$ 16,376	\$ 73,164	\$ 625	\$ 3,466	\$ 1,803
-	-	-	-	-
-	-	-	-	-
-	1,723,493	-	-	-
-	1,182	-	209,271	879,797
<b>\$ 16,376</b>	<b>\$ 1,797,839</b>	<b>\$ 625</b>	<b>\$ 212,737</b>	<b>\$ 881,600</b>

-Continued-

**Walton County, Florida**  
**Combining Statement of Fiduciary Net Position**  
**Agency Funds - Continued**  
**September 30, 2018**

	<b>Sheriff</b>			
	<b>Suspense</b>	<b>Individual</b>		<b>Total</b>
		<b>Depositors</b>		
<b>Assets</b>				
Cash	\$ 24,261	\$ 159,502	\$	6,688,476
Receivables, net	-	-		2,553
<b>Total assets</b>	<b>\$ 24,261</b>	<b>\$ 159,502</b>	<b>\$</b>	<b>6,691,029</b>
<b>Liabilities</b>				
Due to other governments	\$ -	\$ -	\$	1,460,353
Accounts payable	79	-		79
Due to other funds	-	159,502		206,016
Deposits	-	-		3,908,578
Due to individuals	24,182	-		1,116,003
<b>Total liabilities</b>	<b>\$ 24,261</b>	<b>\$ 159,502</b>	<b>\$</b>	<b>6,691,029</b>

**Walton County, Florida**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended September 30, 2018**

	Balance 10/1/17	Additions	Deductions	Balance 9/30/18
<b><u>Tax Collector</u></b>				
<b>Licenses</b>				
<b>Assets</b>				
Cash	\$ 2,971	\$ 143,407	\$ 144,670	\$ 1,708
<b>Liabilities</b>				
Due to other governments	\$ 2,971	\$ 143,407	\$ 144,670	\$ 1,708
<b>Tags</b>				
<b>Assets</b>				
Cash	\$ 234,833	\$ 10,559,237	\$ 10,526,870	\$ 267,200
<b>Liabilities</b>				
Due to other governments	\$ 234,833	\$ 10,954,714	\$ 10,922,347	\$ 267,200
<b>Property Tax</b>				
<b>Assets</b>				
Cash	\$ 711,982	\$ 180,277,018	\$ 180,195,898	\$ 793,102
<b>Liabilities</b>				
Due to other governments	\$ 47,106	\$ 188,827,098	\$ 188,838,087	\$ 36,117
Deposits	664,876	12,031,441	11,939,332	756,985
Total liabilities	\$ 711,982	\$ 200,858,539	\$ 200,777,419	\$ 793,102
<b><u>Clerk of the Circuit Court</u></b>				
<b>General Agency</b>				
<b>Assets</b>				
Cash	\$ 2,269,850	\$ 39,630,310	\$ 39,366,009	\$ 2,534,151
Receivables, net	426	17,852	16,350	1,928
Total assets	\$ 2,270,276	\$ 39,648,162	\$ 39,382,359	\$ 2,536,079
<b>Liabilities</b>				
Due to other governments	\$ 1,063,193	\$ 36,773,171	\$ 36,776,470	\$ 1,059,894
Due to other funds	-	46,514	-	46,514
Deposits	1,200,229	2,416,154	2,188,283	1,428,100
Due to individuals	6,854	412,323	417,606	1,571
Total liabilities	\$ 2,270,276	\$ 39,648,162	\$ 39,382,359	\$ 2,536,079

-Continued-

**Walton County, Florida**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds - Continued**  
**For the Year Ended September 30, 2018**

	Balance 10/1/17	Additions	Deductions	Balance 9/30/18
<b>Juror and Witness</b>				
<b>Assets</b>				
Cash	\$ 24,428	\$ 53	\$ 8,105	\$ 16,376
<b>Liabilities</b>				
Due to other governments	\$ 24,428	\$ 53	\$ 8,105	\$ 16,376
<b>Registry of the Court</b>				
<b>Assets</b>				
Cash	\$ 339,934	\$ 6,599,820	\$ 5,141,915	\$ 1,797,839
<b>Liabilities</b>				
Due to other governments	\$ 200	\$ 73,164	\$ 200	\$ 73,164
Deposits	339,734	6,524,295	5,140,536	1,723,493
Due to individuals	-	2,361	1,179	1,182
Total liabilities	\$ 339,934	\$ 6,599,820	\$ 5,141,915	\$ 1,797,839
<b>Child Support</b>				
<b>Assets</b>				
Cash	\$ 294	\$ 863,984	\$ 864,278	\$ -
Receivables, net	-	3,789	3,164	625
Total liabilities	\$ 294	\$ 867,773	\$ 867,442	\$ 625
<b>Liabilities</b>				
Due to other governments	\$ 294	\$ 867,773	\$ 867,442	\$ 625
<b>Appearance Bonds</b>				
<b>Assets</b>				
Cash	\$ 168,566	\$ 348,986	\$ 304,815	\$ 212,737
<b>Liabilities</b>				
Due to other governments	\$ 2,129	\$ 3,466	\$ 2,129	\$ 3,466
Due to individuals	166,437	345,520	302,686	209,271
Total liabilities	\$ 168,566	\$ 348,986	\$ 304,815	\$ 212,737
<b>Tax Redemption</b>				
<b>Assets</b>				
Cash	\$ 811,804	\$ 884,522	\$ 814,726	\$ 881,600
<b>Liabilities</b>				
Due to other governments	\$ 1,760	\$ 22,045	\$ 22,002	\$ 1,803
Due to individuals	810,044	862,477	792,724	879,797
Total liabilities	\$ 811,804	\$ 884,522	\$ 814,726	\$ 881,600

-Continued-

**Walton County, Florida**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds - Continued**  
**For the Year Ended September 30, 2018**

	Balance 10/1/17	Additions	Deductions	Balance 9/30/18
<b>Sheriff</b>				
<b>Suspense</b>				
<b>Assets</b>				
Cash	\$ 11,520	\$ 13,942	\$ 1,201	\$ 24,261
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,124	\$ 1,045	\$ 79
Due to individuals	11,520	13,942	1,280	24,182
Total liabilities	\$ 11,520	\$ 15,066	\$ 2,325	\$ 24,261
<b>Individual Depositors</b>				
<b>Assets</b>				
Cash	\$ 10,771	\$ 1,584,418	\$ 1,435,687	\$ 159,502
<b>Liabilities</b>				
Due to other funds	\$ 10,771	\$ 1,569,898	\$ 1,421,167	\$ 159,502
<b>Total All Agency Funds</b>				
<b>Assets</b>				
Cash	\$ 4,586,953	\$ 240,905,697	\$ 238,804,174	\$ 6,688,476
Receivables, net	426	21,641	19,514	2,553
Total assets	\$ 4,587,379	\$ 240,927,338	\$ 238,823,688	\$ 6,691,029
<b>Liabilities</b>				
Due to other governments	\$ 1,376,914	\$ 237,664,891	\$ 237,581,452	\$ 1,460,353
Accounts payable	-	1,124	1,045	79
Due to other funds	10,771	1,616,412	1,421,167	206,016
Deposits	2,204,839	20,971,890	19,268,151	3,908,578
Due to individuals	994,855	1,636,623	1,515,475	1,116,003
Total liabilities	\$ 4,587,379	\$ 261,890,940	\$ 259,787,290	\$ 6,691,029

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

Although not necessary for fair presentation in conformity with generally accepted accounting principles, the following schedules are presented to provide greater detailed information regarding Capital Assets.

**Walton County, Florida**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule by Source**  
**September 30, 2018**

**Governmental Funds Capital Assets:**

Land	\$ 87,576,585
Buildings	74,359,495
Improvements other than buildings	38,475,282
Machinery and equipment	65,994,603
Infrastructure	163,458,801
Construction in progress	19,700,272
<hr/>	
Total governmental funds capital assets	\$ 449,565,038
<hr/>	

**Investment in Governmental Funds Capital Assets by Source:**

General Fund	\$ 50,086,596
Special Revenue Fund	307,165,370
Capital Projects Fund	68,002,387
Grants	24,310,685
<hr/>	
Total governmental funds capital assets	\$ 449,565,038
<hr/>	



**Walton County, Florida**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule by Function and Activity**  
**For the Year Ended September 30, 2018**

Function and Activity	Land	Buildings	Improvements Other Than Buildings
<b>General Government:</b>			
Finance and administration	\$ 463,071	\$ 7,856,338	\$ -
Comprehensive planning	-	-	-
Judicial	166,696	25,757,051	82,804
Other general government	6,555,988	1,578,124	411,285
Total general government	7,185,755	35,191,513	494,089
<b>Public Safety:</b>			
Law enforcement	853,482	27,097,104	6,497,866
Ambulance service	-	-	-
Civil defense	-	1,368,037	183,750
Building inspection	-	432,280	-
Emergency 911	-	130,194	-
Animal control	-	2,092,770	-
Fire	1,278,750	1,792,639	42,316
Total public safety	2,132,232	32,913,024	6,723,932
<b>Physical Environment</b>	1,044,101	177,786	160,333
<b>Transportation</b>	2,248,281	936,120	4,734,878
<b>Economic Environment:</b>			
Housing authority	-	-	-
Tourist development	18,271,204	2,066,419	8,256,245
Farmers market	71,693	37,196	-
Total economic environment	18,342,897	2,103,615	8,256,245
<b>Human Services:</b>			
Health	-	1,209,168	214,748
Veterans	-	-	-
Total human services	-	1,209,168	214,748
<b>Culture and Recreation:</b>			
Beach access	31,285,779	-	2,175,409
Parks and recreation	25,069,336	172,490	15,715,648
Library	268,204	1,655,779	-
Total culture and recreation	56,623,319	1,828,269	17,891,057
Total governmental funds capital assets	\$ 87,576,585	\$ 74,359,495	\$ 38,475,282

<b>Machinery and Equipment</b>	<b>Infrastructure</b>	<b>Construction In Progress</b>	<b>Total</b>
\$ 281,802	\$ -	\$ -	\$ 8,601,211
156,457	-	-	156,457
2,158,557	-	-	28,165,108
2,035,806	535,225	331,808	11,448,236
4,632,622	535,225	331,808	48,371,012
25,815,054	-	136,111	60,399,617
1,601,354	-	-	1,601,354
142,793	170,298	-	1,864,878
197,237	-	-	629,517
73,448	-	-	203,642
89,146	-	-	2,181,916
259,999	-	-	3,373,704
28,179,031	170,298	136,111	70,254,628
4,799,396	697,094	1,886,240	8,764,950
25,215,042	159,671,354	14,685,773	207,491,448
19,464	-	-	19,464
1,955,610	2,360,830	2,627,440	35,537,748
-	-	-	108,889
1,975,074	2,360,830	2,627,440	35,666,101
328,531	-	-	1,752,447
6,995	-	-	6,995
335,526	-	-	1,759,442
-	-	-	33,461,188
653,295	24,000	32,900	41,667,669
204,617	-	-	2,128,600
857,912	24,000	32,900	77,257,457
\$ 65,994,603	\$ 163,458,801	\$ 19,700,272	\$ 449,565,038

**Walton County, Florida**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Year Ended September 30, 2018**

Function and Activity	Capital Assets 10/01/17	Additions
<b>General Government:</b>		
Finance and administration	\$ 8,713,738	\$ 56,352
Comprehensive planning	134,050	22,407
Judicial	28,400,835	190,688
Other general government	10,012,204	1,598,537
Total general government	47,260,827	1,867,984
<b>Public Safety:</b>		
Law enforcement	51,477,958	4,520,300
Ambulance service	6,175,300	-
Civil defense	1,839,878	25,000
Building inspection	629,517	-
Emergency 911	203,642	-
Animal control	2,181,916	-
Fire	3,699,274	-
Total public safety	66,207,485	4,545,300
<b>Physical Environment</b>	7,367,152	1,927,387
<b>Transportation</b>	198,815,733	10,463,790
<b>Economic Environment:</b>		
Housing authority	19,464	-
Tourist development	31,034,694	4,601,961
Farmers market	108,889	-
Total economic environment	31,163,047	4,601,961
<b>Human Services:</b>		
Health	1,693,221	78,818
Veterans	6,995	-
Total human services	1,700,216	78,818
<b>Culture and Recreation:</b>		
Beach access	31,410,440	2,050,748
Parks and recreation	35,679,156	6,029,104
Library	2,121,201	7,399
Total culture and recreation	69,210,797	8,087,251
Total governmental funds capital assets	\$ 421,725,257	\$ 31,572,491

Deductions		Transfers		Capital Assets 9/30/18
\$	168,879	\$	-	\$ 8,601,211
			-	156,457
	426,415		-	28,165,108
	162,505		-	11,448,236
	<u>757,799</u>		-	<u>48,371,012</u>
	172,587		-	55,825,671
	-		-	6,175,300
	-		-	1,864,878
	-		-	629,517
	-		-	203,642
	-		-	2,181,916
	<u>325,570</u>		-	<u>3,373,704</u>
	498,157		-	70,254,628
	<u>529,589</u>		-	<u>8,764,950</u>
	<u>1,788,075</u>		-	<u>207,491,448</u>
	-		-	19,464
	98,907		-	35,537,748
	-		-	108,889
	<u>98,907</u>		-	<u>35,666,101</u>
	19,592		-	1,752,447
	-		-	6,995
	<u>19,592</u>		-	<u>1,759,442</u>
	-		-	33,461,188
	40,591		-	41,667,669
			-	2,128,600
	<u>40,591</u>		-	<u>77,257,457</u>
\$	<u>3,732,710</u>	\$	-	\$ <u>449,565,038</u>



## **STATISTICAL SECTION**

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social and economic data, and financial trends of Walton County, Florida.

## **STATISTICAL SECTION**

The statistical section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and their ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the County provides and the activities it performs.

**Walton County, Florida**  
**Government-Wide Expenses and Revenues**  
**(Accrual Basis of Accounting)**  
**September 30, 2018**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Government-Wide Expenses by Function</b>				
General government	\$ 27,081,341	\$ 33,365,289	\$ 25,692,294	\$ 25,430,143
Public safety	55,294,616	53,085,811	46,892,084	39,889,287
Physical environment	11,458,965	12,379,377	9,916,761	11,190,946
Transportation	26,914,820	21,438,931	21,217,707	15,552,252
Economic environment	17,862,455	12,781,381	17,123,638	15,889,294
Human services	2,408,915	2,088,995	2,283,853	1,874,924
Culture/recreation	2,107,503	4,034,242	1,504,076	4,029,171
Debt services	825,119	774,434	869,730	1,071,059
Total government-wide expense by function	\$ 143,953,734	\$ 139,948,460	\$ 125,500,143	\$ 114,927,076
<b>Government-Wide Revenues</b>				
Program revenues				
Charges for services	\$ 16,359,145	\$ 13,734,896	\$ 12,818,417	\$ 10,471,312
Operating grants and contributions	4,501,975	4,905,961	4,958,896	4,349,574
Capital grants and contributions	6,111,741	9,125,493	4,576,423	14,218,252
General revenues				
Taxes				
Property taxes	60,600,283	55,078,685	49,609,053	44,521,882
Gasoline taxes	6,422,671	6,145,598	5,918,651	5,167,916
Sales taxes	33,670,146	31,403,705	32,072,589	36,548,311
Tourist development bed tax	25,726,361	23,524,494	21,758,228	20,146,264
Other taxes	289,635	286,193	288,454	289,111
State revenue sharing	2,281,910	2,119,357	1,984,974	2,037,312
Investment earnings	502,257	593,657	1,129,859	595,163
Miscellaneous	5,239,856	7,794,156	8,470,082	8,292,648
Special item	-	-	-	7,227,657
Total government-wide revenues	\$ 161,705,980	\$ 154,712,195	\$ 143,585,626	\$ 153,865,402



	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$	21,492,257	\$ 19,616,228	\$ 20,059,277	\$ 23,572,423	\$ 24,071,057	\$ 27,822,429
	37,774,222	38,408,334	35,075,260	35,052,324	34,561,978	35,286,721
	9,566,044	8,415,882	8,531,130	6,679,998	8,287,141	9,083,856
	27,124,508	24,136,571	23,897,299	21,323,130	20,527,838	17,199,977
	14,789,508	13,556,398	14,852,494	17,659,390	16,982,374	11,312,470
	2,226,393	2,129,798	2,002,946	2,030,979	1,824,207	2,132,084
	1,378,960	1,250,844	2,418,242	1,691,665	2,240,925	2,697,038
	1,136,315	2,929,167	1,262,630	1,249,156	1,417,353	1,590,986
	<b>\$ 115,488,207</b>	<b>\$ 110,443,222</b>	<b>\$ 108,099,278</b>	<b>\$ 109,259,065</b>	<b>\$ 109,912,873</b>	<b>\$ 107,125,561</b>
\$	8,092,365	\$ 5,407,633	\$ 4,510,316	\$ 5,378,020	\$ 4,084,846	\$ 7,338,090
	3,877,757	6,205,459	8,244,002	13,611,753	11,035,696	9,974,653
	8,043,617	5,664,441	5,172,864	5,864,008	10,884,151	4,370,018
	39,934,572	38,065,283	38,070,775	40,140,763	46,352,643	54,269,774
	4,511,542	4,258,291	4,255,974	4,186,892	4,723,487	4,574,439
	33,394,983	29,072,535	21,082,466	19,338,378	17,125,782	18,061,690
	19,987,554	18,582,874	16,490,339	13,859,997	10,754,716	10,427,800
	297,650	330,000	293,476	499,095	563,214	414,994
	1,683,966	1,496,532	1,392,992	1,373,364	1,331,013	1,290,710
	1,256,265	(752,996)	2,540,456	1,505,357	2,831,626	2,522,783
	6,530,799	5,708,946	5,248,102	5,458,304	6,984,229	1,760,571
	10,370,000	50,000,000	(75,000,000)	-	-	-
	<b>\$ 137,981,070</b>	<b>\$ 164,038,998</b>	<b>\$ 32,301,762</b>	<b>\$ 111,215,931</b>	<b>\$ 116,671,403</b>	<b>\$ 115,005,522</b>

**Walton County, Florida**  
**General Government Expenditures by Function**  
**(Modified Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Physical Environment</b>	<b>Transportation</b>	<b>Economic Environment</b>
2009	\$ 26,070,226	\$ 33,241,643	\$ 7,931,543	\$ 21,210,010	\$ 16,267,051
2010	22,623,594	34,534,066	8,300,610	21,584,098	17,077,780
2011	20,400,163	33,202,442	7,663,908	21,929,338	17,752,312
2012	18,645,847	31,434,246	8,056,333	23,359,653	14,204,426
2013	19,400,946	35,063,268	8,911,217	19,423,503	14,068,424
2014	20,816,662	35,959,383	9,451,630	22,730,338	15,479,069
2015	28,051,626	38,739,905	10,666,566	29,429,954	16,484,966
2016	22,483,326	44,314,780	12,275,325	23,878,064	34,281,506
2017	27,191,825	50,526,999	10,986,632	27,842,250	32,645,259
2018	29,087,292	51,896,519	12,583,836	25,419,451	25,696,123

\* Includes all Governmental Fund Types

	<b>Human Services</b>	<b>Culture/ Recreation</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total (*)</b>
\$	2,059,608	\$ 3,420,403	\$ 2,621,824	\$ 6,241,922	\$ 119,064,230
	1,819,515	2,536,322	901,551	5,818,588	115,196,124
	1,961,064	1,236,363	720,454	5,474,116	110,340,160
	1,879,932	1,945,696	3,699,244	6,756,831	109,982,208
	2,018,499	1,432,502	2,896,357	55,854,990	159,069,706
	2,224,329	889,381	361,879	8,584,082	116,496,753
	2,784,291	3,541,894	2,280,287	39,478,813	171,458,302
	2,234,033	1,182,302	1,234,476	2,805,532	144,689,344
	1,998,608	2,906,679	1,905,430	2,952,855	158,956,537
	2,409,611	3,240,258	3,762,969	2,813,289	156,909,348

**Walton County, Florida**  
**General Governmental Revenues by Source**  
**(Modified Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes	Licenses and Permits	Inter- governmental	Charges for Services
2009	\$ 79,468,926	\$ 805,559	\$ 23,968,168	\$ 6,200,471
2010	71,330,283	811,925	31,529,700	2,843,038
2011	69,118,565	1,075,390	23,021,752	2,844,143
2012	70,988,064	1,515,539	24,101,048	2,771,045
2013	80,465,499	2,171,620	23,268,876	2,958,491
2014	87,629,743	2,316,764	24,183,633	4,837,396
2015	95,226,101	2,530,020	35,584,050	7,136,458
2016	97,267,784	2,886,510	25,099,737	9,267,053
2017	103,247,809	2,892,531	28,867,271	10,113,664
2018	112,732,328	3,219,599	26,994,452	12,399,911

\* Includes all Governmental Fund Types.

