

WALTON COUNTY FLORIDA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022

Walton County, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2022

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ALEX ALFORD



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

February 24, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of Walton County, Florida for the fiscal year ended September 30, 2022. 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, 2022, 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 1996 Single Audit Act Amendments and the related OMB Circular A-133. 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 79,544. 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 1st 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 eleven 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 2022 unemployment rate for Walton County was 2.30%, which is 9% below the state unemployment rate of 2.50% and 61% 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 \$6 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 2022 topped the \$62.95 million mark for the first time. The 8.34% 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 2023 to be slightly higher as the economy continues to improve and fuel prices remain relatively low.

In the last decade, the real estate market has been our hardest hit sector. However, the real estate market has stabilized and grown significantly. Real property values increased 9.63% in 2019, increased 8.86% in 2020, increased 15.94% in 2021 and increased 21.01% in 2022. Overall, real property values have increased 177.96% in the last ten years. We expect an increase in 2023 as the economy continues to improve and home inventories begin to move. The biggest concern for our citizenry in recent times has been the rate of foreclosure filings. Over the last year, foreclosure case filings in Walton County increased by 57.96% from the previous year. This was primarily due to the moratorium on foreclosures due to the Covid-19 global pandemic being lifted. We anticipate an increase in 2023.

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 enough 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 businesses 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 2022, 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 3.6363 mills is an increase of 3.01% from the 2013 general county millage rate.

The Board moved quickly to control spending during the 2022 budgeting process due to a slight increase in projected revenues. The 2023 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 2022, Walton County's investment portfolio had a rate of return of -1.05%.

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. These twenty-six miles of highway was completed in 2018.

In 2017, the county purchased a 24-unit business complex in Freeport for \$1.92 million. After renovation of this building was completed, several county departments 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 opened 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 regard 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 City of Defuniak Springs and the City of Freeport are requesting \$27 million over a three-year period from Triumph Gulf Coast, Inc. 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 2024.

Finally, on August 16, 2019, the Triumph Gulf Coast Board of Directors approved a \$1,742,407 grant to a joint Walton County Board of County Commissioners, City of Defuniak Springs and the Walton County Economic Development Alliance request to address water and sewer needs along an approximately four mile stretch from I-10 South along US Highway 331. Combined with a three million dollar Restore Act grant to fund the \$4,742,407 project.

The Triumph grant has two performance requirements. They are:

1. The acquisition of property along the four-mile corridor for development of an industrial park.
2. Creation of at least 100 Florida Qualified Targeted Industry jobs.

The creation of the 100 jobs must be accomplished within four years of the completion of the water and sewer project. Failure to achieve those numbers could result in the forfeiture of some or all the Triumph dollars.

On December 30, 2019, utilizing a loan of \$2.3 million dollars from the Walton County Board of County Commissioners, the Economic Development Alliance acquired approximately 250 acres of land on US Highway 331 situated three miles south of I-10 for development, thereby fulfilling the first performance requirement.

Groundbreaking for the four-mile water/sewer project occurred in the Spring of 2020. This project has been completed.

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 annual comprehensive financial report for the fiscal year ended September 30, 2021. This was the twenty-first 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 annual comprehensive 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 annual comprehensive 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 Annual Comprehensive 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, Tyler Dunaway, and Madison Starling for their contribution to the publication of this document.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Alford', with a long horizontal flourish extending to the right.

Alex Alford
Clerk of Courts & County Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Walton County
Florida**

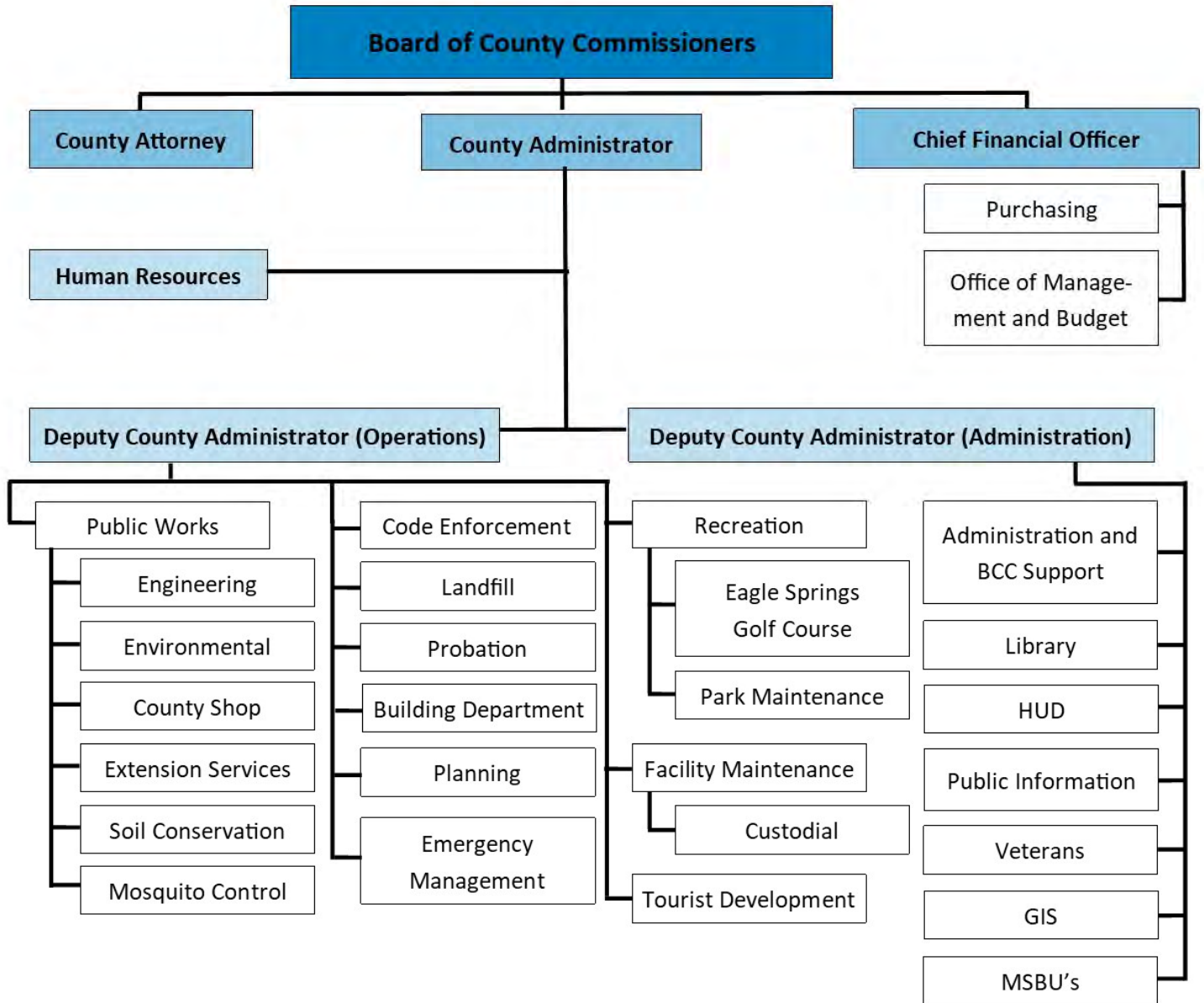
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

Walton County, Florida Organizational Chart





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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Walton County, Florida (the "County"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, and the aggregate remaining fund information of the County, as of September 30, 2022 and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and major governmental special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Emphasis of Matter

As discussed in Notes 1 and 9 to the financial statements, the County adopted provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, which required a prior period adjustment and a restatement of the 2021 financial statements. Our opinion is not modified with respect to these matters.

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 13 through 24, 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 98 through 103, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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.

Supplementary 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 combining and individual non-major fund financial statements and schedules, capital assets used in the operation of governmental funds schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance 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. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 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

February 24, 2023

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, 2022. 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 \$509,134,346 for fiscal year 2022 as compared to \$425,389,897 for fiscal year 2021. Unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net position at September 30, 2022, was \$98,913,845, an increase of \$39,443,331 from the previous year.
- The County's total primary government net position for fiscal year 2022 increased \$83,744,449 over fiscal year 2021.
- At September 30, 2022, the County's governmental funds reported a combined ending fund balance of \$263,462,304, an increase of \$53,953,877 over the prior year.
- The General Fund reported an unassigned fund balance of \$34,412,592 at September 30, 2022.
- The County reported total outstanding notes payable and lease debt of \$17,974,636 at September 30, 2022, a decrease of \$2,305,704 from the prior year.
- The primary government's net pension and post-employment benefit liabilities increased \$64,745,868 in fiscal year 2022 to a total obligation of \$139,157,645.

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 25 of the report.

The Statement of Net Position shows the County's assets and deferred outflows of resources less its liabilities and deferred inflows of resources at September 30, 2022. 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 Capital Projects 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 29.

Proprietary Funds

Walton County maintains and presents one type of proprietary fund, an internal service fund, starting on page 40.

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 both the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 45.

Other Information

This report presents certain required supplementary information on pages 98 to 103 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, 2021 and 2022 are shown below:

Net Position-Governmental Activities

<i>For the fiscal year ended September 30,</i>	2021	2022
Assets		
Current and other assets	\$ 243,826,219	\$ 305,848,713
Capital assets*	344,907,940	378,336,343
Total assets	588,734,159	684,185,056
Deferred Outflows of Resources	40,731,032	44,088,965
Liabilities		
Current liabilities	36,856,012	44,595,623
Noncurrent liabilities*	101,592,838	163,966,965
Total liabilities	138,448,850	208,562,588
Deferred Inflows of Resources	65,626,444	10,577,087
Net Position		
Net investment in capital assets	327,042,600	362,516,707
Restricted	38,876,783	47,703,794
Unrestricted	59,470,514	98,913,845
Total Net Position	\$ 425,389,897	\$ 509,134,346

*For comparative purposes, 2021 Capital assets and Noncurrent liabilities were restated to reflect the implementation of GASB 87 for lease accounting.

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 2021 and 2022. The net position for fiscal years ending September 30, 2021, and 2022, increased \$95,451,790 and \$83,744,449, respectively.

A portion of Walton County's net position (19.4%) represents unrestricted net position of \$47,703,794, which may be used to meet the County's ongoing obligations to citizens and creditors. The increase in unrestricted net position reflects continued growth within the County during fiscal year 2022 in both the ad valorem tax base and sales and tourist development taxes.

A portion of the County's net position (9.1% at September 30, 2021 and 9.4% at September 30, 2022) 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 \$8,827,011 for fiscal year 2022.

The increase in restricted net position is principally due to increases in net position restricted for public safety and transportation.

The County's investment in capital assets such as land, buildings, and equipment, as a percentage of net position, amounts to 76.9% and 71.2% at September 30, 2021 and 2022, respectively, and accounts for the largest portion of the County's net position. 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>	2021	2022
Current unrestricted assets	\$ 234,531,297	\$ 294,442,765
Current unrestricted liabilities	36,856,012	44,595,623
Ratio of current assets to current liabilities	6.36	6.60

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>	2021	2022
Revenues		
Program revenue:		
Charges for services	\$ 27,306,218	\$ 29,003,773
Operating grants and contributions	15,987,554	11,777,923
Capital grants and contributions	16,484,425	13,791,764
General revenues:		
Property taxes	80,493,769	91,347,204
Other taxes	120,509,615	132,565,219
Other	11,283,161	7,830,236
Total revenues	272,064,742	286,316,119

Expenses		
General government	37,575,037	43,337,225
Public safety*	63,018,623	74,891,266
Physical environment	13,302,258	14,542,611
Transportation	23,684,089	26,372,077
Economic environment	24,607,743	28,593,031
Human services	9,272,806	8,847,569
Culture/recreation	4,358,450	5,267,164
Interest on long-term debt	793,946	720,727
Total expenses	176,612,952	202,571,670
Increase in net position	95,451,790	83,744,449
Net Position – Beginning*	329,938,107	425,389,897
Net Position - Ending	\$ 425,389,897	\$ 509,134,346

*For comparative purposes, 2021 beginning net position and public safety expenses were restated to reflect the implementation of GASB 87 for lease accounting.

Governmental Activities

Revenues in fiscal year 2022 include increases of \$10,853,435 in property taxes related to rising property values and growth. Increases in other taxes of \$12,055,604 were a result of strong tourism and other consumer activity. The increase in charges for services of \$1,697,555 were due to several contributing factors including a \$657,529 increase in building department revenues, a \$532,048 increase in ambulance fee collections, and an overall \$445,486 increase in beach activity permitting revenues. The decrease of \$4,209,631 in operating grants and contributions can be primarily attributed to the completion of the Walton Works Training Center RESTORE Act grant project with Northwest Florida College in 2021. The decrease of \$2,692,661 in capital grants and contributions can be attributed to the completion of several grant-funded road construction projects in 2021.

The County saw an increase in deferred pension outflows of \$4,367,508 and a decrease in deferred pension inflows of \$56,529,853, both primarily related to the difference between projected and actual earnings on pension plan investments. The County is a member of the Florida Retirement System and has no responsibility to the System other than to make periodic payments required by State Statute.

During April 2022, the Board of County Commissioners voted to authorize a 5% mid-year cost of living increase for employees. Higher competing wages during fiscal year 2022 and overall historically high inflation drove the cost of departmental operations and capital projects higher.

All of the above factors contributed to Walton County posting a \$83,744,449 increase in net position for governmental activities in 2022.

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 \$209,508,427 at the end of fiscal year 2021 and \$263,462,304 at the end of fiscal year 2022. This was an increase of \$53,953,877 over the prior year. The unassigned General Fund balances of \$26,537,327 at September 30, 2021, and \$34,412,592 at September 30, 2022, were available for spending at the County’s discretion. Governmental funds held restricted, committed, or assigned amounts totaling \$226,823,585 in 2022 to reflect the various constraints placed on those resources for future use, as well as \$2,226,127 for non-spendable amounts, reflecting items such as inventory and prepaid items.

Major Fund Information

	General Fund	County Transportation	Fine and Forfeiture
Fiscal Year 2022			
Revenues and other sources	\$ 78,101,377	\$ 34,395,656	\$ 69,793,151
Expenditures and other uses	71,065,938	33,094,930	62,998,823
Increase (decrease) in fund balance	\$ 7,035,439	\$ 1,300,726	\$ 6,794,328
Fiscal Year 2021			
Revenues and other sources	\$ 75,370,055	\$ 41,004,405	\$ 63,397,326
Expenditures and other uses	71,186,480	34,463,127	62,155,400
Increase (decrease) in fund balance	\$ 4,183,575	\$ 6,541,278	\$ 1,241,926
	Tourist Development	Solid Waste Landfill	Capital Projects
Fiscal Year 2022			
Revenues and other sources	\$ 64,624,709	\$ 39,509,310	\$ 9,138,982
Expenditures and other uses	39,299,737	29,086,203	8,413,921
Increase (decrease) in fund balance	\$ 25,324,972	\$ 10,423,107	\$ 725,061
Fiscal Year 2021			
Revenues and other sources	\$ 61,444,136	\$ 35,665,562	\$ 16,014,250
Expenditures and other uses	37,040,752	26,813,257	10,910,182
Increase (decrease) in fund balance	\$ 24,403,384	\$ 8,852,305	\$ 5,104,068

General Fund

The General Fund is the chief operating fund of the County. At September 30, 2022, the total fund balance in the General Fund was \$42,462,946, of which \$34,412,592 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 55.3% of total 2022 expenditures, while total fund balance is 68.3% of the same amount. For fiscal year 2021, unassigned fund balance represented 56.2% of total expenditures, while total fund balance was 75.0% of the same amount.

Total revenues in the General Fund increased 2.6%. This can be attributed to higher ad-valorem tax revenues due to increased county-wide taxable property values, increased revenues from beach permitting fees and planning and development revenues, and a refund of employer-paid health insurance premiums from the Florida Blue Accounting and Retention agreement, partially offset by unrealized investment losses in 2022. Total expenditures increased 32.8%, due primarily to the net increase in pension expenses attributed to Walton County and higher overall costs of operations attributable to inflation.

Interfund transfers out of the General Fund decreased \$15,113,442 from fiscal year 2021 to fiscal year 2022. During 2021, Coronavirus Relief Funding allocated to Walton County was transferred from the General Fund to the Fine and Forfeiture Fund for public safety personnel costs and to the Capital Projects Fund for stormwater projects delayed during the COVID pandemic, resulting in higher transfers out for that year.

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 Capital Projects funds are presented for fiscal years 2022 and 2021.

The County Transportation Fund accounts for ad valorem tax revenues, motor fuel taxes, and various grants to finance road and bridge construction and maintenance. State statutes govern how these funds are to be used. Fiscal year 2022 showed a decrease of \$8,486,962 in revenues over fiscal year 2021, and a decrease in expenditures of \$1,368,197 for the same period. This was due to a budgetary decrease in ad valorem taxes allocated to the fund, partially offset by an increase in small county surtax funding transferred into the fund. Several grant funded road construction projects were completed in fiscal year 2021, also contributing to the decrease in revenues for fiscal year 2022.

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 of \$13,889,994 in fiscal 2022 can be attributed to an increase in the budgetary allocation of ad valorem tax revenues. As previously noted, \$8 million in Coronavirus Relief Funds was utilized in the 2021 budget to fund Fine and Forfeiture fund public safety personnel costs. For fiscal year 2022, these expenditures were funded with ad valorem tax revenues, increasing in the allocation of these revenues to the fund. The increase in expenditures can be attributed to increases in normal budgeted operating expenses.

The Tourist Development (TD) 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 of \$3,774,589 in 2022 over 2021 can be attributed to continued robust occupancy and average rental rates. Overall expenditures were \$2,258,985 higher for fiscal year 2022 mostly due to increased normal budgeted operating expenditures. TD 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 \$3,969,183 for fiscal year 2022. This increase was the result of continued strong consumer activity related to overall County growth and tourism. Construction of a solid waste transfer station was near completion by the end of fiscal year 2021, resulting in decreased overall fund expenditures of \$1,198,500 in fiscal year 2022. 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 \$2,929,772 at September 30, 2021. This was increased to \$3,000,674 at September 30, 2022.

General Fund Budgetary Highlights

Budget and actual comparison statements are provided in the financial statements for the General Fund on pages 33 through 35. Budget columns are provided for both the original budget adopted for fiscal year 2022 as well as the final budget.

A comparison of original budget to final budget for General Fund revenues shows large revenue budget adjustments in intergovernmental revenues as well as licenses and permits. Budget adjustments for intergovernmental revenues included increases related to budgeting for grant funds. The primary sources of these funds were the American Rescue Plan Act, RESTORE Act, TRIUMPH Gulf Coast, and other State and Federal grants. The budget adjustment in licenses and permits was due primarily to the non-ad valorem assessment to the hospitals in Walton County imposed to allow the hospitals to tap into additional funding to defray the cost of indigent care within Walton County.

A comparison of the final budget to actual General Fund revenues shows differences in charges for services due to better than anticipated revenues for beach related permitting and planning and development. Intergovernmental revenues were lower than anticipated, primarily attributable to grant projects that span multiple years and were not completed in fiscal year 2022.

Differences between the General Fund fiscal year 2022 original budget and final amended budget totaled \$42,606,644 to Board of County Commissioner accounts. The primary General Fund budget changes can be summarized as follows:

- \$12,033,088 rolled forward from fiscal year 2021 for grants and projects not completed in FY 2021
- \$21,686,338 for new grants received in FY 2022
- \$6,590,500 for the Low-Income Pool non-ad valorem assessment to the hospitals within Walton County
- \$700,000 brought forward from General Fund reserves for the purchase of the building on Highway 90 for the State Attorney's office
- \$300,000 in unanticipated revenues from the sale of the Farmer's Market property on Highway 331
- \$150,000 in unanticipated revenues from the Walton County School District toward the Walton Road Sidewalk Project
- \$221,830 in unanticipated revenues from the Parking Ordinance utilized for the establishment of a parking program within Code Enforcement
- \$200,000 in unanticipated revenues from beach vending permits to be utilized for a new building for employees working to administer the beach vending program

General Fund expenditures were \$34,227,727 less than budgeted. The primary component of that difference consisted of \$26,276,432 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 \$1,257,313 in unexpended salary and benefit costs due to the delayed filling of vacancies, and \$4,358,306 budgeted but unspent by the Walton County Constitutional Offices.

Capital Asset and Debt Administration

The County's investment in capital assets for its governmental activities, net of accumulated depreciation, as of September 30, 2021, amounted to \$344,907,940, and at September 30, 2022, amounted to \$378,336,343. 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 9.7%.

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

- The purchase of the property on Eastern Lake for use as a public beach access for \$9,550,940.
- The purchase of a building on Highway 90 East for the State Attorney's Office for \$702,492.
- Construction in progress at September 30, 2022, consisted mostly of \$27,176,461 for transportation and stormwater infrastructure projects, \$4,077,519 in beach access and beach parking projects, \$4,126,960 for the Highway 331 Water and Sewer expansion project, \$1,753,930 for the DeFuniak Springs Courthouse Courtroom Expansion project, and \$4,575,887 for construction of a Class III disposal cell at the Landfill completed in early 2023.

Capital Assets-(Net of Depreciation)

<i>September 30,</i>	2021	2022
Land	\$ 119,582,265	\$ 130,451,561
Buildings	59,191,664	58,789,327
Infrastructure	77,484,956	80,659,919
Improvements other than buildings	31,962,591	33,723,546
Construction in progress	31,498,397	51,822,354
Equipment	24,691,952	22,286,029
Right of use assets – equipment	293,348	459,656
Right of use assets – buildings	202,767	143,951
Total	\$ 344,907,940	\$ 378,336,343

Additional information on the County's capital assets can be found in Note 2 on page 75 of this report.

Long-Term Debt

The County had \$16,842,917 in notes payable at September 30, 2022, of which \$1,983,998 is due for repayment during fiscal year 2023.

<i>September 30,</i>	2021	2022
Notes payable		
Capital Projects Loan	\$ 18,771,258	\$ 16,842,917
Total	\$ 18,771,258	\$ 16,842,917

During the current fiscal year, the County's outstanding notes payable decreased by \$1,928,341, or 10.3%. This 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 2 on page 77 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the County at September 30, 2022, was 2.3%, down from 3.4% at September 30, 2021.

Overall building permit activity continued to be strong for fiscal year 2022. During 2022, 2,849 residential permits were issued, compared to 2,448 residential permits were issued during fiscal year 2021. These figures reflect both new housing starts and commercial construction.

Walton County's population increased 2.1% from the fiscal year ending September 30, 2021, to a total population of 79,544.

The general ad valorem tax rate for fiscal year 2022 and the upcoming 2023 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 Chief Financial Officer 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

	Primary Government	
<i>September 30, 2022</i>	Governmental Activities	Component Unit
Assets		
Current assets		
Cash and cash equivalents	\$ 215,809,525	\$ 36,566,578
Cash - designated for construction	-	34,755,018
Investments	56,236,124	5,000,000
Accounts receivable, net	5,565,740	3,240,705
Accounts receivable-developer agreements, net	-	1,375,312
Due from other governments	16,265,826	-
Inventory	560,967	4,811,751
Prepaid items	4,583	-
Restricted assets		
Cash and cash equivalents	8,951,052	-
Investments	28,816	-
Total current assets	303,422,633	85,749,364
Noncurrent assets		
Restricted cash		
Debt service fund	-	4,020,126
Renewal and replacement fund	-	1,417,784
Customer's deposits	-	2,716,007
Accounts receivable-developer agreements, net	-	1,680,101
Lease receivable	192,464	2,026,963
Due from other governments	573,039	-
Loans receivable	1,660,577	-
Land and other nondepreciable assets	182,273,915	17,046,414
Capital assets, net of depreciation/amortization	196,062,428	160,773,766
Total noncurrent assets	380,762,423	189,681,161
Total assets	684,185,056	275,430,525
Deferred Outflows of Resources		
Deferred outflows related to pension	31,372,715	-
Deferred outflows related to post-employment benefits	12,716,250	-
Deferred losses on debt refundings	-	216,272
Total deferred outflows of resources	44,088,965	216,272

-Continued-

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

Walton County, Florida
Statement of Net Position (Continued)

September 30, 2022	Primary Government	
	Governmental Activities	Component Unit
Liabilities		
Current liabilities		
Accounts payable	\$ 6,976,927	\$ 553,362
Accrued liabilities	5,711,811	262,655
Accrued interest payable	135,949	-
Due to other governments	5,108,166	-
Due to individuals	65,068	-
Deposits	6,004,702	-
Unearned revenue	16,609,644	-
Landfill closure costs	11,500	-
Compensated absences	1,162,564	-
Payable from restricted assets		
Accrued interest payable	-	289,426
Bonds payable	-	350,000
Notes payable	-	1,394,000
Lease obligations	825,294	-
Notes payable	1,983,998	-
Total current liabilities	44,595,623	2,849,443
Noncurrent liabilities		
Customer deposits	-	2,716,006
Notes payable	14,858,919	14,200,000
Lease obligations	306,425	-
Bonds payable	-	3,965,621
Net pension liability	95,945,645	-
Other post-employment benefit obligation	43,212,000	-
Landfill closure cost	5,050,126	-
Compensated absences	4,593,850	345,358
Total noncurrent liabilities	163,966,965	21,226,985
Total liabilities	208,562,588	24,076,428
Deferred Inflows of Resources		
Deferred inflows related to pension	9,024,623	-
Deferred inflows related to post-employment benefits	1,360,000	-
Deferred inflows related to leases	192,464	-
Total deferred inflows of resources	10,577,087	-

-Continued-

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

Walton County, Florida
Statement of Net Position (Continued)

<i>September 30, 2022</i>	Primary Government	
	Governmental Activities	Component Unit
Net Position		
Net investment in capital assets	362,516,707	158,126,831
Restricted for:		
Debt service	140,484	5,437,910
Capital projects	4,478,781	-
General government	1,259,066	-
Public safety	15,224,919	-
Transportation	26,020,519	-
Economic environment	48,625	-
Human services	531,400	-
Unrestricted	98,913,845	88,005,628
Total net position	\$ 509,134,346	\$ 251,570,369

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

Walton County, Florida
Statement of Activities

For the year ended September 30, 2022

Functions/Programs	Expenses	Program
		Charges for Services
Primary Government		
Governmental Activities		
General government	\$ 43,337,225	\$ 8,847,826
Public safety	74,891,266	11,070,591
Physical environment	14,542,611	542,183
Transportation	26,372,077	-
Economic environment	28,593,031	1,709,662
Human services	8,847,569	6,122,725
Culture/recreation	5,267,164	710,786
Interest on long-term debt	720,727	-
Total primary government	\$ 202,571,670	\$ 29,003,773
Component Unit		
Florida Community Services Corporation	\$ 29,926,907	\$ 28,355,681

General Revenues

- Property taxes
- Gasoline taxes
- Sales tax
- Tourist development tax
- Other taxes
- Investment earnings (losses)
- 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 are an integral part of these financial statements.

