

**Tax Collector
Walton County, Florida**

Financial Statements

Year Ended September 30, 2020

Walton County, Florida
Tax Collector
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September 30, 2020

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INDEPENDENT AUDITORS' REPORT

Honorable Rhonda Skipper
Tax Collector
Walton County, Florida

Report on Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and fiduciary fund type of the Tax Collector, as of September 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, where applicable, of the major fund and fiduciary fund types, only for that portion of the major fund and fiduciary fund types of Walton County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Walton County, Florida as of September 30, 2020, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's financial statements. The combining and individual fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2021 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.

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

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

Enterprise, Alabama
March 8, 2021

**Walton County, Florida
Tax Collector
Balance Sheet
Governmental Funds**

<i>September 30, 2020</i>	General Fund
Assets	
Cash and cash equivalents	\$ 1,725,454
Due from individuals	266,378
<hr/>	
Total assets	\$ 1,991,832
<hr/> <hr/>	
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 11,747
Wages and benefits payable	80,457
Due to Board of County Commissioners	1,714,970
Due to other governments	184,658
<hr/>	
Total liabilities	1,991,832
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 1,991,832
<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
Governmental Funds

For the year ended September 30, 2020

General Fund

Revenues

Charges for services	\$	5,137,179
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Expenditures

General government		
Personnel services	2,581,072	
Operating	579,832	
Capital outlay	85,197	
Debt service		
Principal	10,241	
Interest	727	

Total expenditures		3,257,069
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Excess revenues over expenditures		1,880,110
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Other Financing Sources (Uses)

Lease proceeds		19,519
Return of excess fees to other taxing authorities	(184,659)	
Reversion to Board of County Commissioners	(1,714,970)	

Total other financing sources (uses)		(1,880,110)
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Net change in fund balance		-
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Fund balance - beginning		-
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Fund balance - ending	\$	-
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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, 2020</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 3,265,422	\$ 3,317,204	\$ 5,137,179	\$ 1,819,975
Expenditures				
General government				
Personnel services	2,617,072	2,653,554	2,581,072	72,482
Operating	594,350	594,350	579,832	14,518
Capital outlay	54,000	69,300	85,197	(15,897)
Debt service				
Principal	-	-	10,241	(10,241)
Interest	-	-	727	(727)
Total expenditures	3,265,422	3,317,204	3,257,069	60,135
Excess revenues over expenditures	-	-	1,880,110	1,880,110
Other Financing Sources (Uses)				
Proceeds from issuance of capital lease	-	-	19,519	19,519
Return of excess fees to other taxing authorities	-	-	(184,659)	(184,659)
Reversion to Board of County Commissioners	-	-	(1,714,970)	(1,714,970)
Total other financing sources (uses)	-	-	(1,880,110)	(1,880,110)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

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

Walton County, Florida
Tax Collector
Statement of Fiduciary Net Position
Agency Funds

September 30, 2020

Agency Funds

Assets

Cash	\$	1,699,357
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Liabilities

Due to other governments	\$	572,478
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Deposits		1,126,879
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Total liabilities

	\$	1,699,357
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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 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 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 (agency 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 countywide financial statements.

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

General Fund – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

The Tax Collector also reported the following fiduciary fund type:

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

Budgetary Requirements

Florida Statutes, Chapter 195.087 details the preparation, adoption, and administration of the Tax Collector’s annual budget. On or before August 1 of each year, the Tax Collector submits an annual budget to the Department of Revenue (the “Department”). If the Department finds the budget inadequate or excessive, it shall return such budget to the Tax Collector, together with its ruling thereon. The Tax Collector shall revise the budget as required and resubmit it to the Department. After final approval by the Department, there shall be no reduction or increase by the Tax Collector or Board without the approval of the Department.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Requirements (continued)

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.

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 date of the 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 capital assets used in her office.

The County maintains a \$5,000 threshold for capitalization of equipment and \$25,000 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 69(i)-73.002 and 69(i)-73.006.

For tangible personal property, depreciation has been provided using the straight-line method over the asset's useful life. The Tax Collector did not report any land, buildings or improvements.

Capital Leases

The Tax Collector entered into various lease agreements as a lessee for financing the acquisition of copiers and mailing systems. The lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded in the county-wide financial statements at the present value of future minimum lease payments as of the lease inception date. The related assets are reported as capital assets in the county-wide financial statements. See Note 2 for detailed capital lease activity.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

The Tax Collector's policy limits the accumulation of annual leave to 240 hours as of the first day of each calendar year 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.

Accrued compensated absences that will not be liquidated with expendable available financial resources are the obligation of the County and are reported at the county-wide level. The amount of the Tax Collector's accrued compensated absences to be reported at the county-wide level is \$384,911.

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.

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).

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Fund Equity (continued)

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, March 8, 2021 and determined there were no events that occurred that required disclosure.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of Recently Issued Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Date of Certain Authoritative Guidance*. GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB 95 had no impact on the Tax Collector's financial statements.

Pronouncements Issued But Not yet Effective

In January 2017, the GASB issued Statement No. 84 (GASB 84), *Fiduciary Activities*. GASB 84 establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In addition, recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred which compels the government to disburse fiduciary resources should also be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

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.

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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In August 2018, the GASB issued Statement No. 90 (GASB 90), *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of GASB 90 are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of GASB 90 are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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 January 2020, the GASB issued Statement No. 92 (GASB 92), *Omnibus 2020*. The objectives of GASB 92 are to enhance the 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. The requirements of GASB 92 are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The purpose of GASB 93 is to address accounting and financial reporting implications that result from the replacement of interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). GASB 93 achieves this objective by (1) 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, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

of whether the occurrence of a hedged expected transaction is probably, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of the interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB 94, 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 GASB 94 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. GASB 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in GASB 94, 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. GASB 94 is effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 (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. GASB 96 is effective for fiscal years beginning after June 15, 2022.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

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*. 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 or OPEB 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 that meet the definition of a pension plan and for benefits provided through those plans. The requirements for GASB 97 are effective for reporting periods beginning after June 15, 2021.

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.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the fiscal year is as follows:

	Balance 10/1/19	Additions	Deletions	Balance 9/30/20
<i>Governmental Activities</i>				
Capital assets depreciated:				
Machinery and equipment	\$ 664,049	\$ 65,968	\$ (22,029)	\$ 707,988
Less: accumulated depreciation	(565,426)	(32,138)	22,029	(575,535)
Total governmental activities capital assets, net	\$ 98,623	\$ 33,830	\$ -	\$ 132,453

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

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

General government	\$ 32,138
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Long- Term Debt

The following is a summary of changes in long-term debt:

	Balance 9/30/19	Additions	Deletions	Balance 9/30/20	Due in One year
Capital leases	\$