	<b>Fines and Forfeitures</b>	<b>Investment Earnings (Loss)</b>	<b>Miscellaneous</b>	<b>Total*</b>
\$	242,749	\$ 2,522,783	\$ 1,859,840	\$ 115,068,496
	381,625	2,831,624	6,982,664	116,710,859
	274,872	1,505,357	12,211,933	110,052,012
	237,659	2,540,456	5,248,103	107,401,914
	324,413	(752,996)	6,549,334	114,985,237
	944,323	1,256,265	7,402,882	128,571,006
	653,554	595,162	16,578,493	158,303,838
	641,313	1,129,858	9,604,217	145,896,472
	645,055	593,657	8,967,058	155,327,045
	633,030	502,255	6,024,140	162,505,715

**Walton County, Florida**  
**Schedule of Net Position and Changes in Net Position**  
**(Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015
<b>Revenues</b>				
Program revenue				
Charges for services				
General government	\$ 6,093,711	\$ 3,143,151	\$ 2,954,381	\$ 3,336,621
Public safety	9,478,276	9,041,994	8,498,997	6,030,010
Physical environment	574,967	1,188,692	1,207,916	963,849
Transportation	-	-	-	-
Economic environment	182,118	307,277	115,187	111,103
Human services	10,800	30,800	20,800	10,800
Culture/recreation	19,273	22,982	21,136	18,929
Operating grants and contributions	4,501,975	4,905,961	4,958,896	4,349,574
Capital grants and contributions	6,111,741	9,125,493	4,576,423	14,218,252
General revenues				
Property taxes	60,600,283	55,078,685	49,609,053	44,521,882
Other taxes	68,390,723	63,479,346	62,022,896	64,188,914
Other	5,742,113	8,387,814	9,599,941	8,887,811
<b>Total revenues</b>	<b>161,705,980</b>	<b>154,712,195</b>	<b>143,585,626</b>	<b>146,637,745</b>
<b>Expenses</b>				
General government	27,081,341	33,365,289	25,692,294	25,430,143
Public safety	55,294,616	53,085,811	46,892,084	39,889,287
Physical environment	11,458,965	12,379,377	9,916,761	11,190,946
Transportation	26,914,820	21,438,931	21,217,707	15,552,252
Economic environment	17,862,455	12,781,381	17,123,638	15,889,294
Human services	2,408,915	2,088,995	2,283,853	1,874,924
Culture and recreation	2,107,503	4,034,242	1,504,076	4,029,171
Interest on long-term debt	825,119	774,434	869,730	1,071,059
<b>Total expenses</b>	<b>143,953,734</b>	<b>139,948,460</b>	<b>125,500,143</b>	<b>114,927,076</b>
Special item	-	-	-	7,227,657
<b>Change in net position</b>	<b>\$ 17,752,246</b>	<b>\$ 14,763,735</b>	<b>\$ 18,085,483</b>	<b>\$ 38,938,326</b>
<b>Prior period adjustment</b>	<b>\$ (10,224,000)</b>	<b>\$ (800,864)</b>	<b>\$ (351,613)</b>	<b>\$ (37,086,830)</b>
Invested in capital assets, net of related debt	\$ 247,481,794	\$ 230,298,796	\$ 206,407,365	\$ 185,573,714
Restricted for:				
Debt service	1,450,217	1,601,150	6,177,040	3,531,053
Capital projects	3,256,071	2,795,200	2,530,939	2,044,676
General government	1,266,929	1,379,718	1,733,494	1,664,480
Public safety	5,412,019	3,152,957	2,872,318	2,133,933
Transportation	14,423,434	12,361,190	8,817,128	8,646,500
Economic environment	173,421	242,916	302,277	586,004
Human services	414,454	408,674	396,423	382,269
Unrestricted (deficit)	20,261,537	34,371,029	42,653,123	49,593,608
<b>Total primary government net position</b>	<b>\$ 294,139,876</b>	<b>\$ 286,611,630</b>	<b>\$ 271,890,107</b>	<b>\$ 254,156,237</b>

	2014	2013	2012	2011	2010	2009
\$	2,869,825	\$ 1,552,308	\$ 1,323,663	\$ 1,300,806	\$ 1,172,156	\$ 4,722,559
	4,156,691	3,449,112	2,783,665	2,428,121	1,918,562	1,908,136
	929,419	244,639	242,074	1,478,482	709,129	279,244
	-	-	-	-	-	20,000
	105,248	164,553	133,895	141,409	253,201	247,346
	10,800	10,800	10,800	10,500	10,500	138,781
	20,382	16,221	16,219	18,702	21,298	22,024
	3,877,757	6,205,459	8,244,002	10,941,594	11,035,696	9,974,653
	8,043,617	5,664,441	5,172,864	5,864,008	10,884,151	4,370,018
	39,934,572	38,065,283	38,070,775	40,140,763	46,352,643	54,269,774
	59,875,695	53,740,233	43,515,247	41,927,885	34,498,212	34,769,633
	7,787,064	4,955,949	7,788,558	6,963,661	9,815,855	4,283,354
	127,611,070	114,068,998	107,301,762	111,215,931	116,671,403	115,005,522
	21,492,257	19,616,228	20,059,277	23,572,423	24,071,057	27,822,429
	37,774,222	38,408,334	35,075,260	35,052,324	34,561,978	35,286,721
	9,566,044	8,415,882	8,531,130	6,679,998	8,287,141	9,083,856
	27,124,508	24,136,571	23,897,299	21,323,130	20,527,838	17,199,977
	14,789,508	13,556,398	14,852,494	17,659,390	16,982,374	11,312,470
	2,226,393	2,129,798	2,002,946	2,030,979	1,824,207	2,132,084
	1,378,960	1,250,844	2,418,242	1,691,665	2,240,925	2,697,038
	1,136,315	2,929,167	1,262,630	1,249,156	1,417,353	1,590,986
	115,488,207	110,443,222	108,099,278	109,259,065	109,912,873	107,125,561
	10,370,000	50,000,000	(75,000,000)	-	-	-
\$	22,492,863	\$ 53,625,776	\$ (75,797,516)	\$ 1,956,866	\$ 6,758,530	\$ 7,879,961
\$	-	\$ -	\$ (4,016)	\$ (793,626)	\$ (277,111)	\$ (93,553)
\$	183,054,531	\$ 184,908,949	\$ 186,263,846	\$ 182,774,876	\$ 182,380,862	\$ 176,400,438
	7,957,589	3,912,013	86,274	-	-	254,362
	2,058,293	2,110,339	1,310,054	6,270,344	6,559,468	6,243,272
	3,974,323	3,782,011	3,528,147	4,857,020	4,571,618	4,939,395
	2,235,752	1,657,563	1,725,029	2,277,900	2,021,104	1,339,423
	8,594,891	8,256,492	8,153,724	10,569,615	15,387,734	16,382,784
	1,054,343	1,014,020	1,161,336	1,030,636	1,084,532	1,248,879
	947,709	883,914	903,173	778,246	715,035	612,151
	42,427,310	23,286,577	(26,915,481)	43,458,997	38,134,041	36,952,271
\$	252,304,741	\$ 229,811,878	\$ 176,216,102	\$ 252,017,634	\$ 250,854,394	\$ 244,372,975

**Walton County, Florida**  
**Fund Balances, Governmental Funds**  
**(Modified Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015
<b>General Fund</b>				
Nonspendable	\$ 517,245	\$ 1,010,518	\$ 711,723	\$ 816,015
Restricted	987,732	1,029,015	1,174,581	1,173,500
Assigned	4,172,170	4,963,789	4,854,242	4,290,458
Unassigned	17,691,674	15,671,532	16,610,115	15,603,519
<b>Total general fund</b>	<b>23,368,821</b>	<b>22,674,854</b>	<b>23,350,661</b>	<b>21,883,492</b>
<b>All Other Governmental Funds</b>				
Nonspendable	610,773	593,107	546,936	493,143
Restricted	25,408,813	21,052,929	21,963,698	17,986,301
Committed	44,588,810	38,612,893	42,978,200	35,824,170
Assigned	33,525,597	36,992,622	32,892,709	43,844,489
Unassigned	-	-	-	-
<b>Total other governmental funds</b>	<b>104,133,993</b>	<b>97,251,551</b>	<b>98,381,543</b>	<b>98,148,103</b>
<b>Total governmental funds</b>	<b>\$ 127,502,814</b>	<b>\$ 119,926,405</b>	<b>\$ 121,732,204</b>	<b>\$ 120,031,595</b>

\* Change in presentation due to implementation of GASB Statement No. 54,  
*Fund Balance Reporting and Governmental Fund Type Definitions.*



	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>* 2009</b>
\$	2,982,067	\$ 2,599,162	\$ 2,691,134	\$ 2,861,884	\$ 2,839,561	\$ 2,913,031
	1,128,160	1,046,541	976,192	2,446,825	2,261,119	2,720,963
	3,933,644	2,939,435	5,263,998	5,714,472	6,264,162	5,354,212
	12,559,627	11,177,642	11,252,947	11,685,814	14,052,421	13,540,321
	20,603,498	17,762,780	20,184,271	22,708,995	25,417,263	24,528,527
	468,455	466,080	477,074	496,924	506,740	525,496
	23,729,155	18,653,573	14,500,603	21,266,754	25,872,025	25,559,548
	30,002,035	21,340,544	12,889,101	10,012,785	7,317,829	6,010,894
	31,371,414	24,502,866	28,387,751	24,338,643	20,368,146	21,117,328
	-	-	-	-	-	(6,830)
	85,571,059	64,963,063	56,254,529	56,115,106	54,064,740	53,206,436
\$	106,174,557	\$ 82,725,843	\$ 76,438,800	\$ 78,824,101	\$ 79,482,003	\$ 77,734,963

**Walton County, Florida**  
**Changes in Fund Balance - Governmental Funds**  
**(Modified Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015
<b>Revenues</b>				
Taxes	\$ 112,732,328	\$ 103,247,809	\$ 97,267,784	\$ 95,226,101
Licenses and permits	3,219,599	2,892,531	2,886,510	2,530,020
Intergovernmental	26,994,452	29,405,601	25,099,737	35,584,050
Charges for services	12,399,911	10,113,664	9,267,053	7,136,458
Fines and forfeitures	633,030	645,055	641,313	653,554
Interest	502,255	593,657	1,129,858	595,162
Miscellaneous	6,024,140	9,171,722	9,604,217	9,350,836
<b>Total revenues</b>	<b>162,505,715</b>	<b>156,070,039</b>	<b>145,896,472</b>	<b>151,076,181</b>
<b>Expenditures</b>				
Current				
General government	29,087,292	27,191,825	22,483,326	28,051,626
Public safety	51,896,519	50,526,999	44,314,780	38,739,905
Physical environment	12,583,836	10,986,632	12,275,325	10,666,566
Transportation	25,419,451	27,842,250	23,878,064	29,429,954
Economic environment	25,696,123	32,645,259	34,281,506	16,484,966
Human services	2,409,611	1,998,608	2,234,033	2,784,291
Culture/recreation	3,240,258	2,906,679	1,182,302	3,541,894
Capital projects	3,762,969	1,905,430	1,234,476	2,280,287
Debt service				
Principal	1,976,019	2,145,875	1,951,754	38,396,195
Interest	837,270	806,980	853,778	1,082,618
<b>Total expenditures</b>	<b>156,909,348</b>	<b>158,956,537</b>	<b>144,689,344</b>	<b>171,458,302</b>
<b>Excess Revenue Over (Under)</b>				
<b>Expenditures</b>	5,596,367	(2,886,498)	1,207,128	(20,382,121)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of equipment	752,949	-	-	-
Transfers in	18,663,752	19,527,339	17,898,837	16,935,224
Transfers out	(18,663,752)	(19,527,339)	(17,898,837)	(16,935,224)
Capital lease proceeds	-	-	-	-
Issuance of debt	469,246	1,096,233	845,091	27,018,625
<b>Total other financing sources</b>	<b>1,222,195</b>	<b>1,096,233</b>	<b>845,091</b>	<b>27,018,625</b>
<b>Special item</b>	-	-	-	7,227,657
<b>Net change in fund balance</b>	<b>\$ 6,818,562</b>	<b>\$ (1,790,265)</b>	<b>\$ 2,052,219</b>	<b>\$ 13,864,161</b>
Debt service as a percentage of noncapital expenditures				
	2.24%	2.44%	2.53%	27.38%

2014	2013	2012	2011	2010	2009
\$ 87,629,743	\$ 80,465,499	\$ 70,988,064	\$ 69,118,565	\$ 71,330,283	\$ 79,468,926
2,316,764	2,171,620	1,515,539	1,075,390	811,925	805,559
24,183,633	23,268,876	24,101,048	23,021,752	31,529,700	23,968,168
4,837,396	2,958,491	2,771,045	2,844,143	2,843,038	6,200,471
944,323	324,413	237,659	274,872	381,625	242,749
1,256,265	(752,996)	2,540,456	1,505,357	2,831,624	2,522,783
7,402,882	6,549,334	5,248,103	12,211,933	6,982,664	1,859,840
128,571,006	114,985,237	107,401,914	110,052,012	116,710,859	115,068,496
20,816,662	19,400,946	18,645,847	20,400,163	22,623,594	26,070,226
35,959,383	35,063,268	31,434,246	33,202,442	34,534,066	33,241,643
9,451,630	8,911,217	8,056,333	7,663,908	8,300,610	7,931,543
22,730,338	19,423,503	23,359,653	21,929,338	21,584,098	21,210,010
15,479,069	14,068,424	14,204,426	17,752,312	17,077,780	16,267,051
2,224,329	2,018,499	1,879,932	1,961,064	1,819,515	2,059,608
889,381	1,432,502	1,945,696	1,236,363	2,536,322	3,420,403
361,879	2,896,357	3,699,244	720,454	901,551	2,621,824
7,559,324	52,804,659	5,656,634	4,218,038	4,392,846	4,630,530
1,024,758	3,050,331	1,100,197	1,256,078	1,425,742	1,611,392
116,496,753	159,069,706	109,982,208	110,340,160	115,196,124	119,064,230
12,074,253	(44,084,469)	(2,580,294)	(288,148)	1,514,735	(3,995,734)
-	-	-	-	-	-
16,537,000	11,601,547	13,873,137	9,762,294	11,450,568	12,240,617
(16,537,000)	(11,601,547)	(13,873,137)	(9,762,294)	(11,450,568)	(12,240,617)
-	-	-	-	-	10,798
997,460	371,512	75,199,009	423,872	232,305	-
997,460	371,512	75,199,009	423,872	232,305	10,798
10,370,000	50,000,000	(75,000,000)	-	-	-
\$ 23,441,713	\$ 6,287,043	\$ (2,381,285)	\$ 135,724	\$ 1,747,040	\$ (3,984,936)
7.83%	37.17%	7.29%	5.60%	5.87%	6.61%

**Walton County, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount (2)	Percent-age of Levy		Amount (2)	Percent-age of Levy
2009	\$ 55,516,392	\$ 50,724,269	91.37%	\$ 2,864,252	\$ 53,586,842	96.52%
2010	46,952,359	42,659,809	90.86%	2,730,357	45,383,427	96.66%
2011	40,757,346	37,815,939	92.78%	1,584,740	39,388,083	96.64%
2012	38,910,800	36,394,247	93.53%	1,168,619	37,549,670	96.50%
2013	38,900,662	36,561,502	93.99%	1,035,664	37,561,604	96.56%
2014	40,763,405	39,259,877	96.31%	42,673	39,302,550	96.42%
2015	45,538,540	43,974,522	96.57%	2,301	43,976,823	96.57%
2016	50,802,529	49,076,935	96.60%	32,350	49,109,285	96.67%
2017	56,451,376	54,522,421	96.58%	5,729	54,528,150	96.59%
2018	62,246,972	60,058,915	96.48%	-	60,058,915	96.48%

(1) Source: Walton County Property Appraiser

(2) Source: Walton County Tax Collector

Property tax levies, based on assessed values as of January 1st, become due and payable on November 1st each year. A four percent discount is allowed if the taxes are paid in November, with this discount declining by one percent each month thereafter. Accordingly, taxes collected will never be 100 percent of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year.

Property is assessed as of January 1st and taxes based on those assessments are levied and become due on the following November 1st. Therefore, assessments and tax levies applicable to a certain tax year are collected in the fiscal year ending during the following calendar year.

**Walton County, Florida  
Special Assessments Collections  
Last Ten Fiscal Years**

Fiscal Year	New Liens Assessed	Paving Collections and Adjustments	Total Outstanding Assessments
2009	\$ -	\$ 380,000	\$ -
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-

**Walton County, Florida**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property	
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value
2009	\$ 13,367,658,712	\$ 13,367,658,712	\$ 401,799,076	\$ 401,799,076
2010	11,073,298,749	11,073,298,749	381,153,516	381,153,516
2011	10,569,863,088	10,569,863,088	365,866,079	365,866,079
2012	10,564,541,553	10,564,541,553	368,067,831	368,067,831
2013	11,078,199,998	11,078,199,998	375,510,876	375,510,876
2014	12,131,527,248	12,131,527,248	385,409,544	385,409,544
2015	13,553,530,003	13,553,530,003	410,933,844	410,933,844
2016	15,077,496,337	15,077,496,337	439,991,155	439,991,155
2017	16,662,282,449	16,662,282,449	443,690,097	443,690,097
2018	18,358,304,836	18,358,304,836	463,283,002	463,283,002

(1) Source: Walton County Property Appraiser

(2) Source: Centrally assessed property consists of railroad and utility systems assessed by the State of Florida.

Property is assessed as of January 1st and taxes based on those assessments are levied and become due on the following November 1st. Therefore, assessments and levies applicable to a certain tax year are collected in the fiscal year ending during the following fiscal year.

Centrally Assessed		Total		Total Direct Tax Rate	Ratio of Total Assessed to Estimated Actual Value
Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value		
\$ 9,260,162	\$ 9,260,162	\$ 13,778,717,950	\$ 13,778,717,950	3.408	100%
6,151,828	6,151,828	11,460,604,093	11,460,604,093	3.557	100%
5,642,587	5,642,587	10,941,371,754	10,941,371,754	3.557	100%
5,911,639	5,911,639	10,938,521,023	10,938,521,023	3.556	100%
6,177,997	6,177,997	11,459,888,871	11,459,888,871	3.556	100%
6,380,956	6,380,956	12,523,317,748	12,523,317,748	3.556	100%
6,474,962	6,474,962	13,970,938,809	13,970,938,809	3.636	100%
6,910,954	6,910,954	15,524,398,446	15,524,398,446	3.636	100%
6,782,986	6,782,986	17,112,755,532	17,112,755,532	3.636	100%
7,030,725	7,030,725	18,828,618,563	18,828,618,563	3.636	100%

**Walton County, Florida**  
**Property Tax Rates – Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2018	2017	2016
<b>Board of County Commissioners</b>			
General Fund	0.873	0.795	1.299
County Transportation Trust Fund	0.270	0.348	0.389
Fine and Forfeiture Fund	2.493	2.493	1.948
<hr/>			
Total general county	3.636	3.636	3.636
<b>District School System</b>			
	5.097	5.191	5.348
<hr/>			
Total County wide	8.733	8.827	8.984
<hr/>			
<b>Special Districts</b>			
South Walton Mosquito Control	0.163	0.163	0.163
Tri-Village Fire District	FLAT	FLAT	FLAT
South Walton Fire District	0.980	0.980	0.980
United Fire District	FLAT	FLAT	FLAT
North Walton Mosquito Control	0.491	0.491	0.491
Argyle Fire District	FLAT	FLAT	FLAT
<b>North West Florida Water District</b>			
	0.036	0.037	0.038
<b>Cities</b>			
DeFuniak Springs	4.500	4.500	4.500
Freeport	4.730	4.730	4.730

Source: Walton County Property Appraiser and Walton County Office of Management and Budget

Note:

- (1) Rates are stated as an amount per \$1,000 of assessed value.
- (2) Flat rates vary depending on parcel type ranging from \$25 to \$82.



2015	2014	2013	2012	2011	2010	2009
1.291	1.348	1.710	1.480	1.410	1.449	1.732
0.397	0.260	0.286	0.550	0.689	0.700	0.458
1.948	1.948	1.560	1.526	1.458	1.408	1.218
3.636	3.556	3.556	3.556	3.557	3.557	3.408
5.491	5.491	5.659	5.013	5.011	5.070	4.654
9.127	9.047	9.215	8.569	8.568	8.627	8.062
0.163	0.138	0.138	0.114	0.114	0.114	0.099
FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
0.980	0.980	0.980	0.980	0.900	0.860	0.760
FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
0.491	0.491	0.491	0.491	0.491	0.491	0.491
FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
0.039	0.040	0.040	0.040	0.040	0.045	0.045
4.500	4.500	4.500	4.500	4.000	4.500	4.500
4.730	4.730	4.730	4.730	4.730	3.930	3.930

**Walton County, Florida**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Year	General Obligation Bonds	Special Assessment Debt	Notes Payable	Capital Leases
2009	\$ 235,000	\$ -	\$ 34,046,008	\$ 911,040
2010	-	-	30,225,135	801,427
2011	-	-	26,346,119	886,277
2012	-	-	96,201,475	573,297
2013	-	-	43,594,679	746,947
2014	-	-	36,609,442	1,170,320
2015	-	-	25,500,941	773,219
2016	-	-	23,922,440	1,244,736
2017	-	-	22,759,466	1,358,068
2018	-	-	21,169,826	1,440,935

- (1) See Demographic Statistics on page 152 for detail of population and per capita personal income.
- (2) Details regarding Walton County's outstanding debt can be found in Note 8 of the financial statements.