Revenues		Net (Expense) Revenues and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit
\$ 4,000,176	\$ 118,789	\$ (30,370,434)	\$ -
3,852,378	511,268	(59,457,029)	-
93,498	500,000	(13,406,930)	-
-	-	(26,372,077)	-
2,530,443	12,300,504	(12,052,422)	-
58,087	-	(2,666,757)	-
1,243,341	361,203	(2,951,834)	-
-	-	(720,727)	-
<u>\$ 11,777,923</u>	<u>\$ 13,791,764</u>	<u>(147,998,210)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 3,300,251</u>	<u>-</u>	<u>1,729,025</u>
		91,347,204	-
		7,331,281	-
		58,104,336	-
		62,946,352	-
		4,183,250	-
		(3,154,563)	52,612
		10,000,678	11,877,382
		984,121	379,538
		<u>231,742,659</u>	<u>12,309,532</u>
		<u>83,744,449</u>	<u>14,038,557</u>
		425,612,160	237,531,812
		(222,263)	-
		<u>425,389,897</u>	<u>237,531,812</u>
		<u>\$ 509,134,346</u>	<u>\$ 251,570,369</u>

Walton County, Florida
Balance Sheet
Governmental Funds

<i>September 30, 2022</i>	General	County Transportation	Fine and Forfeiture
Assets			
Cash and cash equivalents	\$ 42,493,952	\$ 20,015,786	\$ 14,148,973
Investments	13,855,884	6,194,177	1,537,324
Accounts receivable, net	241,267	7,979	545,691
Leases receivable	192,464	-	-
Due from other governments	9,439,123	1,235,551	758,078
Due from other funds	462,673	-	290,443
Inventory	111,637	449,330	-
Prepaid items	2,133	-	-
Restricted assets:			
Cash and cash equivalents	1,850,065	3,988,645	-
Investments	-	-	-
Loans receivable	1,660,577	-	-
Total assets	\$ 70,309,775	\$ 31,891,468	\$ 17,280,509
Liabilities			
Accounts payable	\$ 1,631,286	\$ 1,181,945	\$ 1,434,656
Accrued liabilities	2,945,297	203,996	2,279,914
Due to other governments	320,661	41,609	-
Due to individuals	-	-	-
Deposits	2,016,057	3,988,645	-
Due to other funds	5,804,864	-	-
Unearned revenue	14,363,161	5,424	154,094
Total liabilities	27,081,326	5,421,619	3,868,664
Deferred Inflows of Resources			
Unavailable revenue on settlement allocations	573,039	-	-
Deferred inflows related to leases	192,464	-	-
Total deferred inflows of resources	765,503	-	-
Fund Balance			
Nonspendable	1,774,347	449,330	-
Restricted	926,248	26,020,519	13,411,845
Committed	-	-	-
Assigned	5,349,759	-	-
Unassigned	34,412,592	-	-
Total fund balance	42,462,946	26,469,849	13,411,845
Total liabilities, deferred inflows of resources, and fund balance	\$ 70,309,775	\$ 31,891,468	\$ 17,280,509

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

Tourist Development	Solid Waste Landfill	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 81,074,648	\$ 20,773,797	\$ 18,784,419	\$ 17,373,362	\$ 214,664,937
20,920,671	5,360,185	4,847,189	3,520,694	56,236,124
4,696,466	2,600	-	71,737	5,565,740
-	-	-	-	192,464
43,838	4,838,458	-	523,817	16,838,865
5,699,811	-	-	498	6,453,425
-	-	-	-	560,967
300	1,350	-	800	4,583
-	3,000,674	-	111,668	8,951,052
-	-	-	28,816	28,816
-	-	-	-	1,660,577
\$ 112,435,734	\$ 33,977,064	\$ 23,631,608	\$ 21,631,392	\$ 311,157,550
\$ 1,590,974	\$ 426,255	\$ 357,228	\$ 354,583	\$ 6,976,927
94,058	32,621	-	155,925	5,711,811
-	4,237,665	-	508,231	5,108,166
-	-	-	65,068	65,068
-	-	-	-	6,004,702
462,534	-	-	186,027	6,453,425
-	-	-	2,086,965	16,609,644
2,147,566	4,696,541	357,228	3,356,799	46,929,743
-	-	-	-	573,039
-	-	-	-	192,464
-	-	-	-	765,503
300	1,350	-	800	2,226,127
-	3,000,674	-	3,771,469	47,130,755
73,083,680	-	-	12,691,059	85,774,739
37,204,188	26,278,499	23,274,380	1,811,265	93,918,091
-	-	-	-	34,412,592
110,288,168	29,280,523	23,274,380	18,274,593	263,462,304
\$ 112,435,734	\$ 33,977,064	\$ 23,631,608	\$ 21,631,392	\$ 311,157,550



Walton County, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2022

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

Fund balances - Total governmental funds	\$	263,462,304
Future revenue from state litigation settlement appropriations are not available to pay current period expenditures and therefore are deferred at the fund level.		573,039
Capital assets used in government activities are not current financial resources and therefore are not reported at the fund level.		378,336,343
Pension related deferred outflows, deferred inflows and net pension liability represent an acquisition or consumption of net assets that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		(73,597,553)
Other post-employment benefit ("OPEB") related deferred outflows, deferred inflows and net OPEB obligation represent an acquisition or consumption of net assets that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		(31,855,750)
Other liabilities not due and payable in the current period and therefore not reported in the funds are as follows:		
Notes payable	(16,842,917)	
Lease obligations	(1,131,719)	
Accrued interest payable	(135,949)	
Landfill closure costs	(5,061,626)	
Compensated absences, net of Internal Service	(4,611,826)	
Fund, \$1,144,588	(4,611,826)	(27,784,037)
Net position of governmental activities	\$	509,134,346

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

Walton County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

<i>For the year ended September 30, 2022</i>	General	County Transportation	Fine and Forfeiture
Revenues			
Taxes	\$ 27,769,137	\$ 6,738,141	\$ 60,962,324
Licenses and permits	7,915,985	414	-
Intergovernmental	29,307,411	15,037,097	2,879,763
Charges for services	7,075,650	57,813	5,236,542
Fines and forfeitures	170,388	-	48,426
Investment earnings (losses)	(663,451)	(415,063)	(300,493)
Miscellaneous	3,153,501	1,412,195	412,664
Total revenue	74,728,621	22,830,597	69,239,226
Expenditures			
Current			
General government	34,777,508	97,999	-
Public safety	2,707,529	-	58,879,479
Physical environment	503,921	-	-
Transportation	-	14,972,258	-
Economic environment	473,576	-	-
Human services	8,064,023	-	-
Culture/recreation	4,105,886	-	-
Capital outlay	11,257,907	18,024,673	3,133,390
Debt service			
Principal	313,438	-	905,795
Interest	9,359	-	80,159
Total expenditures	62,213,147	33,094,930	62,998,823
Excess revenue over (under) expenditures	12,515,474	(10,264,333)	6,240,403
Other Financing Sources (Uses)			
Proceeds from sale of equipment	295,165	-	186,855
Transfers in	2,602,791	11,565,059	-
Transfers out	(8,852,791)	-	-
Issuance of debt	474,800	-	367,070
Total other financing sources (uses)	(5,480,035)	11,565,059	553,925
Net change in fund balance	7,035,439	1,300,726	6,794,328
Fund balance - beginning	35,427,507	25,169,123	6,617,517
Fund balance - ending	\$ 42,462,946	\$ 26,469,849	\$ 13,411,845

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

Tourist Development	Solid Waste Landfill	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 62,946,352	\$ 38,978,665	\$ 300	\$ 664,704	\$ 198,059,623
-	-	-	5,055,217	12,971,616
-	93,498	-	4,250,755	51,568,524
161,148	464,918	-	1,827,529	14,823,600
-	-	-	859,190	1,078,004
(1,171,021)	(173,488)	(374,109)	8,131	(3,089,494)
2,688,230	145,717	-	1,541,452	9,353,759
64,624,709	39,509,310	(373,809)	14,206,978	284,765,632
-	-	-	2,823,307	37,698,814
-	-	-	3,709,191	65,296,199
-	12,925,842	-	13,071	13,442,834
-	-	7,441	-	14,979,699
25,839,406	-	-	2,389,508	28,702,490
-	-	-	663,726	8,727,749
-	-	-	226,982	4,332,868
13,460,331	1,992,511	5,799,161	2,030,949	55,698,922
-	-	1,928,341	-	3,147,574
-	-	678,978	-	768,496
39,299,737	14,918,353	8,413,921	11,856,734	232,795,645
25,324,972	24,590,957	(8,787,730)	2,350,244	51,969,987
-	-	660,000	-	1,142,020
-	-	8,852,791	-	23,020,641
-	(14,167,850)	-	-	(23,020,641)
-	-	-	-	841,870
-	(14,167,850)	9,512,791	-	1,983,890
25,324,972	10,423,107	725,061	2,350,244	53,953,877
84,963,196	18,857,416	22,549,319	15,924,349	209,508,427
\$ 110,288,168	\$ 29,280,523	\$ 23,274,380	\$ 18,274,593	\$ 263,462,304

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, 2022

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

Net change in fund balances - total governmental funds	\$	53,953,877
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.		55,698,922
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.		(22,112,620)
In the statement of activities, the gain or loss on the disposal of capital assets is reported. Where as in the governmental funds, total proceeds from disposals are reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets		(157,899)
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.		(841,870)
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.		3,147,574
Assessment and settlement allocation revenue is not collected within period of availability after year-end and is deferred in the governmental funds.		566,909
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.		14,229
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.		(119,517)
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.		(2,448,942)
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.		(3,696,200)
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.		(260,014)
Change in net position of governmental activities	\$	83,744,449

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

Walton County, Florida
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 27,180,624	\$ 27,180,624	\$ 27,769,137	\$ 588,513
Licenses and permits	1,310,500	8,101,000	7,915,985	(185,015)
Intergovernmental	16,965,560	48,059,793	29,307,411	(18,752,382)
Charges for services	5,007,519	5,192,692	7,075,650	1,882,958
Fines and forfeitures	44,300	79,300	170,388	91,088
Investment earnings (losses)	170,550	242,050	(663,451)	(905,501)
Miscellaneous	3,732,827	4,394,574	3,153,501	(1,241,073)
Total revenues	54,411,880	93,250,033	74,728,621	(18,521,412)
Expenditures				
Current				
General Government				
Board of County Commissioners	10,233,219	33,890,920	10,960,858	22,930,062
Comptroller	5,256,928	5,295,006	4,491,844	803,162
Clerk of Court - circuit court	214,697	214,697	206,912	7,785
Clerk of Court - county court	69,956	69,956	69,397	559
Court technology	166,450	168,096	122,989	45,107
GIS - information services	600,118	604,218	602,353	1,865
Property Appraiser	3,379,911	3,499,898	2,913,028	586,870
Tax Collector	5,796,712	5,796,712	3,034,804	2,761,908
Supervisor of Elections	1,162,529	1,259,681	1,061,659	198,022
Legal services	1,013,664	981,216	650,357	330,859
State Attorney/Public Defender	83,700	83,700	60,981	22,719
Growth management and comprehensive planning	3,837,967	4,309,711	3,665,042	644,669
County administrator	1,708,451	1,627,879	1,484,128	143,751
Facilities Maintenance	3,750,716	3,768,216	3,725,972	42,244
Financial and administrative services	1,887,431	1,929,528	1,727,184	202,344
Total general government	39,162,449	63,499,434	34,777,508	28,721,926

-Continued-

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

Walton County, Florida
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Public Safety				
Code enforcement	2,397,358	2,643,190	657,838	1,985,352
Fire coordination	32,791	32,791	32,791	-
Parole and probation	355,695	356,780	296,123	60,657
Emergency operations center	376,841	757,460	469,957	287,503
Emergency medical services	807,022	807,022	807,022	-
Medical examiner	443,798	443,798	443,798	-
Total public safety	4,413,505	5,041,041	2,707,529	2,333,512
Physical Environment				
Extension service	433,910	433,910	393,745	40,165
Natural resource conservation service	122,015	122,015	110,176	11,839
Total physical environment	555,925	555,925	503,921	52,004
Economic Environment				
Economic development	361,756	361,756	284,675	77,081
Veteran services	189,412	189,412	188,901	511
Total economic environment	551,168	551,168	473,576	77,592
Human Services				
Health department	1,941,263	8,571,076	7,887,820	683,256
Community service	139,139	139,139	50,603	88,536
Mental health	125,000	125,000	75,000	50,000
Welfare	54,500	54,500	50,600	3,900
Total human services	2,259,902	8,889,715	8,064,023	825,692
Cultural and Recreation				
Library	1,153,296	1,168,875	1,119,226	49,649
Parks and recreation	2,657,837	3,204,616	2,986,660	217,956
Total cultural and recreation	3,811,133	4,373,491	4,105,886	267,605
Capital Outlay	2,757,351	13,207,303	11,257,907	1,949,396

-Continued-

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

Walton County, Florida
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt Service				
Principal	313,438	313,438	313,438	-
Interest	9,359	9,359	9,359	-
Total debt service	322,797	322,797	322,797	-
Total expenditures	53,834,230	96,440,874	62,213,147	34,227,727
Excess revenues over (under) expenditures	577,650	(3,190,841)	12,515,474	15,706,315
Other Financing Sources (Uses)				
Proceeds from sale of equipment	-	300,000	295,165	(4,835)
Transfers in	4,402,791	4,402,791	2,602,791	(1,800,000)
Transfers out	(8,852,791)	(8,852,791)	(8,852,791)	-
Issuance of debt	-	-	474,800	474,800
Total other financing sources (uses)	(4,450,000)	(4,150,000)	(5,480,035)	(1,330,035)
Net change in fund balance	(3,872,350)	(7,340,841)	7,035,439	14,376,280
Fund balance - beginning	35,427,507	35,427,507	35,427,507	-
Fund balance - ending	\$ 31,555,157	\$ 28,086,666	\$ 42,462,946	\$ 14,376,280

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

Walton County, Florida
County Transportation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 6,294,018	\$ 6,294,018	\$ 6,738,141	\$ 444,123
Licenses and permits	7,000	7,000	414	(6,586)
Intergovernmental	2,569,750	23,058,720	15,037,097	(8,021,623)
Charges for services	44,000	44,000	57,813	13,813
Investment earnings (losses)	50,000	50,000	(415,063)	(465,063)
Miscellaneous	-	1,269,386	1,412,195	142,809
Total revenues	8,964,768	30,723,124	22,830,597	(7,892,527)
Expenditures				
General government	174,633	167,433	97,999	69,434
Transportation	17,265,354	19,355,047	14,972,258	4,382,789
Capital outlay	4,058,400	29,056,337	18,024,673	11,031,664
Total expenditures	21,498,387	48,578,817	33,094,930	15,483,887
Excess revenues over (under) expenditures	(12,533,619)	(17,855,693)	(10,264,333)	7,591,360
Other Financing Sources (Uses)				
Proceeds from sale of equipment	274,800	274,800	-	(274,800)
Transfers in	11,565,059	11,565,059	11,565,059	-
Total other financing sources (uses)	11,839,859	11,839,859	11,565,059	(274,800)
Net change in fund balance	(693,760)	(6,015,834)	1,300,726	7,316,560
Fund balance - beginning	25,169,123	25,169,123	25,169,123	-
Fund balance - ending	\$ 24,475,363	\$ 19,153,289	\$ 26,469,849	\$ 7,316,560

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

Walton County, Florida
Fine and Forfeiture Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 58,663,609	\$ 58,663,609	\$ 60,962,324	\$ 2,298,715
Intergovernmental	2,764,847	2,817,587	2,879,763	62,176
Charges for services	4,498,000	5,498,000	5,236,542	(261,458)
Fine and forfeitures	57,000	57,000	48,426	(8,574)
Investment earnings (losses)	9,000	9,000	(300,493)	(309,493)
Miscellaneous	190,000	190,000	412,664	222,664
Total revenues	66,182,456	67,235,196	69,239,226	2,004,030
Expenditures				
Current				
Public safety	61,475,263	60,593,921	58,879,479	1,714,442
Capital outlay	5,100,502	7,366,471	3,133,390	4,233,081
Debt service				
Principal	905,795	905,795	905,795	-
Interest	80,159	80,159	80,159	-
Total expenditures	67,561,719	68,946,346	62,998,823	5,947,523
Excess revenues over (under) expenditures	(1,379,263)	(1,711,150)	6,240,403	7,951,553
Other Financing Sources (Uses)				
Proceeds from sale of equipment	-	-	186,855	186,855
Issuance of debt	-	-	367,070	367,070
Total other financing sources (uses)	-	-	553,925	553,925
Net change in fund balance	(1,379,263)	(1,711,150)	6,794,328	8,505,478
Fund balance - beginning	6,617,517	6,617,517	6,617,517	-
Fund balance - ending	\$ 5,238,254	\$ 4,906,367	\$ 13,411,845	\$ 8,505,478

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

Walton County, Florida
Tourist Development Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 40,738,380	\$ 40,738,380	\$ 62,946,352	\$ 22,207,972
Intergovernmental	-	-	-	-
Charges for services	100,000	100,000	161,148	61,148
Investment earnings (losses)	300,000	300,000	(1,171,021)	(1,471,021)
Miscellaneous	3,055,115	3,055,115	2,688,230	(366,885)
Total revenues	44,193,495	44,193,495	64,624,709	20,431,214
Expenditures				
Current				
Economic environment	37,241,875	38,016,909	25,839,406	12,177,503
Capital outlay	10,143,775	34,104,972	13,460,331	20,644,641
Total expenditures	47,385,650	72,121,881	39,299,737	32,822,144
Excess revenues over (under) expenditures	(3,192,155)	(27,928,386)	25,324,972	53,253,358
Fund balance - beginning	84,963,196	84,963,196	84,963,196	-
Fund balance - ending	\$ 81,771,041	\$ 57,034,810	\$ 110,288,168	\$ 53,253,358

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

Walton County, Florida
Solid Waste Landfill Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 27,620,875	\$ 28,048,875	\$ 38,978,665	\$ 10,929,790
Intergovernmental	-	94,136	93,498	(638)
Charges for services	370,000	370,000	464,918	94,918
Investment earnings (losses)	20,000	20,000	(173,488)	(193,488)
Miscellaneous	60,000	60,000	145,717	85,717
Total revenues	28,070,875	28,593,011	39,509,310	10,916,299
Expenditures				
Current				
Physical environment	12,710,025	13,138,025	12,925,842	212,183
Capital outlay	1,193,000	2,337,729	1,992,511	345,218
Total expenditures	13,903,025	15,475,754	14,918,353	557,401
Excess revenues over expenditures	14,167,850	13,117,257	24,590,957	11,473,700
Other Financing Sources (Uses)				
Transfers out	(14,167,850)	(14,167,850)	(14,167,850)	-
Net change in fund balance	-	(1,050,593)	10,423,107	11,473,700
Fund balance - beginning	18,857,416	18,857,416	18,857,416	-
Fund balance - ending	\$ 18,857,416	\$ 17,806,823	\$ 29,280,523	\$ 11,473,700

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

Walton County, Florida
Statement of Net Position
Proprietary Fund

	Governmental Activities Internal Service Fund
<i>September 30, 2022</i>	
<hr/>	
Assets	
Current assets	
Cash and cash equivalents	\$ 1,144,588
<hr/>	
Liabilities	
Current liabilities	
Accrued compensated absences	174,215
Non-current liabilities	
Accrued compensated absences	970,373
<hr/>	
Total liabilities	1,144,588
<hr/>	
Net position	\$ -
<hr/> <hr/>	

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

Walton County, Florida
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund

	Governmental Activities
<i>For the year ended September 30, 2022</i>	Internal Service Fund
Operating Revenues	
Charges for services	\$ 284,019
Expenses	
Personal services	284,019
Change in net position	-
Net position - beginning	-
Net position - ending	\$ -

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

Walton County, Florida
Statement of Cash Flows
Proprietary Fund

	Governmental Activities
<i>For the year ended September 30, 2022</i>	Internal Service Fund
Cash Provided by (Used in) Operating Activities	
Funding of compensated absences liability	\$ 284,019
Payments on compensated absences liability	(161,874)
<hr/>	
Net increase in cash and cash equivalents	122,145
Cash and cash equivalents at the beginning of the year	1,022,443
<hr/>	
Cash and cash equivalents at the end of the year	\$ 1,144,588
<hr/>	
Reconciliation of Change in Net Position to Cash Provided by Operating Activities	
Change in net position	\$ -
Increase in liabilities:	
Compensated absences payable	122,145
<hr/>	
Cash provided by operating activities	\$ 122,145
<hr/>	

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

Walton County, Florida
Statement of Fiduciary Net Position

<i>September 30, 2022</i>	Custodial Funds
<hr/>	
Assets	
Cash	\$ 6,683,403
Receivables, net	300
<hr/>	
Total assets	\$ 6,683,703
<hr/>	
Liabilities	
Due to other governments	\$ 2,237,336
Deposits	3,228,535
Due to individuals	1,213,984
<hr/>	
Total liabilities	6,679,855
Net Position	
Restricted	3,848
<hr/>	
Total liabilities and net position	\$ 6,683,703
<hr/>	

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

Walton County, Florida
Statement of Changes in Fiduciary Net Position

<i>For the year ended September 30, 2022</i>	Custodial Funds
Additions	
Tax collections, auto tag fees, and other fees for other governments	\$ 277,626,853
Clerk of circuit and county courts revenue	104,443,168
Donations	2,002
<hr/>	
Total additions	382,072,023
Deductions	
Current	
Payments of tax, auto tag fees, and other fees to other governments	277,626,853
Payments of clerk of circuit and county courts distributions to other governments	104,443,168
<hr/>	
Total deductions	382,070,021
<hr/>	
Changes in net position	2,002
Net position - beginning of year	1,846
<hr/>	
Net position - end of year	\$ 3,848
<hr/>	

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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.

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 (FCSC) 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 28 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 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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit (continued)

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. FCSC 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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Walton County, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The custodial funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds (proprietary funds), while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (continued)

As discussed earlier, the County has one discretely presented component unit. While the FCSC is considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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, local option gas tax, 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 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.

Capital Projects Fund – To account for financial resources used for the acquisition or construction of major capital facilities and infrastructure improvements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

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.

Fiduciary 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. 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, and for compliance with court orders; unclaimed tax deed sales, and Sheriff's posse activities.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets for governmental fund types that are legally required to prepare an annual budget are adopted on a basis consistent with GAAP. The following special revenue funds are not budgeted and budget information is not presented: Inmate Canteen (Sheriff), Abandoned Property, Triumph Grant, Suspense, Aviation and Traffic & Parking Enforcement. These funds do not have appropriated budgets since other means control the use of these resources.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The County had no encumbrances at September 30, 2022.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

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 Management Information Systems 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.

Walton County, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents represents cash on hand as well as demand deposits, pooled cash 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, NAV, or amortized cost. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Investments (continued)

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, 2022, Florida PRIME's investments dollar weighted average days to maturity (WAM) was 21 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, 2021 through September 30, 2022. As of September 30, 2022, 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 Short-Term Bond Fund, 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. This fund was assigned a rating of AAAf by Fitch, which is the highest fund credit quality rating offered by Fitch. At September 30, 2022, the FLGIT portfolio invested 36% of funds in treasuries and government related securities.

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

The County reports receivables for various taxes, fees and services.

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

Allowance for Doubtful Accounts

No allowance for doubtful accounts is recorded for taxes and assessment fees as these are deemed collectible. An allowance for uncollectibles is determined for ambulance billings and HUD based on the County's historical rate of collection on such receivables.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Allowance for Doubtful Accounts (continued)

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.

Restricted Assets

Certain assets of the County and its component unit are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments.

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 \$5,000 as required by Florida Statute 274 and Florida Administrative Code Sections 69(i)-73.002 and 69(i)-73.006.

Walton County, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Capital Assets (continued)

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

Asset	Years
Buildings	30 - 40
Right-of-use buildings	3 - 10
Building improvements	30 - 40
System infrastructure	20
Vehicles	5
Equipment	5 - 7
Right-of-use equipment	2 - 7
Improvements other than buildings	20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The County and component unit have three (3) items that qualify for reporting as deferred outflows of resources, the deferred losses on debt refunding, the deferred outflows related to other postemployment benefits (OPEB) and the deferred outflows related to pensions, all reported in the government-wide statement of net position. The deferred amount on losses on debt refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt.

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension or OPEB liability in future reporting years.

In addition to liabilities, the statement of financial 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The County has three (3) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years. The deferred inflows related to

Walton County, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

leases relate to a building lease in which the County is the lessor. Revenue will be recognized over the life of the lease. The County received \$12,369 and \$433 in principal and interest payments, respectively, during the year ended September 30, 2022.

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, 2022, which is the most recent measurement date available for audited FCSC financial data:

Unamortized loss on Series 2001 refunding	\$ 114,428
Unamortized loss on Series 2003 refunding	39,839
Unamortized loss on Series 2006 refunding	62,005
<hr/>	
Total deferred losses on debt refunding	\$ 216,272

Compensated Absences

It is the County's policy to allow employees to accumulate paid time off benefits. For the fiscal year ended September 30, 2022, for all governmental fund types, the liability relating to such vested unused paid time off 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 compensated absences 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

GASB No. 87, Leases, was adopted October 1, 2021. Under this new guidance, all contracts allowing for the County to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Lease Obligations (Continued)

the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. Any contract not meeting the 12-month period requirement is recognized as rental expense.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of lease liability are composed of fixed payments and term options that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease receivable

The County records revenues from lease in accordance with GASB No. 87, Leases. The lease receivable is initially measured at the present value of the lease payments expected to be received during the lease term. The deferred lease inflow of resources is measured as the sum of the initial measurement of the lease receivable net of lease payments received. Lease receipts result in a reduction of the lease receivable and recognition of inflows of revenues. At September 30, 2022, the total lease receivable of \$192,464 was for the lease of a commercial building.

Unearned revenues

Unearned revenues are a liability that represents amounts received, but not yet earned. \$14,097,461 of funding from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program was unearned as of September 30, 2022. The remaining balance of unearned revenue is made up of \$1,412,872 of SHIP funding, \$496,561 of law enforcement funding, and \$602,750 of miscellaneous grant funding.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Accrued Liabilities

Accrued liabilities of \$5,711,811 represent a liability for payroll expenses that were incurred but unpaid at September, 30, 2022.

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.

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 nor committed.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Net Position/Fund Equity (continued)

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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The County had no outstanding encumbrances at September 30, 2022.

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 can be 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Property Taxes (continued)

2022 property tax calendar:

Lien date	- January 1, 2021
Levy date	- November 1, 2021
Tax bills mailed	- November 1, 2021
Collection dates	- November 30, 2021: 4% discount
	- Through January 2, 2022: 3% discount
	- Through January 31, 2022: 2% discount
	- Through February 28, 2022: 1% discount
Delinquent date	- April 1, 2022
Tax sale - 2021 delinquent property taxes	- on or before June 1, 2022

Pensions

The County participates in the Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts, pension liability, and OPEB liability.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2023 and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87 (GASB 87), *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under GASB 87, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 87 resulted in the inclusion of a lease receivable, leases payable and right of use assets in the Statement of Net Position. See note 9 for further discussion on the restatement of beginning balances required for the implementation of GASB 87.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The implementation of GASB 89 did not result in any change in the County's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019- 3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,

Walton County, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The implementation of GASB 92 did not result in any significant change in the County's financial statements.

In May 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in GASB 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 93 did not result in any change in the County's financial statements.

In June 2020, the GASB issued Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. The implementation of GASB 97 did not result in any change in the County's financial statements.

In October 2021, the GASB issued GASB Statement No. 98 (GASB 98), *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The implementation of GASB 98 did not result in any change in the County's financial statements.

Pronouncements Issued But Not Yet Effective

The GASB has issued statements that will become effective in future years. These statements are as follows:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b)
- recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—*for State and Local Governments, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The County is evaluating the requirements of the above statements and the impact on reporting.

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Budgetary Information

During the fiscal year 2022, there were supplemental appropriations of \$132,547,697 or 54 percent of the original budget. The following items represent the major additional appropriations:

<i>General Fund</i>	
Various projects in work and capital projects	\$ 5,708,362
Various operating costs	7,585,425
Various federal and state grants	29,312,857
<i>Special Revenue Funds</i>	
<i>County Transportation Trust</i>	
Transportation capital projects funded with current revenue, federal and state grants, and available fund balance	27,080,430
<i>Fine and Forfeiture</i>	
Various projects in work and capital projects	357,232
Various operating costs	1,000,000
Various federal and state grants	27,395
<i>Tourist Development</i>	
Various projects in work and capital projects	24,736,231
<i>Solid Waste Landfill</i>	
Various capital improvements, facility repairs and upgrades	1,478,593
Various federal and state grants	94,136
<i>Capital Projects</i>	
Various projects in work and capital projects	23,027,349
Various federal and state grants	625,000
<i>Nonmajor Funds</i>	
Various capital improvements, facility repairs and upgrades	9,453,107
Various federal and state grants	1,625,906
Various personnel services and operating costs	435,674
Total	\$ 132,547,697

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.

Florida Community Services Corporation (FCSC)

For the year ended February 28, 2022, FCSC 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 23 days; therefore, FCSC

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Cash, Cash Equivalents and Investments (Continued)

Florida Community Services Corporation (FCSC) (Continued)

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, 2022, total invested in the fund with The Bank of New York Mellon totaled \$22,876,358.

For the year ended February 28, 2022, the FCSC 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 14 days; therefore, FCSC 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, 2022, total invested in the fund with The Bank of New York Mellon totaled \$2,461,020 (FYAXX) and \$1,559,401 (FTOXX).

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 2022 were transferred to a public fund net interest bearing checking account, paying interest at 70% of the current federal funds rate with no reserve requirements.

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.

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (continued)

Interest Rate Risk (Continued)

Investment Type	Total Fair Value	0-1 Year	1-5 Year	5-10 Year	More Than 10 Year
Corporate bonds	\$ 28,302,371	\$ 7,372,560	\$ 20,929,811	\$ -	\$ -
Municipal bonds	5,775,574	331,703	5,443,871	-	-
U.S. Government and agency securities	9,382,009	738,765	6,693,027	1,251,980	698,237
	43,459,954	\$ 8,443,028	\$ 33,066,709	\$ 1,251,980	\$ 698,237
Money market	814,500				
Equity securities	1,463,611				
	<u>\$ 45,738,065</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.

Investment Type	Credit Rating	Risk at Fair Value	Total Investments
Florida Local Government Investment Trust (FLGIT)	AAAf	\$ 10,395,194	18.48%

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;

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (continued)

Fair Value Measurement (continued)

- 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, 2022, the County’s pooled investments are valued as follows:

Investment Type	9/30/2022 Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market funds	\$ 814,500	\$ 814,500	\$ -
U.S. government and agency securities	9,382,009	5,350,393	4,031,616
Municipal bonds	5,775,574	-	5,775,574
Corporate bonds	28,302,371	-	28,302,371
Equity securities	1,463,611	1,463,611	-
Total investments at fair value	45,738,065	\$ 7,628,504	\$ 38,109,561
<i>Investments Measured at Net Asset Value (NAV)</i>			
Florida Local Government Investment Trust (FLGIT)	10,395,194		
<i>Investments Measured at Amortized Cost</i>			
Florida PRIME (SBA)	131,681		
Total investments valued at NAV and amortized cost	10,526,875		
Total investments	\$ 56,264,940		

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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (continued)

Florida Community Services Corporation (FCSC)

FCSC held investments in certificates of deposit of \$5,000,000 at February 28, 2022. The certificates of deposit bear interest at 0.45% and mature in February 2023.

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 \$855,865 and an allowance of \$338,324 and HUD which had a balance of \$216,159 and an allowance of \$216,159.

Florida Community Services Corporation (FCSC) charges accounts to bad debt expense as they are billed and deemed uncollectible. At February 28, 2022, the allowance for uncollectible accounts was \$34,912.

Due From Other Governments is comprised of grants reimbursements of \$8,307,751, revenue sharing and taxes due to the County of \$7,958,075, and an allocation by the State of Florida from litigation settlements of \$573,039. These litigation settlements will be paid out over several years and a deferred inflow of resources has been recorded by the General fund.

Loans Receivable consists of a loan agreement with the Walton County Economic Development Alliance (“EDA”) for the purchase of real property in order to facilitate growth and business creation in the county. The outstanding balance at September 30, 2022 is \$1,660,577 and will be repaid by the EDA with proceeds of each sale of real property.

FCSC - Developers Agreements Receivable

As of February 28, 2022, FCSC had gross balances for accounts receivable related to developers’ agreements of \$4,625,482. These receivables represent amounts owed by developers for water and/or sewer connection fees under the terms of contracts between the parties and FCSC.

As of February 28, 2022, FCSC had taken legal action related to the collection of the past due amounts by filing liens. However, management believes there is uncertainty regarding the collectability of the past due amounts. Therefore, at February 28, 2022, FCSC had established an allowance for doubtful accounts of \$1,570,069. Revenues related to developer agreements are reported as non-operating revenues.

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Activity

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

Due From Other Funds:

General Fund

Tourist development council	\$	462,534
Other governmental funds		139
	\$	462,673

Amount due from tourist development council and other governmental funds is for miscellaneous reimbursements. All amounts due will be paid within one year of the financial statement date.

Fine and Forfeiture

General fund	\$	105,053
Other governmental funds		185,390
	\$	290,443

Amounts due from general fund and other governmental funds represent grant reimbursements. All amounts due will be paid within one year of the financial statement date.

Tourist Development Council

General fund	\$	5,699,811
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Amounts due are from Clerk of the Courts for Tourist Development Tax. All amounts due will be paid within one year of the financial statement date.

Other Governmental Funds

Other governmental funds	\$	498
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Amount due from other governmental funds represent various operating and grant reimbursements. All amounts due will be paid within one year of the financial statement date.

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Transfers

Transfers are used to (1) use solid waste landfill revenues to cover road paving expenditures in county transportation fund and capital projects in the general fund and (2) transfer general fund revenues to fund capital projects.

Transfers Between Funds:

Transfers to General Fund from:

Solid waste landfill	\$	2,602,791
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Transfers to County Transportation Fund from :

Solid waste landfill		11,565,059
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Transfers to Capital Projects Fund from:

General fund		8,852,791
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Total interfund transfers	\$	23,020,641
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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	Investments	Total
<i>Walton County - Primary Government</i>			
Debt service funds	\$ 111,668	\$ 28,816	\$ 140,484
Infrastructure improvements	5,838,710	-	5,838,710
Landfill closure costs	3,000,674	-	3,000,674
	\$ 8,951,052	\$ 28,816	\$ 8,979,868
<i>Florida Community Service Corporation</i>			
Debt service funds	\$ 4,020,126	\$ -	\$ 4,020,126
Renewal and replacement funds	1,417,784	-	1,417,784
Customer deposits	2,716,007	-	2,716,007
	\$ 8,153,917	\$ -	\$ 8,153,917

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital assets activity for the fiscal year is as follows:

	October 1, 2021, as Restated	Additions	Deductions	September 30, 2022
Capital assets not being depreciated				
Land	\$ 119,582,265	\$ 10,997,206	\$ 127,910	\$ 130,451,561
Construction in progress	31,498,397	25,027,679	4,703,722	51,822,354
Total non-depreciable assets	\$ 151,080,662	\$ 36,024,885	\$ 4,831,632	\$ 182,273,915
Capital assets being depreciated:				
Buildings	\$ 89,671,024	\$ 2,102,191	\$ -	\$ 91,773,215
Improvements other than buildings	53,678,602	4,166,646	-	57,845,248
Infrastructure	189,961,149	10,804,418	-	200,765,567
Machinery and equipment	86,718,573	6,937,434	4,676,215	88,979,792
Right of use assets - equipment	775,663	367,070	-	1,142,733
Right of use assets - buildings	340,910	-	-	340,910
Total depreciable assets	421,145,921	24,377,759	4,676,215	440,847,465
Less accumulated depreciation:				
Buildings	30,479,360	2,504,528	-	32,983,888
Improvements other than buildings	21,716,011	2,405,691	-	24,121,702
Infrastructure	112,476,193	7,629,455	-	120,105,648
Machinery and equipment	62,026,621	9,313,368	4,646,226	66,693,763
Right of use assets - equipment	482,315	200,762	-	683,077
Right of use assets - buildings	138,143	58,816	-	196,959
Total accumulated depreciation	227,318,643	22,112,620	4,646,226	244,785,037
Total depreciable capital assets, net	193,827,278	2,265,139	29,989	196,062,428
Total governmental activities capital assets, net	\$ 344,907,940	\$ 38,290,024	\$ 4,861,621	\$ 378,336,343

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

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

<i>Governmental Activities</i>	
General government	\$ 3,119,560
Public safety	5,831,258
Physical environment	842,481
Transportation	10,810,809
Economic environment	618,906
Human services	83,985
Culture and recreation	805,621
<hr/>	
Total	\$ 22,112,620

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

	March 1, 2021	Additions	Transfer/ Deductions	February 28, 2022
<hr/>				
Capital assets not being depreciated				
Land	\$ 13,227,825	\$ -	\$ -	\$ 13,227,825
Construction in progress	13,594,194	4,670,140	(14,445,745)	3,818,589
<hr/>				
Total non-depreciable assets	\$ 26,822,019	\$ 4,670,140	\$ (14,445,745)	\$ 17,046,414
<hr/>				
Capital assets being depreciated:				
Buildings	\$ 11,285,028	\$ 20,000	\$ -	\$ 11,305,028
Utility system	332,583,435	7,637,263	14,434,488	354,655,186
Automobiles and trucks	7,258,478	828,864	(545,225)	7,542,117
Furniture and fixtures	949,100	22,910	-	972,010
Machinery and equipment	20,371,928	1,223,707	(479,095)	21,116,540
<hr/>				
Total depreciable assets	372,447,969	9,732,744	13,410,168	395,590,881
Less accumulated depreciation	218,640,553	17,044,919	(868,357)	234,817,115
<hr/>				
Total depreciable capital assets, net	153,807,416	(7,312,175)	14,278,525	160,773,766
<hr/>				
Total governmental activities capital assets, net	\$ 180,629,435	\$ (2,642,035)	\$ (167,220)	\$ 177,820,180

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	Balance 10/01/21 as Restated	Additions	Reductions	Balance 09/30/22	Due Within One Year
Leases	\$ 1,509,082	\$ 841,870	\$ 1,219,233	\$ 1,131,719	\$ 825,294
Notes from direct borrowings	18,771,258	-	1,928,341	16,842,917	1,983,998
Compensated absences	5,374,255	4,403,887	4,021,728	5,756,414	1,162,564
Net pension liability	34,919,777	71,583,293	10,557,425	95,945,645	-
Net OPEB liability	39,492,000	4,485,000	765,000	43,212,000	-
Landfill closure costs	4,942,109	119,517	-	5,061,626	11,500
	\$ 105,008,481	\$ 81,433,567	\$ 18,491,727	\$ 167,950,321	\$ 3,983,356

Compensated absences, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. A portion of compensated absences will be liquidated by the internal service fund.

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Leases

The County has entered into multiple lease agreements as lessee for vehicles, equipment, and buildings that qualify as leases for accounting purposes.

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

	Tax Collector	Sheriff	Property Appraiser	Board	Total
2023	\$ 10,619	\$ 471,167	\$ 237,400	\$ 118,631	\$ 837,817
2024	6,200	95,704	-	54,937	156,841
2025	1,663	59,644	-	-	61,307
2025	-	40,300	-	-	40,300
2026	-	33,852	-	-	33,852
2028	-	33,852	-	-	33,852
Total minimum payments	18,482	734,519	237,400	173,568	1,163,969
Less: amount representing interest	(256)	(24,614)	-	(7,380)	(32,250)
Present value of minimum capital lease payments	\$ 18,226	\$ 709,905	\$ 237,400	\$ 166,188	\$ 1,131,719
Gross capital asset value	\$ 50,234	\$1,178,169	\$ 474,800	\$ 614,392	\$ 2,317,595
Accumulated depreciation	(33,121)	(663,774)	(31,653)	(506,261)	(1,234,809)
Net capital asset value	\$ 17,113	\$ 514,395	\$ 443,147	\$ 108,131	\$ 1,082,786

Notes From Direct Borrowings

September 30, 2022

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. \$ 14,687,917

Revenue Promissory Note, Series 2020 - Original loan of \$2,500,000 to finance the County's rural broadband expansion. Due in quarterly principal and interest installments with an interest rate of 2.10%. Note matures in 2030. 2,155,000

\$ 16,842,917

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Notes From Direct Borrowings (continued)

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

Year Ending September 30,	Principal	Interest	Total
2023	\$ 1,983,998	\$ 533,333	\$ 2,517,331
2024	2,040,337	471,533	2,511,870
2025	2,110,906	405,479	2,516,385
2026	2,182,320	332,383	2,514,703
2027	2,245,783	268,872	2,514,655
2028-2030	6,279,573	374,885	6,654,458
	<u>\$ 16,842,917</u>	<u>\$ 2,386,485</u>	<u>\$ 19,229,402</u>

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 \$2,607,319 and \$18,770,251, respectively.

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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds and notes					
Series 2011 revenue bond	\$ 4,615,000	\$ -	\$ 340,000	\$ 4,275,000	\$ 350,000
Series 2013 note	4,550,000	-	365,000	4,185,000	375,000
Series 2015 note	12,399,000	-	990,000	11,409,000	1,019,000
Revenue bonds and notes payable	21,564,000	-	1,695,000	19,869,000	1,744,000
Plus unamortized bond premium	44,935	-	4,314	40,621	-
Total revenue bonds and notes payable	<u>\$ 21,608,935</u>	<u>\$ -</u>	<u>\$ 1,699,314</u>	<u>\$ 19,909,621</u>	<u>\$ 1,744,000</u>

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Florida Community Services Corporation (FCSC) (continued)

<i>February 28, 2022</i>	Current	Long-term	Total
\$8,685,000 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.	\$ 350,000	\$ 3,925,000	\$ 4,275,000
\$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.	375,000	3,810,000	4,185,000
\$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 2.54%. The note is secured by the assets of the Corporation and by future revenues.	1,019,000	10,390,000	11,409,000
Total revenue bonds and notes outstanding	1,744,000	18,125,000	19,869,000
Unamortized premium	-	40,621	40,621
Total revenue bonds and notes, net	\$ 1,744,000	\$ 18,165,621	\$ 19,909,621

FCSC's annual requirements to amortize all debts outstanding as of February 28, 2022 on the bonds and notes are as follows:

Year Ending February 28,	Principal	Interest	Total
2023	\$ 1,744,000	\$ 561,279	\$ 2,305,279
2024	1,793,000	511,768	2,304,768
2025	1,844,000	460,638	2,304,638
2026	1,895,000	408,001	2,303,001
2027	1,953,000	353,203	2,306,203
2028-2032	10,640,000	868,505	11,508,505
	\$ 19,869,000	\$ 3,163,394	\$ 23,032,394

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Debt 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. As of February 28, 2022, FCSC was in compliance with all of its debt covenants.

Indenture Provisions

FCSC's outstanding bond and note issues require the establishment of certain debt service reserve accounts to be maintained. At February 28, 2022, 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 2022. Within the same bank account, FCSC maintains additional funds which are designated by FCSC's Board for use in replacement and repairs due to natural disasters, such as hurricanes.

Deposits

At September 30, 2022, deposits totaled \$6,004,782. Of this total, \$1,850,065 was for bid bond deposits and cash sureties for infrastructure paid by developers and \$3,988,645 was for proportionate fair share deposits, which are both restricted by enabling legislation. 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. The remaining balance was related to miscellaneous deposits.

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 assets.

Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$45,802,314 of restricted net position, of which \$37,485,461 is restricted by enabling legislation.

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.

Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balance (continued)

At September 30, 2022, fund balance is comprised of the following:

<i>Nonspendable</i>		
General fund		
Inventory	\$	111,637
Prepays		2,133
Loan receivable		1,660,577
		<hr/>
		\$ 1,774,347
County transportation		
Inventory		449,330
Tourist development		
Prepays		300
Solid waste landfill		
Prepays		1,350
Nonmajor funds		
Prepays		800
		<hr/>
Total nonspendable fund balance		\$ 2,226,127
<hr/>		
<i>Restricted</i>		
General fund		
Court technology	\$	834,638
Court innovations		91,610
		<hr/>
		\$ 926,248
County transportation		
Road and bridge		26,020,519
Fine and forfeiture		
Public safety		13,411,845
Solid waste landfill		
Closure costs		3,000,674
Nonmajor governmental funds		
Debt service	140,484	
Housing and Urban Development (HUD)	48,625	
Mosquito control	531,400	
Court technology	952,818	
Public Records Modernization	525,289	
Child support enforcement	332,818	
Law enforcement	1,240,035	
		<hr/>
		3,771,469
		<hr/>
Total restricted fund balance		\$ 47,130,755
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Walton County, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balance (continued)

Committed

<i>Tourist development</i>	
Beach renourishment	\$ 40,872,353
New product development	16,170,968
North Walton	457,693
High impact	15,582,666
	\$ 73,083,680
<i>Nonmajor governmental funds</i>	
Code enforcement	11,307,070
Preservation	1,001,732
Sidewalk	382,257
	12,691,059
Total nonmajor governmental funds	12,691,059
Total committed fund balance	\$ 85,774,739

Assigned

<i>General fund</i>	
2023 budget appropriations	\$ 3,580,315
<i>Tourist development</i>	
2023 budget appropriations	37,204,188
<i>Solid waste landfill</i>	
Landfill operations and capital projects	26,278,499
<i>Capital projects</i>	
Capital projects and improvements	23,274,380
<i>Nonmajor governmental funds</i>	
Public safety	127,539
Culture and recreation	1,683,726
	1,811,265
Total assigned fund balance	\$ 92,148,647

Note 3: 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 94% filled and 5.1 acres of Class I cells constructed and available that have not been utilized. Since construction of the

Note 3: RECOGNITION OF LANDFILL CLOSURE AND POST-CLOSURE COSTS (Continued)

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 \$5,367,773 represents closure costs of \$3,182,115 and post-closure cost of \$2,185,658. 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 \$5,061,626 for this used capacity is reflected as a liability at September 30, 2022. Closure and post-closure costs of \$306,147 remain to be recognized in the estimated two 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 4: EMPLOYEE RETIREMENT SYSTEM

Florida Retirement System Pension Plan

Substantially all full-time County employees are participants in 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.

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 reduction of benefits for each year a member retires 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.

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (continued)

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-11.91% DROP Program-18.60%, special risk employees-27.89%, senior management-31.57% and elected officials-57.00%. 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 System pension plan for the years ended September 30, 2022 and 2021 were \$9,515,985, and \$8,166,884, respectively, and equal to the actuarially determined contributions for each year. The County's contributions to the Retiree Health Insurance Subsidy Program ("HIS") for the years ended September 30, 2022 and 2021 were \$1,041,440 and \$934,780, 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 pension plan and HIS was \$63,523,324 the year ended September 30, 2022. The County's total payroll was \$64,368,910 for the same period. Net pension liabilities are generally liquidated by the general fund.

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, 2022, the Board reported a liability of \$78,604,678 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, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022, the System's proportion of the Pension Plan was 0.211257%, which was an increase of 0.003853% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Board recognized pension benefit of \$2,040,285 for the Pension Plan. At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Walton County, Florida
Notes to Financial Statements

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,733,268	\$ -
Changes of assumptions	9,680,494	-
Net difference between projected and actual earnings on pension plan investments	5,190,257	-
Changes in proportion and difference between employer contributions and proportionate Employer contributions subsequent to the measurement date	5,935,800	5,736,247
	2,716,072	-
Total	\$ 27,255,891	\$ 5,736,247

\$2,716,072 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, 2023. 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:

Year Ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense, Net
2023	\$ 4,815,667	\$ 1,042,954	\$ 3,772,713
2024	4,815,667	1,042,954	3,772,713
2025	4,815,667	1,042,954	3,772,713
2026	4,815,667	1,042,954	3,772,713
2027	3,518,103	1,042,954	2,475,149
Thereafter	1,759,048	521,477	1,237,571
	\$ 24,539,819	\$ 5,736,247	\$ 18,803,572

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	6.70%
Projected salary increases	3.25%

* Net of pension plan investment expense

Walton County, Florida
Notes to Financial Statements

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (continued)

The actuarial assumptions used in the actuarial valuation as of July 1, 2022 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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*	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	100%			

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

* Includes assumed rate of inflation of 2.40%

Discount rate. The discount rate used to measure the total pension liability for the Pension Plan was 6.70%. 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 6.70% 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 (5.70%) or 1-percentage point higher (7.70%) than the current rate:

Walton County, Florida
Notes to Financial Statements

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Florida Retirement System Pension Plan (continued)

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Board's proportionate share of collective pension liability	\$ 135,941,386	\$ 78,604,678	\$ 30,664,368

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the FRS prepared as of June 30, 2022. The auditors' report dated January 13, 2023 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, 2022 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.

Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the 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.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2022, the Board reported a liability of \$17,340,967 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, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022, the Board's proportion of the HIS Plan was 0.163724%, which was an increase of 0.006762% from its proportion measured as of June 30, 2021.

Walton County, Florida
Notes to Financial Statements

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Health Insurance Subsidy Program (continued)

For the year ended September 30, 2022, the Board recognized pension expense of \$408,657 for the HIS Plan. At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 526,339	\$ 76,301
Changes of assumptions	993,995	2,682,637
Net difference between projected and actual earnings on pension plan investments	25,106	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,284,161	529,438
Employer contributions subsequent to the measurement date	287,223	-
Total	\$ 4,116,824	\$ 3,288,376

\$287,223 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, 2023. 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
2023	\$ 599,473	\$ 513,809	\$ 85,664
2024	599,473	513,809	85,664
2025	599,473	513,809	85,664
2026	599,473	513,809	85,664
2027	599,475	513,809	85,666
Thereafter	832,234	719,331	112,903
	\$ 3,829,601	\$ 3,288,376	\$ 541,225

The total pension liability for the HIS Plan was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	3.54%
Projected salary increases	3.25%

* Net of pension plan investment expense

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Health Insurance Subsidy Program (continued)

The actuarial assumptions used in the actuarial valuation as of July 1, 2022 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 for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

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 3.54%. 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.

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 3.54% 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 (2.54%) or 1-percentage point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Board's proportionate share of collective pension liability	\$ 19,839,490	\$ 17,340,967	\$ 15,273,491

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 *Report for the FRS* prepared as of June 30, 2022. The auditors’ report dated January 13, 2023 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, 2022 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.

Walton County, Florida
Notes to Financial Statements

Note 4: EMPLOYEE RETIREMENT SYSTEM (Continued)

Schedule of Pension Information

The following schedule represents the County's proportionate share of the System and HIS' fiduciary net position and net pension expense as of and for the year ended June 30, 2022.

	System	HIS	Total
Assets	\$ 383,505,092	\$ 821,606	\$ 384,326,697
Plan Liabilities	(9,660,695)	(111)	(9,660,806)
Total pension liability	(450,967,815)	(17,075,947)	(468,043,762)
Net pension expense	(2,040,285)	(408,657)	(2,448,942)

Note 5: POSTEMPLOYMENT 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). Two plans are offered: a Blue Cross Co-Pay plan with a \$750 deductible (Plans 03559 and 3359) and a Blue Cross PPO plan with a \$1,500 deductible (Plan 3360). 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:

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.

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Benefits Provided

The County provides postemployment 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, 2020, 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	999
Inactive (employees or beneficiaries currently receiving benefits)	75
<u>Inactive (employees entitled but not yet receiving benefits)</u>	<u>-</u>
<u>Total membership</u>	<u>1,074</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, 2022 for the County’s fiscal year and reporting period of October 1, 2021 to September 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2021 and the corresponding measurement period of October 1, 2020 to September 30, 2021. The measurement of the total OPEB liability is based on a valuation date of October 1, 2020. The following shows the changes in the County’s net OPEB liability:

Walton County, Florida
Notes to Financial Statements

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Pension (b)	Net OPEB Liability (a)+(b)
	Balance at October 1, 2019	\$ 39,492,000	\$ -
Service cost	1,454,000	-	1,454,000
Interest cost	978,000	-	978,000
Employer contributions	-	765,000	765,000
Benefit payments	(765,000)	(765,000)	(1,530,000)
Assumption changes	2,053,000	-	2,053,000
Net changes	3,720,000	-	3,720,000
Balance at September 30, 2020	\$ 43,212,000	\$ -	\$ 43,212,000

Sensitivity of the net OPEB liability to changes in the discount rate – The following represents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19%) or 1- percentage-point higher (3.19%) than the current discount rate:

	1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
Net OPEB liability	\$ 54,460,000	\$ 43,212,000	\$ 34,854,000

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following represents the net OPEB liability, as well as what net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4%) or 1-percentage-point higher (6%) than the current healthcare trend rates:

	1% Decrease 4.00%	Current Trend Rate 5.00%	1% Increase 6.00%
Net OPEB liability	\$ 34,631,000	\$ 43,212,000	\$ 54,949,000

At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

Walton County, Florida
Notes to Financial Statements

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Net OPEB Liability (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,760,000	\$ 704,000
Changes of assumptions	7,153,000	656,000
Net difference between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	803,250	-
Total	\$ 12,716,250	\$ 1,360,000

\$803,250 reported as deferred outflows of resources related to postemployment 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	OPEB Expense, Net
2023	\$ 2,088,000
2024	2,088,000
2025	2,049,000
2026	1,705,000
2027	1,277,000
2028	1,346,000
	\$ 10,553,000

Actuarial Methods and Assumptions – The actuarial report dated January 24, 2023 for the fiscal year end date of September 30, 2022 was prepared using GAAP and practices, and relied on 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 October 1, 2020 actuarial valuation, the entry age actuarial cost method was used to determine the Plan’s funding liabilities and assets. The actuarial assumption included a 2.19% discount rate, general wage increases of 2.6% and a medical trend rate for fiscal year 2022 of 5.0 per year. The discount rate represents the Municipal GO AA 20-year yield curve rates as of September 30, 2021. The following mortality rates were used:

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Net OPEB Liability (continued)

Post Employment:

- Females: RP-2000 Fully Generational with Scale BB, 100% White Collar
- Males: RP-2000 White Collar Generational with Scale BB, 50% Blue Collar and 50% White Collar

During Employment

- Females: RP-2000 Generational, 100% Combined Healthy White Collar with Scale BB
- Males: RP-2000 Generational with Scale BB, 50% Blue Collar and 50% White Collar

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the County is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the County, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the County or results of activities.

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.

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.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts not recorded, if any, to be immaterial.

Walton County, Florida
Notes to Financial Statements

Note 6: COMMITMENTS AND CONTINGENCIES (Continued)

The County has active construction projects as of September 30, 2022. At year-end, the County's commitments with contractors are as follows:

Project	Contract Amount	Expended to Date	Remaining Commitment
Various infrastructure projects	\$ 7,953,334	\$ 5,491,190	\$ 2,462,144
Broadband expansion	4,500,000	75,750	4,424,250
Total contract commitments	\$ 12,453,334	\$ 5,566,940	\$ 6,886,394

Note 7: 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 2017-10 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.

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 complied with this procedure by filing a complaint for Declaration of Recreational Customary Use of December 11, 2018 in the Circuit Court of Walton County (case 18CA547). Litigation remains on-going.

Management is currently evaluating the potential economic impact of case 18CA547 and the impact, if any, is not reasonably determinable at this time.

Walton County, Florida
Notes to Financial Statements

Note 7: LITIGATION (Continued)

Developer Agreements Litigation (FCSC)

As of February 28, 2022, FCSC had taken legal action related to the collection of the past due amounts by filing liens. However, management believes there is uncertainty regarding the collectability of the past due amounts. Therefore, at February 28, 2022, FCSC had established an allowance for doubtful accounts of \$1,570,069. Revenues related to developer agreements are reported as non-operating revenues.

Note 8: 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, 2022, the County abated property taxes totaling \$15,303 under this program. The Board has elected to disclose all tax abatement agreements without consideration of materiality.

Name of Business	Purpose	Percent Abated	Amount Abated
Professional Products	To make improvements to real property and purchase tangible personal property to facilitate expansion.	11%	\$ 2,333
Sector Management, LLC	To make improvements to real property and purchase tangible personal property to facilitate expansion.	61%	\$ 4,287
R&G Lathinghouse Partnership	To make improvements to real property and purchase tangible personal property to facilitate expansion.	68%	\$ 7,397
Triangle Chevrolet-Buick, Co. Inc.	Construction of a new dealership, building and related improvements.	31%	\$ 1,286

Note 9: RESTATEMENT OF BEGINNING BALANCES

Walton County, Florida
Notes to Financial Statements

As discussed in Note 1, the implementation of GASB 87 required the County to restate beginning net position. A reconciliation of the prior period ending net position to the current year beginning net position balance is as follows:

Governmental activities	
Beginning net position	\$ 425,612,160
Adjustment for implementation of GASB 87	(222,263)
<hr/>	
Beginning net position, as restated	\$ 425,389,897
<hr/> <hr/>	



Walton County, Florida

Required Other Postemployment Benefits Supplementary Information

**Schedule of Changes in Net OPEB Liability and Related Ratios
Last Five Fiscal Years***

<i>As of and for the year ended September 30,</i>	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 1,454,000	\$ 1,061,000	\$ 765,000	\$ 738,000	\$ 719,000
Interest	978,000	853,000	959,000	822,000	792,000
Differences between expected and actual experience	-	5,152,000	(1,292,000)	2,332,000	-
Changes of assumptions	2,053,000	2,818,000	5,980,000	(1,664,000)	-
Benefit payments	(765,000)	(709,000)	(735,000)	(693,000)	(651,000)
Net change in total OPEB liability	3,720,000	9,175,000	5,677,000	1,535,000	860,000
Total OPEB liability - beginning, as restated	39,492,000	30,317,000	24,640,000	23,105,000	22,245,000
Total OPEB liability - ending (a)	\$ 43,212,000	\$ 39,492,000	\$ 30,317,000	\$ 24,640,000	\$ 23,105,000
Plan Fiduciary Net Position					
Contributions - employer	765,000	709,000	735,000	693,000	651,000
Benefit payments	(765,000)	(709,000)	(735,000)	(693,000)	(651,000)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-
Net OPEB liability - ending (a) - (b)	\$ 43,212,000	\$ 39,492,000	\$ 30,317,000	\$ 24,640,000	\$ 23,105,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 48,742,000	\$ 48,742,000	\$ 47,319,000	\$ 47,319,000	\$ 36,941,000
Net OPEB liability as a percentage of covered-employee payroll	88.65%	81.02%	64.07%	52.07%	62.55%
Contributions as a percentage of covered-employee payroll	1.57%	1.45%	1.55%	1.46%	1.76%

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

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

Walton County, Florida
Required Pension Supplementary Information

Schedule of Employer's Proportionate Share of the Net Pension Liability
Florida Retirement Systems Pension Plan
Last Eight Fiscal Years (1)

<i>As of and for the year ended June 30,</i>	2022	2021	2020	2019
Employer's proportion of the net pension liability	0.211257%	0.207404%	0.218462%	0.214527%
Employer's proportionate share of the net pension	\$ 78,604,678	\$ 15,666,059	\$ 94,686,768	\$ 73,879,975
Employer's covered payroll*	\$ 61,725,006	\$ 56,971,800	\$ 54,271,774	\$ 51,069,047
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	127.35%	27.50%	174.47%	144.67%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%

(1) This schedule is intended to show information for 10 years.
 Additional years will be presented as they become available.

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

2018	2017	2016	2015
0.201152%	0.201467%	0.192488%	0.177419%
\$ 60,588,162	\$ 59,592,706	\$ 48,603,420	\$ 22,916,098
\$ 48,245,952	\$ 44,398,430	\$ 40,627,415	\$ 39,986,370
125.58%	134.22%	119.63%	57.31%
84.26%	83.89%	84.88%	92.00%

Walton County, Florida
Required Pension Supplementary Information

Schedule of Employer Contributions
Florida Retirement Systems Pension Plan
Last Eight Fiscal Years (1)

<i>As of and for the year ended September 30,</i>	2022	2021	2020
Contractually required contribution**	\$ 9,515,985	\$ 8,166,884	\$ 7,351,234
Contributions in relation to the actuarially determined contribution	9,515,985	8,166,884	7,351,234
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 63,523,324	\$ 57,270,813	\$ 54,445,154
Contributions as a percentage of covered payroll	14.98%	14.26%	13.50%

(1) This schedule is intended to show information for 10 years.
Additional years will be presented as they become available.

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

2019	2018	2017	2016	2015
\$ 6,842,066	\$ 6,734,188	\$ 5,742,586	\$ 5,183,622	\$ 4,710,495
6,842,066	6,734,188	5,742,586	5,183,622	4,710,495
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 51,393,221	\$ 46,957,748	\$ 44,194,033	\$ 41,440,841	\$ 39,760,306
13.31%	14.34%	12.99%	12.51%	11.85%

Walton County, Florida
Required Pension Supplementary Information

Schedule of Employer's Proportionate Share of the Net Pension Liability
Health Insurance Subsidy Program
Last Eight Fiscal Years (1)

<i>As of and for the year ended June 30,</i>	2022	2021	2020
Employer's proportion of the net pension liability	0.163724%	0.156962%	0.153465%
Employer's proportionate share of the net pension liability	\$ 17,340,967	\$ 19,253,718	\$ 18,737,877
Employer's covered payroll*	\$ 61,725,006	\$ 56,971,800	\$ 54,271,774
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	28.09%	33.80%	34.53%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%

* 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.