	<b>Total</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$	35,192,048	2.05%	608
	31,026,562	1.78%	543
	27,232,396	1.65%	491
	96,774,772	5.57%	1,699
	44,341,626	2.48%	767
	37,779,762	1.66%	632
	26,274,160	0.95%	433
	25,167,176	0.80%	400
	24,117,534	0.70%	369
	22,610,761	0.60%	334

**Walton County, Florida**  
**Ratio of Net General Bonded Debt To**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Funds (3)</b>
2009	57,917	\$ 13,778,717,950	\$ 235,000	\$ 246,750
2010	57,120	11,460,604,093	-	-
2011	55,450	10,941,371,754	-	-
2012	56,965	10,938,521,023	-	-
2013	57,779	11,459,888,871	-	-
2014	59,793	12,523,317,748	-	-
2015	60,687	13,970,938,809	-	-
2016	62,943	15,524,398,446	-	-
2017	65,301	17,112,755,532	-	-
2018	67,656	18,828,618,563	-	-

(1) Source: Florida Legislative Office of Economic and Demographic Research

(2) Source: Walton County Property Appraiser.

(3) Amount consists of those monies available for general obligation debt only.

<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
\$ (11,750)	0.000%	(0.20)
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00
-	0.000%	0.00

**Walton County, Florida  
Special Assessment Bond Coverage  
MSBU Driftwood Estates  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross Revenue*</b>		<b>Expenses</b>		<b>Net Revenue Available Debt Service</b>
2009	\$	129,452	\$	11,088	\$ 118,364
2010		-		-	-
2011		-		-	-
2012		-		-	-
2013		-		-	-
2014		-		-	-
2015		-		-	-
2016		-		-	-
2017		-		-	-
2018		-		-	-

\* Gross Revenue shall mean all rates, fees, assessments, transfers, and other miscellaneous revenues.

\*\* County began prepaying outstanding bonds in 2004.

<b>**Debt Service Requirement</b>					
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>	
\$	380,000	\$ 30,400	\$ 410,400	0.29	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	

**Walton County, Florida**  
**Ratio of Annual Debt Service Expenditures of General**  
**Bonded Debt To Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Other Debt Service</b>	<b>Total Debt Service (1)</b>	<b>Total General Expenditures (2)</b>	<b>Ratio of Debt Service to Total General Expenditures</b>
2009	\$ 225,000	\$ 23,000	\$ -	\$ 248,000	\$ 119,064,230	0.21%
2010	235,000	11,750	-	246,750	115,196,124	0.21%
2011	-	-	-	-	110,340,160	0.00%
2012	-	-	-	-	109,982,208	0.00%
2013	-	-	-	-	159,069,706	0.00%
2014	-	-	-	-	116,496,753	0.00%
2015	-	-	-	-	171,458,302	0.00%
2016	-	-	-	-	144,689,344	0.00%
2017	-	-	-	-	157,454,891	0.00%
2018	-	-	-	-	156,909,348	0.00%

(1) Source: Walton County Clerk of the Circuit Court - Finance Department

(2) Includes all Governmental Fund Types.



**Walton County, Florida  
Bond Coverage  
Last Ten Fiscal Years**

**Revenue Bond Coverage**

The last revenue bonds issued were for highway paving and were retired in 1993.  
There have been no subsequent revenue bonds issued.

**Legal Debt Margin**

The constitution of the State of Florida, Florida Statute 200.181 and Walton County set no legal debt limit.

**Walton County, Florida**  
**Property Value, Construction and Bank Deposits**  
**Current Year and Nine Years Ago**

<b>Fiscal Year</b>	<b>Real Property Value (1)</b>	<b>Construction (2)</b>	<b>Bank Deposits (3)</b>
2009	\$ 13,367,658,712	\$ 129,929,080	\$ 918,162,000
2010	11,073,298,749	141,405,887	726,402,000
2011	10,569,863,088	207,372,914	752,223,000
2012	10,564,541,553	331,849,719	796,309,000
2013	11,078,199,998	466,542,649	873,975,000
2014	12,131,527,248	552,037,678	867,573,000
2015	13,553,530,003	620,210,506	929,365,000
2016	15,524,398,446	728,967,101	1,087,143,000
2017	16,662,282,449	659,931,088	1,261,897,000
2018	18,358,304,836	742,917,142	1,343,237,000

- (1) Source: Walton County Property Appraiser  
(2) Source: Walton County Building Department  
(3) Source: Federal Deposit Insurance Corporation (FDIC)

**Walton County, Florida  
Demographic Statistics  
Last Ten Fiscal Years**

Fiscal Year	Pop-ulation* (1)	Per Capita Personal Income (1)	Personal Income (amt. in thousands) (2)	School Enrollment (3)	Percentage Unemployment Rate (4)		
					Walton County	Florida	United States
2009	57,917	\$ 29,681	\$ 1,719,034	7,207	6.80%	11.30%	9.50%
2010	57,120	30,601	1,747,929	7,405	8.10%	12.10%	9.20%
2011	55,450	29,706	1,647,216	7,606	7.20%	10.60%	8.80%
2012	56,965	30,518	1,738,456	7,930	5.50%	8.60%	7.60%
2013	57,779	30,954	1,788,494	8,466	4.00%	6.90%	7.00%
2014	59,793	37,976	2,270,699	8,605	3.90%	6.10%	5.70%
2015	60,687	45,764	2,777,280	8,928	4.50%	5.00%	5.00%
2016	62,943	49,839	3,137,016	9,359	4.30%	4.80%	4.90%
2017	65,301	52,662	3,438,881	9,688	2.90%	3.80%	4.20%
2018	67,656	56,076	3,793,878	10,273	2.50%	3.50%	3.70%

- (1) Source: Florida Legislative Office of Economic and Demographic Research
- (2) Personal income is a calculated amount based on population and per capita personal income.
- (3) Source: Walton County School Board
- (4) Source: Florida Research & Economic Database

**Walton County, Florida**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>General Government</b>			
Single family dwelling permits	1,487	1,298	1,748
Total building and other permits issued	12,995	12,400	12,010
Building inspections conducted	22,643	23,590	21,782
<b>Public Safety</b>			
Number of E911 calls	82,101	51,470	61,447
Number of E911 Fire/EMS calls	7,506	14,448	15,220
Animal control responses	4,823	5,505	5,014
<b>Tourist Development Council</b>			
Bed tax receipts (gross dollars in thousands) **	25,726	23,527	21,758
<b>Library</b>			
Number of registered borrowers	49,639	47,690	45,796
Number of visits	103,273	107,781	110,140
Number of items in collection	109,891	112,053	112,532
<b>Constitutional Officers:</b>			
<b>Clerk of Circuit Court</b>			
Marriage licenses issued	1617	1627	1842
Instruments recorded	43,502	42,332	42,189
Passports	1,408	1,427	1,280
Tax deeds sold	232	177	214
Civil cases filed	3,326	3,258	3,093
Misdemeanor cases filed	960	1,320	1,881
Felony cases filed	940	1,152	936
Traffic infractions	4,270	5,308	4,264
<b>Supervisor of Elections</b>			
Number of registered voters	49,928	47,264	48,968
Number of polling places	21	21	21
<b>Property Appraiser</b>			
Parcels in county	81,981	84,503	80,998
<b>Tax Collector</b>			
Tax certificates sold	2,890	2,944	3,724
Tag and title transactions processed	124,754	116,326	104,436
Driver licenses issued/ renewed	19,714	18,772	17,745
Hunting/fishing licenses issued	896	898	930
Concealed weapons applications processed	870	1,713	4,096
Birth certificates reissued	708	784	659
<b>Sheriff</b>			
Law enforcement officers	251	255	159
Calls for service	133,368	131,277	128,817
Misdemeanor arrests	1,798	3,903	2,598

\* Information is not available for the year presented

\*\* Information for FY 10 forward includes an additional half cent tax collected beginning in October 2009. Also, the 2011 information includes a \$2.67 million payment from BP for the Deepwater Horizon oil spill.

Source: All information has been provided by Constitutional Offices and Board of County Commissioner Departments.

2015	2014	2013	2012	2011	2010	2009
1,155	1,113	1,236	1,008	475	279	223
9,705	9,459	9,964	7,055	5,114	3,889	3,802
19,134	17,964	16,459	10,800	7,461	5,586	5,775
61,727	59,518	52,642	46,752	53,606	30,096	27,542
8,821	8,751	8,036	8,189	7,914	7,185	5,292
5,013	4,281	4,926	4,836	5,240	5,956	7,042
20,148	19,988	18,582	16,490	16,530	10,755	10,433
44,095	43,109	41,141	37,865	37,865	35,818	33,769
119,098	131,280	113,728	128,954	148,897	170,335	217,936
109,297	108,125	106,421	105,873	104,192	102,882	101,106
1724	1,581	1,658	1,721	1,655	1,451	1,563
42,812	42,911	44,359	41,251	38,009	38,286	39,483
1,005	799	971	883	906	918	
129	84	322	102	117	201	223
2,986	2,594	2,757	2,132	2,040	2,753	3,815
1,716	1,667	2,114	1,913	1,072	1,517	1,695
898	804	821	756	759	781	839
5,217	5,912	5,732	7,890	9,195	9,740	9,957
43,492	42,126	40,426	37,881	37,983	36,958	37,105
21	21	21	21	21	33	33
80,445	80,145	79,866	79,142	78,814	78,718	78,498
4,364	4,783	4,518	5,193	5,373	7,163	7,583
100,951	94,624	81,537	74,818	79,938	-	-
16,797	15,224	9,924	1,434	-	-	-
988	936	1,045	887	1,121	-	-
167	-	-	-	-	-	-
260	-	-	-	-	-	-
152	221	169	160	160	166	165
160,625	167,910	158,447	165,599	135,337	127,110	90,220
2,284	2,699	2,970	2,455	2,222	2,435	2,396

**Walton County, Florida  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2018		
	Employees (1)	Rank	Percentage of Total County Employment
Walton County School Board	1,252	1	4.2%
Walton County Government	946	2	3.1%
Sacred Heart Hospital of the Emerald Coast	750	3	2.5%
Sandestin Golf and Beach Resort	625	4	2.1%
Hilton Sandestin Beach and Golf Resort	570	5	1.9%
Walton Correctional Institution	315	6	1.0%
Wal-Mart Super Center (multiple locations)	275	7	0.9%
Publix Super Markets	270	8	0.9%
Watercolor Inn and Resort	236	9	0.8%
Chautauqua Rehabilitation and Nursing Center	200	10	0.7%
Wyndham Vacation Rentals (former ResortQuest)	-		
<b>Total</b>	<b>5,439</b>		<b>18.1%</b>

Total number of individuals employed within Walton County (2) 30,160

Sources:

(1) Information has been provided by the Department of Florida Research and Economics Database, the Florida Department of Economic Development, and the Walton County Clerk of Courts Finance Department.

(2) The number of employees may not be exact, historical data has been estimated using the most recent information available

2009		
Employees	Rank	Percentage of Total County Employment
1,096	1	3.6%
897	2	2.9%
500	6	1.6%
800	3	2.6%
575	4	1.9%
		0.0%
280	8	0.9%
410	7	1.3%
275	9	0.9%
200	10	
500	5	1.6%
5,533		17.4%

30,643

**Walton County, Florida  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2018</b>		
	<b>Assessed Value (1)</b>	<b>Rank</b>	<b>Percentage of Total Net Assessed Value</b>
Choctawhatchee Electric Cooperative	\$ 85,470,745	1	0.45%
EBSCO Gulf Coast Development	79,507,147	2	0.42%
Sandestin Hilton, LTD	55,209,111	3	0.29%
Sandestin Investments, LLC	49,728,123	4	0.26%
Gulf Power Company	48,023,062	5	0.26%
Florida Gas Transmission Company	45,208,701	6	0.24%
GB Retail	31,574,078	7	0.17%
Atticus Highway 98 Ventures	30,089,981	8	0.16%
Powersouth Energy Coop	28,726,413	9	0.15%
Terra Mar Apartments 1	28,522,047	10	0.15%
Intrawest Sandestin Company, LLC			-
St. Joe Home Building			-
Sanctuary by the Sea, LLC			-
Embarq-Florida Incorporated			-
St. Joe Company			-
Freeport 860 LLC			-
<b>Total Principal Taxable Vaule</b>	<b>482,059,408</b>		<b>2.56%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 18,828,618,563</b>		<b>100.00%</b>

(1) Source: Walton County Property Appraiser



2009

	<b>Assessed Value (1)</b>	<b>Rank</b>	<b>Percentage of Total Net Assessed Value</b>
\$	64,233,029	3	0.47%
	147,017,193	1	1.07%
	50,217,651	4	0.36%
	-		-
	28,286,370	9	0.21%
	-		-
	-		-
	-		-
	-		-
	-		-
	68,169,506	2	0.49%
	31,301,228	8	0.23%
	40,986,570	5	0.30%
	36,807,054	6	0.27%
	27,388,752	10	0.20%
	33,786,470	7	0.25%
	<hr/> 528,193,823		3.83%
\$	<hr/> 13,778,717,950		<hr/> 100.00%

**Walton County, Florida**  
**Capital Assets By Function/Program**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015
<b>General Government</b>				
Facilities owned/leased (sq. ft.)	648,639	635,083	582,430	483,763
Libraries available to the public(sq. ft.)	19,513	18,441	16,961	16,961
<b>Public Safety</b>				
Fire/Rescue vehicles (number)	66	66	49	51
EMS/Fire stations(number)*	15	15	15	22
<b>Tourist Development Council</b>				
Beaches (miles)	26	26	26	26
Beach access (number)	65	62	61	61
<b>Transportation</b>				
Paved miles	674	666	664	758
Unpaved miles	377	375	377	404
<b>Culture and Recreation</b>				
Parks (number)	23	23	21	21
Parks with boat ramps (number)	16	16	18	18
<b>Constitutional Officers:</b>				
<b>Clerk of Circuit Court</b>				
Facilities (sq. ft.)	42,990	42,990	42,990	42,990
Facilities (number)	2	2	2	2
<b>Supervisor of Elections</b>				
Facilities (sq. ft.)	3,900	3,900	3,900	3,900
Facilities (number)	2	2	2	2
<b>Property Appraiser</b>				
Facilities (sq. ft.)	8,100	8,100	8,100	8,100
Facilities (number)	2	2	2	2
<b>Tax Collector</b>				
Facilities (sq. ft.)	7,400	7,400	7,400	7,400
Facilities (number)	2	2	2	2
<b>Sheriff</b>				
Facilities/Stations	7	7	6	6
Facilities owned (sq. ft.)	63,364	63,364	61,668	61,668

\* The number decreased in FY2016, the number of EMS/ Fire stations will no longer include the volunteer fire departments.

Source: All information has been provided by Constitutional Offices and Board of County Commissioner Departments.

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
369,424	363,386	363,386	363,386	363,386	346,406
16,961	16,961	16,961	16,961	16,961	16,961
48	50	46	47	44	45
22	22	21	21	21	21
26	26	26	26	26	26
60	60	62	62	62	62
756	752	749	745	735	728
406	410	413	418	423	429
21	21	21	20	20	16
18	18	18	18	18	21
42,990	42,990	42,990	42,990	42,990	42,990
2	2	2	2	2	2
3,900	3,900	3,900	3,900	3,900	3,900
2	2	2	2	2	2
8,100	8,100	8,100	8,100	8,100	8,100
2	2	2	2	2	2
7,400	7,400	7,400	7,400	7,400	7,400
2	2	2	2	2	2
6	5	5	5	5	5
61,668	39,400	39,400	39,400	39,400	39,400

**Walton County, Florida**  
**Full-Time Equivalent Government-Wide Employees By Function**  
**Last Ten Fiscal Years**

	2018	2017	2016
General government	90	97	109
Public safety	25	26	122
Physical environment	27	23	25
Transportation	127	131	136
Economic environment	62	64	50
Human services	5	5	5
Culture and recreation	32	27	16
<b>Total County government</b>	<b>368</b>	<b>373</b>	<b>463</b>
<b>Constitutional Officers:</b>			
Clerk of the Circuit Court	68	66	67
Property Appraiser	28	28	28
Tax Collector	39	35	32
Sheriff	436	435	330
Supervisor of Elections	7	7	6
<b>Total Constitutional Officers</b>	<b>578</b>	<b>571</b>	<b>463</b>
<b>Total government-wide employees by function</b>	<b>946</b>	<b>944</b>	<b>926</b>

Sources: All information has been provided by Constitutional Offices and the Walton County Clerk of Courts Finance Department.

2015	2014	2013	2012	2011	2010	2009
101	120	83	77	82	92	109
109	95	156	152	149	165	171
23	19	24	25	23	23	25
128	127	127	125	130	149	156
40	40	40	37	32	33	37
6	7	11	14	13	5	5
17	30	26	26	26	29	30
424	438	467	456	455	496	533
71	67	69	65	67	64	69
28	29	28	29	30	32	31
32	32	32	32	29	27	28
319	347	241	232	237	235	230
6	7	6	6	6	7	6
456	482	376	364	369	365	364
880	920	843	820	824	861	897

**Walton County, Florida  
Schedule of Insurance in Force  
September 30, 2018**

Type of Coverage	Details of Coverage	Insurance Company	Policy Period
Automobile	\$200,000 per person \$300,000 per occurrence	Florida Municipal Insurance Trust Administered by the Florida League of Cities	10/1/17-18
Property Coverage Real Property Personal Property Inland Marine	\$70,991,869 \$12,317,333 \$10,553,346	Florida Municipal Insurance Trust Administered by the Florida League of Cities	10/1/17-18
Worker's Compensation	\$1,000,000 statutory liability	Florida Municipal Insurance Trust Administered by the Florida League of Cities	10/1/17-18
General Liability	\$50,000 per occurrence for fire \$100,000 per person \$200,000 per occurrence statutory liability \$1,000,000 per occurrence outside of Florida \$3,000,000 coverage part aggregate	Florida Association of County Trust	10/1/17-18
Health Insurance	Contract specification	BC/BS of Florida BC/BS of Florida	10/1/17-18
Accidental Death and Dismemberment	\$50,000 to \$100,000 depending upon employee classification and nature of injury and/or cause of death	Sun Life Insurance Company	10/1/17-18
Life Insurance	\$10,000 to \$50,000 depending upon employee classification	Sun Life Insurance Company	10/1/17-18
Long-Term Disability Insurance	60% of income up to a maximum of \$7,000 per month	Sun Life Insurance Company	10/1/17-18
Worker's Compensation for Community Service Workers	\$5,000 Accidental Death \$10,000 Dismemberment \$25,000 Medical	K&K Insurance Group, Inc.	6/1/18-9/1/18
Accident Medical for Parks & Recreation	\$100,000 per injury	AIG Accident & Health	10/1/17-18

Source: All information has been provided Walton County Board of County Commissioner Departments.

## **COMPLIANCE SECTION**

This section is presented to demonstrate compliance with the Single Audit requirements of the United States Office of Management and Budget and related compliance reporting requirements of the Auditor General of the State of Florida, including the Florida Single Audit.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the proprietary and fiduciary fund types of Walton County, Florida (the "County") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2018-01)



## **Compliance and Other Matters**

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

## **Walton County, Florida's Response to Findings**

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

## **Purpose of this Report**

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 4, 2019

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

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

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

We have audited Walton County, Florida's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2018. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

### **Opinion on Each Major Federal Program and 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 major state projects for the year ended September 30, 2018.