2019	2018	2017	2016	2015
0.150351%	0.140474%	0.138520%	0.131258%	0.127901%
\$ 16,822,769	\$ 14,867,914	\$ 14,811,187	\$ 15,297,561	\$ 13,043,922
\$ 51,069,047	\$ 48,245,952	\$ 44,398,430	\$ 40,627,415	\$ 39,986,370
32.94%	30.82%	33.36%	37.65%	32.62%
2.63%	2.15%	1.64%	0.97%	0.50%

Walton County, Florida
Required Pension Supplementary Information

Schedule of Employer Contributions
Health Insurance Subsidy Program
Last Eight Fiscal Years (1)

<i>As of and for the year ended September 30,</i>	2022	2021	2020
Contractually required contribution**	\$ 1,041,440	\$ 934,780	\$ 887,743
Contributions in relation to the actuarially determined contribution	1,041,440	934,780	887,743
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 63,523,324	\$ 57,270,813	\$ 54,445,154
Contributions as a percentage of covered payroll	1.64%	1.63%	1.63%

* 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.

2019	2018	2017	2016	2015
\$ 852,608	\$ 779,499	\$ 733,621	\$ 687,918	\$ 660,558
852,608	779,499	733,621	687,918	660,558
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 51,393,221	\$ 46,957,748	\$ 44,194,033	\$ 41,440,841	\$ 39,760,306
1.66%	1.66%	1.66%	1.66%	1.66%

Walton County, Florida
Required Pension and OPEB Supplementary Information
September 30, 2022

NOTES TO REQUIRED PENSION AND OPEB SUPPLEMENTAL INFORMATION

Note 1: OTHER POSTEMPLOYMENT BENEFITS PLAN

The defined benefit OPEB plan does not have any assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension OPEB Plan.

The following actuarial assumptions changed in 2022:

- The discount rate of return was decreased from 2.41% to 2.19%.

Note 2: FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2022:

- The discount rate of return was decreased from 6.80% to 6.70%.

Note 3: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2022:

- The municipal rate used to determine total pension liability was increased from 2.16% to 3.54%

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.

Building Department - To account for fees and assessments levied on building activities to help ensure compliance with state statutes and County ordinances.

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.

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.

Special Law Enforcement - To account for special revenue from fines and forfeitures for law enforcement.

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.

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

Triumph Grant - To account for Triumph grant revenue and expenditures.

Suspense - To account for collection and remittance of miscellaneous receipts.

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.

Walton County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

Special

<i>September 30, 2022</i>	Mosquito Control Grant	Housing and Urban Development	SHIP Grant
Assets			
Cash and cash equivalents	\$ 32,822	\$ 92,031	\$ 1,123,071
Investments	8,470	23,747	289,800
Accounts receivable, net	-	-	-
Due from other governments	-	10,858	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Total assets	\$ 41,292	\$ 126,636	\$ 1,412,871
Liabilities			
Accounts payable	\$ -	\$ 5,280	\$ -
Accrued liabilities	-	43,775	-
Due to other governments	-	-	-
Due to individuals	-	28,817	-
Due to other funds	-	139	-
Unearned revenue	41,292	-	1,412,871
Total liabilities	41,292	78,011	1,412,871
Fund Balance			
Nonspendable	-	-	-
Restricted	-	48,625	-
Committed	-	-	-
Assigned	-	-	-
Total fund balance	-	48,625	-
Total liabilities, deferred inflows of resources and fund balance	\$ 41,292	\$ 126,636	\$ 1,412,871

Revenue Funds

N. Walton Mosquito Control District	Building Department	Recreation Plat	Inmate Canteen (Sheriff)	Court Technology
\$ 428,693	\$ 9,050,362	\$ 1,338,369	\$ 780,411	\$ 967,600
110,621	2,335,176	345,357	-	-
-	-	-	71,737	-
1,921	-	-	-	-
-	-	-	-	-
-	800	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 541,235	\$ 11,386,338	\$ 1,683,726	\$ 852,148	\$ 967,600
\$ 1,503	\$ 5,065	\$ -	\$ 154,932	\$ 14,782
8,332	29,942	-	-	-
-	43,461	-	-	-
-	-	-	36,251	-
-	-	-	9,372	-
-	-	-	-	-
9,835	78,468	-	200,555	14,782
-	800	-	-	-
531,400	-	-	651,593	952,818
-	11,307,070	-	-	-
-	-	1,683,726	-	-
531,400	11,307,870	1,683,726	651,593	952,818
\$ 541,235	\$ 11,386,338	\$ 1,683,726	\$ 852,148	\$ 967,600

-Continued-

Walton County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

Special

<i>September 30, 2022</i>	Record Modern- ization	Special Law Enforcement	Preservation
Assets			
Cash and cash equivalents	\$ 530,601	\$ 822,541	\$ 674,961
Investments	-	100,387	174,169
Accounts receivable, net	-	-	-
Due from other governments	-	7,141	313,360
Due from other funds	-	498	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Total assets	\$ 530,601	\$ 930,567	\$ 1,162,490
Liabilities			
Accounts payable	\$ 5,312	\$ 485	\$ 160,758
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Due to individuals	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	496,561	-
Total liabilities	5,312	497,046	160,758
Fund Balance			
Nonspendable	-	-	-
Restricted	525,289	433,521	-
Committed	-	-	1,001,732
Assigned	-	-	-
Total fund balance	525,289	433,521	1,001,732
Total liabilities, deferred inflows of resources and fund balance	\$ 530,601	\$ 930,567	\$ 1,162,490

**Walton County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)**

Revenue Funds

Sidewalk	E-911	Abandoned Property	Triumph Grant	Suspense
\$ 303,850	\$ 101,379	\$ 16,342	\$ 27,360	\$ 13,190
78,407	26,160	-	-	-
-	-	-	-	-
-	94,116	-	55,319	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 382,257	\$ 221,655	\$ 16,342	\$ 82,679	\$ 13,190
\$ -	\$ -	\$ 2,710	\$ -	\$ 475
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	94,116	350	82,050	-
-	-	-	-	-
-	94,116	3,060	82,050	475
-	-	-	-	-
-	-	13,282	629	12,715
382,257	-	-	-	-
-	127,539	-	-	-
382,257	127,539	13,282	629	12,715
\$ 382,257	\$ 221,655	\$ 16,342	\$ 82,679	\$ 13,190

-Continued-

Walton County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

	Special		
<i>September 30, 2022</i>	Aviation	Traffic and Parking Enforcement	Title IV-D
Assets			
Cash and cash equivalents	\$ -	\$ 128,295	\$ 320,956
Investments	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	-	-	17,123
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Total assets	\$ -	\$ 128,295	\$ 338,079
Liabilities			
Accounts payable	\$ -	\$ -	-
Accrued liabilities	-	-	5,261
Due to other governments	-	-	-
Due to individuals	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	5,261
Fund Balance			
Nonspendable	-	-	-
Restricted	-	128,295	332,818
Committed	-	-	-
Assigned	-	-	-
Total fund balance	-	128,295	332,818
Total liabilities, deferred inflows of resources and fund balance	\$ -	\$ 128,295	\$ 338,079

<u>Revenue Funds</u>		<u>Debt Service Fund</u>		
Clerk's Fine & Forfeiture	MSBU Various	Highway 331 Bridge	Total Nonmajor Governmental Funds	
\$ 510,469	\$ 110,059	\$ -	\$ 17,373,362	
-	28,400	-	3,520,694	
-	-	-	71,737	
23,572	407	-	523,817	
-	-	-	498	
-	-	-	800	
-	-	111,668	111,668	
-	-	28,816	28,816	
<u>\$ 534,041</u>	<u>\$ 138,866</u>	<u>\$ 140,484</u>	<u>\$ 21,631,392</u>	
\$ 656	\$ 2,625	\$ -	\$ 354,583	
68,615	-	-	155,925	
464,770	-	-	508,231	
-	-	-	65,068	
-	-	-	186,027	
-	136,241	-	2,086,965	
534,041	138,866	-	3,356,799	
-	-	-	800	
-	-	140,484	3,771,469	
-	-	-	12,691,059	
-	-	-	1,811,265	
-	-	140,484	18,274,593	
<u>\$ 534,041</u>	<u>\$ 138,866</u>	<u>\$ 140,484</u>	<u>\$ 21,631,392</u>	

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

<i>For the year ended September 30, 2022</i>	Special		
	Mosquito Control Grant	Housing and Urban Development	SHIP Grant
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	53,798	2,063,504	169,498
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings (losses)	30	81	1,676
Miscellaneous	-	-	-
Total revenue	53,828	2,063,585	171,174
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Economic environment	-	2,218,334	171,174
Human services	53,828	-	-
Culture/recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	53,828	2,218,334	171,174
Excess revenue over (under) expenditures	-	(154,749)	-
Fund balance - beginning	-	203,374	-
Fund Balance - ending	\$ -	\$ 48,625	\$ -

Revenue Funds

Revenue Funds				
N. Walton Mosquito Control District	Building Department	Recreation Plat	Inmate Canteen (Sheriff)	Court Technology
\$ 664,704	\$ -	\$ -	\$ -	\$ -
-	5,055,217	-	-	-
646	-	-	-	-
10,800	264,450	-	-	420,277
-	-	-	-	-
397	5,821	556	-	-
-	18,167	523,387	560,420	-
676,547	5,343,655	523,943	560,420	420,277
-	-	-	-	475,919
-	1,836,718	-	505,996	-
-	-	-	-	-
-	-	-	-	-
609,898	-	-	-	-
-	-	226,982	-	-
-	6,150	182,231	-	-
609,898	1,842,868	409,213	505,996	475,919
66,649	3,500,787	114,730	54,424	(55,642)
464,751	7,807,083	1,568,996	597,169	1,008,460
\$ 531,400	\$ 11,307,870	\$ 1,683,726	\$ 651,593	\$ 952,818

-Continued-

Walton County, Florida
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds (Continued)

Special

<i>For the year ended September 30, 2022</i>	Record Modernization	Special Law Enforcement	Preservation
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	185,692
Charges for services	135,540	-	-
Fines and forfeitures	-	141,076	-
Investment earnings (losses)	-	-	(695)
Miscellaneous	-	59,366	319,649
Total revenue	135,540	200,442	504,646
Expenditures			
Current			
General government	44,591	-	515
Public safety	-	93,387	-
Physical environment	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Capital outlay	-	50,528	1,614,003
Total expenditures	44,591	143,915	1,614,518
Excess revenue over (under) expenditures	90,949	56,527	(1,109,872)
Fund balance - beginning	434,340	376,994	2,111,604
Fund balance - ending	\$ 525,289	\$ 433,521	\$ 1,001,732

Revenue Funds

	Sidewalk	E-911	Abandoned Property	Triumph Grant	Suspense
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	935,486	-	144,626	-
	-	-	-	-	-
	-	-	-	-	-
	66	(8)	-	-	-
	43,941	-	13,989	25	2,438
	44,007	935,478	13,989	144,651	2,438
	-	-	-	-	-
	-	1,110,601	8,606	86,475	13,803
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	119,887	-	-	58,150	-
	119,887	1,110,601	8,606	144,625	13,803
	(75,880)	(175,123)	5,383	26	(11,365)
	458,137	302,662	7,899	603	24,080
\$	382,257	\$ 127,539	\$ 13,282	\$ 629	\$ 12,715

-Continued-

Walton County, Florida
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds (Continued)

Special

<i>For the year ended September 30, 2022</i>	Aviation	Traffic and Parking Enforcement	Title IV-D
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	207,936
Charges for services	-	-	-
Fines and forfeitures	-	70,677	-
Investment earnings (losses)	-	-	-
Miscellaneous	29	41	-
Total revenue	29	70,718	207,936
Expenditures			
Current			
General government	-	-	181,714
Public safety	53,605	-	-
Physical environment	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	53,605	-	181,714
Excess revenue over (under) expenditures	(53,576)	70,718	26,222
Fund balance - beginning	53,576	57,577	306,596
Fund balance - ending	\$ -	\$ 128,295	\$ 332,818

<u>Revenue Funds</u>		<u>Debt Service Fund</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Clerk's Fine & Forfeiture</u>	<u>MSBU Various</u>	<u>Highway 331 Bridge</u>		
\$ -	\$ -	\$ -	\$ -	\$ 664,704
-	-	-	-	5,055,217
489,569	-	-	-	4,250,755
983,391	13,071	-	-	1,827,529
647,437	-	-	-	859,190
171	-	36	-	8,131
-	-	-	-	1,541,452
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2,120,568	13,071	36	-	14,206,978
2,120,568	-	-	-	2,823,307
-	-	-	-	3,709,191
-	13,071	-	-	13,071
-	-	-	-	2,389,508
-	-	-	-	663,726
-	-	-	-	226,982
-	-	-	-	2,030,949
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2,120,568	13,071	-	-	11,856,734
-	-	36	-	2,350,244
-	-	140,448	-	15,924,349
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\$ -	\$ -	\$ 140,484	\$ -	\$ 18,274,593

Walton County, Florida
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 300	\$ 300
Intergovernmental	-	2,825,000	-	(2,825,000)
Investment earnings (losses)	-	-	(374,109)	374,109
Total revenues	-	2,825,000	(373,809)	(2,450,591)
Expenditures				
Transportation	-	5,289	7,441	(2,152)
Capital outlay	6,250,000	29,897,060	5,799,161	24,097,899
Debt service:				
Principal	1,928,341	1,928,341	1,928,341	-
Interest	674,450	674,450	678,978	(4,528)
Total expenditures	8,852,791	32,505,140	8,413,921	24,091,219
Excess revenues over (under) expenditures	(8,852,791)	(29,680,140)	(8,787,730)	20,892,410
Other Financing Sources (Uses)				
Transfers in	8,852,791	8,852,791	8,852,791	-
Proceeds from sale of equipment	-	-	660,000	(660,000)
Total financing sources (uses)	8,852,791	8,852,791	9,512,791	(660,000)
Net change in fund balance	-	(20,827,349)	725,061	20,232,410
Fund balance - beginning	22,549,319	22,549,319	22,549,319	-
Fund balance - ending	\$ 22,549,319	\$ 1,721,970	\$ 23,274,380	\$ 20,232,410

Walton County, Florida
Mosquito Control Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 34,500	\$ 91,563	\$ 53,798	\$ (37,765)
Investment earnings (losses)	-	-	30	30
Total revenues	34,500	91,563	53,828	(37,735)
Expenditures				
Current				
Human services	34,500	91,563	53,828	37,735
Excess revenues under expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
Housing and Urban Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 2,687,592	\$ 2,687,592	\$ 2,063,504	\$ (624,088)
Investment earnings (losses)	-	-	81	81
Total revenues	2,687,592	2,687,592	2,063,585	(624,007)
Expenditures				
Current				
Economic environment				
Housing Assistance	2,687,592	2,687,592	2,218,334	469,258
Excess revenues under expenditures	-	-	(154,749)	(154,749)
Fund balance - beginning	203,374	203,374	203,374	-
Fund balance - ending	\$ 203,374	\$ 203,374	\$ 48,625	\$ (154,749)

Walton County, Florida
SHIP Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ -	\$ 200,000	\$ 169,498	\$ (30,502)
Investment earnings (losses)	-	-	1,676	1,676
Total revenues	-	200,000	171,174	(28,826)
Expenditures				
Current				
Economic environment				
SHIP Program	-	200,000	171,174	28,826
Excess revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
North Walton Mosquito Control District Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 643,961	\$ 643,961	\$ 664,704	\$ 20,743
Intergovernmental	-	-	646	646
Charges for services	10,800	10,800	10,800	-
Investment earnings (losses)	5,000	5,000	397	(4,603)
Total revenues	659,761	659,761	676,547	16,786
Expenditures				
Current				
Human services	780,237	916,464	609,898	306,566
Capital outlay	40,000	44,000	-	44,000
Total expenditures	820,237	960,464	609,898	350,566
Excess revenues over (under) expenditures	(160,476)	(300,703)	66,649	367,352
Fund balance - beginning	464,751	464,751	464,751	-
Fund balance - ending	\$ 304,275	\$ 164,048	\$ 531,400	\$ 367,352

Walton County, Florida
Building Department Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Licenses and permits	\$ 3,219,852	\$ 3,219,852	\$ 5,055,217	\$ 1,835,365
Charges for services	45,000	45,000	264,450	219,450
Investment earnings (losses)	-	-	5,821	5,821
Miscellaneous	-	-	18,167	18,167
Total revenues	3,264,852	3,264,852	5,343,655	2,078,803
Expenditures				
Public safety	2,932,852	2,932,852	1,836,718	1,096,134
Capital outlay	332,000	6,832,000	6,150	6,825,850
Total expenditures	3,264,852	9,764,852	1,842,868	7,921,984
Excess revenues over (under) expenditures	-	(6,500,000)	3,500,787	10,000,787
Fund balance - beginning	7,807,083	7,807,083	7,807,083	-
Fund balance - ending	\$ 7,807,083	\$ 1,307,083	\$ 11,307,870	\$ 10,000,787

Walton County, Florida
Recreation Plat Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Investment earnings (losses)	\$ -	\$ -	\$ 556	\$ 556
Miscellaneous	300,000	300,000	523,387	223,387
Total revenues	300,000	300,000	523,943	223,943
Expenditures				
Current				
Cultural/recreation	300,000	1,409,426	226,982	1,182,444
Capital outlay	-	289,765	182,231	107,534
Total expenditures	300,000	1,699,191	409,213	1,289,978
Excess revenues over (under) expenditures	-	(1,399,191)	114,730	1,513,921
Fund balance - beginning	1,568,996	1,568,996	1,568,996	-
Fund balance - ending	\$ 1,568,996	\$ 169,805	\$ 1,683,726	\$ 1,513,921

Walton County, Florida
Court Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Charges for services	\$ 432,333	\$ 420,277	\$ 420,277	\$ -
Expenditures				
Current				
General government				
Court Technology	432,333	475,919	475,919	-
Excess revenues over (under) expenditures	-	(55,642)	(55,642)	-
Fund balance - beginning	1,008,460	1,008,460	1,008,460	-
Fund balance - ending	\$ 1,008,460	\$ 952,818	\$ 952,818	-

Walton County, Florida
Record Modernization Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Charges for services	\$ 115,000	\$ 115,000	\$ 135,540	\$ 20,540
Expenditures				
Current				
General government				
Court Technology	115,000	115,000	44,591	70,409
Excess revenues over (under) expenditures	-	-	90,949	90,949
Fund balance - beginning	434,340	434,340	434,340	-
Fund balance - ending	\$ 434,340	\$ 434,340	\$ 525,289	\$ 90,949

Walton County, Florida
Special Law Enforcement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Fines and forfeitures	\$ -	\$ 141,077	\$ 141,076	\$ (1)
Miscellaneous	-	-	59,366	59,366
Total revenues	-	141,077	200,442	59,365
Expenditures				
Current				
Public safety	-	141,077	93,387	47,690
Capital outlay	-	-	50,528	(50,528)
Total expenditures	-	141,077	143,915	(2,838)
Excess revenues over (under) expenditures	-	141,077	56,527	56,527
Fund balance - beginning	376,994	376,994	376,994	-
Fund balance - ending	\$ 376,994	\$ 518,071	\$ 433,521	\$ 56,527

Walton County, Florida
Preservation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ -	\$ 939,851	\$ 185,692	\$ (754,159)
Investment earnings (losses)	-	-	(695)	(695)
Miscellaneous	-	56,625	319,649	263,024
Total revenues	-	996,476	504,646	(491,830)
Expenditures				
Current				
General government	-	-	515	(515)
Capital outlay	-	1,500,054	1,614,003	(113,949)
Total expenditures	-	1,500,054	1,614,518	(114,464)
Excess revenues over (under) expenditures	-	(503,578)	(1,109,872)	(377,366)
Fund balance - beginning	2,111,604	2,111,604	2,111,604	-
Fund balance - ending	\$ 2,111,604	\$ 1,608,026	\$ 1,001,732	\$ (377,366)

Walton County, Florida
Sidewalk Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Investment earnings (losses)	\$ -	\$ -	\$ 66	\$ 66
Miscellaneous	75,000	75,000	43,941	(31,059)
Total revenues	75,000	75,000	44,007	(30,993)
Expenditures				
Current				
General government				
Sidewalk	75,000	35,000	-	35,000
Capital outlay	-	140,000	119,887	20,113
Total expenditures	75,000	175,000	119,887	55,113
Excess revenues over (under) expenditures	-	(100,000)	(75,880)	(86,106)
Fund balance - beginning	458,137	458,137	458,137	-
Fund balance - ending	\$ 458,137	\$ 358,137	\$ 382,257	\$ (86,106)

Walton County, Florida
E-911 Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 370,000	\$ 1,773,943	\$ 935,486	\$ (838,457)
Investment earnings (losses)	30,000	30,000	(8)	(30,008)
Total revenues	400,000	1,803,943	935,478	(868,465)
Expenditures				
Current				
Public safety				
E-911 Services	400,000	1,803,943	1,110,601	693,342
Excess revenue over (under) expenditures	-	-	(175,123)	(175,123)
Fund balance - beginning	302,662	302,662	302,662	-
Fund balance - ending	\$ 302,662	\$ 302,662	\$ 127,539	\$ (175,123)

Walton County, Florida
Title IV - D Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 128,000	\$ 181,721	\$ 207,936	\$ 26,215
Expenditures				
Current				
General government				
Child Support	128,000	181,721	181,714	7
Excess revenues over (under) expenditures	-	-	26,222	26,222
Fund Balance - beginning	306,596	306,596	306,596	-
Fund Balance - ending	\$ 306,596	\$ 306,596	\$ 332,818	\$ 26,222

Walton County, Florida
Clerk's Fine & Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 846,309	\$ 846,309	\$ 489,569	\$ (356,740)
Charges for services	447,900	447,900	983,391	535,491
Fines and forfeitures	423,098	445,061	647,437	202,376
Investment earnings (losses)	100	100	171	71
Total revenues	1,717,407	1,739,370	2,120,568	381,198
Expenditures				
Current				
General government	1,717,407	1,739,370	2,120,568	(381,198)
Excess revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
MSBU Various Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Charges for services	\$ 52,265	\$ 52,265	\$ 13,071	\$ (39,194)
Expenditures				
Current				
Physical environment				
MSBU various	52,265	52,265	13,071	39,194
Excess revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
Highway 331 Bridge Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Other Financing Sources (Uses)				
Investment earnings	\$ -	\$ -	\$ 36	\$ 36
Expenditures				
Capital outlay	-	94,939	-	94,939
Excess revenues over (under) expenditures	-	(94,939)	36	94,975
Fund balance - beginning	140,448	140,448	140,448	-
Fund balance - ending	\$ 140,448	\$ 45,509	\$ 140,484	\$ 94,975



FIDUCIARY FUNDS

ALL CUSTODIAL 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

Posse – To account for the collection and disbursement of posse funds.

Walton County, Florida
Combining Statement of Fiduciary Net Position
Custodial Funds

	Tax Collector		
<i>September 30, 2022</i>	Licenses	Tags	Property Tax
Assets			
Cash	\$ 5,346	\$ 699,961	\$ 1,270,649
Receivables, net	-	-	-
Total assets	\$ 5,346	\$ 699,961	\$ 1,270,649
Liabilities			
Due to other governments	\$ 5,346	\$ 699,961	\$ 81,944
Deposits	-	-	1,188,705
Due to individuals	-	-	-
Total liabilities	5,346	699,961	1,270,649
Net Position			
Restricted	-	-	-
Total liabilities and net position	\$ 5,346	\$ 699,961	\$ 1,270,649

Clerk of the Circuit Court

General Agency	Witness	Registry of the Court	Child Support	Appearance Bonds	Tax Redemption
\$ 2,976,163 300	\$ 18,323 -	\$ 496,202 -	\$ 213 -	\$ 372,625 -	\$ 840,073 -
\$ 2,976,463	\$ 18,323	\$ 496,202	\$ 213	\$ 372,625	\$ 840,073
\$ 1,417,431 1,551,752 7,280	\$ - - 18,323	\$ 8,124 488,078 -	\$ 213 - -	\$ 23,597 - 349,028	\$ 720 - 839,353
2,976,463	18,323	496,202	213	372,625	840,073
-	-	-	-	-	-
\$ 2,976,463	\$ 18,323	\$ 496,202	\$ 213	\$ 372,625	\$ 840,073

-Continued-

Walton County, Florida
Combining Statement of Fiduciary Net Position
Custodial Funds (Continued)

Sheriff

<u>September 30, 2022</u>	<u>Posse</u>	<u>Total</u>
Assets		
Cash	\$ 3,848	\$ 6,683,403
Receivables, net	-	300
<hr/>		
Total assets	\$ 3,848	\$ 6,683,703
<hr/>		
Liabilities		
Due to other governments	\$ -	\$ 2,237,336
Deposits	-	3,228,535
Due to individuals	-	1,213,984
<hr/>		
Total liabilities	-	6,679,855
Net Position		
Restricted	3,848	3,848
<hr/>		
Total liabilities and net position	\$ 3,848	\$ 6,683,703
<hr/>		

Walton County, Florida
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds

	Tax Collector		
<i>For the year ended September 30, 2022</i>	Licenses	Tags	Property Tax
Additions			
Tax collections, auto tag fees, and other fees for other governments	\$ 208,589	\$ 17,894,789	\$ 259,523,475
Clerk of circuit and county courts revenue	-	-	-
Donations	-	-	-
Total additions	208,589	17,894,789	259,523,475
Deductions			
Current			
Payments of tax, auto tag fees, and other fees to other governments	208,589	17,894,789	259,523,475
Payments of clerk of circuit and county courts distributions to other governments	-	-	-
Total deductions	208,589	17,894,789	259,523,475
Changes in Net Position	-	-	-
Net position - beginning of year	-	-	-
Net position - end of year	\$ -	\$ -	\$ -

Walton County, Florida
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds (Continued)

Clerk of the Circuit Court

General Agency	Witness	Registry of the Court	Child Support	Appearance Bonds	Tax Redemption
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97,697,392	-	5,079,542	85,620	680,508	900,106
-	-	-	-	-	-
97,697,392	-	5,079,542	85,620	680,508	900,106
-	-	-	-	-	-
97,697,392	-	5,079,542	85,620	680,508	900,106
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

-Continued-

Walton County, Florida
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds (Continued)

	Sheriff	
<i>For the year ended September 30, 2022</i>	Posse	Total
Additions		
Tax collections, auto tag fees, and other fees for other governments	\$ -	\$ 277,626,853
Clerk of circuit and county courts revenue	-	104,443,168
Donations	2,002	2,002
Total additions	2,002	382,072,023
Deductions		
Current		
Payments of tax, auto tag fees, and other fees to other governments	-	277,626,853
Payments of clerk of circuit and county courts distributions to other governments	-	104,443,168
Total deductions	-	382,070,021
Changes in Net Position	2,002	2,002
Net position - beginning of year	1,846	1,846
Net position - end of year	\$ 3,848	\$ 3,848

**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, 2022

Governmental Funds Capital Assets

Land	\$ 130,451,561
Buildings	92,114,125
Improvements other than buildings	57,845,248
Machinery and equipment	90,122,525
Infrastructure	200,765,567
Construction in progress	51,822,354

Total governmental funds capital assets	\$ 623,121,380
---	----------------

Investment in Governmental Funds Capital Assets by Source

General Fund	\$ 68,912,408
Special Revenue Fund	405,301,145
Capital Projects Fund	92,384,080
Grants	56,523,747

Total governmental funds capital assets	\$ 623,121,380
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Walton County, Florida
Capital Assets Used in the Operations of Governmental Funds
Schedule by Function and Activity

September 30, 2022

Function and Activity	Land	Buildings	Improvements Other Than Buildings
General Government			
Finance and administration	\$ 463,071	\$ 8,116,530	\$ -
Comprehensive planning	-	-	-
Judicial	166,696	26,437,696	82,804
Other general government	14,505,237	4,792,266	6,301,205
Total general government	15,135,004	39,346,492	6,384,009
Public Safety			
Law enforcement	1,163,746	30,983,780	6,497,865
Ambulance service	-	-	-
Civil defense	-	1,757,038	183,750
Building inspection	-	432,280	-
Emergency 911	-	138,751	-
Animal control	-	2,092,770	-
Fire	1,278,750	1,792,639	42,316
Total public safety	2,442,496	37,197,258	6,723,931
Physical Environment	1,044,101	5,908,061	160,333
Transportation	5,059,250	3,936,717	7,927,222
Economic Environment			
Housing authority	-	-	-
Tourist development	25,228,138	2,066,419	9,802,168
Farmers market	71,693	-	-
Total economic environment	25,299,831	2,066,419	9,802,168
Human Services			
Health	-	1,406,280	214,748
Veterans	-	-	-
Total human services	-	1,406,280	214,748
Culture and Recreation			
Beach access	54,333,575	-	3,891,974
Parks and recreation	26,869,100	421,409	22,740,863
Library	268,204	1,831,489	-
Total culture and recreation	81,470,879	2,252,898	26,632,837
Total governmental funds capital assets	\$ 130,451,561	\$ 92,114,125	\$ 57,845,248

Machinery and Equipment	Infrastructure	Construction In Progress	Total
\$373,707	\$ -	\$ -	\$ 8,953,308
769,351	-	-	769,351
2,403,436	-	-	29,090,632
3,788,876	535,225	7,617,899	37,540,708
7,335,370	535,225	7,617,899	76,353,999
29,546,353	-	-	68,191,744
9,781,557	-	-	9,781,557
885,782	170,298	105,570	3,102,438
240,147	-	6,150	678,577
89,138	-	-	227,889
89,146	-	-	2,181,916
259,999	-	-	3,373,704
40,892,122	170,298	111,720	87,537,825
6,806,708	831,952	4,928,523	19,679,678
29,827,860	196,249,090	28,939,357	271,939,496
19,464	-	-	19,464
2,889,108	2,955,002	3,750,162	46,690,997
-	-	-	71,693
2,908,572	2,955,002	3,750,162	46,782,154
383,074	-	-	2,004,102
6,995	-	-	6,995
390,069	-	-	2,011,097
442,293	-	4,075,269	62,743,111
1,333,834	24,000	2,399,424	53,788,630
185,697	-	-	2,285,390
1,961,824	24,000	6,474,693	118,817,131
\$ 90,122,525	\$ 200,765,567	\$ 51,822,354	\$ 623,121,380

Walton County, Florida
Capital Assets Used in the Operations of Governmental Funds
Schedule of Changes by Function and Activity

As of and for the year ended September 30, 2022

Function and Activity	Capital Assets 10/01/21	Additions
General Government		
Finance and administration	\$8,634,270	\$319,038
Comprehensive planning	769,351	
Judicial	28,456,976	633,656
Other general government	28,597,371	9,224,171
Total general government	66,457,968	10,176,865
Public Safety		
Law enforcement	67,556,476	2,559,597
Ambulance service	12,256,760	149,113
Civil defense	2,312,176	790,262
Building inspection	672,427	6,150
Emergency 911	203,642	24,247
Animal control	2,181,916	-
Fire	3,373,704	-
Total public safety	88,557,101	3,529,369
Physical Environment	17,696,987	1,992,511
Transportation	248,321,693	28,244,533
Economic Environment		
Housing authority	19,464	-
Tourist development	46,013,414	677,583
Farmers market	71,693	-
Total economic environment	46,104,571	677,583
Human Services		
Health	2,004,102	-
Veterans	6,995	-
Total human services	2,011,097	-
Culture and Recreation		
Beach access	50,000,951	12,754,037
Parks and recreation	50,947,616	2,852,036
Library	2,128,599	175,710
Total culture and recreation	103,077,166	15,781,783
Total governmental funds capital assets	\$ 572,226,583	\$ 60,402,644

Deductions	Capital Assets 9/30/22
\$ -	\$ 8,953,308
-	769,351
-	29,090,632
280,834	37,540,708
<hr/>	
280,834	76,353,999
1,924,329	68,191,744
2,624,316	9,781,557
-	3,102,438
-	678,577
-	227,889
-	2,181,916
-	3,373,704
<hr/>	
4,548,645	87,537,825
9,820	19,679,678
4,626,730	271,939,496
-	19,464
-	46,690,997
-	71,693
<hr/>	
-	46,782,154
-	2,004,102
-	6,995
<hr/>	
-	2,011,097
11,877	62,743,111
11,022	53,788,630
18,919	2,285,390
<hr/>	
41,818	118,817,131
<hr/>	
\$ 9,507,847	\$ 623,121,380



STATISTICAL SECTION

The statistical section of the annual comprehensive 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)

<i>For the year ended September 30,</i>	2022	2021	2020	2019
Government-Wide Expenses by Function				
General government	\$43,337,225	\$ 37,575,037	\$ 37,739,314	\$ 29,618,838
Public safety	74,891,266	62,961,724	73,065,481	67,532,988
Physical environment	14,542,611	13,302,258	12,100,205	12,783,855
Transportation	26,372,077	23,684,089	24,711,934	27,376,243
Economic environment	28,593,031	24,607,743	24,450,201	21,108,011
Human services	8,847,569	9,272,806	2,631,843	2,508,656
Culture/recreation	5,267,164	4,358,450	4,350,766	3,000,774
Debt services	720,727	793,946	941,384	873,700
Total government-wide expense by function	\$ 202,571,670	\$ 176,556,053	\$ 179,991,128	\$ 164,803,065

Government-Wide Revenues

Program revenues				
Charges for services	\$ 29,003,773	\$ 27,306,218	\$ 17,488,699	\$ 18,131,725
Operating grants and contributions	11,777,923	15,987,554	15,286,013	6,985,897
Capital grants and contributions	13,791,764	16,484,425	6,010,558	3,853,435
General revenues				
Taxes				
Property taxes	91,347,204	80,493,769	74,111,096	66,731,083
Gasoline taxes	7,331,281	6,961,117	6,307,431	7,004,726
Sales taxes	58,104,336	52,334,769	35,000,216	37,158,087
Tourist development bed tax	62,946,352	58,073,370	31,325,781	27,701,336
Other taxes	263,487	258,726	253,482	276,964
State revenue sharing	3,919,763	2,881,633	2,344,990	2,454,182
Investment earnings (losses)	(3,154,563)	461,736	2,844,553	3,565,286
Miscellaneous	10,984,799	10,821,425	7,146,059	9,317,136
Special item	-	-	-	-
Total government-wide revenues	\$ 286,316,119	\$ 272,064,742	\$ 198,118,878	\$ 183,179,857

2018	2017	2016	2015	2014	2013
\$ 27,081,341	\$ 33,365,289	\$ 25,692,294	\$ 25,430,143	\$ 21,492,257	\$ 19,616,228
55,294,616	53,085,811	46,892,084	39,889,287	37,774,222	38,408,334
11,458,965	12,379,377	9,916,761	11,190,946	9,566,044	8,415,882
26,914,820	21,438,931	21,217,707	15,552,252	27,124,508	24,136,571
17,862,455	12,781,381	17,123,638	15,889,294	14,789,508	13,556,398
2,408,915	2,088,995	2,283,853	1,874,924	2,226,393	2,129,798
2,107,503	4,034,242	1,504,076	4,029,171	1,378,960	1,250,844
825,119	774,434	869,730	1,071,059	1,136,315	2,929,167
<u>\$ 143,953,734</u>	<u>\$ 139,948,460</u>	<u>\$ 125,500,143</u>	<u>\$ 114,927,076</u>	<u>\$ 115,488,207</u>	<u>\$ 110,443,222</u>
\$ 16,359,145	\$ 13,734,896	\$ 12,818,417	\$ 10,471,312	\$ 8,092,365	\$ 5,407,633
4,501,975	4,905,961	4,958,896	4,349,574	3,877,757	6,205,459
6,111,741	9,125,493	4,576,423	14,218,252	8,043,617	5,664,441
60,600,283	55,078,685	49,609,053	44,521,882	39,934,572	38,065,283
6,422,671	6,145,598	5,918,651	5,167,916	4,511,542	4,258,291
33,670,146	31,403,705	32,072,589	36,548,311	33,394,983	29,072,535
25,726,361	23,524,494	21,758,228	20,146,264	19,987,554	18,582,874
289,635	286,193	288,454	289,111	297,650	330,000
2,281,910	2,119,357	1,984,974	2,037,312	1,683,966	1,496,532
502,257	593,657	1,129,859	595,163	1,256,265	(752,996)
5,239,856	7,794,156	8,470,082	8,292,648	6,530,799	5,708,946
-	-	-	7,227,657	10,370,000	50,000,000
<u>\$ 161,705,980</u>	<u>\$ 154,712,195</u>	<u>\$ 143,585,626</u>	<u>\$ 153,865,402</u>	<u>\$ 137,981,070</u>	<u>\$ 164,038,998</u>

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

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Economic Environment
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
2019	34,973,284	60,853,449	15,740,504	23,998,736	29,573,103
2020	31,921,713	57,027,957	11,867,947	13,782,711	22,385,714
2021	35,075,713	60,690,469	12,747,676	13,414,430	23,815,086
2022	37,698,814	65,296,199	13,442,834	14,979,699	28,702,490

* Includes all Governmental Fund Types

Human Services	Culture/ Recreation	Capital Projects	Debt Service	Total (*)
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
2,694,640	5,503,881	3,775,422	3,079,564	180,192,583
2,506,961	3,103,874	32,402,250	6,068,586	181,067,713
9,182,222	3,638,181	56,856,296	3,470,900	218,890,973
8,727,749	4,332,868	55,698,922	3,916,070	232,795,645

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
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
2019	123,768,397	3,812,551	28,507,600	13,599,020
2020	132,891,357	3,898,144	37,829,260	12,941,500
2021	178,187,283	12,459,971	55,461,629	13,891,758
2022	198,059,623	12,971,616	51,568,524	14,823,600

* Includes all Governmental Fund Types.

Fines and Forfeitures	Investment Earnings (Loss)	Miscellaneous	Total*
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
627,491	3,565,307	10,633,906	184,514,272
582,762	2,844,554	7,137,299	198,124,876
797,380	631,680	9,677,769	271,107,470
1,078,004	(3,089,494)	9,353,759	284,765,632

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

<i>For the year ended September 30,</i>	2022	2021	2020	2019
Revenues				
Program revenue				
Charges for services				
General government	\$8,847,826	\$ 8,863,418	\$ 7,117,915	\$ 6,482,620
Public safety	11,070,591	9,440,026	8,933,016	10,180,708
Physical environment	542,183	491,011	639,862	1,098,704
Economic environment	1,709,662	1,265,415	334,256	206,089
Human services	6,122,725	6,744,258	68,475	10,800
Culture/recreation	710,786	502,090	395,175	152,804
Operating grants and contributions	11,777,923	15,987,554	15,286,013	6,985,897
Capital grants and contributions	13,791,764	16,484,425	6,010,558	3,853,435
General revenues				
Property taxes	91,347,204	80,493,769	74,111,096	66,731,083
Other taxes	132,565,219	120,509,615	75,231,900	74,595,295
Other	7,830,236	11,283,161	9,990,612	12,882,422
Total revenues	286,316,119	272,064,742	198,118,878	183,179,857
Expenses				
General government	\$43,337,225	\$37,575,037	37,739,314	29,618,838
Public safety	74,891,266	62,961,724	73,065,481	67,532,988
Physical environment	14,542,611	13,302,258	12,100,205	12,783,855
Transportation	26,372,077	23,684,089	24,711,934	27,376,243
Economic environment	28,593,031	24,607,743	24,450,201	21,108,011
Human services	8,847,569	9,272,806	2,631,843	2,508,656
Culture and recreation	5,267,164	4,358,450	4,350,766	3,000,774
Interest on long-term debt	720,727	793,946	941,384	873,700
Total expenses	202,571,670	176,556,053	179,991,128	164,803,065
Special item	-	-	-	-
Change in net position	\$ 83,744,449	\$ 95,508,689	\$ 18,127,750	\$ 18,376,792
Prior period adjustment	\$ (222,263)	\$ 24,590	\$ (565,537)	\$ -
Net investment in capital assets	\$ 362,516,707	\$ 327,264,863	\$ 286,079,537	\$ 273,325,808
Restricted for:				
Debt service	140,484	140,448	143,176	97,248
Capital projects	4,478,781	4,372,572	2,712,840	3,768,720
General government	1,259,066	1,150,209	1,378,148	1,407,668
Public safety	15,224,919	7,735,415	6,352,618	5,948,658
Transportation	26,020,519	24,810,014	18,413,584	15,772,202
Economic environment	48,625	203,374	148,245	151,069
Human services	531,400	464,751	438,057	435,020
Unrestricted (deficit)	98,913,845	59,470,514	14,412,676	11,610,275
Total primary government net position	\$ 509,134,346	\$ 425,612,160	\$ 330,078,881	\$ 312,516,668

2018	2017	2016	2015	2014	2013
\$ 6,093,711	\$ 3,143,151	\$ 2,954,381	\$ 3,336,621	\$ 2,869,825	\$ 1,552,308
9,478,276	9,041,994	8,498,997	6,030,010	4,156,691	3,449,112
574,967	1,188,692	1,207,916	963,849	929,419	244,639
182,118	307,277	115,187	111,103	105,248	164,553
10,800	30,800	20,800	10,800	10,800	10,800
19,273	22,982	21,136	18,929	20,382	16,221
4,501,975	4,905,961	4,958,896	4,349,574	3,877,757	6,205,459
6,111,741	9,125,493	4,576,423	14,218,252	8,043,617	5,664,441
60,600,283	55,078,685	49,609,053	44,521,882	39,934,572	38,065,283
68,390,723	63,479,346	62,022,896	64,188,914	59,875,695	53,740,233
5,742,113	8,387,814	9,599,941	8,887,811	7,787,064	4,955,949
161,705,980	154,712,195	143,585,626	146,637,745	127,611,070	114,068,998
27,081,341	33,365,289	25,692,294	25,430,143	21,492,257	19,616,228
55,294,616	53,085,811	46,892,084	39,889,287	37,774,222	38,408,334
11,458,965	12,379,377	9,916,761	11,190,946	9,566,044	8,415,882
26,914,820	21,438,931	21,217,707	15,552,252	27,124,508	24,136,571
17,862,455	12,781,381	17,123,638	15,889,294	14,789,508	13,556,398
2,408,915	2,088,995	2,283,853	1,874,924	2,226,393	2,129,798
2,107,503	4,034,242	1,504,076	4,029,171	1,378,960	1,250,844
825,119	774,434	869,730	1,071,059	1,136,315	2,929,167
143,953,734	139,948,460	125,500,143	114,927,076	115,488,207	110,443,222
-	-	7,227,657	10,370,000	50,000,000	(75,000,000)
<u>\$ 17,752,246</u>	<u>\$ 14,763,735</u>	<u>\$ 25,313,140</u>	<u>\$ 42,080,669</u>	<u>\$ 62,122,863</u>	<u>\$ (71,374,224)</u>
<u>\$ (10,224,000)</u>	<u>\$ (800,864)</u>	<u>\$ (351,613)</u>	<u>\$ (37,086,830)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 247,481,794	\$ 230,298,796	\$ 206,407,365	\$ 185,573,714	\$ 183,054,531	\$ 184,908,949
1,450,217	1,601,150	6,177,040	3,531,053	7,957,589	3,912,013
3,256,071	2,795,200	2,530,939	2,044,676	2,058,293	2,110,339
1,266,929	1,379,718	1,733,494	1,664,480	3,974,323	3,782,011
5,412,019	3,152,957	2,872,318	2,133,933	2,235,752	1,657,563
14,423,434	12,361,190	8,817,128	8,646,500	8,594,891	8,256,492
173,421	242,916	302,277	586,004	1,054,343	1,014,020
414,454	408,674	396,423	382,269	947,709	883,914
20,261,537	34,371,029	42,653,123	49,593,608	42,427,310	23,286,577
<u>\$ 294,139,876</u>	<u>\$ 286,611,630</u>	<u>\$ 271,890,107</u>	<u>\$ 254,156,237</u>	<u>\$ 252,304,741</u>	<u>\$ 229,811,878</u>

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

<i>As of September 30,</i>	2022	2021	2020	2019
General Fund				
Nonspendable	\$ 1,774,347	\$ 1,758,356	\$ 2,045,126	\$ 561,725
Restricted	926,248	843,613	1,047,856	1,014,933
Assigned	5,349,759	6,360,939	1,280,478	6,504,592
Unassigned	34,412,592	26,464,599	26,870,472	16,404,867
Total general fund	42,462,946	35,427,507	31,243,932	24,486,117
All Other Governmental Funds				
Nonspendable	451,780	361,409	216,411	639,249
Restricted	46,204,507	38,033,170	28,538,812	26,565,652
Committed	85,774,739	69,268,027	50,357,563	41,131,149
Assigned	88,568,332	66,418,314	45,710,190	41,515,320
Total other governmental funds	220,999,358	174,080,920	124,822,976	109,851,370
Total governmental funds	\$ 263,462,304	\$ 209,508,427	\$ 156,066,908	\$ 134,337,487

2018	2017	2016	2015	2014	2013
\$ 517,245	\$ 1,010,518	\$ 711,723	\$ 816,015	\$ 2,982,067	\$ 2,599,162
987,732	1,029,015	1,174,581	1,173,500	1,128,160	1,046,541
4,172,170	4,963,789	4,854,242	4,290,458	3,933,644	2,939,435
17,691,674	15,671,532	16,610,115	15,603,519	12,559,627	11,177,642
23,368,821	22,674,854	23,350,661	21,883,492	20,603,498	17,762,780
610,773	593,107	546,936	493,143	468,455	466,080
25,408,813	21,052,929	21,963,698	17,986,301	23,729,155	18,653,573
44,588,810	38,612,893	42,978,200	35,824,170	30,002,035	21,340,544
33,525,597	36,992,622	32,892,709	43,844,489	31,371,414	24,502,866
104,133,993	97,251,551	98,381,543	98,148,103	85,571,059	64,963,063
\$ 127,502,814	\$ 119,926,405	\$ 121,732,204	\$ 120,031,595	\$ 106,174,557	\$ 82,725,843

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

<i>For the year ended September 30,</i>	2022	2021	2020	2019
Revenues				
Taxes	\$198,059,623	\$ 178,187,283	\$ 132,891,357	\$ 123,768,397
Licenses and permits	12,971,616	12,459,971	3,898,144	3,812,551
Intergovernmental	51,568,524	55,461,629	37,829,260	28,507,600
Charges for services	14,823,600	13,891,758	12,941,500	13,599,020
Fines and forfeitures	1,078,004	797,380	582,762	627,491
Miscellaneous	9,353,759	9,677,769	7,137,299	10,633,906
Total revenues	287,855,126	270,475,790	195,280,322	180,948,965
Expenditures				
Current				
General government	37,698,814	35,075,713	31,921,713	34,973,284
Public safety	65,296,199	60,690,469	57,027,957	60,853,449
Physical environment	13,442,834	12,747,676	11,867,947	15,740,504
Transportation	14,979,699	13,414,430	13,782,711	23,998,736
Economic environment	28,702,490	23,815,086	22,385,714	29,573,103
Human services	8,727,749	9,182,222	2,506,961	2,694,640
Culture/recreation	4,332,868	3,638,181	3,103,874	5,503,881
Capital outlay	55,698,922	56,856,296	32,402,250	3,775,422
Debt service				
Principal	3,147,574	2,654,731	5,131,595	2,193,306
Interest	768,496	816,169	936,991	886,258
Total expenditures	232,795,645	218,890,973	181,067,713	180,192,583
Excess Revenue Over (Under)				
Expenditures	55,059,481	51,584,817	14,212,609	756,382
Other Financing Sources (Uses)				
Proceeds from sale of equipment	1,142,020	1,200,432	-	820,037
Transfers in	23,020,641	35,662,637	15,345,076	27,620,221
Transfers out	(23,020,641)	(35,662,637)	(15,345,076)	(27,620,221)
Issuance of debt	841,870	-	5,237,795	1,692,947
Investment earnings (losses)	(3,089,494)	631,680	2,844,554	3,565,307
Total other financing sources	(1,105,604)	1,832,112	8,082,349	6,078,291
Special item				
	-	-	-	-
Net change in fund balance	\$ 53,953,877	\$ 53,416,929	\$ 22,294,958	\$ 6,834,673
Debt service as a percentage of				
noncapital expenditures	2.21%	4.08%	2.25%	2.24%

2018	2017	2016	2015	2014	2013
\$ 112,732,328	\$103,247,809	\$ 97,267,784	\$ 95,226,101	\$ 87,629,743	\$ 80,465,499
3,219,599	2,892,531	2,886,510	2,530,020	2,316,764	2,171,620
26,994,452	29,405,601	25,099,737	35,584,050	24,183,633	23,268,876
12,399,911	10,113,664	9,267,053	7,136,458	4,837,396	2,958,491
633,030	645,055	641,313	653,554	944,323	324,413
6,024,140	9,171,722	9,604,217	9,350,836	7,402,882	6,549,334
162,003,460	155,476,382	144,766,614	150,481,019	127,314,741	115,738,233
29,087,292	27,191,825	22,483,326	28,051,626	20,816,662	19,400,946
51,896,519	50,526,999	44,314,780	38,739,905	35,959,383	35,063,268
12,583,836	10,986,632	12,275,325	10,666,566	9,451,630	8,911,217
25,419,451	27,842,250	23,878,064	29,429,954	22,730,338	19,423,503
25,696,123	32,645,259	34,281,506	16,484,966	15,479,069	14,068,424
2,409,611	1,998,608	2,234,033	2,784,291	2,224,329	2,018,499
3,240,258	2,906,679	1,182,302	3,541,894	889,381	1,432,502
3,762,969	1,905,430	1,234,476	2,280,287	361,879	2,896,357
1,976,019	2,145,875	1,951,754	38,396,195	7,559,324	52,804,659
837,270	806,980	853,778	1,082,618	1,024,758	3,050,331
156,909,348	158,956,537	144,689,344	171,458,302	116,496,753	159,069,706
5,094,112	(3,480,155)	77,270	(20,977,283)	10,817,988	(43,331,473)
752,949	-	-	-	-	-
18,663,752	19,527,339	17,898,837	16,935,224	16,537,000	11,601,547
(18,663,752)	(19,527,339)	(17,898,837)	(16,935,224)	(16,537,000)	(11,601,547)
469,246	1,096,233	845,091	27,018,625	997,460	371,512
502,255	593,657	1,129,858	595,162	1,256,265	(752,996)
1,724,450	1,689,890	1,974,949	27,613,787	2,253,725	(381,484)
-	-	7,227,657	10,370,000	50,000,000	(75,000,000)
\$ 6,818,562	\$ (1,790,265)	\$ 9,279,876	\$ 17,006,504	\$ 63,071,713	\$ (118,712,957)
2.44%	2.53%	27.38%	7.83%	37.17%	7.29%

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
2013	\$ 38,900,662	\$ 36,561,502	93.53%	\$ 1,000,102	\$ 37,561,604	96.56%
2014	40,763,405	39,259,877	93.99%	57,590	39,317,467	96.45%
2015	50,818,773	49,076,934	96.31%	12,396	49,089,330	96.60%
2016	57,369,838	54,522,421	96.57%	14,435	54,536,856	95.06%
2017	62,262,782	60,028,914	96.60%	41,565	60,070,479	96.48%
2018	68,496,937	66,145,021	96.58%	16,095	66,161,116	96.59%
2019	75,108,428	72,501,875	96.48%	38,777	72,540,652	96.58%
2020	81,757,185	78,863,511	88.15%	19,396	78,882,907	96.48%
2021	92,578,386	89,310,030	96.44%	42,060	89,352,090	96.52%
2022	114,366,305	90,025,534	83.08%	-	90,025,534	83.79%

(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
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
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
2019	20,155,697,731	20,155,697,731	478,155,856	478,155,856
2020	21,947,972,220	21,947,972,220	517,864,328	517,864,328
2021	24,886,141,636	24,886,141,636	557,359,668	557,359,668
2022	30,793,062,284	30,793,062,284	609,442,087	609,442,087

(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		
\$ 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%
6,940,490	6,940,490	20,640,794,077	20,640,794,077	3.636	100%
2,699,388	2,699,388	22,468,535,936	22,468,535,936	3.636	100%
2,683,249	2,683,249	25,446,184,553	25,446,184,553	3.636	100%
2,799,712	2,799,712	31,405,304,083	31,405,304,083	3.636	100%

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

	2022	2021	2020	2019
Board of County Commissioners				
General Fund	1.086	1.113	1.125	0.733
County Transportation Trust Fund	0.120	0.093	0.39	0.41
Fine and Forfeiture Fund	2.430	2.430	2.122	2.494
<hr/>				
Total general county	3.636	3.636	3.636	3.636
District School System				
	4.385	4.784	5.075	5.022
<hr/>				
Total County wide	8.021	8.420	8.711	8.658
<hr/>				
Special Districts				
South Walton Mosquito Control	0.220	0.230	0.240	0.24
Walton County Fire and Rescue	FLAT	FLAT	FLAT	FLAT
South Walton Fire District	1.000	1.000	1.000	1.000
North Walton Mosquito Control	0.491	0.491	0.491	0.491
Argyle Fire District	FLAT	FLAT	FLAT	FLAT
Liberty Fire District	FLAT	FLAT	FLAT	FLAT
North West Florida Water District	0.026	0.029	0.031	0.033
Cities				
DeFuniak Springs	5.500	5.500	5.000	4.500
Freeport	4.730	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.

2018	2017	2016	2015	2014	2013
0.873	0.795	1.299	1.291	1.348	1.710
0.27	0.348	0.389	0.397	0.260	0.286
2.493	2.493	1.948	1.948	1.948	1.560
3.636	3.636	3.636	3.636	3.556	3.556
5.097	5.191	5.348	5.491	5.491	5.659
8.733	8.827	8.984	9.127	9.047	9.215
0.163	0.163	0.163	0.163	0.138	0.138
FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
0.980	0.980	0.980	0.980	0.980	0.980
0.491	0.491	0.491	0.491	0.491	0.491
FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
0.036	0.037	0.038	0.039	0.040	0.040
4.500	4.500	4.500	4.500	4.500	4.500
4.730	4.730	4.730	4.730	4.730	4.730

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

Year	General Obligation Bonds	Special Assessment Debt	Notes Payable	Leases
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
2019	-	-	19,531,373	2,579,031
2020	-	-	20,470,739	1,745,866
2021	-	-	18,771,258	790,704
2022	-	-	16,842,917	1,131,719

- (1) See Demographic Statistics on page 153 for detail of population and per capita personal income.
- (2) Details regarding Walton County's outstanding debt can be found in Note 2 of the financial statements.

	Total	Percentage of Personal Income (1)	Per Capita (1)
\$	44,341,626	1.68%	767
	37,779,762	1.29%	632
	26,274,160	0.83%	433
	25,167,176	0.73%	400
	24,117,534	0.64%	369
	22,610,761	0.56%	334
	22,110,404	0.52%	316
	22,216,605	0.46%	297
	19,561,962	0.37%	251
	17,974,636	0.29%	226

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

Fiscal Year	Principal	Interest	Other Debt Service	Total Debt Service (1)	Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
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%
2019	-	-	-	-	180,192,583	0.00%
2020	-	-	-	-	181,067,713	0.00%
2021	-	-	-	-	218,890,973	0.00%
2022	-	-	-	-	232,795,645	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.

General and Special Assessment Bonded Debt

The County retired its last outstanding general obligation bonded debt in 2010 and has had no special assessment bonded debt during the last ten years.