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

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

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

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

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 4, 2019

**Walton County, Florida**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Year Ended September 30, 2018**

Federal/State Agency Pass-Through Entity Federal Program/State Project	CFDA CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
<b>U.S Department of Housing and Urban Development</b>				
Direct Program				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	FL110	\$ -	\$ 2,066,259
Family Self-Sufficiency Program	14.877	FSS17FL0507-01-00	-	29,667
Family Self-Sufficiency Program	14.877	FL110FSH144A016	-	8,720
Subtotal for CFDA 14.877				38,387
Department total				2,104,646
<b>U.S. Department of Health and Human Services</b>				
Pass-through Florida Department of Revenue				
Child Support Enforcement	93.563	CST66	-	6,547
Child Support Enforcement - Title IV-D	93.563	COC66	-	121,642
Subtotal for CFDA 93.563				128,189
Pass-through Florida Department of Children and Families				
TANF Cluster				
Temporary Assistance for Needy Families	93.558	AJ496	-	166,108
Social Services Block Grant	93.667	AJ496	-	32,538
Department total				326,835
<b>U.S. Department of Justice</b>				
Pass-through Florida Department of Law Enforcement				
Bullet Proof Vest Partnership	16.607	2017-BUBX	-	19,975
<b>Election Assistance Commission</b>				
Pass-through Florida Department of State				
Help America Vote Act	90.401	2018-2019-002-WAL	-	19,455
Help America Vote Act	90.401	2017-2018-0001	-	59,403
Department total/subtotal for CFDA 90.401				78,858
<b>U.S. Department of Transportation</b>				
Pass-through Florida Fish & Wildlife				
Conservation Commission				
Fish and Wildlife Cluster				
Fish and Wildlife Cluster				
Sport Fish Restoration Program	15.605	FWC-17020	-	59,999

*See Independent Auditors' Report and accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.*

**Walton County, Florida**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance (Continued)**  
**For the Year Ended September 30, 2018**

Federal/State Agency Pass-Through Entity Federal Program/State Project	CFDA CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Homeland Security</b>				
Pass-through Florida Department of Emergency Management				
Disaster Grants - Public Assistance	97.036	14-FS-8Q-01-76-01-500	-	265,115
Hazard Mitigation Grant Program	97.039	16HM-H4-01-76-01-450	-	632,032
Emergency Management Performance	97.042	19-FG-AF-01-76-01-102	-	32,573
Emergency Management Performance	97.042	18-FG-7A-01-76-01-095	-	77,291
Emergency Management Performance	97.042	2017-2018 CERT	-	4,880
Emergency Management Performance	97.042	2017-2018 Citizens Corps	-	7,000
Subtotal for CFDA 97.042			-	121,744
Department total			-	1,018,891
<b>Total Expenditures of Federal Awards</b>			\$ -	<b>\$ 3,609,204</b>
<b>Florida Division of Emergency Management</b>				
Disaster Relief DR 4138 July 2013 Storms	52.600308	14-FS-8Q-01-76-02-500	\$ -	\$ 44,186
Emergency Management Preparedness	31.063	19-BG-21-01-76-01-025	-	17,767
Emergency Management Preparedness	31.063	18-BG-W9-01-76-01-090	-	81,623
Hazardous Materials Planning & Prevention	52.023	18-CP-11-01-76-23-102	-	7,038
Department total			-	150,614
<b>Florida Fish &amp; Wildlife Conservation Commission</b>				
Derelict Vessel Removal Program	77.005	FWC-17260	-	54,810
FL Artificial Reef NRDA Program	77.007	FWC-15156	-	56,526
Bear Resistant Equipment	77.034	FY17-18 BearWise Funding	-	38,000
Department total			-	149,336
<b>Florida Department of Agriculture</b>				
Arthropod Control Mosquito State Aid	42.003	24747	-	42,057
<b>Florida Housing Finance Agency</b>				
SHIP Program - regular	52.901	N/A	-	298,474

*See Independent Auditors' Report and accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.*

**Walton County, Florida**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance (Continued)**  
**For the Year Ended September 30, 2018**

Federal/State Agency Pass-Through Entity Federal Program/State Project	CFDA CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
<b>Florida Department of Environmental Protection</b>				
Small County Solid Waste	37.012	SC832	-	90,358
<b>Florida Department of State</b>				
Aid to Libraries	45.030	18-ST-89	-	2,288
Aid to Libraries	45.030	17-ST-89	-	18,532
Department total			-	20,820
<b>Florida Department of Economic Opportunity</b>				
Growth Management Implementation	40.024	P0278	-	39,950
<b>Florida Department of Health</b>				
EMS County Grant	64.005	C6066	-	3,199
<b>Florida Department of Transportation</b>				
County Incentive Grant Program	55.008	G0U18	-	14,679
Small County Outreach Programs	55.009	G0T80 43684715401	-	3,071
Small County Outreach Programs	55.009	ARK18 43139715801	-	1,217,793
Small County Road Assistance Program	55.016	G0T81 43669615401	-	15,883
Small County Road Assistance Program	55.016	G0T83 44089013401	-	1,624
Small County Road Assistance Program	55.016	G0346 42568925401	-	2,630,557
Economic Development Trust Fund	55.032	G0H30 43945213401	-	356,084
Economic Development Trust Fund	55.044	G0T42 44149815401 & 44149825401	-	266,775
State Highway Project Reimbursement	55.023	409797-2-88-01	-	10,370
Department total			-	4,516,836
<b>Florida Department of Management Services</b>				
Wireless 911 Emergency System				
Telephone Grants:				
E911 State Grant Program	72.001	18-04-28	-	58,810
E911 State Grant Program	72.001	17-04-23	-	52,200
Department total			-	111,010
<b>Total of Expenditures of State Financial Assistance</b>			\$ -	\$ 5,422,654

*See Independent Auditors' Report and accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.*

**Walton County, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Year Ended September 30, 2018**

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

The accounting policies and presentation of the Single Audit Report of Walton County, Florida (the “County”) have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General.

**Reporting Entity** - The reporting entity consists of Walton County, the primary government and its component unit. The County included schedules of both federal and state financial assistance in the Single Audit section. Financial assistance received directly from the State of Florida is included to satisfy the audit requirements of the State of Florida grantor agencies and the Florida Single Audit Act.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The modified accrual basis of accounting is followed in the schedule of federal awards and state financial assistance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually recognized based upon the expenditures recorded and are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria.

**Basis of Presentation** - The amounts reported in the accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) were obtained from the County’s general ledger. Because the Schedule presents only a selected portion of the operations, it is not intended and does not present the financial positions and changes in net position of the County.

For purposes of the Schedule, federal awards and state financial assistance include all grants, contracts, and similar agreements entered into directly with the federal or state government and other pass-through entities. Payments received for goods or services provided as a vendor do not constitute federal awards or state financial assistance for purposes of the Schedule. The County has obtained Catalog of Federal Domestic Assistance (CFDA) numbers and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the Schedule. CFDA



**Walton County, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance (Continued)**  
**For the Year Ended September 30, 2018**

and CSFA numbers have been appropriately listed by applicable programs. Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance.

**Housing Voucher Cluster** - This cluster includes awards that provide rental assistance to help very low-income families afford decent, safe, and sanitary rental housing.

**TANF Cluster** – This cluster includes awards that provide economic help to low-income families with children and to support the goals of reducing out-of-wedlock pregnancies and promoting two-parent families.

**Fish and Wildlife Cluster** – This cluster funds support activities designed to restore, conserve, manage, or enhance fish and wildlife populations; the public use and benefits from these resources; and activities that provide boat access to public waters.

**NOTE 2 – RELATIONSHIP TO THE SCHEDULE TO PROGRAM FINANCIAL REPORTS**

The amounts reflected in the financial reports submitted to the awarding federal, state and/or pass-through agencies and the schedule may differ. Some of the factors that may account for any differences include the following:

- The County's fiscal year end may differ from the program's year end.
- Accruals recognized in the schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Capital asset purchases and the resultant depreciation charges are recognized as property and equipment, net in the County's financial statements and as expenditures in the program financial reports.

**NOTE 3 – FEDERAL PASS-THROUGH FUNDS**

The County is also a sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

**NOTE 4 – CONTINGENCIES**

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowance, if any, would have a material effect on the financial position of the County. As of March 4, 2019 there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**Walton County, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance (Continued)**  
**For the Year Ended September 30, 2018**

**NOTE 5 – NONCASH ASSISTANCE**

The County did not receive any federal noncash assistance for the fiscal year ending September 30, 2017.

**NOTE 6 – INDIRECT COST**

The County has not elected to use the 10% de Minimis indirect cost rate.

**NOTE 7 – SUBRECIPIENTS**

The County did not provide federal or state funds to subrecipients for the fiscal year ended September 30, 2018.

**NOTE 8 – LOANS AND LOAN GUARANTEES**

The County did not have any loans or loan guarantee programs required to be reported on the Schedule for the fiscal year ending September 30, 2018.



**Walton County, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended September 30, 2018**

**Section II – Financial Statement Findings**

**2018-01 Fixed Asset Inventory**

**Condition** – The County does not perform complete inventory counts of all departments and assets. In addition, transfers between departments have been treated as disposals instead of transfers.

**Criteria** – Government Auditing Standards (GAS) Section A1.08(d) states that management is responsible for “establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;...”.

**Cause** – Lack of inspection of several departments’ physical asset inventory. In addition, several departments weren’t properly instructed on how to handle transfers.

**Effect** – The lack of proper inventory counts can lead to a property and equipment being improperly include in or excluded from the fixed asset listing.

**Recommendation** – The County should take a physical inventory of its fixed assets on a regular basis to ensure that only active, in-service machinery and equipment is included on the Company's financial statements. This will ensure that fixed assets are properly stated and that depreciation is being calculated from a reliable listing.

**View of Responsible Officials** – See Management’s Response and Corrective Action Plan on page 178.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings to report.

**Section IV – Major State Projects Findings and Questioned Costs**

The audit did not disclose any audit findings required to be reported pursuant to Section 10.557, Rules of the Auditor General. (Section 10.554(1)(I)1.f, Rules of the Auditor General).

**Walton County, Florida**  
**Summary Schedule of Prior Audit Findings for Federal Awards**  
**For the Year Ended September 30, 2018**

No such items were reported in prior year.

**Walton County, Florida  
Summary Schedule of Prior Audit Findings for  
State Financial Assistance  
For the Year Ended September 30, 2018**

No such items were reported in prior year.

**Walton County, Florida**  
**Schedule of Receipts and Expenditures of**  
**Funds Related to the Deepwater Horizon Oil Spill**  
**For the Year Ended September 30, 2018**

Source: British Petroleum - Lost Tax Revenue Claim - Final Settlement

<b>Fiscal Year</b>	<b>Board of County Commissioners</b>	
	<b>Amount Received During the Fiscal Year</b>	<b>Amount Expended Within the Fiscal Year</b>
2014	\$ 4,500,000	\$ 1,909,860
2015	-	-
2016	-	-
2017	-	2,461,366
2018	-	125,096

Source: British Petroleum - Lost Tax Revenue Claim - Final Settlement

<b>Fiscal Year</b>	<b>Tourist Development Council</b>	
	<b>Amount Received During the Fiscal Year</b>	<b>Amount Expended Within the Fiscal Year</b>
2014	\$ 5,370,000	\$ 1,089,016
2015	-	-
2016	-	-
2017	-	2,378,324
2018	-	1,722,097

Note: This Schedule is required by Auditor General Rule 10.557(3)(n). It does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State Financial Assistance.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SPECIFIED  
FLORIDA STATUTE SECTIONS**

Honorable Board of County Commissioners  
Walton County, Florida

We have examined Walton County, Florida's (the "County") compliance with the following Florida Statute sections during the fiscal year ended September 30, 2018:

Section 365.172(10)	Emergency communications number E911 system fund
Section 365.173(2)(d)	Emergency communications number E911 system fund
Section 288.8018(1)	Funds related to the Deepwater Horizon oil spill
Section 218.415	Investment guidelines

Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the requirements of Section 288.8018, Florida Statutes, Deepwater Horizon Oil Spill, for the year ended September 30, 2018.

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.

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

Enterprise, Alabama

March 4, 2019



## **MANAGEMENT LETTER**

Honorable Board of County Commissioners  
Walton County, Florida

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

We have audited the financial statements of Walton County, Florida (the County) as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated March 4, 2019.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 4, 2019 should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not Walton County, Florida 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 Walton County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. See Finding 2018-01 in the Schedule of Findings and Questioned Costs.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Walton County, Florida for the fiscal year ended September 30, 2018, 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, 2018. In connection with our audit, we determined that these two reports were in agreement.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance.

### **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 the Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 4, 2019

**WALTON COUNTY, FLORIDA**  
**Board of County Commissioners**

William "Bill" Chapman, District 1, Vice Chair  
Danny Glidewell, District 2  
Melanie Nipper, District 3  
Trey Nick, District 4  
Tony Anderson, District 5, Chairman



P.O. Box 1355  
DeFuniak Springs, FL 32435  
Phone: (850) 892-8155  
Fax: (850) 892-8454  
[www.co.walton.fl.us](http://www.co.walton.fl.us)

March 4, 2019

Sherrill F. Norman, CPA  
State of Florida Auditor General's Office  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Ms. Norman:

We have reviewed the management letter from Carr, Riggs & Ingram, LLC, related to the fiscal year 2018 Walton County financial statement audit and we concur with their finding. The following is the management response and corrective action plan related to this finding.

2018-01 Walton County is developing a Fixed Asset Manual to codify all procedures related to fixed assets. This manual will provide consistent guidelines related to the recording of fixed assets as well as all related transfers and disposals. We are also working to consolidate all fixed asset functions under one department to ensure that physical asset counts are performed regularly and are both complete and accurate.

We appreciate the opportunity to address and correct the concerns and deficiencies noted by our external auditors during our annual financial statement audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry D. Jones".

Larry D. Jones  
County Administrator

## **FINANCIAL STATEMENTS AND COMPLIANCE REPORTS FOR CONSTITUTIONAL OFFICERS**

- CLERK OF CIRCUIT COURT AND COUNTY COMPTROLLER
- PROPERTY APPRAISER
- TAX COLLECTOR
- SUPERVISOR OF ELECTIONS
- SHERIFF

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

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**Financial Statements**

**For The Year Ended September 30, 2018**



**Walton County, Florida  
Clerk of the Circuit Court  
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September 30, 2018**

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**Walton County, Florida  
Clerk of the Circuit Court  
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## **INDEPENDENT AUDITORS' REPORT**

Honorable Alex Alford  
Clerk of the Circuit Court  
Walton County, Florida

### **Report on Financial Statements**

We have audited the accompanying financial statements of each major fund, the aggregate remaining nonmajor governmental funds, the proprietary and fiduciary fund types of the Walton County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, the aggregate remaining nonmajor governmental funds, proprietary and fiduciary fund types for the Clerk as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund, Fine and Forfeiture Fund and Court Technology Fund thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (“Rules”). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, the proprietary and fiduciary fund types, and the remaining nonmajor governmental fund information, only for that portion of the major funds, the proprietary and fiduciary fund types, and the remaining nonmajor governmental fund information, of Walton County, Florida (“County”) that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of the County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk’s financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report 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 included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Balance Sheet – Governmental Funds**  
**September 30, 2018**

	<b>General Fund</b>	<b>Fine and Forfeiture Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,231,826	\$ 119,550
Due from other governments	-	132,836
Due from individuals	-	-
<hr/>		
Total assets	\$ 3,231,826	\$ 252,386
<hr/>		
<b>Liabilities and Fund Balances</b>		
Liabilities		
Accounts payable	\$ 8,098	\$ 832
Accrued expenses	52,556	154,432
Deposits	254	-
Due to Board of County Commissioners	3,170,918	-
Due to other governments	-	97,122
<hr/>		
Total liabilities	3,231,826	252,386
Fund balances		
Restricted	-	-
<hr/>		
Total liabilities and fund balances	\$ 3,231,826	\$ 252,386
<hr/>		

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Court Technology</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 777,587	\$ 482,118	\$ 4,611,081
-	10,398	143,234
-	-	-
<u>\$ 777,587</u>	<u>\$ 492,516</u>	<u>\$ 4,754,315</u>
\$ 278	\$ 21	\$ 9,229
3,876	2,059	212,923
-	-	254
-	-	3,170,918
-	-	97,122
4,154	2,080	3,490,446
<u>773,433</u>	<u>490,436</u>	<u>1,263,869</u>
<u>\$ 777,587</u>	<u>\$ 492,516</u>	<u>\$ 4,754,315</u>

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Governmental Funds**  
**For the Year Ended September 30, 2018**

	General Fund	Fine and Forfeiture Fund
<b>Revenues</b>		
Charges for services	\$ 1,396,820	\$ 894,268
Fines and forfeitures	-	481,476
Intergovernmental	-	55,166
Investment earnings	17,741	2,633
<b>Total revenues</b>	<b>1,414,561</b>	<b>1,433,543</b>
<b>Expenditures</b>		
General government		
Personnel services	2,771,138	1,437,579
Operating	760,717	128,800
Capital outlay	108,071	-
<b>Total expenditures</b>	<b>3,639,926</b>	<b>1,566,379</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(2,225,365)</b>	<b>(132,836)</b>
<b>Other Financing Sources (Uses)</b>		
Appropriations from Board of County Commissioners	2,899,580	-
Reversion		
Board of County Commissioners	(674,215)	-
Clerk of Courts Trust Fund	-	130,922
Justice Administrative Commission	-	1,914
<b>Total other financing sources (uses)</b>	<b>2,225,365</b>	<b>132,836</b>
Net change in fund balance	-	-
<b>Fund Balance - beginning</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Court Technology</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 260,209	\$ 85,504	\$ 2,636,801
-	-	481,476
-	121,642	176,808
-	-	20,374
<hr/>	<hr/>	<hr/>
260,209	207,146	3,315,459
<hr/>	<hr/>	<hr/>
155,966	192,876	4,557,559
43,312	40,518	973,347
3,103	15,801	126,975
<hr/>	<hr/>	<hr/>
202,381	249,195	5,657,881
<hr/>	<hr/>	<hr/>
57,828	(42,049)	(2,342,422)
<hr/>	<hr/>	<hr/>
-	-	2,899,580
-	-	(674,215)
-	-	130,922
-	-	1,914
<hr/>	<hr/>	<hr/>
-	-	2,358,201
<hr/>	<hr/>	<hr/>
57,828	(42,049)	15,779
<hr/>	<hr/>	<hr/>
715,605	532,485	1,248,090
<hr/>	<hr/>	<hr/>
\$ 773,433	\$ 490,436	\$ 1,263,869

Walton County, Florida  
Clerk of the Circuit Court

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for services	\$ 1,432,720	\$ 1,432,720	\$ 1,396,819	\$ (35,901)
Investment earnings	3,400	3,400	17,742	14,342
<b>Total revenues</b>	<b>1,436,120</b>	<b>1,436,120</b>	<b>1,414,561</b>	<b>(21,559)</b>
<b>Expenditures</b>				
General government				
Personnel services	3,521,996	3,331,180	2,771,138	560,042
Operating	736,254	874,622	760,717	113,905
Capital outlay	77,450	129,898	108,071	21,827
<b>Total expenditures</b>	<b>4,335,700</b>	<b>4,335,700</b>	<b>3,639,926</b>	<b>695,774</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(2,899,580)</b>	<b>(2,899,580)</b>	<b>(2,225,365)</b>	<b>674,215</b>
<b>Other Financing Sources (Uses)</b>				
Appropriations from Board of County Commissioners	2,899,580	2,899,580	2,899,580	-
Reversion to Board of County Commissioners	-	-	(674,215)	(674,215)
<b>Total other financing sources (uses)</b>	<b>2,899,580</b>	<b>2,899,580</b>	<b>2,225,365</b>	<b>(674,215)</b>
Net change in fund balance	-	-	-	-
<b>Fund Balance - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*



**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Fine and Forfeiture Fund**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for services	\$ 1,051,732	\$ 1,051,732	\$ 894,268	\$ (157,464)
Fines and forfeitures	403,600	403,600	481,476	77,876
Intergovernmental	58,486	58,486	55,166	(3,320)
Investment earnings	1,500	1,500	2,633	1,133
<b>Total revenues</b>	<b>1,515,318</b>	<b>1,515,318</b>	<b>1,433,543</b>	<b>(81,775)</b>
<b>Expenditures</b>				
General government				
Personnel services	1,503,954	1,438,814	1,437,579	1,235
Operating	11,364	76,504	128,800	(52,296)
<b>Total expenditures</b>	<b>1,515,318</b>	<b>1,515,318</b>	<b>1,566,379</b>	<b>(51,061)</b>
<b>Excess Revenues Under Expenditures</b>	-	-	(132,836)	(132,836)
<b>Other Financing Sources</b>				
Reversion				
Clerk of Courts Trust Fund	-	-	130,922	130,922
Justice Administrative Commission	-	-	1,914	1,914
<b>Total other financing sources</b>	-	-	<b>132,836</b>	<b>132,836</b>
Net change in fund balance	-	-	-	-
<b>Fund Balance - beginning</b>	-	-	-	-
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

Walton County, Florida  
 Clerk of the Circuit Court

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Court Technology Fund**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for services	\$ 245,000	\$ 245,000	\$ 260,209	\$ 15,209
<b>Expenditures</b>				
General government				
Personnel services	239,599	242,200	155,966	86,234
Operating	98,500	92,796	43,312	49,484
Capital outlay	-	3,103	3,103	-
Total expenditures	338,099	338,099	202,381	135,718
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	(93,099)	(93,099)	57,828	150,927
<b>Fund Balance - beginning</b>	715,605	715,605	715,605	-
<b>Fund Balance - ending</b>	\$ 622,506	\$ 622,506	\$ 773,433	\$ 150,927

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 782,656
<b>Liabilities</b>	
Current liabilities	
Accrued compensated absences	121,842
Non-current liabilities	
Accrued compensated absences	660,814
Total liabilities	
	782,656
<b>Net Position</b>	
	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

Walton County, Florida  
 Clerk of the Circuit Court  
**Statement of Revenues, Expenses And Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues</b>	
Charges for services	\$ 155,287
<b>Operating Expenses</b>	
Personnel services	155,287
Change in net position	-
<b>Net Position - beginning</b>	-
<b>Net Position - ending</b>	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	Governmental Activities
	Internal Service Fund
<hr/>	
<b>Cash Provided by (Used in) Operating Activities</b>	
Funding of compensated absences liability	\$ 155,287
Cash payments to employees for compensated absences	(90,770)
<hr/>	
Net increase in cash and cash equivalents	64,517
<hr/>	
Cash and cash equivalents at the beginning of the year	718,139
<hr/>	
Cash at the end of the year	\$ 782,656
<hr/>	
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</b>	
Change in net position	\$ -
Increase in liabilities	
Compensated absences payable	64,517
<hr/>	
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 64,517</b>
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 5,442,703
Receivables, net	2,553
<hr/>	
Total assets	\$ 5,445,256
<hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 1,155,328
Due to Board of County Commissioners	46,514
Deposits	3,151,593
Due to individuals	1,091,821
<hr/>	
Total liabilities	\$ 5,445,256
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

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

The financial statements of the Walton County, Florida Clerk of the Circuit Court (the “Clerk”) have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Clerk are described below.

***Reporting Entity***

The Clerk is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes Chapter 7.66. The Clerk's financial statements do not purport to reflect the financial position or the results of operations of Walton County, Florida (the “County”) taken as a whole. 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. Pursuant to *GASB Codifications of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*, the Clerk's financial statements are combined with those of the Board and other elected officials into the reporting entity of the County.