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
Last Ten Fiscal Years

Fiscal Year	Real Property Value (1)	Construction (2)	Bank Deposits (3)
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
2019	20,155,697,731	911,935,542	1,489,965,000
2020	21,947,972,220	859,578,158	1,748,525,000
2021	25,446,184,553	1,239,005,587	2,301,035,000
2022	30,793,062,284	1,429,432,829	2,587,598,000

(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
2013	\$ 57,779	\$ 45,651	\$ 2,637,669	8,466	4.00%	6.90%	7.00%
2014	59,793	48,818	2,918,975	8,605	3.90%	6.10%	5.70%
2015	60,687	52,046	3,158,516	8,928	4.50%	5.00%	5.00%
2016	62,943	55,051	3,465,075	9,359	4.30%	4.80%	4.90%
2017	65,301	57,822	3,775,834	9,688	2.90%	3.80%	4.20%
2018	67,656	59,728	4,040,958	10,273	2.50%	3.50%	3.70%
2019	70,071	61,029	4,276,363	10,671	2.50%	3.20%	3.50%
2020	74,724	64,481	4,818,278	10,542	4.10%	7.20%	7.80%
2021	77,941	69,862	5,354,767	11,276	3.40%	4.80%	4.80%
2022	79,544	78,714	6,302,522	11,781	2.30%	2.50%	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

Function/Program	2022	2021	2020	2019
General Government				
Single family dwelling permits	2,849	2,448	2,003	2,380
Total building and other permits issued	21,570	20,700	16,018	13,976
Building inspections conducted	30,821	26,462	26,268	24,455
Public Safety				
Number of E911 calls	48,053	57,321	49,407	68,796
Number of E911 Fire/EMS calls	12,101	11,397	8,030	6,978
Animal control responses	10,765	11,087	8,691	8,510
Tourist Development Council				
Bed tax receipts (gross dollars in thousands)	62,956	58,076	31,330	27,728
Library				
Number of registered borrowers	48,924	45,001	45,790	44,497
Number of visits	112,102	109,741	88,697	117,761
Number of items in collection	115,638	106,329	99,377	110,050
Constitutional Officers:				
Clerk of Circuit Court				
Marriage licenses issued	1,331	1,486	1,210	1,520
Instruments recorded	59,485	65,167	50,470	43,607
Passports	1,826	1,109	904	1,696
Tax deeds sold	89	163	109	184
Civil cases filed	3,524	3,634	2,832	3,656
Misdemeanor cases filed	823	1,032	1,083	1,071
Felony cases filed	1,045	946	845	754
Traffic infractions	4,898	4,079	4,142	4,274
Supervisor of Elections				
Number of registered voters	61,254	59,331	59,743	52,460
Number of polling places	21	21	21	21
Property Appraiser				
Parcels in county	88,109	86,546	85,636	84,518
Tax Collector				
Tax certificates sold	2,369	2,410	3,216	3,145
Tag and title transactions processed	137,101	136,199	93,700	125,284
Driver licenses issued/ renewed	21,236	25,160	23,413	25,520
Hunting/fishing licenses issued	1,294	3,086	786	1,232
Concealed weapons applications processed	1,306	1,680	1,832	777
Birth certificates reissued	683	567	856	561
Sheriff				
Law enforcement officers	252	258	267	269
Calls for service	214,387	221,101	243,193	257,646
Misdemeanor arrests	2,023	1,837	1,722	2,936

* Information is not available for the year presented

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

2018	2017	2016	2015	2014	2013
1,487	1,298	1,748	1,155	1,113	1,236
12,995	12,400	12,010	9,705	9,459	9,964
22,643	23,590	21,782	19,134	17,964	16,459
82,101	51,470	61,447	61,727	59,518	52,642
7,506	14,448	15,220	8,821	8,751	8,036
4,823	5,505	5,014	5,013	4,281	4,926
25,726	23,527	21,758	20,148	19,988	18,582
49,639	47,690	45,796	44,095	43,109	41,141
103,273	107,781	110,140	119,098	131,280	113,728
109,891	112,053	112,532	109,297	108,125	106,421
1,617	1,627	1,842	1,724	1,581	1,658
43,502	42,332	42,189	42,812	42,911	44,359
1,408	1,427	1,280	1,005	799	971
232	177	214	129	84	322
3,326	3,258	3,093	2,986	2,594	2,757
960	1,320	1,881	1,716	1,667	2,114
940	1,152	936	898	804	821
4,270	5,308	4,264	5,217	5,912	5,732
49,928	47,264	48,968	43,492	42,126	40,426
21	21	21	21	21	21
81,981	84,503	80,998	80,445	80,145	79,866
2,890	2,944	3,724	4,364	4,783	4,518
124,754	116,326	104,436	100,951	94,624	81,537
19,714	18,772	17,745	16,797	15,224	9,924
896	898	930	988	936	1,045
870	1,713	4,096	167	-	-
708	784	659	260	-	-
251	255	159	152	221	169
133,368	131,277	128,817	160,625	167,910	158,447
1,798	3,903	2,598	2,284	2,699	2,970

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

Employer	2022		
	Employees (1)	Rank	Percentage of Total County Employment
Walton County School Board	1,506	1	5.1%
Walton County Government	1,217	2	4.1%
Sandestin Golf and Beach Resort	795	3	2.7%
Sacred Heart Hospital of the Emerald Coast	711	4	2.4%
Publix Super Markets (multiple locations)	732	5	2.5%
Watercolor Inn and Resort	687	6	2.3%
Wal-Mart Super Center (multiple locations)	533	7	1.8%
Hilton Sandestin Beach and Golf Resort	460	8	1.6%
Walton Correctional Institution	234	9	0.8%
Professional Products Company	170	10	0.6%
Wyndham Vacation Rentals (former ResortQuest)	-	-	-
Total	7,045		23.9%

Total number of individuals employed
within Walton County (2) 29,438

Sources:

(1) Information has been provided by the Department of Florida Research and Economics Database, the Walton County School Board 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

2013

Employees	Rank	Percentage of Total County Employment
1,142	1	3.5%
843	2	2.6%
650	3	2.0%
500	4	1.5%
356	7	1.1%
275	9	0.8%
280	8	0.8%
500	6	1.5%
-	-	-
170	10	0.5%
500	5	1.5%
5,216		15.8%

33,002

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

Taxpayer	2022		
	Assessed Value (1)	Rank	Percentage of Total Net Assessed Value
San Destin Hotel LLC	\$130,892,172	1	0.42%
Choctawhatchee Electric Cooperative	112,082,639	2	0.36%
Fl Power and Light Co (fka Gulf Power Co)	85,400,005	3	0.27%
HC Ariza Owner LLC	66,047,261	4	0.21%
San Destin Hilton, LTD	64,273,971	5	0.20%
Origins Crossings LLC	53,409,195	6	0.17%
Infinity Hammock Bay West LLC	47,191,401	7	0.15%
Florida Gas Transmission Company	46,582,083	8	0.15%
EBSCO Gulf Coast Development	45,336,144	9	0.14%
CS1031 Residences at 393 North Apartment	39,100,000	10	0.12%
GB Retail LLC			-
Powersouth			-
D R Horton			-
Silver Sands Joint Venture			-
Sandestin Investments LLC			-
Total Principal Taxable Vaule	690,314,871		2.19%
Total Taxable Assessed Value	\$31,405,304,083		100.00%

(1) Source: Walton County Property Appraiser

2013

Assessed Value (1)	Rank	Percentage of Total Net Assessed Value
\$ -		-
\$71,922,050	2	0.65%
33,894,768	7	0.31%
-		-
46,406,834	4	0.42%
-		-
-		-
47,034,867	3	0.42%
89,961,887	1	0.81%
-		-
39,066,784	6	0.35%
24,257,820	9	0.22%
25,743,982	8	0.23%
22,123,087	10	0.20%
39,067,744	5	0.35%
<hr/>		
439,479,823		3.96%
<hr/>		
\$ 11,078,199,998		100.00%



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

	2022	2021	2020	2019
General Government				
Facilities owned/leased (sq. ft.)	777,565	771,943	701,415	684,448
Libraries available to the public(sq. ft.)	19,513	19,513	19,513	19,513
Public Safety				
Fire/Rescue vehicles (number)	85	86	85	61
EMS/Fire stations(number)*	15	15	15	15
Tourist Development Council				
Beaches (miles)	26	26	26	26
Beach access (number)	75	74	74	73
Transportation				
Paved miles	729	713	703	689
Unpaved miles	318	339	350	363
Culture and Recreation				
Parks (number)	36	32	32	32
Parks with boat ramps (number)	12	17	17	17
Constitutional Officers:				
Clerk of Circuit Court				
Facilities (sq. ft.)	45,650	45,650	45,650	42,990
Facilities (number)	2	2	2	2
Supervisor of Elections				
Facilities (sq. ft.)	3,900	3,900	3,900	3,900
Facilities (number)	2	2	2	2
Property Appraiser				
Facilities (sq. ft.)	8,100	8,100	8,100	8,100
Facilities (number)	2	2	2	2
Tax Collector				
Facilities (sq. ft.)	12,050	12,050	10,800	10,800
Facilities (number)	3	3	3	3
Sheriff				
Facilities owned (sq. ft.)	63,364	63,364	63,364	63,364
Facilities/Stations	7	7	7	7

* 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.

2018	2017	2016	2015	2014	2013
648,639	635,083	582,430	483,763	369,424	363,386
19,513	18,441	16,961	16,961	16,961	16,961
66	66	49	51	48	50
15	15	15	22	22	22
26	26	26	26	26	26
65	62	61	61	60	60
674	666	664	758	756	752
377	375	377	404	406	410
23	23	21	21	21	21
16	16	18	18	18	18
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
63,364	63,364	61,668	61,668	61,668	39,400
7	7	6	6	6	5

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

	2022	2021	2020	2019
General government	119	114	101	102
Public safety	59	49	43	27
Physical environment	31	30	29	28
Transportation	136	131	136	139
Economic environment	69	61	66	72
Human services	6	4	5	5
Culture and recreation	41	42	40	38
Total County government	461	431	420	411
Constitutional Officers:				
Clerk of the Circuit Court	69	66	67	69
Property Appraiser	33	30	26	27
Tax Collector	39	39	38	40
Sheriff	608	538	534	555
Supervisor of Elections	7	8	8	8
Total Constitutional Officers	756	681	673	699
Total government-wide employees by function	1,217	1,112	1,093	1,110

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

2018	2017	2016	2015	2014	2013
90	97	109	101	120	83
25	26	122	109	95	156
27	23	25	23	19	24
127	131	136	128	127	127
62	64	50	40	40	40
5	5	5	6	7	11
32	27	16	17	30	26
368	373	463	424	438	467
68	66	67	71	67	69
28	28	28	28	29	28
39	35	32	32	32	32
436	435	330	319	347	241
7	7	6	6	7	6
578	571	463	456	482	376
946	944	926	880	920	843

**Walton County, Florida
Schedule of Insurance in Force
September 30, 2022**

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	10/1/21-22
Property Coverage			
Real Property	\$125,783,206	Florida Municipal Insurance Trust Administered by the Florida League of Cities	10/1/21-22
Personal Property	\$12,961,449		
Inland Marine	\$24,946,114		
Worker's Compensation	\$1,000,000 statutory liability	Florida Municipal Insurance Trust Administered by the Florida League of Cities	10/1/21-22
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	10/1/21-22
Health Insurance	Contract specification	BC/BS of Florida BC/BS of Florida	10/1/21-22
Accidental Death and Dismemberment	\$50,000 to \$100,000 depending upon employee classification and nature of injury and/or cause of death	OCHS Insurance Co Minnesota National Life	10/1/21-22
Life Insurance	\$10,000 to \$50,000 depending upon employee classification	OCHS Insurance Co Minnesota National Life	10/1/21-22
Long-Term Disability Insurance	60% of income up to a maximum of \$7,000 per month	OCHS Insurance Co National Insurance System (NIS)	10/1/21-22
Accident Medical for Parks & Recreation	\$100,000 per injury	AIG Accident & Health	10/1/21-22

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



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

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 24, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

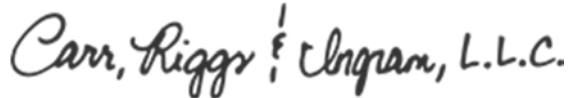
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 financial statements. 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.

Enterprise, Alabama
February 24, 2023



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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

Opinion on Each Major Federal Program and Major State Project

We have audited Walton County, Florida’s (the “County”) compliance with the types of compliance requirements identified as subject to audit 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 major state projects for the year ended September 30, 2022. The County’s major federal programs and major state projects are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program and Major State Project

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. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
February 24, 2023

Walton County, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance

Federal/State Agency Pass-Through Entity Federal Program/State Project	Assistance Listing/ CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
U.S Department of Housing and Urban Development				
Direct Program				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	FL110	\$ -	\$ 1,995,988
COVID-19 Mainstream Vouchers	14.879	COVID-19 FL110	-	43,742
Mainstream Vouchers	14.879	FL110	-	136,978
Subtotal for ALN 14.879				180,720
Housing Voucher Cluster total				2,176,708
Family Self-Sufficiency Program	14.877	FL110	-	41,624
Department total				2,218,332
U.S. Department of Health and Human Services				
Pass-through Florida Department of Revenue				
Child Support Enforcement	93.563	CST66	-	3,643
Child Support Enforcement - Title IV-D	93.563	CSU66	-	207,937
Subtotal for ALN 93.563				211,580
Pass-through Florida Department of Children and Families				
Temporary Assistance for Needy Families	93.558	AJ496	-	774,701
Social Services Block Grant	93.667	AJ496	-	143,716
Foster Care Title IV-E	93.658	AJ496	-	36,096
Department total				1,166,093
U.S. Department of Justice				
Pass-through Florida Department of Law Enforcement				
Residential Substance Abuse Treatment for				
State Prisoners	16.593	2022-RSAT-WALT-1-6R-001	-	16,741

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)

Federal/State Agency Pass-Through Entity Federal Program/State Project	Assistance Listing/ CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
Direct Program				
Joint Law Enforcement Operations	16.111	FC/FLN_0328	-	41,701
Assistance to Localities for Administration	16.999	N/A	-	16,511
Assistance to Localities for Administration	16.999	N/A	-	6,426
Bullet Proof Vest Partnership Program	16.607	2020BUBX20021959, 2021BUBX21025334	-	33,929
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS--21-GG-02456-SPPS	-	63,950
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0224, ORI FL06600	-	457,716
Subtotal for ALN 16.710			-	521,666
Edward Byrne Memorial Justice Assistance Program				
Edward Byrne Memorial Justice Assistance Program	16.738	15PBJA-21-GG-01372-JAGX	-	10,393
Edward Byrne Memorial Justice Assistance Program	16.738	2021-JAGC-WALT-1-38-021	-	25,345
Subtotal for ALN 16.738			-	35,738
Total Direct Programs			-	655,971
Department total			-	672,712
Election Assistance Commission				
Direct Program				
HAVA Election Security Grants	90.404	22.e.es.300.066	-	32,752
U.S. Department of the Interior				
Direct Program				
Outdoor Recreation Acquisition, Development, and Planning	15.916	LW682	-	113,862
U.S. Department of the Treasury				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19 SLT-1322	-	256,875

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)

Federal/State Agency Pass-Through Entity Federal Program/State Project	Assistance Listing/ CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
Direct Program				
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	1RDCGR250156-01-00	-	1,175,396
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	1 RDCGR250070-01-00	-	305,529
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	4 RDCCGR250092-01-01	-	76,356
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	1 RDCGR250116-01-00	-	2,098,368
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	1RDCGR250132-01-00	-	151,751
Subtotal for ALN 21.015			-	3,807,400
Department total			-	4,064,275
National Endowment for the Humanities				
Pass-through Florida Department of State				
COVID-19 Grants to States	45.310	COVID-19 21-ARPA-51	-	44,915
COVID-19 Grants to States	45.310	COVID-19 21-ARPA-50	-	10,455
COVID-19 Grants to States	45.310	COVID-19 21-ARPA-55	-	12,575
Department total			-	67,945
U.S. Department of Transportation				
Pass-through Florida Department of Environmental Protection				
Recreational Trails Program*	20.219	T1821	-	71,830
U.S. Department of Agriculture				
Direct Program				
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	GNTSP20FLO105	-	500,000

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)

Federal/State Agency Pass-Through Entity Federal Program/State Project	Assistance Listing/ CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Homeland Security				
Pass-through Florida Division of Emergency Management				
Emergency Management Performance	97.042	G0226	-	47,433
Emergency Management Performance	97.042	G0216	-	13,926
Emergency Management Performance	97.042	G0354	-	15,690
Subtotal for ALN 97.042			-	87,048
Flood Mitigation Assistance	97.029	18FM-X8-01-76-01-225	-	111,749
Disaster Grants - Public Assistance	97.036	Z2593	-	173,111
Disaster Grants - Public Assistance	97.036	09-SS-E8-01-76-13-506	-	104,117
Disaster Grants - Public Assistance	97.036	FM-5426-FL	-	37,693
Disaster Grants - Public Assistance	97.036	FM-5424-FL	-	19,694
Disaster Grants - Public Assistance	97.036	14-FS-8Q-01-76-01-500	-	13,165
Subtotal for ALN 97.036			-	347,780
COVID-19 Hazard Mitigation Grant Program	97.039	COVID-19 DR4486-Z1921	-	47,554
Direct Program				
Assistance to Firefighters Grants	97.042	CERT 22-016	-	9,999
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00582	-	207,437
Department total			-	801,568
Total Expenditures of Federal Awards			\$ -	\$ 9,709,369
Executive Office of Governor				
Emergency Management Programs	31.063	A0170	\$ -	\$ 78,727
Emergency Management Programs	31.063	A0263	-	42,863
Subtotal for CSFA 31.063			-	121,590
Emergency Management Projects	31.067	T0022	-	4,562
Emergency Management Projects	31.067	19-CP-11-01-76-23-161	-	1,780
Subtotal for CSFA 31.067			-	6,342
Department total			-	127,932
Florida Fish & Wildlife Conservation Commission				
Derelict Vessel Removal Program	77.005	21199	-	64,275
Florida Department of Agriculture				
Mosquito Control	42.003	26490	-	19,144
Mosquito Control	42.003	27455	-	34,684
Department total			-	53,828
Florida Housing Finance Corporation				
SHIP Program	40.901	N/A	-	171,174

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)

Federal/State Agency Pass-Through Entity Federal Program/State Project	Assistance Listing/ CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
Florida Department of Environmental Protection				
Florida Recreation Development Assistance Program	37.017	A1022	\$ -	\$ 174,768
Florida Recreation Development Assistance Program	37.017	A1025	-	39,054
Subtotal for CSFA 31.017			-	213,822
Small County Consolidated Grants	37.012	SC031	-	93,498
Statewide Water Quality Restoration Projects	37.039	NS056	-	65,619
Department total			-	372,939
Florida Department of State				
State Aid to Libraries	45.030	21-ST-90	-	17,488
Florida Department of Economic Opportunity				
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0086	-	106,419
Florida Department of Health				
Emergency Medical Services (EMS) Matching Awards	64.003	M8049	-	146
Emergency Medical Services (EMS) Matching Awards	64.003	BB56Do	-	34,500
Emergency Medical Services (EMS) Matching Awards	64.003	2022-623	-	3,000
Subtotal for CSFA 64.003			-	37,646
County Grant Awards	64.005	N/A	-	176,915
County Grant Awards	64.005	C0066	-	6,236
Subtotal for CSFA 64.005			-	183,151
Department total			-	220,797
Florida Department of Transportation				
Small County Road Assistance Program	55.016	GOT81 436696-1-54-01	-	2,435,390
Small County Road Assistance Program	55.016	G1B60 440890-1-54-01	-	1,793,386
Subtotal for CSFA 55.016			-	4,228,776
Small County Outreach Program (SCOP)	55.009	G1P29 440645-1-54-01	-	5,561,211
Small County Outreach Program (SCOP)	55.009	G1P30 440627-14-34-01	-	129,395
Small County Outreach Program (SCOP)	55.009	G2185 449309-1-54-01	-	29,774
Small County Outreach Program (SCOP)	55.009	GOT42 441498-1-54-01 & 441498-2-54-01	-	1,357,361
Small County Outreach Program (SCOP)	55.009	GOT63 436840-1-54-01	-	111,469
Subtotal for CSFA 55.009			-	7,189,210

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)

Federal/State Agency Pass-Through Entity Federal Program/State Project	Assistance Listing/ CSFA Number	Grant I.D. Number	Passed Through to Subrecipients	Expenditures
Public Transit Service Development Program	55.012	G1B08 - 4203 14-3-84-01	-	296,427
JPA Traffic Signal Systems	55.023	AS117 409797-2-858-01	-	68,224
County Incentive Grant Program (CIGP)	55.008	GOT42 441498-1-54-01 & 441498-2-54-01	-	387,441
Local Transportation Projects	55.039	G1172 445810-1-54-01	-	22,500
Department total			-	12,192,578
Florida Department of Law Enforcement				
Identity Theft and Fraud Grant Program	71.042	8F008	\$ -	\$ 8,972
Florida Incident Based Reporting System	71.043	2021-FBSFFA-F2-016	-	20,945
Department total			-	29,917
Florida Department of Education and Commissioner of Education				
Coach Aaron Feis Guardian Program	48.140	89H-90210-2D001	-	15,906
Florida Department of Children and Families				
Family Finders Program	60.206	AJ496	-	76,437
Florida Department of Management Services				
Wireless 911 Emergency System				
Telephone Grants:				
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S15-20-06-25	-	21,603
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S18-21-05-15	-	136,934
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S18-21-05-17	-	33,018
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S18-21-05-18	-	10,337
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S17-21-02-35	-	63,960
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S17-21-02-36	-	227,382
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	S17-21-02-69	-	18,035
Subtotal for CSFA 72.001 and department total			-	511,269
Total of Expenditures of State Financial Assistance			\$ -	\$ 13,960,959

* Highway Planning and Construction Cluster

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, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentations

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) includes the federal and state spending of Walton County, Florida (the "County") and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance and the Florida Single Audit Act. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not represent the financial position of the County.

Note 2: INDIRECT COST

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2022, the County did not elect to use this rate.

Note 3: 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, 2022.

Note 4: SUBRECIPIENTS

During the year ended September 30, 2022, the County had no subrecipients.

Note 5: NONCASH ASSISTANCE AND OTHER

The County did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2022.

Note 6: 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 experience, the County does not believe that such disallowance, if any, would have a material effect on the financial position of the County.

Walton County, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance (Continued)
For the Year Ended September 30, 2022

Note 7: 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 8: FLORIDA STATE AID TO LIBRARIES

The County received and expended \$17,488 in grant funding and interest from the Florida State Aid to Libraries grant for the fiscal year ended September 30, 2022.

Walton County, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section I: Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |
| 4. Identification of major programs | |

Assistance Listing

Number	Federal Program
	Housing Vouchers Cluster
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

State Projects

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major projects | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Florida Single Audit Act? | None noted |

Walton County, Florida
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2022

4. Identification of major projects

<u>CSFA Number</u>	<u>State Project</u>
55.009	Small County Outreach Program
55.016	Small County Road Assistance Program

5. Dollar threshold used to distinguish between type A and type B programs \$750,000

Section II: Financial Statement Findings

There are no findings to report.

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).

Section V: Summary Schedule of Prior Audit Findings

There were no federal or state audit findings from the prior year to report.

Walton County, Florida
Schedule of Receipts and Expenditures of
Funds Related to the Deepwater Horizon Oil Spill

Source: British Petroleum - Lost Tax Revenue Claim - Final Settlement

For the year ended September 30, 2022

Fiscal Year	Board of County Commissioners	
	Amount Received During the Fiscal Year	Amount Expended Within the Fiscal Year
2014	\$ 4,500,000	\$ 1,909,860
2015	-	-
2016	-	-
2017	-	2,461,366
2018	-	125,096
2019	-	-
2020	-	3,678
2021	166,941	75,733
2022	-	91,208

Source: British Petroleum - Lost Tax Revenue Claim - Final Settlement

Fiscal Year	Tourist Development Council	
	Amount Received During the Fiscal Year	Amount Expended Within the Fiscal Year
2014	\$ 5,370,000	\$ 1,089,016
2015	-	-
2016	-	-
2017	-	2,378,324
2018	-	1,722,097
2019	-	180,563

Note: This Schedule is required by Auditor General Rule 10.557(3)(m). It does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State Financial Assistance.



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**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, 2022:

- Section 365.172(10) Emergency communications number E911 system fund
- Section 365.173(2)(a) Emergency communications number E911 system fund
- Section 288.8018 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 aforementioned requirements for the year ended September 30, 2022.

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
February 24, 2023

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, 2022 and have issued our report thereon dated February 24, 2023.

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 Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 February 24, 2023 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 prior audit findings 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.

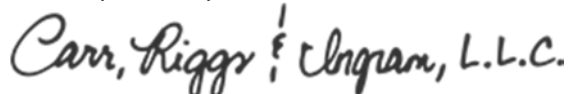
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management, and 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.

Enterprise, Alabama
February 24, 2023





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

FINANCIAL STATEMENTS

September 30, 2022





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INDEPENDENT AUDITORS' REPORT

Honorable Alex Alford
Clerk of the Circuit Court
Walton County, Florida

Opinions

We have audited the accompanying financial statements of each major fund, the proprietary fund, and the aggregate remaining fund information of the Walton County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, the proprietary fund, and the aggregate remaining fund information for the Clerk as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund, and Fine and Forfeiture Fund and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clerk, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 dated February 24, 2022, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Clerk's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama
February 24, 2022

Walton County, Florida
Clerk of the Circuit Court
Balance Sheet – Governmental Funds

<i>September 30, 2022</i>	General	Fine and Forfeiture
Assets		
Cash and cash equivalents	\$ 7,458,085	\$ 510,469
Due from other governments	-	23,572
Total assets	\$ 7,458,085	\$ 534,041
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 2,339	\$ 656
Wages and benefits payable	203,566	68,615
Deposits	417	-
Due to Board of County Commissioners	7,251,763	-
Due to other governments	-	464,770
Total liabilities	7,458,085	534,041
Fund balances		
Restricted for		
Count technology	-	-
Title IV-D	-	-
Record modernization	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ 7,458,085	\$ 534,041

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

	Nonmajor Funds	Total Governmental Funds
	\$ 1,819,158	\$ 9,787,712
	17,123	40,695
	<u>\$ 1,836,281</u>	<u>\$ 9,828,407</u>
	\$ 5,312	\$ 8,307
	20,043	292,224
	-	417
	-	7,251,763
	-	464,770
	<u>25,355</u>	<u>8,017,481</u>
	952,818	952,818
	332,819	332,819
	525,289	525,289
	<u>1,810,926</u>	<u>1,810,926</u>
	<u>\$ 1,836,281</u>	<u>\$ 9,828,407</u>

Walton County, Florida
Clerk of the Circuit Court

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

<i>For the year ended September 30, 2022</i>	General	Fine and Forfeiture
Revenues		
Charges for services	\$ 2,200,101	\$ 983,391
Fines and forfeitures	-	647,437
Intergovernmental	-	489,569
Investment earnings	1,810	171
Total revenues	2,201,911	2,120,568
Expenditures		
General government		
Personnel services	3,618,051	1,663,992
Operating	873,793	75,377
Capital outlay	19,410	-
Total expenditures	4,511,254	1,739,369
Excess of revenues over (under) expenditures	(2,309,343)	381,199
Other Financing Sources (Uses)		
Appropriations from Board of County Commissioners	3,754,265	-
Reversion		
Board of County Commissioners	(1,444,922)	-
Clerk of Courts Trust Fund	-	(381,199)
Net other financing sources (uses)	2,309,343	(381,199)
Net change in fund balance	-	-
Fund balances, beginning of year	-	-
Fund balances, end of year	\$ -	\$ -

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

	Nonmajor Funds	Total Governmental Funds
\$	555,816	\$ 3,739,308
	-	647,437
	207,937	697,506
	-	1,981
	763,753	5,086,232
	534,367	5,816,410
	167,857	1,117,027
	-	19,410
	702,224	6,952,847
	61,529	(1,866,615)
	-	3,754,265
	-	(1,444,922)
	-	(381,199)
	-	1,928,144
	61,529	61,529
	1,749,397	1,749,397
\$	1,810,926	\$ 1,810,926

Walton County, Florida
Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 1,654,938	\$ 1,693,016	\$ 2,200,101	\$ 507,085
Investment earnings	5,050	5,050	1,810	(3,240)
Total revenues	1,659,988	1,698,066	2,201,911	503,845
Expenditures				
General government				
Administrative				
Personnel services	4,200,453	4,055,308	3,618,051	437,257
Operating	1,136,350	1,319,573	873,793	445,780
Capital outlay	77,450	77,450	19,410	58,040
Total expenditures	5,414,253	5,452,331	4,511,254	941,077
Excess revenues over (under) expenditures	(3,754,265)	(3,754,265)	(2,309,343)	1,444,922
Other Financing Sources (Uses)				
Appropriations from Board of County Commissioners	3,754,265	3,754,265	3,754,265	-
Reversion to Board of County Commissioners	-	-	(1,444,922)	(1,444,922)
Net other financing sources (uses)	3,754,265	3,754,265	2,309,343	(1,444,922)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

Walton County, Florida
Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fine and Forfeiture Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 846,309	\$ 846,309	\$ 983,391	\$ 137,082
Fines and forfeitures	447,900	447,900	647,437	199,537
Intergovernmental	423,098	445,061	489,569	44,508
Investment earnings	100	100	171	71
Total revenues	1,717,407	1,739,370	2,120,568	381,198
Expenditures				
General government				
Personnel services	1,639,167	1,664,038	1,663,992	46
Operating	78,240	75,332	75,377	(45)
Total expenditures	1,717,407	1,739,370	1,739,369	1
Excess of revenues over expenditures	-	-	381,199	381,199
Other Financing Sources (uses)				
Reversions				
Clerk of Courts Trust Fund	-	-	(381,199)	(381,199)
Net other financing sources (uses)	-	-	(381,199)	(381,199)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

Walton County, Florida
Clerk of the Circuit Court
Statement of Net Position – Proprietary Funds

	Governmental Activities
<i>September 30, 2022</i>	Internal Service Fund
Assets	
Cash and cash equivalents	\$ 1,081,062
Liabilities	
Current liabilities:	
Accrued compensated absences	164,686
Non-current liabilities:	
Accrued compensated absences	916,376
Total liabilities	1,081,062
Total net position	\$ -

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

Walton County, Florida
Clerk of the Circuit Court
Statement of Revenues, Expenses And Changes in Net Position –
Proprietary Funds

	Governmental Activities
<i>For the year ended September 30, 2022</i>	Internal Service Fund
Operating Revenues	
Charges for services	\$ 263,654
Operating Expenses	
Personnel services	263,654
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

Walton County, Florida
Clerk of the Circuit Court
Statement of Cash Flows – Proprietary Funds

	Governmental Activities
<i>For the year ended September 30, 2022</i>	Internal Service Fund
Cash Flows from Operating Activities	
Funding of compensated absences liability	\$ 263,654
Cash payments to employees for compensated absences	(150,062)
<hr/>	
Net increase in cash and cash equivalents	113,592
Cash and cash equivalents, beginning of year	967,470
<hr/>	
Cash and cash equivalents, end of year	\$ 1,081,062
<hr/>	
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities	
Change in net position	\$ -
Increase in liabilities	
Compensated absences payable	113,592
<hr/>	
Net cash provided (used) by operating activities	\$ 113,592
<hr/>	

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

Walton County, Florida
Clerk of the Circuit Court
Statement of Fiduciary Net Position – Fiduciary Funds

<i>September 30, 2022</i>	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 4,703,600
Receivables, net	300
<hr/>	
Total assets	4,703,900
Liabilities	
Due to other governments	1,468,408
Deposits	2,039,831
Due to individuals	1,195,661
<hr/>	
Total liabilities	4,703,900
<hr/>	
Total net position	\$ -
<hr/> <hr/>	

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

Walton County, Florida
Clerk of the Circuit Court
Statement of Changes in Fiduciary Net Position –Fiduciary Funds

<i>For the year ended September 30, 2022</i>	Custodial Funds
Additions	
Clerk of circuit and county courts revenue	\$ 104,443,168
Deductions	
Payments of clerk of circuit and county courts distributions to other governments	104,443,168
Net increase (decrease) in fiduciary net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The portion of the Clerk's revenue that is a budget appropriation from the Board, rather than a charge for services, is reported as an 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.

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 proprietary fund (the internal service fund) is 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 statements are prepared using the *economic resource measurement* focus and the *accrual basis of accounting*.

Fund Financial Statements

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 county-wide financial statements.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

The Clerk reports the following 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.

The following nonmajor governmental funds are reported:

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.

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.

Fiduciary Fund – Custodial funds (a fiduciary fund) account for assets held in a trust capacity or as an agent for individuals, other governmental units, and/or other funds.

Budgetary Information

Budgetary Basis of Accounting

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 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.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

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 Revenue and Expenditures

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." In accordance with the statute for fiscal year 2022 the Clerk remitted \$1,444,922 of excess revenues over expenditures to the Board.