***Basis of Presentation***

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

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 Clerk that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

**Fine and Forfeiture Fund** – A special revenue fund established pursuant to Chapter 2004-265 Laws of Florida to account for court related revenues and expenditures, which are required to be reported separately from the Clerk’s General Fund activities.

**Court Technology** – A special revenue fund that accounts for an additional service charge for each recorded instrument reserved for the technology needs of the court system within the Clerk’s office.

The following nonmajor governmental funds are reported:

**Title IV-d** – A special revenue fund that receives federal reimbursement for expenses related to the Title IV-d child support cases.

**Record Modernization** – A special revenue fund that accounts for an additional service charge for each recorded instrument. These funds are to be used exclusively for improvements to the official records system.

The Clerk also reported the following fund types:

**Internal Service Fund** – The internal service fund (a proprietary fund) is used to report funded and accrued compensated absences.

**Agency Fund** – Agency funds are custodial in nature and account for assets held in a trust capacity or as an agent for individuals, other governmental units and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations. These funds are accounted for on an accrual basis of accounting.

### ***Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates 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 property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which is expensed when paid.

Proprietary funds (the internal service fund) are reported using the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principle operating revenues of the Clerk's internal service fund are charges to funds related to the Clerk's compensated absences activity. Operating expenses for the internal service fund include recognition of changes in the compensated absences liabilities. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.



Fiduciary fund (agency fund) statements are prepared using the economic resource measurement focus and the accrual basis of accounting.

***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.

The portion of the Clerk’s revenue that is a budget appropriation from the Board, rather than a charge for services, is reported as other financing source. At year-end, excess revenue and other financial sources over expenditures are remitted to the Board and reported as reversion to the Board of County Commissioners.

***Impact of Recently Issued Accounting Pronouncements***

In Fiscal Year 2018, the Clerk adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board (“GASB”):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (“GASB 81”)
- GASB Statement No. 85, *Omnibus 2017* (“GASB 85”)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Clerk’s governmental fund financial statements.

**Walton County, Florida  
Clerk of the Circuit Court  
Notes To Financial Statements**

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Clerk’s financial statement as a result of the implementation of GASB 81.

GASB. 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Clerk’s current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Clerk’s financial statements as a result of the implementation of GASB 86.

***Pronouncements Issued But Not Yet Effective***

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

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	Accounting for Interest Cost Incurred before the End of a Construction Period	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

***Budgetary Requirements***

Florida Statutes, Chapter 218.35 and 218.36 details the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual balanced budget for their 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

**Walton County, Florida  
Clerk of the Circuit Court  
Notes To Financial Statements**

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reflect all amendments approved by the Board. The budget is prepared on a basis consistent with GAAP. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Clerk.

The Clerk, functioning in the capacity as the Clerk of the Circuit and County Courts and as Clerk of the Board, prepares a budget in seven parts:

- A. The budget relating to the state court system (Circuit and County), is filed with the Florida Clerk of the Court Operations Corporation; and
- B. The budget relating to the requirements of the Clerk as the Clerk of the Board, County Auditor, and Custodian or Treasurer of all County funds and other County-related duties;
- C. The budget relating to the recording of official records;
- D. The budget related to the Records Modernization Fund;
- E. The budget related to the Court Technology Fund;
- F. The budget related to the Fine and Forfeiture Fund;
- G. The budget related to the Title IV-d Fund.

***Excess Expenditures Over Appropriations***

The Fine and Forfeiture Special Revenue Fund actual expenditures exceeded budgeted expenditures by \$51,061. The excess was funded with additional current year revenues.

***Inventories and Prepaid Items***

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore, no amount has been reported.

***Capital Assets***

Capital assets, including property, plant, and equipment, are recorded as expenditures in the general and special revenue funds at the time an asset is acquired. Capital assets are recorded at cost when purchased and fair market value if donated. The Clerk maintains a \$5,000 threshold for capitalization of equipment and \$25,000 for land, buildings and improvements. The Clerk also maintains an inventory of all tangible personal property of \$1,000 or more as required by Florida Statute 274 and Administrative Code Sections 69I-73.002 and 69I-73.006.

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Notes To Financial Statements**

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The Clerk's assets are reported in the statement of net position in the county-wide financial statements. The Clerk maintains custodial responsibility for the capital assets used by the Clerk's office.

Depreciation has been provided using the straight-line method with an estimated useful life of three to five years for all tangible personal property. The Clerk did not report any land, buildings or improvements.

***Compensated Absences***

It is the Clerk's policy to allow employees to accumulate a maximum of 1,000 hours of paid time off (PTO) at the end of the calendar year. Any PTO hours exceeding 1,000 will be forfeited by that employee. Upon separation, employees will receive pay for their unused accrued PTO up to a maximum payment of 500 hours.

Expenditures for compensated absences in the internal service fund are those paid during the current fiscal year for employee separation, PTO buy back, and longevity pay. The amounts unpaid at the end of the reporting period are then accrued for future use.

***Governmental Fund Balances***

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

***Nonspendable fund balances*** include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. There were no nonspendable fund balances as of September 30, 2018.

***Spendable fund balances*** are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances.

*Restricted fund balances* are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2018, the Clerk had restricted fund balances only in its special revenue funds.

*Committed fund balances* are fund balances constrained for specific purposes imposed by the Clerk's formal action of highest level of decision making authority. As of September 30, 2018, the Clerk had no committed fund balances.

*Assigned fund balances* are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, the Clerk had no assigned fund balances.

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Notes To Financial Statements**

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*Unassigned fund balances* represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Clerk had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board and the excess revenues within the Fine and Forfeiture Fund were remitted to the Clerk of Courts Trust Fund. There were no other negative residual balances in the special revenue funds.

When expenditures are incurred for purposes for which restricted or unrestricted fund balance classifications could be used, it is the Clerk's policy to use restricted funds first, then unrestricted.

***Management Estimates and Assumptions***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents represent cash on hand as well as demand deposits, investments and certificates of deposit with original maturities of three months or less.

***Custodial Risk***

At year end, all cash was held in demand deposits fully insured by the Federal Deposit Insurance Corporation (FDIC) or the multiple financial institutions collateral pool required by Sections 280.07 and 280.08, Florida Statutes.

***Credit and Interest Rate Risk***

The Clerk adheres to the investment policy adopted by the Board, thereby limiting its exposure to both credit and interest rate risk as noted below. Concentration of credit risk is the risk of loss attributable to the quantity of the Clerk's investments in a single issuer. The entire amount of the Clerk's demand deposits are held in a public fund net interest bearing checking account, paying interest at the current federal funds rate less (5) basis points, with no reserve requirements. This arrangement increases the liquidity of the Clerk's deposits and eliminates the fees paid on sweep accounts. Balances in the account are fully collateralized in compliance with applicable State statutes.

**Walton County, Florida  
Clerk of the Circuit Court  
Notes To Financial Statements**

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

The Clerk is due receivables from various other government sources, all of which are deemed collectible within 60 days of year-end.

<b>Source</b>	<b>Fine and Forfeiture Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Other governments	\$ 132,836	\$ 10,398	\$ 143,234

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year is as follows:

	<b>Balance 10/1/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/18</b>
<b>Governmental Activities</b>				
Capital assets depreciated:				
Machinery and equipment	\$ 2,111,340	\$ 106,182	\$ (326,865)	\$ 1,890,656
Less accumulated depreciation	(1,755,630)	(152,749)	326,865	(1,581,513)
Total governmental activities capital assets, net	\$ 355,710	\$ (46,567)	\$ -	\$ 309,143

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the county-wide financial statements.

Depreciation expense to be reported by the County was charged to the functions of the government as follows:

<b>Governmental Activities</b>	
General government	\$ 152,749

**Walton County, Florida  
Clerk of the Circuit Court  
Notes To Financial Statements**

**NOTE 5 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	<b>Compensated Absences</b>
Balance – October 1, 2017	\$ 718,139
Additions	399,452
Deletions	(334,935)
Balance – September 30, 2018	782,656
Less current portion	<u>121,842</u>
<u>Long-term balance</u>	<u>\$ 660,814</u>

The internal service fund is designed to record the annual cost related to the Clerk’s compensated absences policies, to record the short-term and long-term components of such liabilities, and to collect and hold cash to liquidate such liabilities. The related cost associated with the fund will be recovered via charges to the General Fund.

**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. \$674,215 of excess revenues over expenditures was returned to the Board by October 31, 2018 as required by Florida Statutes.

Pursuant to Section 28.37(2), Florida Statutes, the Clerk shall retain all fees, service charges, court costs, and fines collected to fund the Clerk’s court operations. Excess revenue over expenditures at September 30<sup>th</sup> of each year will be sent to the Clerk of Courts Trust Fund. Additionally, if revenues received in any given month exceed 1/12 of the projected revenues for the year, then that excess is to be remitted to the Clerk of Courts Trust Fund as well. For the year ended September 30, 2018, excess court revenues exceeded 1/12 of revenue projections in the amount of \$48,777 and were remitted back to the Clerk of Courts Trust Fund. Excess court fund revenues from September 2018 over September 2017 were retained by the Clerk to fund October 2018 court operations in the amount of \$3,840.

**NOTE 7 – RETIREMENT PLAN**

The Clerk and all full-time employees are participants in the Florida Retirement System (the “System”), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Clerk’s employees are not determinable.

The System’s funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability re-emerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. 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.

Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual’s five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: DROP Program – 14.03%, regular employees – 8.26%, senior management – 24.06% and elected officials – 48.70%. These rates applied to employee salaries at year end for employee contributions are 3.00% for all classifications, with the exception of the DROP Program.

For the year ended September 30, 2018, total payroll for the Clerk’s employees covered by the System was \$3,298,651 and total payroll was \$3,319,941. The Clerk’s contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$451,218, \$387,432, and \$382,996 respectively. These contributions were paid by the due date.

The Clerk has no responsibility to the System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly 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](http://dms.myflorida.com).



**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 7, 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 an other post-employment benefit (OPEB) liability on the Statement of Net Position of the County. These amounts, if any, are recorded in the County’s government-wide financial statements.

**NOTE 9 – FUND BALANCE**

At September 30, 2018, fund balance is comprised of the following:

***Restricted Fund Balance***

Record Modernization – Court Innovations	\$ 211,239
Court Technology – Court Technology	773,433
Title IV-d – Child Support Enforcement	279,197
<hr/>	
Total restricted fund balance	\$ 1,263,869

**NOTE 10 – CONTINGENT LIABILITIES**

The Clerk is involved in several litigations and claims arising in the ordinary course of operations. Legal counsel for the Clerk believes a favorable outcome is likely. No accruals or loss contingency has been made in the financial statements.

The Clerk receives grants from federal and state sources that are subject to review and audit by the funding sources. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Clerk with the terms of the grants/contracts. In the opinion of the Clerk’s management, such allowances, if any, would not be significant in relation to the financial statements of the Clerk.

**NOTE 11 – SUBSEQUENT EVENTS**

The Clerk has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

**Title IV-d** – Accounts for federal reimbursement for expenses related to the Title IV-d child support cases.

**Record Modernization** – Accounts for an additional service charge for each recorded instrument. These funds are to be used exclusively for improvements to the official records system.

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

	Title IV-d	Record Modernization	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 270,858	\$ 211,260	\$ 482,118
Due from other governments	10,398	-	10,398
<b>Total assets</b>	<b>\$ 281,256</b>	<b>\$ 211,260</b>	<b>\$ 492,516</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	\$ -	\$ 21	\$ 21
Accrued expenses	2,059	-	2,059
<b>Total liabilities</b>	<b>2,059</b>	<b>21</b>	<b>2,080</b>
Fund balances			
Restricted	279,197	211,239	490,436
<b>Total liabilities and fund balances</b>	<b>\$ 281,256</b>	<b>\$ 211,260</b>	<b>\$ 492,516</b>

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

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

	Title IV-d	Record Modernization	Total
<b>Revenues</b>			
Charges for services	\$ -	\$ 85,504	\$ 85,504
Intergovernmental	121,642	-	121,642
<b>Total revenues</b>	<b>121,642</b>	<b>85,504</b>	<b>207,146</b>
<b>Expenditures</b>			
General government			
Personnel services	192,876	-	192,876
Operating	272	40,246	40,518
Capital Outlay	-	15,801	15,801
<b>Total expenditures</b>	<b>193,148</b>	<b>56,047</b>	<b>249,195</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(71,506)</b>	<b>29,457</b>	<b>(42,049)</b>
<b>Fund Balance - beginning</b>	<b>350,703</b>	<b>181,782</b>	<b>532,485</b>
<b>Fund Balance - ending</b>	<b>\$ 279,197</b>	<b>\$ 211,239</b>	<b>\$ 490,436</b>

Walton County, Florida  
 Clerk of the Circuit Court

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Title IV-d  
 For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental	\$ 64,800	\$ 121,642	\$ 121,642	\$ -
<b>Expenditures</b>				
General government				
Personnel services	108,002	192,894	192,876	18
Operating	70	273	272	1
Total expenditures	108,072	193,167	193,148	19
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	(43,272)	(71,525)	(71,506)	19
<b>Fund Balance - beginning</b>	350,703	350,703	350,703	-
<b>Fund Balance - ending</b>	\$ 350,703	\$ 279,178	\$ 279,197	\$ 19

Walton County, Florida  
 Clerk of the Circuit Court

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Record Modernization  
 For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for services	\$ 81,000	\$ 81,000	\$ 85,504	\$ 4,504
<b>Expenditures</b>				
General government				
Operating	81,000	65,194	40,246	24,948
Capital outlay	-	15,806	15,801	5
Total expenditures	81,000	81,000	56,047	24,953
<b>Excess Revenues Over Expenditures</b>	-	-	29,457	29,457
<b>Fund Balance - beginning</b>	181,782	181,782	181,782	-
<b>Fund Balance - ending</b>	\$ 181,782	\$ 181,782	\$ 211,239	\$ 29,457

## **Fiduciary Funds**

**General Agency** – To account for collections held in trust including; taxes, fines and forfeitures and other miscellaneous sources.

**Juror and Witness** – To account for advances received from the State and County for payment of jurors and witnesses.

**Registry of Court** – To account for collections held in trust as ordered by the courts.

**Child Support** – To account for collection of court ordered child support and alimony.

**Appearance Bonds** – To account for cash bonds collected for the release of prisoners.

**Tax Redemption** – To account for collections related to the sale of tax deeds.

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**September 30, 2018**

	General Agency	Juror and Witness	Registry of Court
<b>Assets</b>			
Cash and cash equivalents	\$ 2,534,151	\$ 16,376	\$ 1,797,839
Receivables, net	1,928	-	-
<b>Total assets</b>	<b>\$ 2,536,079</b>	<b>\$ 16,376</b>	<b>\$ 1,797,839</b>
<b>Liabilities</b>			
Due to other governments	\$ 1,059,894	\$ 16,376	\$ 73,164
Due to Board of County Commissioners	46,514	-	-
Deposits	1,428,100	-	1,723,493
Due to individuals	1,571	-	1,182
<b>Total liabilities</b>	<b>\$ 2,536,079</b>	<b>\$ 16,376</b>	<b>\$ 1,797,839</b>



<b>Child Support</b>	<b>Appearance Bonds</b>	<b>Tax Redemption</b>	<b>Total</b>
\$ -	\$ 212,737	\$ 881,600	\$ 5,442,703
625	-	-	2,553
<hr/>			
\$ 625	\$ 212,737	\$ 881,600	\$ 5,445,256
<hr/>			
\$ 625	\$ 3,466	\$ 1,803	\$ 1,155,328
-	-	-	46,514
-	-	-	3,151,593
-	209,271	879,797	1,091,821
<hr/>			
\$ 625	\$ 212,737	\$ 881,600	\$ 5,445,256
<hr/>			

**Walton County, Florida**  
**Clerk of the Circuit Court**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2018**

	Balance 10/01/17	Additions	Deductions	Balance 9/30/18
<b>General Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,269,850	\$ 39,630,310	\$ 39,366,009	\$ 2,534,151
Receivables, net	426	17,852	16,350	1,928
<b>Total assets</b>	<b>\$ 2,270,276</b>	<b>\$ 39,648,162</b>	<b>\$ 39,382,359</b>	<b>\$ 2,536,079</b>
<b>Liabilities</b>				
Due to other governments	\$ 1,063,193	\$ 36,773,171	\$ 36,776,470	\$ 1,059,894
Due to Board of County Commissioners	-	46,514	-	46,514
Deposits	1,200,229	2,416,154	2,188,283	1,428,100
Due to individuals	6,854	412,323	417,606	1,571
<b>Total liabilities</b>	<b>\$ 2,270,276</b>	<b>\$ 39,648,162</b>	<b>\$ 39,382,359</b>	<b>\$ 2,536,079</b>
<b>Juror and Witness</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 24,428	\$ 53	\$ 8,105	\$ 16,376
<b>Liabilities</b>				
Due to other governments	\$ 24,428	\$ 53	\$ 8,105	\$ 16,376
<b>Registry of Court</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 339,934	\$ 6,599,820	\$ 5,141,915	\$ 1,797,839
<b>Liabilities</b>				
Due to other governments	\$ 200	\$ 73,164	\$ 200	\$ 73,164
Deposits	339,734	6,524,295	5,140,536	1,723,493
Due to Individuals	-	2,361	1,179	1,182
<b>Total liabilities</b>	<b>\$ 339,934</b>	<b>\$ 6,599,820</b>	<b>\$ 5,141,915</b>	<b>\$ 1,797,839</b>
<b>Child Support</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 294	\$ 863,984	\$ 864,278	\$ -
Receivables, net	-	3,789	3,164	625
<b>Total assets</b>	<b>\$ 294</b>	<b>\$ 867,773</b>	<b>\$ 867,442</b>	<b>\$ 625</b>
<b>Liabilities</b>				
Due to other governments	\$ 294	\$ 867,773	\$ 867,442	\$ 625

-Continued-

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

**Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued**

**Agency Funds  
September 30, 2018**

	Balance 10/01/17	Additions	Deductions	Balance 9/30/18
<b>Appearance Bonds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 168,566	\$ 348,986	\$ 304,815	\$ 212,737
<b>Liabilities</b>				
Due to other governments	\$ 2,129	\$ 3,466	\$ 2,129	\$ 3,466
Due to individuals	166,437	345,520	302,686	209,271
Total liabilities	\$ 168,566	\$ 348,986	\$ 304,815	\$ 212,737
<b>Tax Redemption</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 811,804	\$ 884,522	\$ 814,726	\$ 881,600
<b>Liabilities</b>				
Due to other governments	\$ 1,760	\$ 22,045	\$ 22,002	\$ 1,803
Due to individuals	810,044	862,477	792,724	879,797
Total liabilities	\$ 811,804	\$ 884,522	\$ 814,726	\$ 881,600
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 3,614,876	\$ 48,327,675	\$ 46,499,848	\$ 5,442,703
Receivables, net	426	21,641	19,514	2,553
Total assets	\$ 3,615,302	\$ 48,349,316	\$ 46,519,362	\$ 5,445,256
<b>Liabilities</b>				
Due to other governments	\$ 1,092,004	\$ 37,739,672	\$ 37,676,348	\$ 1,155,328
Due to Board of County Commissioners	-	46,514	-	46,514
Deposits	1,539,963	8,940,449	7,328,819	3,151,593
Due to individuals	983,335	1,622,681	1,514,195	1,091,821
Total liabilities	\$ 3,615,302	\$ 48,349,316	\$ 46,519,362	\$ 5,445,256

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

Honorable Alex Alford  
Clerk of the Circuit Court  
Walton County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, the proprietary and fiduciary fund types, and the remaining nonmajor governmental funds of the Walton County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated January 31, 2019.

**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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Alex Alford  
Clerk of the Circuit Court  
Walton County, Florida

We have examined the Walton County, Florida's 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, 2018. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
CLERKS OF COURT PERFORMANCE STANDARDS AND BUDGETS**

Honorable Alex Alford  
Clerk of the Circuit Court  
Walton County, Florida

We have examined the Walton County, Florida's Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, Clerks of Court Performance Standards and Budgets, during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the requirements of Sections 28.35 and 28.36, Florida Statutes, Clerks of Court Performance Standards and Budgets, during the year ended September 30, 2018.

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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
ALIMONY AND CHILD SUPPORT PAYMENTS**

Honorable Alex Alford  
Clerk of the Circuit Court  
Walton County, Florida

We have examined the Walton County, Florida's Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 61.181, Florida Statutes, Alimony and Child Support Payments, during the year ended September 30, 2018. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the requirements of Section 61.181, Florida Statutes, Alimony and Child Support Payments, during the year ended September 30, 2018.

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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019



## **MANAGEMENT LETTER**

Honorable Alex Alford  
Clerk of Circuit Court  
Walton County, Florida

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

We have audited the financial statements of the Walton County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 31, 2019.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 31, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings and recommendations in the preceding annual financial audit report.

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Clerk, 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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019

**Property Appraiser  
Walton County, Florida**

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**Financial Statements**

**For The Year Ended September 30, 2018**

**Walton County, Florida  
Property Appraiser  
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## INDEPENDENT AUDITORS' REPORT

Honorable Patrick Pilcher  
Property Appraiser  
Walton County, Florida

### Report on Financial Statements

We have audited the accompanying financial statements of the major fund of the Walton County, Florida Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements as listed in the table of contents.

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

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

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Property Appraiser as of September 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Walton County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Walton County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2019 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, rules, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019

**Walton County, Florida**  
**Property Appraiser**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

		<b>General Fund</b>
<hr/>		
<b>Assets</b>		
Cash and cash equivalents	\$	222,847
<hr/>		
<b>Liabilities and Fund Balance</b>		
Liabilities		
Due to Board of County Commissioners	\$	177,149
Due to other governments		21,276
Accrued payroll		24,422
<hr/>		
Total liabilities		222,847
Fund balance		-
<hr/>		
Total liabilities and fund balance	\$	222,847
<hr/>		

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Property Appraiser**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Intergovernmental	\$ 215,220
<b>Expenditures</b>	
General government	
Personnel services	1,634,222
Operating	174,554
Total expenditures	1,808,776
<b>Excess Revenues Under Expenditures</b>	<b>(1,593,556)</b>
<b>Other Financing Sources (Uses)</b>	
Appropriations from Board of County Commissioners	1,791,981
Reversion to Board of County Commissioners	(177,149)
Return of excess fees to other taxing authorities	(21,276)
Total other financing sources (uses)	1,593,556
Net change in fund balance	-
<b>Fund Balance - beginning</b>	-
<b>Fund Balance - ending</b>	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*



**Walton County, Florida**  
**Property Appraiser**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental	\$ 215,220	\$ 215,220	\$ 215,220	\$ -
<b>Expenditures</b>				
General government				
Personnel services	1,813,935	1,813,935	1,634,222	179,713
Operating	189,970	189,970	174,554	15,416
Non-Operating	3,296	3,296	-	3,296
Total expenditures	2,007,201	2,007,201	1,808,776	198,425
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	(1,791,981)	(1,791,981)	(1,593,556)	198,425
<b>Other Financing Sources (Uses)</b>				
Appropriations from Board of County Commissioners	1,791,981	1,791,981	1,791,981	-
Reversion to Board of County Commissioners	-	-	(177,149)	(177,149)
Return of excess fees to other taxing authorities	-	-	(21,276)	(21,276)
Total other financing sources (uses)	1,791,981	1,791,981	1,593,556	(198,425)
Net change in fund balance	-	-	-	-
<b>Fund Balance - beginning</b>	-	-	-	-
<b>Fund Balance - ending</b>	\$ -	\$ -	\$ -	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

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

The financial statements of the Walton County, Florida Property Appraiser (the “Property Appraiser”) have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Property Appraiser are described below.

***Reporting Entity***

The Property Appraiser is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes chapter 7.66. The Property Appraiser’s financial statements do not purport to reflect the financial position or the results of operations of Walton County, Florida (the “County”) taken as a whole. 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. Pursuant to GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600*, the Property Appraisers’ financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of the County.

***Basis of Presentation***

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

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

**General Fund** – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Property Appraiser that are not required either legally or by GAAP to be accounted for in another fund.

***Basis of Accounting***

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

**Walton County, Florida**  
**Property Appraiser**  
**Notes To Financial Statements**

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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 property taxes and ninety days for all other revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which is expensed when paid.

***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.

The operations of the Property Appraiser are funded by the Board of County Commissioners and other taxing authorities in the County. The appropriations from the Board are recorded as other financing sources. At year-end, excess revenue and other financial sources received over expenditures are remitted to the Board and other taxing authorities in proportion to the amounts received from each taxing authority.

***Impact of Recently Issued Accounting Pronouncements***

In fiscal year 2018, the Property Appraiser adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board (“GASB”):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (“GASB 81”)
- GASB Statement No. 85, *Omnibus 2017* (GASB 85)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For

**Walton County, Florida**  
**Property Appraiser**  
**Notes To Financial Statements**

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defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Property Appraiser’s governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Property Appraiser’s financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Property Appraiser’s current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Property Appraiser’s financial statements as a result of the implementation of GASB 86.

***Pronouncements Issued But Not Yet Effective***

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

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	Accounting for Interest Cost Incurred before the End of a Construction Period	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

### ***Budgetary Requirements***

Florida Statutes Chapter 195.087 details the preparation, adoption and administration of the Property Appraiser's annual budget. On or before June 1 of each year, the Property Appraiser shall certify to the Department of Revenue (the "Department") a proposed budget. The Department has until August 15 to approve or modify the budget. The Board has until September 30 to approve a final budget during hearings held pursuant to Florida Statute 200.065.

Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Property Appraiser. Budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department and Board.

### ***Inventories and Prepaid Items***

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

### ***Capital Assets***

At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. At the county-wide level, capital assets are capitalized at cost when purchased and if donated, acquisition value at date of the donation. Depreciation is determined using the straight-line method with an estimated useful life of three to five years for all tangible personal property. Title in all capital assets owned by the County is retained by the Board and the Property Appraiser's capital assets are reported on the county-wide financial statements. The Property Appraiser maintains custodial responsibility for capital assets used by his office. See Note 3 for detailed capital asset activity.

The County maintains a \$5,000 threshold for capitalization of equipment and other improvements. Additionally, the Property Appraiser maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006.

### ***Compensated Absences***

It is the Property Appraiser's policy to allow employees to accumulate double the annual leave hours they accrue, which is allowed for payment upon separation. Upon termination of employment, employees will receive pay for one-half of their unused sick leave accrued up to a maximum payment of 480 hours. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Accrued compensated absences that will not be liquidated with expendable available financial resources of the Property Appraiser are the obligation of the County and are reported at the county-wide level.

**Walton County, Florida**  
**Property Appraiser**  
**Notes To Financial Statements**

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The following is a schedule of changes in compensated absences:

Balance at October 1, 2017	\$ 79,943
Additions	139,643
Deletions	125,777
<hr/>	
Balance at September 30, 2018	93,809
Less: current portion	9,381
<hr/>	
Long-term balance	\$ 84,428

***Governmental Fund Balances***

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

***Nonspendable fund balances*** include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. At September 30, 2018, the Property Appraiser had no nonspendable fund balances.

***Spendable fund balances*** are classified based on a hierarchy of the County's ability to control the spending of these fund balances, and at September 30, 2018, the Property Appraiser had no spendable fund balances.

***Restricted fund balances*** are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws of regulations or imposed by law through constitutional provisions or enabling legislation.

***Committed fund balances*** are fund balances constrained for specific purposes imposed by the Property Appraiser's formal action of highest level of decision making authority.

***Assigned fund balances*** are fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

***Unassigned fund balances*** represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Property Appraiser had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board of County Commissioners.

When expenditures are incurred for purposes for which restricted or unrestricted fund balance classifications could be used, it is the Property Appraiser's policy to use restricted funds first, then unrestricted.

**Walton County, Florida**  
**Property Appraiser**  
**Notes To Financial Statements**

***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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent cash on hand as well as demand deposits. At September 30, 2018, all cash and cash equivalents were cash on hand or held in demand deposit bank accounts.

***Custodial Risk***

The Property Appraiser does not have a written investment policy but historically has limited available investments to cash and cash equivalents. At year-end, all cash was held in demand deposits insured by the Federal Deposit Insurance Corporation or the multiple financial institutions collateral pool required by Section 280, Florida Statutes.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the fiscal year is as follows:

	<b>Balance 10/01/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 09/30/18</b>
<b>Governmental Activities</b>				
Capital assets depreciated:				
Machinery and equipment	\$ 287,412	\$ -	\$ 25,460	\$ 261,952
Less: accumulated depreciation	249,704	14,705	25,460	238,949
<b>Total governmental activities</b>				
Capital assets, net	\$ 37,708	\$ 14,705	\$ -	\$ 23,003

Title in all capital assets owned by the County is retained by the Board of County Commissioners and the above noted capital asset information and activity is reported in the county-wide financial statements.

Depreciation expense to be reported by the County was charged to the functions of the government as follows:

General government	\$ 14,705
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**NOTE 4 – EXCESS REVENUE**

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures, determined as of the fiscal year end, “....shall be divided into parts for each governmental unit which was billed and which paid for the operation of the Property Appraiser’s office in the same proportion as the governmental units were originally billed. Such part shall be an advance on the current year’s bill, if any.” The Property Appraiser has elected to return rather than credit as an advance all excess fees.

**NOTE 5 – RETIREMENT PLAN**

The Property Appraiser and all full-time employees are participants in the Florida Retirement System (the “System”), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Property Appraiser’s employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by State law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis as a level dollar amount.

The System provides for employees hired before July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. 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. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06% and elected officials – 48.70%. These rates applied to employee salaries at year end for employee contributions are 3.00% for all classifications, with the exception of the DROP program.



**Walton County, Florida**  
**Property Appraiser**  
**Notes To Financial Statements**

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Total payroll for the Property Appraiser's employees covered by the System was \$1,338,496 for the year ended September 30, 2018. The Property Appraiser's total payroll was \$1,366,418 for the same period. The Property Appraiser's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$172,669, \$160,492, and \$148,839, respectively and were paid by the due date for the contribution.

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 publicly 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](http://dms.myflorida.com).

**NOTE 6 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 5, 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 OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

**NOTE 7 – CONTINGENT LIABILITIES**

The Property Appraiser is currently involved in litigation arising in the normal course of operations. Those claims are challenging property valuations. Potential recoveries or liabilities in excess of insurance coverage, if any, are not determinable. No accruals for loss contingency have been made in the financial statements.

**NOTE 8 – SUBSEQUENT EVENTS**

The Property Appraiser has evaluated subsequent events through the date of issuance of these financial statements, and has determined that no events occurring subsequent to year end warranted disclosure.



Carr, Riggs & Ingram, LLC

1117 Boll Weevil Circle  
Enterprise, AL 36330

(334) 347-0088

(334) 347-7650 (fax)

www.cricpa.com

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

Honorable Patrick P. Pilcher  
Property Appraiser  
Walton County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Walton County, Florida Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated January 29, 2019.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Robert Beasley  
Property Appraiser  
Walton County, Florida

We have examined the Walton 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, 2018. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specific requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

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

In our opinion, the Property Appraiser complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019



**Carr, Riggs & Ingram, LLC**  
1117 Boll Weevil Circle  
Enterprise, AL 36330

(334) 347-0088  
(334) 347-7650 (fax)  
www.cricpa.com

## **MANAGEMENT LETTER**

Honorable Patrick P. Pilcher  
Property Appraiser  
Walton County, Florida

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

We have audited the financial statements of the Walton County, Florida Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 29, 2019.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 29, 2019, 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. There were no findings and recommendations made in the preceding annual financial audit report.

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019

**Tax Collector  
Walton County, Florida**

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**Financial Statements**

**For The Year Ended September 30, 2018**

**Walton County, Florida  
Tax Collector  
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September 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Rhonda Skipper  
Tax Collector  
Walton County, Florida

We have audited the accompanying financial statements of the major fund and fiduciary fund type of the Walton County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and fiduciary fund type of the Tax Collector, as of September 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, where applicable, of the major fund and fiduciary fund types, only for that portion of the major fund and fiduciary fund types of Walton County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Walton County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report 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, rules, 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.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019

**Walton County, Florida**  
**Tax Collector**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,403,844
Due from individuals	111,728
<hr/>	
Total assets	\$ 1,515,572
<hr/>	
<b>Liabilities and Fund Balance</b>	
Liabilities	
Accounts payable	\$ 18,896
Wages and benefits payable	70,892
Due to Board of County Commissioners	1,296,129
Due to other governments	129,655
<hr/>	
Total liabilities	1,515,572
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 1,515,572
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Tax Collector**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 4,301,956
<b>Expenditures</b>	
General government	
Personnel services	2,449,728
Operating	397,578
Capital outlay	43,407
Debt service	
Principal	8,739
Interest	647
Total expenditures	2,900,099
<b>Excess Revenues Over Expenditures</b>	<b>1,401,857</b>
<b>Other Financing Sources (Uses)</b>	
Proceeds from issuance of capital leases	3,152
Return of excess fees to other taxing authorities	(129,655)
Reversion to Board of County Commissioners	(1,275,354)
Total other financing sources (uses)	(1,401,857)
Net change in fund balance	-
<b>Fund Balance - beginning</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Tax Collector**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**September 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for services	\$ 3,170,797	\$ 3,108,375	\$ 4,301,956	\$ 1,193,581
<b>Expenditures</b>				
General government				
Personnel services	2,512,772	2,616,350	2,449,728	166,622
Operating	554,025	451,025	397,578	53,447
Capital outlay	104,000	41,000	43,407	(2,407)
Debt service				
Principal	-	-	8,739	(8,739)
Interest	-	-	647	(647)
Total expenditures	3,170,797	3,108,375	2,900,099	208,276
<b>Excess Revenues Over Expenditures</b>	-	-	1,401,857	1,401,857
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of capital lease	-	-	3,152	3,152
Return of excess fees to other taxing authorities	-	-	(129,655)	(129,655)
Reversion to Board of County Commissioners	-	-	(1,275,354)	(1,275,354)
Total other financing sources (uses)			(1,401,857)	(1,401,857)
Net change in fund balalnce	-	-	-	-
<b>Fund Balance - beginning</b>	-	-	-	-
<b>Fund Balance - ending</b>	\$ -	\$ -	\$ -	\$ -

The accompanying "Notes to Financial Statements" form an integral part of this statement.

**Walton County, Florida**  
**Tax Collector**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 1,062,010
<hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 305,025
Deposits	756,985
<hr/>	
Total liabilities	\$ 1,062,010
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

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

The financial statements of the Walton County, Florida Tax Collector (the “Tax Collector”) have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Tax Collector are described below.

***Reporting Entity***

The Tax Collector is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes chapter 7.66. The Tax Collector's financial statements do not purport to reflect the financial position or the results of operations of Walton County, Florida (the “County”) taken as a whole. 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. Pursuant to *GASB Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*, the Tax Collector’s financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of the County.

***Basis of Presentation***

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

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

**General Fund** – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

The Tax Collector also reported the following fiduciary fund type:

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



***Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates 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 property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which is expensed when paid.

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

***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.

The operations of the Tax Collector are funded by the Board of County Commissioners and other taxing authorities in the County. At year-end, excess revenue and other financial sources over expenditures are remitted to the Board and other taxing authorities in proportion to the amounts received from each taxing authority.

***Impact of Recently Issued Accounting Pronouncements***

In fiscal year 2018, the Tax Collector adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board (“GASB”):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (“GASB 81”)
- GASB Statement No. 85, *Omnibus 2017* (“GASB 85”)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 had no impact on the Tax Collector's governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Tax Collector's financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Tax Collector's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Tax Collector's financial statements as a result of the implementation of GASB 86.

***Pronouncements Issued But Not Yet Effective***

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

**Walton County, Florida**  
**Tax Collector**  
**Notes to Financial Statements**

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

***Budgetary Requirements***

Florida Statutes, Chapter 195.087 details the preparation, adoption, and administration of the Tax Collector’s annual budget. On or before August 1 of each year, the Tax Collector submits an annual budget to the Department of Revenue (the “Department”). If the Department finds the budget inadequate or excessive, it shall return such budget to the Tax Collector, together with its ruling thereon. The Tax Collector shall revise the budget as required and resubmit it to the Department. After final approval by the Department, there shall be no reduction or increase by the Tax Collector or Board without the approval of the Department.

Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board and the Department.

***Inventories and Prepaid Items***

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

***Capital Assets***

At the fund level, capital assets are recorded as expenditures at the time an asset is acquired. Capital assets are capitalized at cost when purchased and if donated, acquisition value at date of the donation. Depreciation is determined using the straight-line method with an estimated useful life of three to five years for all tangible personal property. Title in all capital assets owned by the County is retained by the Board and the Tax Collector’s capital assets are reported on the county-wide financial statements. The Tax Collector maintains custodial responsibility for capital assets used in her office. See Note 3 for detailed capital asset activity.

The County maintains a \$5,000 threshold for capitalization of equipment and other improvements. Additionally, the Tax Collector maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006.

### ***Capital Leases***

The Tax Collector entered into various lease agreements as a lessee for financing the acquisition of copiers and mailing systems. The lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded in the county-wide financial statements at the present value of future minimum lease payments as of the lease inception date. The related assets are reported as capital assets in the county-wide financial statements. See Note 4 for detailed capital lease activity.

### ***Compensated Absences***

The Tax Collector's policy limits the accumulation of annual leave to 240 hours as of the first day of each calendar year. There is no limitation on the amount of sick leave accumulation. However, upon separation from employment, all accumulated sick leave up to 240 hours, regardless of length of employment, and all accumulated annual leave up to 240 hours, pending one full year of employment, will be paid provided one of the following conditions are met:

- Resignation of position, with notice and in good standing
- Elimination of position due to staff cutbacks and layoffs
- Retirement
- Death

Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Accrued compensated absences that will not be liquidated with expendable available financial resources of the Tax Collector are the obligation of the County and are reported at the county-wide level.

### ***Governmental Fund Balances***

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

***Nonspendable fund balances*** include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Tax Collector as of September 30, 2018.

**Walton County, Florida**  
**Tax Collector**  
**Notes to Financial Statements**

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***Spendable fund balances*** are classified based on a hierarchy of the Tax Collector's ability to control the spending of these fund balances, and at September 30, 2018 the Tax Collector had no spendable fund balances.

***Restricted fund balances*** are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws of regulations or imposed by law through constitutional provisions or enabling legislation.

***Committed fund balances*** are fund balances constrained for specific purposes imposed by the Tax Collector's formal action of highest level of decision making authority.

***Assigned fund balances*** are fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

***Unassigned fund balances*** represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Tax Collector had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the appropriate taxing agencies.

When expenditures are incurred for purposes for which restricted or unrestricted fund balance classifications could be used, it is the Tax Collector's policy to use restricted funds first, then unrestricted.

***Management Estimates and Assumptions***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent cash on hand as well as demand deposits. At September 30, 2018, all cash and cash equivalents were on hand or being held in demand deposit bank accounts.

***Custodial Risk***

The Tax Collector does not have a written investment policy but historically has limited available investments to cash and cash equivalents. At year end, all cash held in demand deposits was fully insured by the Federal Depository Insurance Corporation or the multiple financial institutions collateral pool required by Section 280, Florida Statutes.

**Walton County, Florida**  
**Tax Collector**  
**Notes to Financial Statements**

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the fiscal year is as follows:

	<b>Balance 10/1/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/18</b>
<b>Governmental Activities</b>				
Capital assets depreciated:				
Machinery and equipment	\$ 570,621	\$ 26,398	\$ -	\$ 597,019
Less: accumulated depreciation	(490,281)	(43,670)	-	(533,951)
<hr/>				
Total governmental activities capital assets, net	\$ 80,340	\$ (17,272)	\$ -	\$ 63,068

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity is reported on the county-wide financial statements.

Depreciation expense to be reported by the County was charged to the functions of the government as follows:

General government	\$ 43,670
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**NOTE 4 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	<b>Balance 9/30/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/18</b>	<b>Due in One year</b>
Capital leases	\$ 16,468	\$ 3,152	\$ 8,739	\$ 10,881	\$ 7,706
Compensated absences	283,206	172,165	137,615	317,756	31,776
<hr/>					
Total	\$ 299,674	\$ 175,317	\$ 146,354	\$ 328,637	\$ 39,482

Capital leases and related assets, as well as compensated absences are reported on the county-wide financial statements.

***Capital Leases***

The Tax Collector has entered into lease agreements as lessee for financing the acquisition of two copier machines and two mailing systems. The lease agreements qualify as capital leases for accounting purposes (term of lease is greater than 75% of the life of the asset) and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date on the county-wide financial statements.

**Walton County, Florida**  
**Tax Collector**  
**Notes to Financial Statements**

The following is an analysis of the property under capital lease at September 30, 2018:

	<b>Capital Assets</b>
Machinery and equipment	\$ 44,662
Less: accumulated depreciation	(37,125)
Net leased property	\$ 7,537

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 are as follows:

*For the fiscal year  
ended September 30,*

2019		\$ 7,970
2020		1,922
2021		872
2022		449
Total minimum lease payments		11,213
Less: amount representing interest		332
Present value of future minimum lease payments		\$ 10,881

**NOTE 5 - EXCESS REVENUE**

Pursuant to Section 218.36(2), Florida Statutes, whenever a tax collector has excess revenues over expenditures as determined as of the fiscal year end, "...he or she shall distribute the excess to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of his or her office." Excess revenues over expenditures were returned to the various taxing authorities before October 31, 2018 as required by Florida Statutes and are accrued and reported as other financing uses at September 30, 2018. For fiscal year 2018, \$1,405,009 of excess fees was remitted to various taxing authorities.

**NOTE 6 - RETIREMENT PLAN**

The Tax Collector and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Tax Collector's employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by State law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2012 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2012, 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. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon State-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06% and elected officials – 48.70%. These rates applied to employee salaries at year end for employee contributions are 3.00% for all classifications, with the exception of the DROP program.

Total payroll for the Tax Collector's employees covered by the System was \$1,701,196 for the year ended September 30, 2018. The Tax Collector's total payroll was \$1,776,477 for the same period. The Tax Collector's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$244,415, \$198,301, and \$182,808, respectively. These contributions were paid by the due date for the contribution.

The Tax Collector has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly 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](http://dms.myflorida.com).

#### **NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 6, 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 to 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 8 - CONTINGENT LIABILITIES**

The Tax Collector is involved in several litigations and claims arising in the normal course of operations. Potential recoveries or liabilities in excess of insurance coverage, if any, are not determinable. No accruals for loss contingency have been made in the financial statements.

**NOTE 9 - SUBSEQUENT EVENTS**

The Tax Collector has evaluated subsequent events through the date of issuance of these financial statements, and has determined that no events occurring subsequent to year end warranted disclosure.