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 30th 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, 2022, excess court revenues did exceed 1/12 of revenue projections in the amount of \$56,099 and all of these funds were remitted back to the Clerk of Courts Trust Fund. Excess court fund revenues from September 2022 were retained by the Clerk to fund October 2022 court operations in the amount of \$325,100.

Employee Benefits

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.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits (continued)

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.

Retirement Plan

The Clerk and all qualified County employees participate in The Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Clerk are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

The Clerk, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the County's 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 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.

Assets, Liabilities and Net Position or Equity

Cash and Cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (continued)

Capital Assets

Capital assets are recorded as expenditures at the time acquired and if donated, acquisition value at the date of the donation. Title in all capital assets owned by the County is retained by the Board and the Clerk's capital assets are reported on the County-wide financial statements. The Clerk maintains custodial responsibility for the capital assets used by his office.

The Clerk maintains a \$5,000 threshold for capitalization of machinery and equipment and a \$25,000 threshold for land, buildings and improvements. Additionally, the Clerk maintains an inventory of all tangible personal property with a donated value or cost of \$5,000 or more and a projected useful life of one year or more as required by Florida Statute 274 and Administrative Code Sections 69I-73.002 and 69I-73.006. Depreciation is determined using the straight-line method over the asset's estimated useful life.

Categories and Classification of Fund Equity

Net position flow assumption – The Clerk funds outlays from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Clerk's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – The Clerk funds outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Clerk's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Clerk itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (continued)

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Clerk's highest level of decision-making authority. The Clerk is the highest level of decision-making authority. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Clerk for specific purposes but do not meet the criteria to be classified as committed. The Clerk can authorize the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2022 and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease

Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Clerk adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Clerk adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Clerk adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Clerk adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related

Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Clerk adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Clerk adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Clerk is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash, Cash Equivalents, and Investments

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial Credit Risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Clerk places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Clerk will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS

Cash, Cash Equivalents, and Investments (continued)

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.

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.

Source	Amount
Other governments	\$ 40,695

Note 3: LONG-TERM LIABILITIES

The internal service fund is designed to record the annual cost related to the Clerk's compensated absences, 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.

The following is a summary of changes in long-term liabilities reported in the internal service fund for the year ended September 30, 2022:

	Compensated Absences
Balance – October 1, 2021	\$ 967,470
Additions	263,654
Reductions	(150,062)
Balance – September 30, 2022	1,081,062
Less current portion	164,686
Long-term balance	\$ 916,376

Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements

Note 4: 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 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, 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, 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 – 11.91%, DROP Program – 18.60%, senior management – 31.57% and elected officials – 57.00%. 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, 2022, total payroll for the Clerk's employees covered by the System was \$4,025,583 and total payroll was \$4,048,183. The Clerk's contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$692,275, \$615,096, and \$667,895, respectively. These contributions were paid by the due date.

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.

**Walton County, Florida
Clerk of the Circuit Court
Notes to Financial Statements**

Note 5: CONTINGENCIES

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 6: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

Capital Assets

Title in all capital assets owned by the County is retained by the Board and the below noted capital asset information and activity is reported on the county-wide financial statements.

Summary of changes in capital assets during the year ended September 30, 2022:

	Balance 10/1/21	Increases	Decreases	Balance 9/30/22
<i>Governmental Activities</i>				
Capital assets depreciated:				
Machinery and equipment	\$ 2,123,831	\$ 19,410	\$ -	\$ 2,143,241
Less accumulated depreciation	(1,836,743)	(116,449)	-	(1,953,192)
<hr/>				
Total governmental activities				
Capital assets, net	\$ 287,088	\$ (97,039)	\$ -	\$ 190,049

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

<i>Governmental Activities</i>	\$ 116,449
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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Court Technology – Accounts for an additional service charge on recorded documents. These funds are reserved for the technology needs of the court system.

Title IV-d – Accounts for federal reimbursement for expenses related to Title IV-d child support cases.

Record Modernization – Accounts for an additional service charge on recorded instrument. These funds are designated exclusively for improvements to the official records system.

**Walton County, Florida
Clerk of the Circuit Court
Combining Balance Sheet –
Nonmajor Governmental Funds**

<i>September 30, 2022</i>	Court Technology	Title IV-D Fund	Record Modernization Fund	Total
Assets				
Cash and cash equivalents	\$ 967,600	\$ 320,957	\$ 530,601	\$ 1,819,158
Due from other governments	-	17,123	-	17,123
Total assets	\$ 967,600	\$ 338,080	\$ 530,601	\$ 1,836,281
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 5,312	\$ 5,312
Wages and benefits payable	14,782	5,261	-	20,043
Total liabilities	14,782	5,261	5,312	25,355
Fund balances				
Restricted	952,818	332,819	525,289	1,810,926
Total liabilities and fund balances	\$ 967,600	\$ 338,080	\$ 530,601	\$ 1,836,281

Walton County, Florida
Clerk of the Circuit Court

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

<i>For the year ended September 30, 2022</i>	Court Technology	Title IV-d Fund	Record Modernization Fund	Total
Revenues				
Intergovernmental	\$ -	\$ 207,937	\$ -	\$ 207,937
Charges for services	420,276	-	135,540	555,816
Total revenues	420,276	207,937	135,540	763,753
Expenditures				
General government				
Personnel services	353,089	181,278	-	534,367
Operating	122,830	436	44,591	167,857
Total expenditures	475,919	181,714	44,591	702,224
Excess of revenues over (under) expenditures	(55,643)	26,223	90,949	61,529
Fund balances, beginning	1,008,461	306,596	434,340	1,749,397
Fund balances, ending	\$ 952,818	\$ 332,819	\$ 525,289	\$ 1,810,926

Walton County, Florida
Clerk of the Circuit Court
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Court Technology Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 432,333	\$ 420,278	\$ 420,276	\$ (2)
Expenditures				
General government				
Administrative				
Personnel services	359,083	353,101	353,089	12
Operating	73,250	122,818	122,830	(12)
Total expenditures	432,333	475,919	475,919	-
Net change in fund balance	-	(55,641)	(55,643)	(2)
Fund balance, beginning of year	1,008,461	1,008,461	1,008,461	-
Fund balance, end of year	\$ 1,008,461	\$ 952,820	\$ 952,818	\$ (2)

Walton County, Florida
Clerk of the Circuit Court
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Title IV-D

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 128,000	\$ 181,721	\$ 207,937	\$ 26,216
Expenditures				
General government				
Personnel services	127,671	181,281	181,278	3
Operating	329	440	436	4
Total expenditures	128,000	181,721	181,714	7
Net change in fund balance	-	-	26,223	26,223
Fund balance, beginning of year	306,596	306,596	306,596	-
Fund balance, end of year	\$ 306,596	\$ 306,596	\$ 332,819	\$ 26,223

Walton County, Florida
Clerk of the Circuit Court
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Record Modernization

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 115,000	\$ 115,000	\$ 135,540	\$ 20,540
Expenditures				
General government				
Operating	115,000	115,000	44,591	70,409
Net change in fund balance	-	-	90,949	90,949
Fund balance, beginning of year	434,340	434,340	434,340	-
Fund balance, end of year	\$ 434,340	\$ 434,340	\$ 525,289	\$ 90,949

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 –
Custodial Funds**

<i>For the year ended September 30, 2022</i>	General Agency	Juror and Witness
Assets		
Cash and cash equivalents	\$ 2,976,164	\$ 18,323
Receivables, net	300	-
Total assets	2,976,464	18,323
Liabilities		
Due to other governments	1,417,431	-
Deposits	1,551,753	-
Due to individuals	7,280	18,323
Total liabilities	2,976,464	18,323
Total net position	\$ -	\$ -

Registry of Court	Child Support	Appearance Bonds	Tax Redemption	Total
\$ 496,202	\$ 213	\$ 372,625	\$ 840,073	\$ 4,703,600
-	-	-	-	300
496,202	213	372,625	840,073	4,703,900
8,124	213	23,597	720	1,450,085
488,078	-	-	-	2,039,831
-	-	349,028	839,353	1,213,984
496,202	213	372,625	840,073	4,703,900
\$ -	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
Clerk of the Circuit Court
Combining Statement of Changes in Fiduciary Net Position –
Custodial Funds

<i>For the year ended September 30, 2022</i>	General Agency	Juror and Witness
<hr/>		
Additions		
Clerk of circuit and county courts revenue	\$ 97,697,392	\$ -
Deductions		
Current		
Payments of clerk of circuit and county courts distributions to other governments	97,697,392	-
<hr/>		
Net increase (decrease) in net position	-	-
Net Position - beginning of year	-	-
<hr/>		
Net position - ending of year	\$ -	\$ -
<hr/> <hr/>		

Registry of the Court	Child Support	Appearance Bonds	Tax Redemption	Total
\$ 5,079,542	\$ 85,620	\$ 680,508	\$ 900,106	\$ 104,443,168
5,079,542	85,620	680,508	900,106	104,443,168
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -



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

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, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated February 24, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

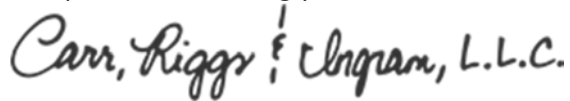
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on 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 financial statements. 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish above the ampersand.

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

Enterprise, Alabama

February 24, 2022



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**INDEPENDENT ACCOUNTANTS’ REPORT ON COMPLIANCE WITH SPECIFIED
FLORIDA STATUTE SECTIONS**

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 following Florida Statute sections during the fiscal year ended September 30, 2022:

- | | |
|--------------------------|------------------------------------|
| Sections 28.35 and 38.36 | Performance Standards and Budget |
| Section 61.181 | Alimony and Child Support Payments |
| Section 218.415 | Local Government Investment Policy |

The Clerk’s management is responsible for the Clerk’s compliance with those requirements. Our responsibility is to express an opinion of the Clerk’s compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Clerk complied, in all material respects, with the requirements of the aforementioned sections of the Florida Statutes, for the year ended September 30, 2022.

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 24, 2022



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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, 2022, and have issued our report thereon dated February 24, 2022.

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 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 Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 24, 2022, 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 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 note 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
February 24, 2022



**Property Appraiser
Walton County, Florida**

FINANCIAL STATEMENTS

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

Honorable Gary J. Gregor
Property Appraiser
Walton County, Florida

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Property Appraiser, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022 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

February 24, 2022

Walton County, Florida
Property Appraiser
Balance Sheet
Governmental Funds

September 30, 2022

General Fund

Assets

Cash and cash equivalents	\$	240,840
Receivable		2,208
Total assets	\$	243,048

Liabilities and Fund Balance

Liabilities		
Due to Board of County Commissioners	\$	155,870
Due to other governments		20,473
Wages and benefits payable		66,705
Total liabilities		243,048
Fund balance		-
Total liabilities and fund balance	\$	243,048

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

Walton County, Florida
Property Appraiser

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2022

General Fund

Revenues	
Intergovernmental	364,443
Miscellaneous	56
<hr/>	
Total revenues	364,499
Expenditures	
General government	
Personnel services	2,211,533
Operating	383,114
Capital outlay	606,459
Debt service	
Principal	237,400
<hr/>	
Total expenditures	3,438,506
<hr/>	
Excess revenues over (under) expenditures	(3,074,007)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	2,775,550
Lease proceeds	474,800
Reversion to Board of County Commissioners	(155,870)
Return of excess fees to other taxing authorities	(20,473)
<hr/>	
Net other financing sources (uses)	3,074,007
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance, beginning of year	-
<hr/>	
Fund balance, end of year	\$ -
<hr/> <hr/>	

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

Walton County, Florida
Property Appraiser

Statement of Revenues, Expenditures and Changes in Fund Balance
General Funds

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 542,988	\$ 451,533	\$ 364,443	\$ (87,090)
Miscellaneous	-	-	56	56
Total revenues	542,988	451,533	364,499	(87,034)
Expenditures				
General government				
Personnel services	2,321,602	2,416,958	2,211,533	205,425
Operating	444,168	444,168	383,114	61,054
Capital outlay	271,500	271,500	606,459	(334,959)
Non-operating	98,820	7,365	-	7,365
Debt service				
Principal	-	-	237,400	(237,400)
Total expenditures	3,136,090	3,139,991	3,438,506	(298,515)
Excess revenues over (under) expenditures	(2,593,102)	(2,688,458)	(3,074,007)	(385,549)
Other Financing Sources (Uses)				
Appropriations from Board of County Commissioners	2,593,102	2,688,458	2,775,550	87,092
Lease proceeds	-	-	474,800	474,800
Reversion to Board of County Commissioners	-	-	(155,870)	(155,870)
Return of excess fees to other taxing authorities	-	-	(20,473)	(20,473)
Net other financing sources (uses)	2,593,102	2,688,458	3,074,007	385,549
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
Property Appraiser
Notes to Financial Statements

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 Appraiser’s financial statements are combined with those of the Board and other elected constitutional officers into the reporting entity of Walton County, Florida (the “County”).

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Property Appraiser considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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,

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

Fund Financial Statements

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 county-wide financial statements.

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

The *General Fund* accounts 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.

Budgetary Information

Budgetary Basis of Accounting

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.

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Excess Revenues over Expenditures

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.

Employee Benefits

Compensated Absences

It is the Property Appraiser's policy to allow employees to accumulate earned but unused paid time off benefits, which are eligible for payment upon separation of government service. Employees are allowed to accumulate up to a maximum of 500 working hours. Accumulated paid time off is payable on termination up to 500 hours. If the employee retires, the full value of the hours accumulated will be paid out up to 500 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.

Retirement Plan

The Property Appraiser and all qualified County employees participate in The Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Property Appraiser are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

The Property Appraiser, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the County's 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 an 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.

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 at the time acquired and if donated, acquisition value at the date of donation. Title in all capital assets owned by the County is retained by the Board and the Property Appraiser capital assets are reported on the county-wide financial statements. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

The Property Appraiser maintains a \$5,000 threshold for capitalization of machinery and equipment and a \$25,000 threshold for land, buildings and improvements. Additionally, the Property Appraiser maintains an inventory of all tangible personal property with a donated value or cost of \$5,000 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. Depreciation is determined using the straight-line method over the asset's estimated useful life.

Capital Leases

The Property Appraiser entered into various lease agreements as a lessee for financing the acquisition of a computer assisted mass appraisal system. 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.

Categories and Classification of Fund Equity

Fund balance flow assumptions – The Property Appraiser funds outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Property Appraiser's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Property Appraiser itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Property Appraiser's highest level of decision-making authority. The Property Appraiser is the highest level of decision-making authority. Once adopted, the limitation imposed by the formal action remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Property Appraiser for specific purposes but do not meet the criteria to be classified as committed. The Property Appraiser can authorize the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2022 and determined there were no events that occurred that required disclosure.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. See Note 5 for the impact of adopting GASB 87.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Property Appraiser adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Property Appraiser adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Property Appraiser is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES TO GENERAL FUND

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 2: DETAILED NOTES TO GENERAL FUND (Continued)

Cash and Cash Equivalents (continued)

amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. 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 Section 280, Florida Statutes.

Due to Board of County Commissioners

Represents the excess revenues over expenditures of \$155,870 remitted to the Board after year end in accordance with Section 218.36(2) Florida Statutes. This amount is reported as Reversion to Board of County Commissioners on the Statement of Revenues Expenditures and Changes in Fund Balance.

Note 3: 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.

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 3: RETIREMENT PLAN (Continued)

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 – 11.91%, DROP Program – 18.60%, senior management – 31.57%, and elected officials – 57.00%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications, with the exception of the DROP Program.

Total payroll for the Property Appraiser's employees covered by the System was \$1,731,334 for the year ended September 30, 2022. The Property Appraiser's total payroll was \$1,765,333 for the same period. The Property Appraiser's contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$323,712, \$248,068, and \$151,637, 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.

Note 4: 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 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

Capital Assets

Title in all capital assets owned by the County is retained by the Board of County Commissioners and the below noted capital asset information and activity is reported in the county-wide financial statements.

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Capital Assets (continued)

Summary of capital asset activity for the year ended September 30, 2022:

	Balance 10/01/21	Increases	Decreases	Balance 9/30/22
<i>Governmental Activities</i>				
Capital assets depreciated:				
Machinery and equipment	\$ 294,318	\$ 576,224	\$ 10,330	\$ 860,212
Less: accumulated depreciation	196,635	67,106	10,330	253,411
Total governmental activities				
Capital assets, net	\$ 97,683	\$ 509,118	\$ -	\$ 606,801

Depreciation expense to be reported by the County was charged to the functions of the government as follows:

<u>General government</u>	<u>\$ 67,106</u>
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Long-Term Debt

Accrued compensated absences and capital leases 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.

Summary of changes in long-term debt for the year ended September 30, 2022:

	Balance 10/01/21	Increases	Reductions	Balance 9/30/22	Due In One Year
Leases	\$ -	\$ 474,800	\$ (237,400)	\$ 237,400	\$ 237,400
Compensated absences	168,748	211,391	(194,580)	185,559	18,556
Total	\$ 168,748	\$ 686,191	\$ (431,980)	\$ 422,959	\$ 255,956

Lease Obligations

Lease contracts that provide the Property Appraiser with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease

Walton County, Florida
Property Appraiser
Notes to Financial Statements

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Long-Term Debt (continued)

Lease Obligations (Continued)

term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. Any contract not meeting the 12- month period requirement is recognized as rental expense. The Property Appraiser uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Property Appraiser uses its estimated incremental borrowing rate as the discount rate for leases.

The following is an analysis of the property under capital lease at September 30, 2022:

	Capital Assets
Machinery and equipment	\$ 474,800
Less: accumulated depreciation	(31,653)
Net leased property	\$ 443,147

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022 are as follows:

*For the fiscal year
ended September 30,*

2023	\$ 237,400
Total minimum lease payments	237,400
Present value of future minimum lease payments	\$ 237,400

**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 Gary J. Gregor
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, 2022, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated February 24, 2022.

Report on 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) as a basis for designing 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.

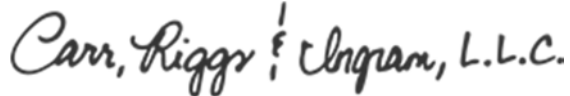
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. 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.

A handwritten signature in cursive script that reads "Carr, Riggs & Ingram, L.L.C." with a vertical line above the ampersand.

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

Enterprise, Alabama
February 24, 2022



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Gary J. Gregor
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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagements.

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, 2022.

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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive style.

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

Enterprise, Alabama
February 24, 2022

MANAGEMENT LETTER

Honorable Gary J. Gregor
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, 2022, and have issued our report thereon dated February 24, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the 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 February 24, 2022, 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

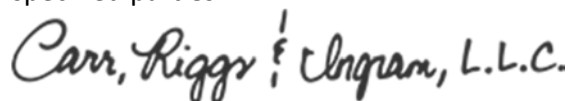
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 note 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

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

Enterprise, Alabama
February 24, 2022





**Tax Collector
Walton County, Florida**

Financial Statements

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

Honorable Rhonda Skipper
Tax Collector
Walton County, Florida

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the fiduciary fund type of the Tax Collector, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tax Collector, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

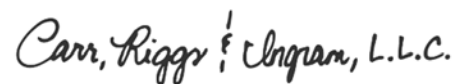
Supplementary Information

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 fiduciary fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 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 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 Tax Collector's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

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

Enterprise, Alabama
February 24, 2023

Walton County, Florida
Tax Collector
Balance Sheet – Governmental Funds

<i>September 30, 2022</i>	General Fund
Assets	
Cash and cash equivalents	\$ 2,688,679
Due from individuals	237,345
<hr/>	
Total assets	\$ 2,926,024
<hr/>	
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 22,680
Wages and benefits payable	97,092
Due to Board of County Commissioners	2,520,368
Due to other governments	285,884
<hr/>	
Total liabilities	2,926,024
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 2,926,024
<hr/>	

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

Walton County, Florida
Tax Collector

Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Funds

For the year ended September 30, 2022

General Fund

Revenues	
Charges for services	\$ 6,094,629
Expenditures	
General government	
Personnel services	2,697,640
Operating	508,016
Capital outlay	71,652
Debt service	
Principal	10,668
Interest	401
<hr/>	
Total expenditures	3,288,377
<hr/>	
Excess revenues over expenditures	2,806,252
Other Financing Sources (Uses)	
Return of excess fees to other taxing authorities	(285,884)
Reversion to Board of County Commissioners	(2,520,368)
<hr/>	
Net other financing sources (uses)	(2,806,252)
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance, beginning of year	-
<hr/>	
Fund balance, end of year	\$ -
<hr/> <hr/>	

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

Walton County, Florida
Tax Collector

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

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 3,626,591	\$ 3,626,591	\$ 6,094,629	\$ 2,468,038
Expenditures				
General government				
Personnel services	2,973,827	2,973,827	2,697,640	276,187
Operating	648,764	648,764	508,016	140,748
Capital outlay	4,000	4,000	71,652	(67,652)
Debt service				
Principal	-	-	10,668	(10,668)
Interest	-	-	401	(401)
Total expenditures	3,626,591	3,626,591	3,288,377	338,214
Excess revenues over expenditures	-	-	2,806,252	2,806,252
Other Financing Sources (Uses)				
Return of excess fees to other taxing authorities	-	-	(285,884)	(285,884)
Reversion to Board of County Commissioners	-	-	(2,520,368)	(2,520,368)
Net other financing sources (uses)	-	-	(2,806,252)	(2,806,252)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

Walton County, Florida
Tax Collector
Statement of Fiduciary Net Position – Fiduciary Funds

<u>September 30, 2022</u>	<u>Custodial Funds</u>
Assets	
Cash	\$ 1,975,956
Liabilities	
Due to other governments	787,251
Deposits	1,188,705
<hr/>	
Total liabilities	1,975,956
<hr/>	
Net Position	\$ -
<hr/> <hr/>	

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

Walton County, Florida
Tax Collector

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

<i>For the year ended September 30, 2022</i>	Custodial Funds
Additions	
Tax collections, auto tag fees, and other fees for other governments	\$ 277,626,853
Deductions	
Payments of tax, auto tag fees, and other fees to other governments	277,626,853
Changes in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

Walton County, Florida
Tax Collector
Notes to Financial Statements

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Tax Collector considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

Fiduciary fund (custodial fund) statements are prepared using the economic resource measurement focus and the accrual basis of accounting.

Fund Financial Statements

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 financial 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 county-wide 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:

Custodial Funds – Custodial 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.

Budgetary Information

Budgetary Basis of Accounting

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.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

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.

Excess Revenue over Expenditures

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."

Employee Benefits

Compensated Absences

The Tax Collector's policy allows the accumulation of annual leave up to 240 hours as of the first day of each calendar year for non-exempt employees, and 480 hours for exempt employees. There is no limitation on the amount of sick leave accumulation. However, upon separation from employment, all accumulated sick leave up to 240 hours (480 hours for exempt employees), regardless of length of employment, and all accumulated annual leave up to 240 hours (480 hours for exempt employees), 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits (continued)

Retirement Plan

The Tax Collector and all qualified County employees participate in The Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Tax Collector are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

The Tax Collector, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the County's group health plan while employed. Employees of the Tax Collector are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County, recognize an 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.

Assets, Liabilities, and Net Position or Equity

Cash and Cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Capital Assets

Capital assets are recorded as expenditures at the time acquired and if donated, acquisition value at the date of donation. 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 the capital assets used by his office.

The Tax Collector maintains a \$5,000 threshold for capitalization of machinery and equipment and a \$25,000 threshold for Land, buildings and 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 69I-73.002 and 69I-73.006. Depreciation is determined using the straight-line method over the asset's estimated useful life.

Lease Obligations

Lease contracts that provide the Tax Collector with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. Any contract not meeting the twelve month period requirement is recognized as rental expense. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. The Tax Collector uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Tax Collector uses its estimated incremental borrowing rate as the discount rate for leases.

Categories and Classification of Fund Equity

Fund balance flow assumptions – The Tax Collector funds outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Tax Collector's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Tax Collector itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Tax Collector’s highest level of decision-making authority. The Tax Collector is the highest level of decision-making authority. Once adopted, the limitation imposed by the formal action remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Tax Collector for specific purposes but do not meet the criteria to be classified as committed. The Tax Collector can authorize the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2023 and determined there were no events that occurred that required disclosure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Tax Collector adopted GASB 87 for the year ended September 30, 2022, and GASB 87 did not have a significant impact on the financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Tax Collector adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Tax Collector adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in *Statement No. 96, Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Tax Collector is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. 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 Section 280, Florida Statutes.

Due to Board of County Commissioners

Excess revenues over expenditures were returned to the various taxing authorities as required by Florida Statutes Section 218.36(2), and are accrued and reported as other financing uses. For fiscal year 2022, \$2,806,252 of excess fees was remitted to various taxing authorities including \$2,520,368 to the Board of County Commissioners.

Note 3: 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.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 3: RETIREMENT PLAN (Continued)

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, 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 – 11.91%, DROP Program – 18.60%, senior management – 21.57% and elected officials – 57.00%. 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 \$1,947,203 for the year ended September 30, 2022. The Tax Collector's total payroll was \$2,158,373 for the same period. The Tax Collector's contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$345,461, \$349,058, and \$318,064, 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.

Note 4: 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 contingencies have been made in these financial statements.

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

Capital Assets

Title in all capital assets owned by the County is retained by the Board and the below noted capital asset information and activity is reported on the county-wide financial statements.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Capital Assets (continued)

Capital asset activity for the fiscal year is as follows:

	Balance 10/1/21	Additions	Deletions	Balance 9/30/22
<i>Governmental Activities</i>				
Capital assets depreciated:				
Machinery and equipment	\$ 904,070	\$ 67,093	\$ -	\$ 971,163
Less: accumulated depreciation	(596,575)	(42,446)	-	(639,021)
Total governmental activities capital assets, net	\$ 307,495	\$ 24,647	\$ -	\$ 332,142

Depreciation expense to be reported by the County was charged to the functions of the government as follows:

Governmental Activities

General government	\$ 42,446
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Long-Term Debt

Accrued compensated absences and leases 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 following is a summary of changes in long-term debt:

	Balance 10/1/21	Additions	Deletions	Balance 9/30/22	Due in One year
Leases	\$ 28,893	\$ -	\$ 10,668	\$ 18,225	\$ 10,412
Compensated absences	373,352	485,664	514,524	344,492	34,449
Total	\$ 402,245	\$ 485,664	\$ 525,192	\$ 362,717	\$ 44,861

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 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

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Long-Term Debt (continued)

The following is an analysis of the property under lease at September 30, 2022:

	Capital Assets
Machinery and equipment	\$ 50,234
Less: accumulated depreciation	(33,121)
Net leased property	\$ 17,113

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022 are as follows:

For the fiscal year ended September 30,

		\$	10,619
2023			6,200
2024			1,663
2025			18,482
Total minimum lease payments			257
Less: amount representing interest			\$ 18,225
Present value of future minimum lease payments			

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
Custodial Funds

<i>September 30, 2022</i>	License	Tag	Tax	Total
Assets				
Cash	\$ 5,346	\$ 699,961	\$ 1,270,649	\$ 1,975,956
Liabilities				
Due to other governments	5,346	699,961	81,944	787,251
Deposits	-	-	1,188,705	1,188,705
Total liabilities	5,346	699,961	1,270,649	1,975,956
Net position				
Restricted	\$ -	\$ -	\$ -	\$ -

Walton County, Florida
Tax Collector
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds

<i>For the year ended September 30, 2022</i>	License	Tag	Tax	Total
Additions:				
Tax collections, auto tag fees, and other fees for other governments	\$ 208,589	\$ 17,894,789	\$ 259,523,475	\$ 277,626,853
Deductions:				
Payments of tax, auto tag fees, and other fees to other governments	208,589	17,894,789	259,523,475	277,626,853
Changes in net position	-	-	-	-
Net position, beginning of the year	-	-	-	-
Net position, end of year	\$ -	\$ -	\$ -	\$ -

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 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, 2022, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated February 24, 2023.

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") as a basis for designing 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 financial statement. 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
February 24, 2023

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Rhonda Skipper
Tax Collector
Walton County, Florida

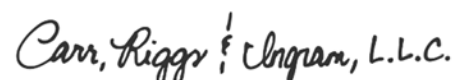
We have examined the Walton County, Florida Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2022. Management of the Tax Collector is responsible for the Tax Collector's 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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
February 24, 2023

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, 2022, and have issued our report thereon dated February 24, 2023.

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, which are dated February 24, 2022, 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
February 24, 2023



**Supervisor of Elections
Walton County, Florida**

FINANCIAL STATEMENTS

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

Honorable Robert Beasley
Supervisor of Elections
Walton County, Florida

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Supervisor of Elections, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Supervisor of Elections' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Supervisor of Elections' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, 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 of Elections' internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

February 24, 2023

Walton County, Florida
Supervisor of Elections
Balance Sheet – Governmental Funds

September 30, 2022

General Fund

Assets

Cash and cash equivalents	\$	212,993
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Total assets	\$	212,993
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Liabilities and Fund Balance

Liabilities

Accounts payable	\$	67,141
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Due to Board of County Commissioners		80,804
--------------------------------------	--	--------

Wages and benefits payable		65,048
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Total liabilities		212,993
--------------------------	--	----------------

Fund balance		-
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Total liabilities and fund balance	\$	212,993
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The accompanying notes are an integral part of these financial statements.