### **Fiduciary Funds**

**License** – To account for collection and subsequent remittance of licenses and permits.

**Tag** – To account for collection of motor vehicle registration receipts and subsequent disbursement.

**Tax** – To account for the collection and disbursement of local property taxes.

**Walton County, Florida**  
**Tax Collector**  
**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**September 30, 2018**

	License	Tag	Tax	Total
<b>Assets</b>				
Cash	\$ 1,708	\$ 267,200	\$ 793,102	\$ 1,062,010
<b>Liabilities</b>				
Due to other governments	\$ 1,708	\$ 267,200	\$ 36,117	\$ 305,025
Deposits	-	-	756,985	756,985
Total liabilities	\$ 1,708	\$ 267,200	\$ 793,102	\$ 1,062,010

**Walton County, Florida**  
**Tax Collector**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended September 30, 2018**

	<b>Balance 10/1/17</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/18</b>
<b>License</b>				
<b>Assets</b>				
Cash	\$ 2,971	\$ 143,407	\$ 144,670	\$ 1,708
<b>Liabilities</b>				
Due to other governments	\$ 2,971	\$ 143,407	\$ 144,670	\$ 1,708
<b>Tag</b>				
<b>Assets</b>				
Cash	\$ 234,833	\$ 10,559,237	\$ 10,526,870	\$ 267,200
<b>Liabilities</b>				
Due to other governments	\$ 234,833	\$ 10,954,714	\$ 10,922,347	\$ 267,200
<b>Tax</b>				
<b>Assets</b>				
Cash	\$ 711,982	\$ 180,277,018	\$ 180,195,898	\$ 793,102
<b>Liabilities</b>				
Due to other governments	\$ 47,105	\$ 188,827,100	\$ 188,838,088	\$ 36,117
Deposits	664,876	12,031,440	11,939,331	756,985
Total liabilities	\$ 711,981	\$ 200,858,540	\$ 200,777,419	\$ 793,102
<b>Total All Agency Funds</b>				
<b>Assets</b>				
Cash	\$ 949,786	\$ 190,979,662	\$ 190,867,438	\$ 1,062,010
<b>Liabilities</b>				
Due to other governments	\$ 284,909	\$ 199,925,221	\$ 199,905,105	\$ 305,025
Deposits	664,876	12,031,440	11,939,331	756,985
Total liabilities	\$ 949,785	\$ 211,956,661	\$ 211,844,436	\$ 1,062,010

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

Honorable Rhonda Skipper  
Tax Collector  
Walton County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Walton County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated January 29, 2019.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

January 29, 2019

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Rhonda Skipper  
Tax Collector  
Walton County, Florida

We have examined the Walton County, Florida Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2018. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specific requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019

## **MANAGEMENT LETTER**

Honorable Rhonda Skipper  
Tax Collector  
Walton County, Florida

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

We have audited the financial statements of the Walton County, Florida Tax Collector (the "Tax Collector"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 29, 2019.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated January 29, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

### **Financial Management**

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



### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires 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, the 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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 29, 2019



**Supervisor of Elections  
Walton County, Florida**

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**Financial Statements**

**For The Year Ended September 30, 2018**

**Walton County, Florida**  
**Supervisor of Elections**  
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**September 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Robert Beasley  
Supervisor of Elections  
Walton County, Florida

### **Report on Financial Statements**

We have audited the accompanying financial statements of the major fund and proprietary fund type of the Walton County, Florida Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and proprietary fund type of the Supervisor of Elections as of September 30, 2018, and the respective changes in financial position, the budgetary comparison for the General Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the General Fund and proprietary fund type, only for that portion of the General Fund and proprietary fund types of Walton County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Walton County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019

**Walton County, Florida  
Supervisor of Elections  
Balance Sheet  
Governmental Funds  
September 30, 2018**

		<b>General Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$	181,497
<b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	\$	37,058
Due to Board of County Commissioners		93,151
Wages and benefits payable		17,701
Unearned revenue		33,587
Total liabilities		181,497
Fund balance		
		-
Total liabilities and fund balance	\$	181,497

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Supervisor of Elections**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Intergovernmental	\$ 78,858
Miscellaneous revenues	3,027
Total revenues	81,885
<b>Expenditures</b>	
General government	
Personnel services	472,523
Operating	213,283
Capital outlay	95,114
Total expenditures	780,920
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(699,035)</b>
<b>Other Financing Sources (Uses)</b>	
Appropriations from Board of County Commissioners	918,176
Principal payments	(126,476)
Reversion to Board of County Commissioners	(92,665)
Total other financing sources (uses)	699,035
Net change in fund balance	-
<b>Fund Balance - beginning</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*



**Walton County, Florida**  
**Supervisor of Elections**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental	\$ 45,298	\$ 115,645	\$ 78,858	\$ (36,787)
Miscellaneous revenues	5,000	5,000	3,027	(1,973)
<b>Total revenues</b>	<b>50,298</b>	<b>120,645</b>	<b>81,885</b>	<b>(38,760)</b>
<b>Expenditures</b>				
General government				
Personnel services	552,230	521,520	472,523	48,997
Operating	178,501	274,731	213,283	61,448
Capital outlay	76,420	116,095	95,114	20,981
<b>Total expenditures</b>	<b>807,151</b>	<b>912,346</b>	<b>780,920</b>	<b>131,426</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(756,853)</b>	<b>(791,701)</b>	<b>(699,035)</b>	<b>92,666</b>
<b>Other Financing Sources (Uses)</b>				
Appropriations from Board of County Commissioners	883,329	918,177	918,176	(1)
Principal payments	(126,476)	(126,476)	(126,476)	-
Reversion to Board of County Commissioners	-	-	(92,665)	(92,665)
<b>Total other financing sources (uses)</b>	<b>(126,476)</b>	<b>(126,476)</b>	<b>(219,141)</b>	<b>(92,666)</b>
Net change in fund balance	-	-	-	-
<b>Fund Balance - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Supervisor of Elections**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 44,611
<hr/>	
<b>Liabilities</b>	
Current liabilities	
Accrued compensated absences	6,692
Non-current liabilities	
Accrued compensated absences	37,919
<hr/>	
Total liabilities	44,611
<hr/>	
Net position	\$ -
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

Walton County, Florida  
 Supervisor of Elections  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues</b>	
Charges for services	\$ 7,445
<b>Operating Expenses</b>	
Personnel services	7,445
Change in net position	-
<b>Net Position - beginning</b>	-
<b>Net Position - ending</b>	\$ -

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

**Walton County, Florida**  
**Supervisor of Elections**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<hr/>	
<b>Cash Provided by (Used in) Operating Activities</b>	
Funding of compensated absences liability	\$ 7,445
Payments on compensated absences liability	(4,211)
<hr/>	
Net increase in cash and cash equivalents	3,234
<hr/>	
Cash and cash equivalents at the beginning of the year	41,377
<hr/>	
Cash and cash equivalents at the end of the year	\$ 44,611
<hr/>	
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</b>	
Change in net position	\$ -
Increase in liabilities:	
Compensated absences payable	3,234
<hr/>	
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,234</b>
<hr/>	

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

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

The financial statements of the Walton County, Florida Supervisor of Elections (the “Supervisor of Elections”) have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Supervisor of Elections are described below.

***Reporting Entity***

The Supervisor of Elections is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes chapter 7.66. The Supervisor of Elections’ financial statements do not purport to reflect the financial position or the results of operations of Walton County, Florida (the “County”) taken as a whole. 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. Pursuant to GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600*, the Supervisor of Elections’ financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of the County.

***Basis of Presentation***

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

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

**General Fund** – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Supervisor of Elections that are not required either legally or by GAAP to be accounted for in another fund.

The Supervisor of Elections also reported the following fund type.

**Internal Service Fund** – The internal service fund (a proprietary fund) is used to report funded and accrued compensated absences.

***Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates 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 property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable except for accumulated sick and vacation compensation which is expensed when paid.

Proprietary funds (the internal service fund) are reported using the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operations. The principle operating revenues of the Supervisor of Elections' internal service fund are charges to funds related to the Supervisor of Elections compensated absences activity. Operating expenses for the internal service fund include recognition of changes in the compensated absences liabilities. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

***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.

The operations of the Supervisor of Elections are funded by the Board and appropriations from the Board are reported as other financing source. At year-end, excess revenue and other financing sources over expenditures are remitted to the Board and reported as reversion to Board of County Commissioners.

***Impact of Recently Issued Accounting Pronouncements***

In fiscal year 2018, the Supervisor of Elections adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75")
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81")
- GASB Statement No. 85, *Omnibus 2017* ("GASB 85")
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86")

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Supervisor of Elections' governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Supervisor of Elections' financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Supervisor of Elections' current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Supervisor of Elections' financial statements as a result of the implementation of GASB 86.

**Walton County, Florida  
Supervisor of Elections  
Notes To Financial Statements**

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***Pronouncements Issued But Not Yet Effective***

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

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

***Budgetary Requirements***

Florida Statutes Chapter 129.201 and 129.03 details the preparation, adoption and administration of the Supervisor of Elections’ annual budget. By June 1 of each year, the Supervisor of Elections shall certify to the Board a proposed budget of expenditures for carrying out the duties of his office for the ensuing fiscal year. The Board has until September 30 to approve and/or modify the Supervisor of Elections proposed budget during hearings held pursuant to Florida Statutes 129. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Supervisor of Elections.

***Inventories and Prepaid Items***

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

***Capital Assets***

Capital assets, including property, plant, and equipment, are recorded as expenditures in the General Fund at the time an asset is acquired. Capital assets are capitalized at cost when purchased and fair market value if donated. Title in all capital assets owned by the County is retained by the



**Walton County, Florida**  
**Supervisor of Elections**  
**Notes To Financial Statements**

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Board and the Supervisor of Elections' capital assets are reported on the County-wide financial statements. See Note 3 for detailed capital asset activity. The Supervisor of Elections maintains custodial responsibility for the capital assets used by his office.

The County maintains a \$5,000 threshold for capitalization of equipment and other improvements. Additionally, the Supervisor of Elections maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006.

Depreciation has been provided using the straight-line method with an estimated useful life of three to five years for all tangible personal property. The Supervisor of Elections did not report any land, buildings, or improvements.

***Compensated Absences***

It is the Supervisor of Elections' policy to allow employees to accumulate 240 hours of annual leave all of which is allowed for payment upon separation. Employees will receive pay for their unused sick leave accrued up to a maximum of 240 hours. Expenditures of compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. Liabilities and expenses for compensated absences are recorded in the internal service fund.

***Governmental Fund Balances***

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

***Nonspendable fund balances*** include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Supervisor of Elections as of September 30, 2018.

***Spendable fund balances*** are classified based on a hierarchy of the County's ability to control the spending of these fund balances, and at September 30, 2018, the Supervisor of Elections had no spendable fund balances.

*Restricted fund balances* are fund balance amounts that are constrained for specific purposes, which are externally imposed by creditors, grantors, contributors, or laws of regulations or imposed by law through constitutional provisions or enabling legislation.

*Committed fund balances* are fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

*Assigned fund balances* are fund balances intended to be used for specific purposes imposed by the Supervisor of Elections formal action of highest level of decision making authority.

*Unassigned fund balances* represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Supervisor of Elections had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board of County Commissioners.

When expenditures are incurred for purposes for which restricted or unrestricted fund balance classifications could be used, it is the Supervisor of Elections' policy to use restricted funds first, then unrestricted.

### ***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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent cash on hand as well as demand deposits. At September 30, 2018, all cash and cash equivalents were on hand or being held in demand deposit bank accounts.

#### ***Custodial Risk***

The Supervisor of Elections does not have a written investment policy but historically has limited available investments to cash and cash equivalents. At year-end, all cash held in demand deposits was fully insured by the Federal Deposit Insurance Corporation and the multiple financial institutions collateral pool required by Sections 280, Florida Statutes.

#### ***Credit and Interest Rate Risk***

The Supervisor of Elections adheres to the investment policy adopted by the Board, thereby limiting its exposure to both credit and interest rate risk as noted below. Concentration of credit risk is the risk of loss attributable to the quantity of the Supervisor of Elections' investments in a single issuer.

The Supervisor of Elections' deposits are held in a public funds net interest bearing checking account, paying interest at the current federal funds rate less five (5) basis points with no reserve requirements. Balances in the account are fully collateralized in compliance with applicable State statutes.

**Walton County, Florida**  
**Supervisor of Elections**  
**Notes To Financial Statements**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the fiscal year is as follows:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<b>Governmental Activities</b>				
Capital assets depreciated:				
Machinery, equipment, and improvements	\$ 432,812	\$ 60,136	\$ -	\$ 492,948
Less: accumulated depreciation	(180,407)	(122,581)	-	(302,988)
<hr/>				
Total governmental activities capital assets, net	\$ 252,405	\$ (62,445)	\$ -	\$ 189,960

Title in all capital assets owned by the County is retained by the Board and the above noted capital asset information and activity has been reported on the countywide financial statements.

Depreciation expense to be reported by the County was charged to the functions of the government as follows:

<b>Governmental Activities</b>	
General government	\$ 122,581

**NOTE 4 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	Balance 9/30/2017	Additions	Deletions	Balance 9/30/2018	Due in One Year
Note payable	\$ 252,953	\$ -	\$ 126,476	\$ 126,477	\$ 126,476
Compensated absences	41,377	7,445	4,211	44,611	6,692
<hr/>					
Total	\$ 294,330	\$ 7,445	\$ 130,687	\$ 171,088	\$ 133,168

**Notes Payable** – The Supervisor entered into a non-interest bearing loan agreement with Nationwide Capital, LLC on April 27, 2016 for \$379,429 to finance the acquisition of voting equipment. The equipment was delivered and loan proceeds issued to the vendor in December 2016. The first payment on the loan was made in January 2017; the second was made in January 2018.

**Walton County, Florida  
Supervisor of Elections  
Notes To Financial Statements**

Principal maturities of the note payable are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>
2019	\$ 126,477

The internal service fund is designed to record the annual cost related to the Supervisor of Elections' compensated absences policies, to record the short-term and long-term components of such liabilities, and to collect and hold cash to liquidate such liabilities. The related cost associated with the fund will be recovered via charges to the General Fund.

**NOTE 5 – OPERATING LEASES**

The Supervisor of Elections is a party to various leases, which are classified as operating leases. Total rent for all operating leases totaled \$11,047 for the year ended September 30, 2018.

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

2019	\$ 9,167
2020	9,167
2021	9,167
<b>Total</b>	<b>\$ 27,501</b>

**NOTE 6 – EXCESS REVENUE**

Pursuant to Section 129.202(1)(f), Florida Statutes, "all unexpended balances at the end of each fiscal year shall be returned to the Board of County Commissioners and deposited to the county fund or funds from which payment was originally made." Excess revenues over expenditures were returned to the Board by October 31, 2018 as required by Florida Statutes. Total excess fees transferred to the Board for the year ended September 30, 2018 totaled \$92,665.

**NOTE 7 – RETIREMENT PLAN**

The Supervisor of Elections and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Supervisor of Elections' employees are not determinable.

**Walton County, Florida**  
**Supervisor of Elections**  
**Notes To Financial Statements**

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The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for employees hired before July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on July 1, 2011 or after, 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. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06% and elected officials – 48.70%. These rates applied to employee salaries at year end for employee contributions are 3.00% for all classifications, with the exception of the DROP program.

Total payroll for the Supervisor of Elections' employees covered by the System was \$314,998 for the year ended September 30, 2018. The Supervisor of Elections' total payroll was \$355,629 for the same period. The Supervisor of Elections' contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$82,913 \$73,141, and \$62,061, respectively. These contributions were paid by the due date for the contribution.

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

**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 7, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in its 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.

**NOTE 9 – CONTINGENT LIABILITIES**

The Supervisor of Elections receives grants from federal and state sources that are subject to review and audit by the funding sources. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Supervisor of Elections with the terms of the grants/contracts. In the opinion of the Supervisor of Elections' management, such allowances, if any, would not be significant in relation to the financial statements of the Supervisor of Elections.

**NOTE 10 – SUBSEQUENT EVENTS**

The Supervisor of Elections has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year end warranted disclosure.

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

Honorable Robert Beasley  
Supervisor of Elections  
Walton County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Walton County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2019.

**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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

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

## Purpose of this Report

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019



## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Robert Beasley  
Supervisor of Elections  
Walton County, Florida

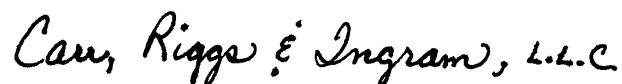
We have examined the Walton County, Florida Supervisor of Elections' (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2018. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specific requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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.

Enterprise, Alabama

January 31, 2019

## **MANAGEMENT LETTER**

Honorable Robert Beasley  
Supervisor of Elections  
Walton County, Florida

### **Report on Financial Statements**

We have audited the financial statements of the Walton County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 31, 2019.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an Examination Conducted In Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 31, 2019, 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. There were no findings and recommendations made in the preceding annual financial audit report.

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Supervisor of Elections 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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 31, 2019



**Sheriff  
Walton County, Florida**

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**Financial Statements**

**For The Year Ended September 30, 2018**

**Walton County, Florida**  
**Sheriff**  
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**September 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Michael A. Adkinson, Jr.  
Sheriff  
Walton County, Florida

### **Report on Financial Statements**

We have audited the accompanying financial statements of each major fund, the aggregate remaining nonmajor governmental funds and fiduciary fund type of the Walton County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund, the aggregate remaining nonmajor governmental funds and the fiduciary fund of the Sheriff as of September 30, 2018, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (“Rules”). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, fiduciary fund types, and the remaining nonmajor fund information, only for that portion of the major funds, fiduciary fund types, and the remaining nonmajor fund information of Walton County, Florida (“County”) that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of the County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff’s financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading 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*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

February 22, 2019

**Walton County, Florida**  
**Sheriff**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<b>General Fund</b>	<b>Inmate Canteen Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,314,249	\$ 702,363
Accounts receivable	-	55,352
Interfund receivable	9,776	5,630
Due from Board of County Commissioners	317,677	-
Due from other governments	502,947	-
<b>Total assets</b>	<b>\$ 3,144,649</b>	<b>\$ 763,345</b>
<b>Liabilities and Fund Balances</b>		
Liabilities		
Accounts payable	\$ 1,003,321	\$ 38,528
Wages and benefits payable	1,166,511	-
Interfund payable	5,627	9,610
Unearned revenue	27,748	-
Due to Board of County Commissioners	941,442	11,770
Inmate deposits	-	34,033
Due to individuals	-	-
<b>Total liabilities</b>	<b>3,144,649</b>	<b>93,941</b>
Fund balances		
Restricted for:		
Public Safety - Law Enforcement	-	669,404
<b>Total liabilities and fund balances</b>	<b>\$ 3,144,649</b>	<b>\$ 763,345</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 542,823	\$ 3,559,435
-	55,352
733	16,139
-	317,677
-	502,947
<hr/>	
\$ 543,556	\$ 4,451,550
<hr/> <hr/>	
\$ 1,509	\$ 1,043,358
-	1,166,511
30	15,267
-	27,748
-	953,212
-	34,033
24,908	24,908
<hr/>	
26,447	3,265,037
517,109	1,186,513
<hr/>	
\$ 543,556	\$ 4,451,550
<hr/> <hr/>	

**Walton County, Florida**  
**Sheriff**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	General Fund	Inmate Canteen Fund
<b>Revenues</b>		
Fines and forfeitures	\$ -	\$ -
Intergovernmental	330,481	-
Miscellaneous	125,056	468,243
<b>Total revenues</b>	<b>455,537</b>	<b>468,243</b>
<b>Expenditures</b>		
Public safety		
Personnel services	34,995,297	93,204
Operating	9,123,295	319,493
Capital outlay	4,440,512	37,075
Debt service		
Principal	70,901	-
Interest	9,747	-
<b>Total expenditures</b>	<b>48,639,752</b>	<b>449,772</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(48,184,215)</b>	<b>18,471</b>
<b>Other Financing Sources (Uses)</b>		
Appropriations from Board of County Commissioners	47,719,075	-
Reversion to Board of County Commissioners	(954)	-
Lease proceeds	466,094	-
<b>Total other financing sources (uses)</b>	<b>48,184,215</b>	<b>-</b>
Net change in fund balance	-	18,471
<b>Fund Balance - beginning</b>	<b>-</b>	<b>650,933</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ 669,404</b>

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 12,388	\$ 12,388
-	330,481
82,305	675,604
94,693	1,018,473
-	35,088,501
152,445	9,595,233
19,043	4,496,630
17,321	88,222
-	9,747
188,809	49,278,333
(94,116)	(48,259,860)
35,000	47,754,075
-	(954)
-	466,094
35,000	48,219,215
(59,116)	(40,645)
576,225	1,227,158
\$ 517,109	\$ 1,186,513

**Walton County, Florida**  
**Sheriff**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Expenditures</b>				
Public safety				
Personnel services	\$ 33,281,885	\$ 34,712,547	\$ 34,712,547	\$ -
Operating	8,538,449	8,997,631	8,958,098	39,533
Capital outlay	2,519,016	4,474,991	4,432,922	42,069
Debt service				
Principal	-	-	70,901	(70,901)
Interest	-	-	9,747	(9,747)
<b>Total expenditures</b>	<b>44,339,350</b>	<b>48,185,169</b>	<b>48,184,215</b>	<b>954</b>
<b>Other Financing Sources (Uses)</b>				
Appropriations from Board of County Commissioners	44,339,350	47,719,075	47,719,075	-
Reversion to Board of County Commissioners	-	-	(954)	(954)
Lease proceeds	-	466,094	466,094	-
<b>Total other financing sources (uses)</b>	<b>44,339,350</b>	<b>48,185,169</b>	<b>48,184,215</b>	<b>(954)</b>
Net change in fund balance	-	-	-	-
<b>Fund Balance - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying "Notes to Financial Statements" form an integral part of this statement.