Walton County, Florida
Supervisor of Elections

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Funds**

<i>For the year ended September 30, 2022</i>	General Fund
Revenues	
Intergovernmental	\$ 32,752
Miscellaneous revenues	1,209
<hr/>	
Total revenues	33,961
Expenditures	
General government	
Personnel services	673,566
Operating	326,804
Capital outlay	39,674
<hr/>	
Total expenditures	1,040,044
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(1,006,083)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	1,086,887
Reversion to Board of County Commissioners	(80,804)
<hr/>	
Net other financing sources (uses)	1,006,083
<hr/>	
Net change in fund balance	-
Fund balance, beginning of year	-
<hr/>	
Fund balance, end of year	\$ -
<hr/> <hr/>	

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

Walton County, Florida
Supervisor of Elections

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

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues				
Intergovernmental	\$ 10,500	\$ 43,253	\$ 32,752	\$ (10,501)
Installment purchases	-			
Miscellaneous revenues	25,000	25,000	1,209	(23,791)
Total revenues	35,500	68,253	33,961	(34,292)
Expenditures				
General government				
Personnel services	710,892	730,892	673,566	57,326
Operating	369,575	366,213	326,804	39,409
Capital outlay	21,420	58,035	39,674	18,361
Total expenditures	1,101,887	1,155,140	1,040,044	115,096
Excess revenues over (under) expenditures	(1,066,387)	(1,086,887)	(1,006,083)	80,804
Other Financing Sources (Uses)				
Appropriations from Board of County Commissioners	1,066,887	1,086,887	1,086,887	-
Reversion to Board of County Commissioners	-	-	(80,804)	(80,804)
Net other financing sources (uses)	1,066,887	1,086,887	1,006,083	(80,804)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

Walton County, Florida
Supervisor of Elections
Statement of Net Position - Proprietary Funds

		Governmental Activities
<i>September 30, 2022</i>		Internal Service Fund
Assets		
Cash and cash equivalents	\$	63,526
Liabilities		
Current liabilities		
Accrued compensated absences		9,529
Non-current liabilities		
Accrued compensated absences		53,997
Total liabilities		63,526
Total net position		\$ -

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

Walton County, Florida
Supervisor of Elections
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds

	Governmental Activities
<i>For the year ended September 30, 2022</i>	Internal Service Fund
Operating Revenues	
Charges for services	\$ 20,365
Operating Expenses	
Personnel services	20,365
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

Walton County, Florida
Supervisor of Elections
Statement of Cash Flows – Proprietary Funds

	Governmental Activities
<i>For the year ended September 30, 2022</i>	Internal Service Fund
Operating Activities	
Cash received from funding of compensated absences liability	\$ 20,365
Cash payments on compensated absences liability	(11,812)
<hr/>	
Net increase (decrease) in cash and cash equivalents	8,553
<hr/>	
Cash and cash equivalents, beginning of year	54,973
<hr/>	
Cash and cash equivalents, end of year	\$ 63,526
<hr/>	
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities	
Change in net position	\$ -
Increase (decrease) in liabilities	
Compensated absences payable	8,553
<hr/>	
Net cash used in operating activities	\$ 8,553
<hr/>	

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

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

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. 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 Walton County, Florida (the “County”).

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Supervisor of Elections considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund (internal service fund) is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. 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

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

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 primarily funded by the Board of County Commissioners 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.

Fund Financial Statements

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.

The Supervisor of Elections reports the following major governmental fund:

The *General Fund* accounts for all financial resources that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

The Supervisor of Elections reports the following proprietary fund type:

The *Internal Service Fund* is used to report funded and accrued compensated absences.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary Basis of Accounting

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 submit to the Board a tentative budget 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.

Excess Revenues over Expenditures

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 and deposited to the County fund or funds from which payment was originally made." Excess revenues over expenditures returned to the Board as required by Florida Statutes are accrued and reported as other financing (uses).

Employee Benefits

Compensated Absences

It is the Supervisor of Elections' policy to allow employees to accumulate up to 240 hours of annual leave and sick leave, total of 480 hours, all of which is allowed for payment upon separation from employment. 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. Liabilities and expenses for compensated absences are recorded in the internal service fund.

Retirement Plan

The Supervisor of Elections and all qualified County employees participates in The Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Supervisor of Elections are combined with all the County's participates and reported in the County's government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits (continued)

Other Postemployment Benefits (OPEB)

The Supervisor of Elections, 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 an 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.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 at the time acquired and if donated, acquisition value at the date of donation. Title in all capital assets owned by the County is retained by the Board and the Supervisor of Elections' capital assets are reported on the county-wide financial statements. The Supervisor of Elections maintains custodial responsibility for the capital assets used by his office.

The Supervisor of Elections maintains a \$5,000 threshold for capitalization of machinery and equipment and a \$25,000 threshold for land, buildings and 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 69I-73.002 and 69I-73.006. Depreciation is determined using the straight-line method over the asset's estimated useful life.

**Walton County, Florida
Supervisor of Elections
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

The County maintains a \$5,000 threshold for capitalization of equipment and a \$25,000 threshold for land, buildings, and other improvements. The Supervisor of Elections did not report any land, buildings or improvements in the current fiscal year.

Compensated Absences

The internal service fund is designed to record the annual cost related to the Supervisor of Elections' compensated absences, 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.

Summary of changes in compensated absences for the year ended September 30, 2022:

	Balance 10/1/21	Additions	Reductions	Balance 9/30/22	Due Within One Year
Compensated absences	\$ 54,973	\$ 20,365	\$ 11,812	\$ 63,526	\$ 9,529

Categories and Classification of Fund Equity

Net position flow assumption – The Supervisor of Elections funds outlays from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Supervisor of Elections' policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – The Supervisor of Elections funds outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Supervisor of Elections' policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Supervisor of Elections itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Supervisor of Elections' highest level of decision-making authority. The Supervisor of Elections is the highest level of decision-making authority. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Supervisor of Elections for specific purposes but do not meet the criteria to be classified as committed. The Supervisor of Elections can authorize the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2023, and determined there were no events that occurred that required disclosure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Supervisor of Elections' adoption of GASB Statement 87 for the year ended September 30, 2022 did not impact the financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The Supervisor of Elections adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Supervisor of Elections adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Supervisor of Elections adopted GASB Statement 97 for the year ended September 30, 2022, and it did not impact the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2)

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (continued)

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Supervisor of Elections is evaluating the requirements of the above statements and the impact on reporting.

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Cash, Cash Equivalents and Investments

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositories validated claims pursuant to Section 280.08, Florida Statutes.

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. The investment program is established in accordance with the Supervisor of Elections' investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the Supervisor to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. 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.

Interest rate risk - Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Board's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements.

Credit risk - Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. 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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Cash, Cash Equivalents and Investments (continued)

Due to Board of County Commissioners

Represents the excess revenues over expenditures of \$80,804 remitted to the Board after year end in accordance with Florida Statutes Section 129.202(1)(f). This amount is reported as Reversion to Board of County Commissioners on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

Note 3: 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.

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 – 11.91%, DROP Program – 18.60%, senior management – 31.57% and elected officials – 57.00%. 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
Supervisor of Elections
Notes to Financial Statements

Note 3: RETIREMENT PLAN (Continued)

Total payroll for the Supervisor of Elections' employees covered by the System was \$446,460 for the year ended September 30, 2022. The Supervisor of Elections' total payroll was \$492,608 for the same period. The Supervisor of Elections' contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$124,907, \$107,034, and \$97,515, 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.

Note 4: CONTINGENCIES

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 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

Capital Assets

Title in all capital assets owned by the County is retained by the Board of County Commissioners and the below noted capital asset information and activity is reported in the county-wide financial statements.

Summary of changes in capital assets during the year ended September 30, 2022:

	Balance 10/1/21	Increases	Decreases	Balance 9/30/22
<i>Governmental Activities</i>				
Capital assets, being depreciated				
Machinery, equipment, and improvements	\$ 613,431	\$ 39,674	\$ -	\$ 653,105
Less accumulated depreciation for				
Machinery, equipment, and improvements	(543,483)	(52,644)	-	(596,127)
Capital assets, net	\$ 69,948	\$ (12,970)	\$ -	\$ 56,978

Walton County, Florida
Supervisor of Elections
Notes to Financial Statements

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

Capital Assets (Continued)

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

Governmental Activities

General government	\$	52,644
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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, 2022, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, and have issued our report thereon dated February 24, 2023.

Report on 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) as a basis for designing 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.

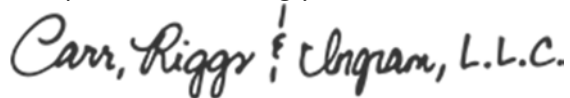
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish above the ampersand.

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

Enterprise, Alabama

February 24, 2023

**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, 2022. 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.

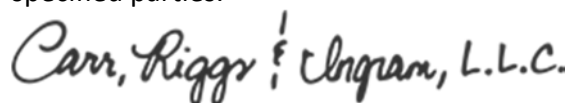
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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
February 24, 2023



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MANAGEMENT LETTER

Honorable Robert Beasley
Supervisor of Elections
Walton County, Florida

Report on the 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, 2022, and have issued our report thereon dated February 24, 2023.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent 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 February 24, 2023, 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

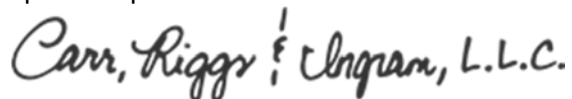
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires 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 note 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive style with a vertical line separating "Riggs" and "Ingram".

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

Enterprise, Alabama
February 24, 2023



**Sheriff
Walton County, Florida**

FINANCIAL STATEMENTS

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

Honorable Michael A. Adkinson, Jr.
Sheriff
Walton County, Florida

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Walton County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 1 and 6 to the financial statements, the Sheriff adopted provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, which required a restatement of the 2021 financial statements. Our opinion is not modified with respect to these matters.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated on February 24, 2022 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. 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 Sheriff's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama
February 24, 2022

Walton County, Florida
Sheriff
Balance Sheet – Governmental Funds

<i>September 30, 2022</i>	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 8,191,347	\$ 1,399,105	\$ 9,590,452
Accounts receivable, net	521,899	71,737	593,636
Grant receivable	-	55,319	55,319
Interfund receivable	82,537	498	83,035
Due from Board of County Commissioners	256,021	-	256,021
Due from other governments	751,566	-	751,566
Total assets	\$ 9,803,370	\$ 1,526,659	\$ 11,330,029
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,420,236	\$ 158,602	\$ 1,578,838
Wages and benefits payable	2,255,815	-	2,255,815
Interfund payable	635	82,400	83,035
Unearned revenue	154,094	-	154,094
Due to Board of County Commissioners	5,966,611	9,372	5,975,983
Inmate deposits	-	36,251	36,251
Due to individuals	5,979	-	5,979
Total liabilities	9,803,370	286,625	10,089,995
Fund balances			
Restricted for			
Public Safety - Law Enforcement	-	1,240,034	1,240,034
Total liabilities and fund balances	\$ 9,803,370	\$ 1,526,659	\$ 11,330,029

The accompanying notes are an integral part of these financial statements

Walton County, Florida
Sheriff

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

<i>For the Year Ended September 30, 2022</i>	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
Fines and forfeitures	\$ -	\$ 85,677	\$ 85,677
Intergovernmental	2,566,872	25,319	2,592,191
Grant match	-	119,307	119,307
Miscellaneous	-	636,307	636,307
Total revenues	2,566,872	866,610	3,433,482
Expenditures			
Public safety			
Personnel services	47,228,661	-	47,228,661
Operating	13,716,134	622,019	14,338,153
Capital outlay	3,133,390	190,396	3,323,786
Debt service			
Principal	789,774	38,494	828,268
Interest	35,472	8,565	44,037
Total expenditures	64,903,431	859,474	65,762,905
Excess revenues over (under) expenditures	(62,336,559)	7,136	(62,329,423)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	66,815,790	115,000	66,930,790
Reversion to Board of County Commissioners	(4,846,301)	-	(4,846,301)
Proceeds from issuance of debt	367,070	-	367,070
Net other financing sources (uses)	62,336,559	115,000	62,451,559
Net change in fund balance	-	122,136	122,136
Fund balance, beginning of year	-	1,117,898	1,117,898
Fund balances, end of year	\$ -	\$ 1,240,034	\$ 1,240,034

The accompanying notes are an integral part of these financial statements

Walton County, Florida
Sheriff

Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 2,560,998	\$ 2,566,872	\$ 5,874
Expenditures				
Public safety				
Personnel services	46,472,477	47,222,786	47,228,661	(5,875)
Operating	12,576,137	14,306,193	13,716,134	590,059
Capital outlay	5,152,784	7,847,809	3,133,390	4,714,419
Debt service				
Principal	-	-	789,774	(789,774)
Interest	-	-	35,472	(35,472)
Total expenditures	64,201,398	69,376,788	64,903,431	4,473,357
Excess revenues over (under) expenditures	(64,201,398)	(66,815,790)	(62,336,559)	4,479,231
Other Financing Sources (Uses)				
Appropriations from Board of County Commissioners	64,201,398	66,815,790	66,815,790	-
Reversion to Board of County Commissioners	-	-	(4,846,301)	(4,846,301)
Proceeds from issuance of debt			367,070	367,070
Net other financing sources (uses)	64,201,398	66,815,790	62,336,559	(4,479,231)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

Walton County, Florida
Sheriff

Statement of Fiduciary Net Position – Fiduciary Funds

<i>September 30, 2022</i>	<u>Custodial Funds</u>
	Posse
Assets	
Cash	\$ 3,848
Net position	
Restricted for	
Public Safety - Law Enforcement	\$ 3,848

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

**Walton County, Florida
Sheriff**

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

<i>For the year ended September 30, 2022</i>	<u>Custodial Funds</u> Posse
<hr/>	
Additions	
Donations	\$ 2,002
Deductions	-
<hr/>	
Changes in net position	2,002
Net position, beginning of year	1,846
<hr/>	
Net position, end of year	\$ 3,848
<hr/> <hr/>	

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

Walton County, Florida
Sheriff
Notes to Financial Statements

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 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.

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.

Fiduciary fund (custodial fund) statements are prepared using the economic resource measurement focus and the accrual basis of accounting.

Fund Financial Statements

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 financial 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 county-wide financial statements.

The Sheriff reports the following 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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:

Fiduciary Fund – Custodial funds account for assets held in a trust capacity or as an agent for individuals, other governmental units and/or other funds.

Budgetary Information

Budgetary basis of accounting

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 the general fund 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. Major special revenue funds are not budgeted. 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.

Excess Revenue over Expenditures

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 excess revenues over expenditures in special revenue funds remain with the Sheriff.

Employee Benefits

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 for non-Senior Executive Service employees (SES employees).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits (continued)

Compensated Absences (continued)

SES employees are limited at 400 hours for annual leave payout 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 of the Sheriff are the obligation of the County and are reported at the county-wide level.

Retirement Plan

The Sheriff and all qualified County employees participate in The Florida Retirement System (the "System"). The System's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with the requirements of the GASB. The Plan is considered a component unit of the State of Florida and is included in the State's Annual Comprehensive Financial Report. Assets, liabilities and cash inflows/outflows related to the Sheriff are combined with all the County's participates and reported in the County's government-wide financial statements.

Other Postemployment Benefits (OPEB)

The Sheriff, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the County's 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 Statement of Net Position of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

Assets, Liabilities and Net Position or Equity

Cash and Cash equivalents

Cash and cash equivalents are cash on hand, demand deposits and short term investments with maturities of three months or less from the date of acquisition.

Receivables

Receivables consists primarily of accounts receivable for ambulance billings and contractual reimbursements for inmate canteen operations. Grants receivable are comprised of reimbursements from federal and state funding sources. An allowance for uncollectibles is determined for ambulance billings based on the County's historical rate of collection of such receivables.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (continued)

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 at the time acquired and if donated, acquisition value at the date of donation. Title in all capital assets owned by the County is retained by the Board and the Sheriff's capital assets are reported on the county-wide financial statements. The Sheriff maintains custodial responsibility for the capital assets used by his office.

The Sheriff maintains a \$5,000 threshold for capitalization of machinery and equipment and a \$25,000 threshold for land, buildings and improvements. Additionally, the Sheriff maintains an inventory of all tangible personal property with a donated value or cost of \$5,000 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. Depreciation is determined using the straight-line method over the asset's estimated useful life.

Lease Obligations

Lease contracts that provide the Sheriff with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. Any contract not meeting the materiality threshold or the twelve month period requirement is recognized as rental expense. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. The Sheriff uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Sheriff uses its estimated incremental borrowing rate as the discount rate for leases.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Categories and Classification of Fund Equity

Fund balance flow assumptions – The Sheriff funds outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Sheriff's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Sheriff itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Sheriff's highest level of decision-making authority. The Sheriff is the highest level of decision-making authority. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Sheriff for specific purposes but do not meet the criteria to be classified as committed. The Sheriff can authorize the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (continued)

Categories and Classification of Fund Equity (continued)

have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2022, and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Sheriff adopted GASB 87 for the year ended September 30, 2022. For more information on the effects of the adoption of GASB 87, see Note 6.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

periods beginning after December 15, 2020. The Sheriff adopted GASB 89 for the year ended September 30, 2022, and GASB 89 did not have a significant impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Sheriff adopted GASB 92 for the year ended September 30, 2022, and GASB 92 did not have a significant impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement No. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Sheriff adopted GASB 93 for the year ended September 30, 2022, and GASB 93 did not have a significant impact on the financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The Sheriff adopted GASB 97 for the year ended September 30, 2022, and GASB 97 did not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of GASB 98 are effective for fiscal years ending after December 15, 2021, with early application permitted. The Sheriff adopted GASB 98 for the year ended September 30, 2022, and GASB 98 did not have a significant impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b)

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

recognition and measurement of installment payments and the transfer of the underlying PPP asset.

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Sheriff is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits.

Demand deposits greater than the Federal Deposit Insurance Corporation (FDIC) insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor (depositor), the depositor will implement procedures for payment of losses according to the depositors validated claims pursuant to Section 280.08, Florida Statutes.

Custodial risk - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. 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 Section 280, Florida Statutes.

Receivables

Accounts Receivable, net - Accounts receivable primarily consists of ambulance billings in the General Fund and commissions of \$71,737 due from vendors who provide concessions, phone, internet and tablet services to inmates in the Inmate Canteen Fund. All accounts receivable are considered collectible and no allowance for uncollectibles is deemed necessary, except for ambulance billings which had a balance of \$855,866 and an allowance of \$338,324.

Grant Receivable - Grant receivable of \$55,319 is due from Triumph Gulf Coast, Inc., a nonprofit corporation, for reimbursed equipment for vocational/technical training program run by the Walton County Sheriff's Office.

Due from Board of County Commissioners – The amount due from the Board of \$256,021 represents expenditures reimbursable to the Sheriff from an E911 grant received by the Board.

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Receivables (continued)

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

	Due		Net
	To	From	
General Fund	\$ 82,537	\$ (635)	\$ 81,902
Other governmental funds	498	(82,400)	(81,902)
Total	\$ 83,035	\$ (83,035)	\$ -

The amounts due to the General Fund from Other Governmental Funds are for reimbursements of expenditures on the Triumph Grant projects. Amounts due to Other Governmental Funds from the General Fund are for matching requirements and donation collections for the animal shelter.

Due from Other Governments

Due from other governments at September 30, 2022 consisted of the following:

	General Fund
Bay County Corrections	\$ 200,949
Federal Inmate Housing	72,359
Federal Emergency Management Agency	236,502
Federal Grants	202,574
Miscellaneous	39,182
Total	\$ 751,566

Due to Board of County Commissioners

The amount due to the Board is comprised of the following fees collected for the Board and excess appropriations from the Board over expenditures.

Excess fees pursuant Section 30.50(6), Florida Statutes	\$ 4,846,301
Emergency medical services	708,458
Inmate housing	399,177
Other fees	12,675
Total	\$ 5,966,611

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balance

At September 30, 2022, fund balance is comprised of the following:

Restricted Fund Balance

Inmate Canteen Fund	\$ 651,593
Triumph Grant Fund	629
Law Enforcement Education and Automation	291,483
Suspense	12,715
Crime Prevention	142,037
Traffic and Parking Enforcement	128,295
Abandoned Property	13,282
<hr/>	
Total restricted fund balance	<u>\$ 1,240,034</u>

Note 3: 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 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. For Special Risk Class members, normal retirement is age 55 with at least 6 years of Special Risk service, or 25 years of Special Risk service, regardless of age, or age 52 with 25 years of Special Risk service and military 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

Note 3: RETIREMENT PLAN (Continued)

for each year prior to normal retirement age. For Special Risk Class members, normal retirement is age 60 with at least 8 years of Special Risk service, or 30 years of Special Risk service, regardless of age, or age 57 with 30 years of Special Risk service and military service. 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 – 11.91%, DROP Program – 18.60%, senior management – 31.57%, special risk – 27.83% and elected officials – 57.00%. 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 Sheriff's employees covered by the System was \$31,151,094, for the year ended September 30, 2022. The Sheriff's total payroll was \$31,677,113 for the same period. The Sheriff's contributions to the plan, net of accrued contributions, for the years ended September 30, 2022, 2021, and 2020 were \$6,991,110, \$6,008,755, and \$5,763,289, 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.

Note 4: Contingencies

At September 30, 2022, the Sheriff was involved in several litigations and claims arising in the normal course of operations. It is the opinion of management that coverage provided by the Self-Insurance Fund is more than adequate to eliminate any material 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. No accruals for loss contingencies have been made in these financial statements.

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL

Capital Assets

Title in all capital assets owned by the County is retained by the Board of County Commissioners and the below noted capital asset information and activity is reported in the county-wide financial statements.

Capital asset activity for the fiscal year is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 615,074	\$ -	\$ 615,074
Capital assets, being depreciated				
Machinery and equipment	40,188,133	1,796,891	(4,548,645)	37,436,379
Buildings and improvements	3,706,455	544,751	-	4,251,206
Right of use assets - equipment	451,269	367,070	-	818,339
Right of use assets - buildings	340,910	-	-	340,910
Capital assets, being depreciated	44,686,767	2,708,712	(4,548,645)	42,846,834
Less accumulated depreciation for				
Machinery and equipment	(25,624,667)	(4,969,786)	4,527,994	(26,066,459)
Buildings and improvements	(618,196)	(370,327)	-	(988,523)
Right of use assets - equipment	(330,931)	(135,883)	-	(466,814)
Right of use assets - buildings	(138,143)	(58,816)	-	(196,959)
Total accumulated depreciation	(26,711,937)	(5,534,812)	4,527,994	(27,718,755)
Total capital assets being depreciated, net	17,974,830	(2,826,100)	(20,651)	15,128,079
Governmental activities capital assets, net	\$ 17,974,830	\$ (2,211,026)	\$ (20,651)	\$ 15,743,153

Depreciation expense to be reported by the Board was charged to the function of government as follows:

Public safety	\$ 5,534,812
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Walton County, Florida
Sheriff
Notes to Financial Statements

Note 5: FINANCIAL DISCLOSURES REPORTED AT THE COUNTY-WIDE LEVEL (Continued)

Long-Term Debt

Accrued compensated absences and capital leases that will not be liquidated with expendable available financial resources of the Sheriff are the obligation of the County and are reported at the county-wide level.

The following is a summary of changes in long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated absences	\$ 2,186,923	\$ 2,057,156	\$ 1,705,170	\$ 2,538,909	\$ 253,891
Leases	1,171,103	367,070	828,268	709,905	462,510
Total	\$ 3,358,026	\$ 2,424,226	\$ 2,533,438	\$ 3,248,814	\$ 716,401

Leases

The Sheriff has entered into multiple lease agreements as lessee for vehicles, equipment, and buildings that qualify as leases for accounting purposes.

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

<i>September 30,</i>	Amount
2023	\$ 471,167
2024	95,704
2025	59,644
2026	40,300
2027	33,852
2028	33,852
Total minimum payments	734,519
Less: amount representing interest	(24,614)
Present value of minimum capital lease payments	\$ 709,905
Gross capital asset value	\$ 1,159,249
Accumulated depreciation	(663,773)
Net capital asset value	\$ 495,476

Walton County, Florida
Sheriff
Notes to Financial Statements

Note 6: RESTATEMENT OF BEGINNING BALANCES

As discussed in Note 1, the implementation of GASB 87 required the Sheriff to restate beginning balances for capital assets and lease liabilities in the County's government wide financial statements. A reconciliation of the prior period ending balances to the current year beginning balances is as follows:

Governmental activities

Beginning right of use assets	\$	-
Adjustment for implementation of GASB 87		792,179
<hr/>		
Beginning right of use assets, as restated	\$	792,179
<hr/>		
Beginning right of use assets accumulated depreciation	\$	-
Adjustment for implementation of GASB 87		(469,074)
<hr/>		
Beginning right of use assets accumulated depreciation, as restated	\$	(469,074)
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Beginning leases	\$	640,975
Adjustment for implementation of GASB 87		530,128
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Beginning leases, as restated	\$	1,171,103
<hr/>		

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Inmate Canteen Fund – To account for revenues restricted to the welfare of inmates.

Triumph Grant Fund – To account for grant activity related to the Triumph grant.

Law Enforcement Education and Automation – To account for appropriations restricted to educating law enforcement officers and the automation of law enforcement operations.

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

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's department aircraft and drones.

Walton County, Florida
Sheriff

Combining Balance Sheet – Nonmajor Governmental Funds

<i>September 30, 2022</i>	Inmate Canteen Fund	Triumph Grant Fund	Law Enforcement Education and Automation
Assets			
Cash and cash equivalents	\$ 780,411	\$ 27,360	\$ 291,483
Accounts receivable	71,737	-	-
Grant receivable	-	55,319	-
Interfund receivable	-	-	-
Total assets	\$ 852,148	\$ 82,679	\$ 291,483
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 154,932	\$ -	\$ -
Interfund payable	-	82,050	-
Due to Board of County Commissioners	9,372	-	-
Inmate deposits	36,251	-	-
Total liabilities	200,555	82,050	-
Fund balances			
Restricted for Public Safety - Law Enforcement	651,593	629	291,483
Total liabilities and fund balances	\$ 852,148	\$ 82,679	\$ 291,483

Suspense	Crime Prevention	Traffic and Parking Enforcement	Abandoned Property	Aviation	Total
\$ 13,190	\$ 142,024	\$ 128,295	\$ 16,342	\$ -	\$ 1,399,105
-	-	-	-	-	71,737
-	-	-	-	-	55,319
-	498	-	-	-	498
<u>\$ 13,190</u>	<u>\$ 142,522</u>	<u>\$ 128,295</u>	<u>\$ 16,342</u>	<u>\$ -</u>	<u>\$ 1,526,659</u>
\$ 475	\$ 485	\$ -	\$ 2,710	\$ -	\$ 158,602
-	-	-	350	-	82,400
-	-	-	-	-	9,372
-	-	-	-	-	36,251
475	485	-	3,060	-	286,625
12,715	142,037	128,295	13,282	-	1,240,034
<u>\$ 13,190</u>	<u>\$ 142,522</u>	<u>\$ 128,295</u>	<u>\$ 16,342</u>	<u>\$ -</u>	<u>\$ 1,526,659</u>

Walton County, Florida
Sheriff

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

<i>For the year ended September 30, 2022</i>	Inmate Canteen Fund	Triumph Grant Fund	Law Enforcement Education and Automation
Revenues			
Fines and foreitures	\$ -	\$ -	\$ 15,000
Intergovernmental	-	25,319	-
Grant match	-	119,307	-
Miscellaneous	560,419	25	8,811
Total revenues	560,419	144,651	23,811
Expenditures			
Public safety			
Operating	430,823	86,475	7,005
Capital outlay	28,113	58,150	-
Debt service			
Principal	38,494	-	-
Interest	8,565	-	-
Total expenditures	505,995	144,625	7,005
Excess revenues over (under) expenditures	54,424	26	16,806
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	-	-	-
Net change in fund balance	54,424	26	16,806
Fund balance, beginning of year	597,169	603	274,677
Fund balance, end of year	\$ 651,593	\$ 629	\$ 291,483

Suspense	Crime Prevention	Traffic and Parking Enforcement	Abandoned Property	Aviation	Total
\$ -	\$ -	\$ 70,677	\$ -	\$ -	\$ 85,677
-	-	-	-	-	25,319
-	-	-	-	-	119,307
2,438	50,555	41	13,989	29	636,307
2,438	50,555	70,718	13,989	29	866,610
13,803	75,307	-	8,606	-	622,019
-	50,528	-	-	53,605	190,396
-	-	-	-	-	38,494
-	-	-	-	-	8,565
13,803	125,835	-	8,606	53,605	859,474
(11,365)	(75,280)	70,718	5,383	(53,576)	7,136
-	115,000	-	-	-	115,000
(11,365)	39,720	70,718	5,383	(53,576)	122,136
24,080	102,317	57,577	7,899	53,576	1,117,898
\$ 12,715	\$ 142,037	\$ 128,295	\$ 13,282	\$ -	\$ 1,240,034



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

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 fiduciary fund types and aggregate remaining nonmajor governmental funds of the Walton County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2022.

Report on 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) as a basis for designing 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.

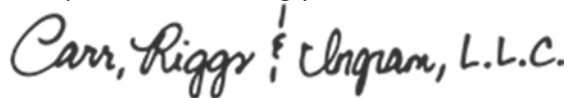
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. 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.

Enterprise, Alabama

February 24, 2022



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**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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Sheriff complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

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 24, 2022



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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, 2022, and have issued our report thereon dated February 24, 2022.

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 24, 2022, 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 note 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 24, 2022