**Walton County, Florida**  
**Sheriff**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 183,763
Interfund receivables	27
Total assets	\$ 183,790
 <b>Liabilities</b>	
Accounts payable	\$ 79
Due to individuals	24,182
Interfund payable	899
Due to BCC	158,630
Total liabilities	\$ 183,790

*The accompanying "Notes to Financial Statements" form an integral part of this statement.*

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

The financial statements of the Walton County, Florida Sheriff (the "Sheriff") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Sheriff are described below.

***Reporting Entity***

The Sheriff is an elected official established pursuant to Article VIII Section 1(d) of the constitution of the State of Florida and serves the geographic boundary established in Florida Statutes Chapter 7.66. The Sheriff's financial statements do not purport to reflect the financial position or the results of operations of Walton County, Florida (the "County") taken as a whole. 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. Pursuant to *GASB Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*, the Sheriff's financial statements are combined with those of the Board and other elected officials into the reporting entity of the County.

***Basis of Presentation***

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

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.

**Inmate Canteen** - The Inmate Canteen Fund is a special revenue fund used to account for inmate canteen sales and phone commissions. Excess revenues over expenditures from the Inmate Canteen Fund are used for inmate welfare.

The Sheriff has eight additional special revenue funds which have been combined into a single aggregate presentation as other governmental funds. Individual data for these non-major funds is provided in the combining statements of this report. Special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.



The Sheriff also reported the following fund type:

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

### ***Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates 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 property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for accumulated sick and vacation compensation which are expensed when paid.

Fiduciary fund (agency fund) statements are prepared using economic resources measurement focus and the accrual basis of accounting.

### ***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.

The portion of the Sheriff's revenue that is a budget appropriation from the Board rather than a charge for services is reported as other financing source. At year end, excess revenue and other financing sources over expenditures are remitted to the Board and reported as reversion to Board of County Commissioners.

### ***Impact of Recently Issued Accounting Pronouncements***

In fiscal year 2018, the Sheriff adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (“GASB 81”)
- GASB Statement No. 85, *Omnibus 2017* (“GASB 85”)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Sheriff’s governmental fund financial statements.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Sheriff’s financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Sheriff’s current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Sheriff’s financial statements as a result of the implementation of GASB 86.

***Pronouncements Issued But Not Yet Effective***

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

**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

***Budgetary Requirements***

Florida Statutes Chapters 30.49 and 129.03 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 and submits it to the Board for approval. By June 1 of each year, the Sheriff shall certify to the Board a proposed budget of expenditures for carrying out the duties of his office for the ensuing fiscal year. The Board has until September 30 to approve and/or modify the Sheriff's proposed budget during hearings held pursuant to Florida Statutes 129. Once approved, any subsequent amendments must be approved by the Board. Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the department level, and appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Sheriff.

The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board. The major special revenue funds are not budgeted.

The Sheriff's budget is prepared under a budgetary basis of accounting that differs from generally accepted accounting principles (GAAP). The major differences are recognition of unanticipated grant revenue and grant expenditures. The actual results of operations in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund are presented on a budgetary basis for budgetary accounting purposes.

Adjustments to convert the results of operation of the general fund at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

	<b>Expenditures</b>	<b>Revenues</b>
Budget basis	\$ 48,184,215	\$ 48,185,169
Non-budgeted revenues and expenditures:		
Personnel services	283,704	-
Operating expenditures	164,243	-
Capital outlay	7,590	-
Miscellaneous Revenue	-	125,056
Intergovernmental - grants	-	330,481
GAAP basis	\$ 48,639,752	\$ 48,640,706

***Inventories and Prepaid Items***

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

***Capital Assets***

Capital assets are recorded as expenditures in the general and special revenue funds at the time an asset is acquired. Capital assets are recorded at cost when purchased and acquisition value if donated. The Sheriff maintains a \$5,000 threshold for capitalization of equipment and \$25,000 for land, buildings and improvements. Additionally, the Sheriff maintains an inventory of all tangible personal property with a donated value or cost of \$1,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Florida Administrative Code Sections 69I-73.002 and 69I-73.006.

The Sheriff's assets are reported on the county-wide financial statements. The Sheriff maintains custodial responsibility for the capital assets used by his office. During 2017, the Board appointed the Sheriff control of the fire and rescue department. The Board retains title to the transferred vehicles that remain under lease with the Board. The Sheriff maintains custodial responsibility for the remaining capital assets used by his office.

Depreciation has been provided using the straight-line method with an estimated useful life of three to seven years for all tangible personal property and fifteen to thirty years for buildings and improvements.

***Capital Leases***

The Sheriff has entered into lease agreements as a lessee for financing the acquisition of a Virtual Imaging System at the jail and two ambulances for fire and rescue.

The lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded in the county-wide financial statements at the present value of future minimum lease payments as of the lease inception dates. The related assets are reported as capital assets in the county-wide financial statements. See Note 6 for detailed capital lease activity.

### ***Compensated Absences***

It is the Sheriff's policy to allow employees to accumulate unlimited unused sick time. Accumulated annual leave is limited to 240 hours per year. Accumulated annual leave up to a maximum of 240 hours is payable upon termination. Additionally, employees who retire from the Sheriff with a minimum of ten years continuous service will be paid for 25% of their unused sick leave hours up to a maximum of 2,000 hours.

Accrued compensated absences that will not be liquidated with expendable available financial resources are the obligation of the County and are reported at the county-wide level. The amount of the Sheriff's accrued compensated absences to be reported at the county-wide level is \$1,728,058.

### ***Governmental Fund Balances***

Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

***Nonspendable fund balances*** include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

There were no nonspendable fund balances as of September 30, 2018.

***Spendable fund balances*** are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances.

*Restricted fund balances* are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws and regulations imposed through constitutional provisions or enabling legislation. As of September 30, 2018, the Sheriff had restricted fund balances only in special revenue funds.

*Committed fund balances* are fund balances intended to be used for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority. As of September 30, 2018, there were no committed fund balances.

*Assigned fund balances* are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, there were no assigned fund balances.

**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

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*Unassigned fund balances* represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2018, the Sheriff had no unassigned fund balances because all excess revenues within the General Fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

When expenditures are incurred for purposes for which restricted or unrestricted fund balance classifications could be used, it is the Sheriff's policy to use restricted funds first, then unrestricted.

***Management Estimates and Assumptions***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent cash on hand as well as demand deposits.

***Custodial Risk***

The Sheriff does not have a written investment policy but historically has limited available investments to cash and cash equivalents. Demand deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) or the multiple financial institutions collateral pool required by Sections 280.07 and 280.08, Florida Statutes.

**NOTE 3 - INTERFUND BALANCES**

Receivables (due from other funds) and payables (due to other funds) resulting from various interfund transactions are as follows:

**Interfund Receivables:**

**General Fund**

Inmate Canteen	\$	9,610
Other governmental		166
<hr/>		
Total general fund receivables	\$	9,776
<hr/>		

**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

<b>Inmate Canteen</b>	
General fund	\$ 5,600
Other governmental	30
<hr/>	
Total inmate canteen interfund receivables	\$ 5,630
<hr/>	
<b>Other Governmental Funds</b>	<b>\$ 733</b>
<hr/>	
<b>Interfund Payables:</b>	
<b>General Fund</b>	
Inmate Canteen	\$ 5,600
Agency funds	27
<hr/>	
Total general fund interfund payables	\$ 5,627
<hr/>	
<b>Inmate Canteen Fund</b>	
General fund	\$ 9,610
<hr/>	
<b>Other Governmental Funds</b>	<b>\$ 30</b>
<hr/>	

The amounts due to the General Fund from Inmate Canteen are for salary and benefit reimbursements. Amounts due to Inmate Canteen from the General Fund are for Social Security Administration (SSA) reimbursements for inmates housed at the facility. Amounts due to Other Governmental Funds from the Agency funds are for donation collections for the animal shelter.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Due from other governments at September 30, 2018 consisted of the following, all of which are deemed collectible within 60 days of year-end:

	<b>General Fund</b>
Department of Justice - Bullet Proof Vest Partnership	\$ 7,864
State Fire Marshall	3,430
Escambia County Corrections	315,050
Federal Inmate Housing	8,005
Miscellaneous	168,598
<hr/>	
Total	\$ 502,947
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**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year is as follows:

	<b>Balance 10/1/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/18</b>
<b>Governmental Activities</b>				
Capital assets depreciated:				
Machinery and equipment	\$ 21,329,825	\$ 4,370,012	\$ (152,165)	\$ 25,547,672
Buildings and improvements	714,931	126,618	-	841,549
Less accumulated depreciation:				
Machinery and equipment	(14,448,977)	(2,370,779)	152,165	(16,667,591)
Buildings and improvements	(117,932)	(53,678)	-	(171,610)
<b>Total governmental activities</b>				
capital assets, net	<b>\$ 7,477,847</b>	<b>\$ 2,072,173</b>	<b>\$ -</b>	<b>\$ 9,550,020</b>

The above noted capital asset information and activity is reported on the county-wide financial statements.

Depreciation expense to be reported by the Board was charged to the function of government as follows:

<b>Governmental Activities</b>	
Public safety	<b>\$ 2,424,457</b>

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	<b>Balance 10/1/17</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 9/30/18</b>	<b>Due in One Year</b>
Compensated absences	\$ 1,375,613	\$ 1,820,392	\$ 1,467,947	\$ 1,728,058	\$ 172,806
Capital leases	164,877	466,094	88,222	542,749	125,984
<b>Total</b>	<b>\$ 1,540,490</b>	<b>\$ 2,286,486</b>	<b>\$ 1,556,169</b>	<b>\$ 2,270,807</b>	<b>\$ 298,790</b>

In February 2016, the Sheriff entered into a lease agreement as the lessee for a virtual imaging system at the jail. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the execution of the lease. As of September 30, 2018, the Sheriff capitalized \$185,000 for the imaging system and \$98,667 of depreciation has been recorded on the asset.



**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

In April 2018, the Sheriff entered into a lease agreement as the lessee for two ambulances for the fire and rescue department. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the execution of the lease. As of September 30, 2018, the Sheriff capitalized \$482,158 for the ambulances and \$24,108 of depreciation has been recorded on the assets.

The following is a schedule of future minimum lease payments under this capital leases, and the present value of the minimum lease payments at September 30, 2018.

	<b>Long-term Debt</b>
2019	\$ 143,200
2020	143,200
2021	122,166
2022	101,131
2023	75,848
<u>Less: amount representing interest</u>	<u>42,796</u>
<u>Present value of net minimum lease payment</u>	<u>\$ 542,749</u>

**NOTE 7 - EXCESS REVENUE**

Pursuant to Section 30.50(6), Florida Statutes, any excess revenues over expenditures determined as of the date specified in Section 30.50(5), Florida Statutes, "...shall be refunded to the Board of County Commissioners...". Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as other financing (uses). All special revenue funds in excess of revenue remains with the Sheriff.

**NOTE 8 – RETIREMENT PLAN**

The Sheriff and all full-time employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full-time employees of various governmental units within the State of Florida. Accordingly, the actuarial information and related disclosures attributable to the Sheriff's employees are not determinable.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts.

**Walton County, Florida**  
**Sheriff**  
**Notes To Financial Statements**

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Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. 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. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates applied to employee salaries at year end are as follows: regular employees – 8.26%, DROP Program – 14.03%, senior management – 24.06%, special risk – 24.50% and elected official – 48.70%. The rate applied to employee salaries for employer contributions was 3% for all classifications, with the exception for the DROP Program.

Total payroll for the Sheriff's employees covered by the System was \$23,500,387 for the year ended September 30, 2018. The Sheriff's total payroll was \$23,874,552 for the same period. The Sheriff's contributions to the plan, net of accrued contributions, for the years ended September 30, 2018, 2017, and 2016 were \$4,662,440, \$3,097,563, and \$2,764,998, respectively. These contributions were paid by the due date for the contribution. 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 publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000 or at the Division's website at [dms.myflorida.com](http://dms.myflorida.com).

**NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 8, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in its 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 an OPEB liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

**NOTE 10 – FUND BALANCE**

At September 30, 2018, fund balance is comprised of the following:

**Restricted Fund Balance**

Inmate Canteen	\$ 669,404
Law Enforcement Automation and Education	263,557
Federal Forfeiture Sharing	20,231
Law Enforcement Trust	4,073
Crime Prevention	71,929
Traffic and Parking	42,978
Abandoned Property	38,301
Aviation	75,584
Marijuana Eradication	456
<hr/>	
Total restricted fund balance	\$ 1,186,513
<hr/>	

**NOTE 11 – CONTINGENT LIABILITIES**

At September 30, 2018, the Sheriff was involved in several litigations and claims arising in the normal course of operations. It is the opinion of the Florida Sheriff’s Self-Insurance Fund that coverage provided by the Self-Insurance Fund is more than adequate to eliminate any exposure resulting from those claims.

The Sheriff receives grants from federal and state sources that are subject to review and audit by the funding sources. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Sheriff with the terms of the grants/contracts. In the opinion of the Sheriff’s management, such allowances, if any, would not be significant in relation to the financial statements of the Sheriff.

**NOTE 12 - SUBSEQUENT EVENTS**

The Sheriff has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year-end warranted disclosure.



## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

**Law Enforcement Education and Automation** – To account for appropriations restricted to educating law enforcement officers and the automation of law enforcement operations.

**Federal Forfeiture Sharing** – To account for federal forfeiture revenue and expenditures restricted to law enforcement.

**Law Enforcement Trust** – To account for state forfeiture and restitution revenue and expenditures that are restricted for the investigation or prevention of drug related crimes.

**Crime Prevention** – To account for funds used for public related education in crime prevention.

**Traffic and Parking Enforcement** – To account for fines collected by the Clerk of the Circuit Court for traffic and parking enforcement.

**Abandoned Property** – To account for state and local forfeitures restricted to law enforcement.

**Aviation** – To account for funds restricted to on-going maintenance of Sheriff department aircraft.

**Marijuana Eradication** – To account for grant revenue restricted to drug eradication.

**Walton County, Florida**  
**Sheriff**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

	Law Enforcement Education and Automation	Federal Forfeiture Sharing	Law Enforcement Trust
<b>Assets</b>			
Cash and cash equivalents	\$ 265,096	\$ 20,231	\$ 4,073
Interfund receivable	-	-	-
<b>Total assets</b>	<b>\$ 265,096</b>	<b>\$ 20,231</b>	<b>\$ 4,073</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,509	\$ -	\$ -
Interfund payable	30	-	-
Due to individuals	-	-	-
<b>Total liabilities</b>	<b>1,539</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Restricted for:</b>			
Public Safety - Law Enforcement	263,557	20,231	4,073
<b>Total liabilities and fund balances</b>	<b>\$ 265,096</b>	<b>\$ 20,231</b>	<b>\$ 4,073</b>

<b>Crime Prevention</b>	<b>Traffic and Parking Enforcement</b>	<b>Abandoned Property</b>	<b>Aviation</b>	<b>Marijuana Eradication</b>	<b>Total</b>
\$ 71,196	\$ 42,978	\$ 63,209	\$ 75,584	\$ 456	\$ 542,823
733	-	-	-	-	733
<b>\$ 71,929</b>	<b>\$ 42,978</b>	<b>\$ 63,209</b>	<b>\$ 75,584</b>	<b>\$ 456</b>	<b>\$ 543,556</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,509
-	-	-	-	-	30
-	-	24,908	-	-	24,908
-	-	24,908	-	-	26,447
71,929	42,978	38,301	75,584	456	517,109
<b>\$ 71,929</b>	<b>\$ 42,978</b>	<b>\$ 63,209</b>	<b>\$ 75,584</b>	<b>\$ 456</b>	<b>\$ 543,556</b>

**Walton County, Florida  
Sheriff**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
September 30, 2018**

	Law Enforcement Education and Automation	Federal Forfeiture Sharing	Law Enforcement Trust
<b>Revenues</b>			
Fines and forfeitures	\$ -	\$ 3,473	\$ -
Miscellaneous	4,938	37	6
<b>Total revenues</b>	<b>4,938</b>	<b>3,510</b>	<b>6</b>
<b>Expenditures</b>			
Public safety			
Operating	38,910	12,084	-
Capital outlay	-	-	-
Debt service			
Principal	17,321	-	-
<b>Total expenditures</b>	<b>56,231</b>	<b>12,084</b>	<b>-</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(51,293)</b>	<b>(8,574)</b>	<b>6</b>
<b>Other Financing Sources</b>			
Appropriations from Board of County Commissioners	-	-	-
Change in fund balance	(51,293)	(8,574)	6
<b>Fund Balance - beginning</b>	<b>314,850</b>	<b>28,805</b>	<b>4,067</b>
<b>Fund Balance - ending</b>	<b>\$ 263,557</b>	<b>\$ 20,231</b>	<b>\$ 4,073</b>



<b>Crime Prevention</b>	<b>Traffic and Parking Enforcement</b>	<b>Abandoned Property</b>	<b>Aviation</b>	<b>Marijuana Eradication</b>	<b>Total</b>
\$ -	\$ 8,915	\$ -	\$ -	\$ -	\$ 12,388
43,584	57	33,544	139	-	82,305
43,584	8,972	33,544	139	-	94,693
80,677	-	7,008	13,766	-	152,445
-	-	-	19,043	-	19,043
-	-	-	-	-	17,321
80,677	-	7,008	32,809	-	188,809
(37,093)	8,972	26,536	(32,670)	-	(94,116)
35,000	-	-	-	-	35,000
(2,093)	8,972	26,536	(32,670)	-	(59,116)
74,022	34,006	11,765	108,254	456	576,225
\$ 71,929	\$ 42,978	\$ 38,301	\$ 75,584	\$ 456	\$ 517,109

### **Fiduciary Funds**

**Suspense** – To account for the collections and remittance of miscellaneous receipts held in trust.

**Individual Depositors** – To account for the collection and disbursement of civil fees.

**Walton County, Florida**  
**Sheriff**  
**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**September 30, 2018**

	Suspense	Individual Depositors	Total
<b>Assets</b>			
Cash	\$ 24,261	\$ 159,502	\$ 183,763
Interfund receivable	-	27	27
<b>Total assets</b>	<b>\$ 24,261</b>	<b>\$ 159,529</b>	<b>\$ 183,790</b>
<b>Liabilities</b>			
Accounts payable	\$ 79	\$ -	\$ 79
Due to individuals	24,182	-	24,182
Interfund payable	-	899	899
Due to BCC	-	158,630	158,630
<b>Total liabilities</b>	<b>\$ 24,261</b>	<b>\$ 159,529</b>	<b>\$ 183,790</b>

**Walton County, Florida**  
**Sheriff**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2018**

	Balance 10/01/17	Additions	Deductions	Balance 9/30/18
<b>Suspense</b>				
<b>Assets</b>				
Cash	\$ 11,520	\$ 13,942	\$ 1,201	\$ 24,261
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,124	\$ 1,045	\$ 79
Due to individuals	11,520	13,942	1,280	24,182
Total liabilities	\$ 11,520	\$ 15,066	\$ 2,325	\$ 24,261
<b>Individual Depositors</b>				
<b>Assets</b>				
Cash	\$ 10,771	\$ 1,584,418	\$ 1,435,687	\$ 159,502
Interfund receivable	-	27	-	27
Total assets	\$ 10,771	\$ 1,584,445	\$ 1,435,687	\$ 159,529
<b>Liabilities</b>				
Due to individuals	\$ -	\$ 8,527	\$ 8,527	\$ -
Interfund payable	-	5,135	4,236	899
Due to BCC	10,771	1,564,790	1,416,931	158,630
Total liabilities	\$ 10,771	\$ 1,578,452	\$ 1,429,694	\$ 159,529
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash	\$ 22,291	\$ 1,598,360	\$ 1,436,888	\$ 183,763
Interfund receivable	-	27	-	27
Total assets	\$ 22,291	\$ 1,598,387	\$ 1,436,888	\$ 183,790
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,124	\$ 1,045	\$ 79
Due to individuals	11,520	22,469	9,807	24,182
Interfund payable	-	5,135	4,236	899
Due to BCC	10,771	1,564,790	1,416,931	158,630
Total liabilities	\$ 22,291	\$ 1,593,518	\$ 1,432,019	\$ 183,790

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

Honorable Michael A. Adkinson, Jr.  
Sheriff  
Walton County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, the aggregate remaining nonmajor governmental funds and fiduciary fund type of the Walton County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2019.

**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 opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

February 22, 2019

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Michael A. Adkinson, Jr.  
Sheriff  
Walton County, Florida

We have examined the Walton County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

February 22, 2019

## **MANAGEMENT LETTER**

Honorable Michael A. Adkinson, Jr.  
Sheriff  
Walton County, Florida

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

We have audited the financial statements of the Walton County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 22, 2019.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 22, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

### **Financial Management**

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



### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we 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, Sheriff, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

February 22, 2019

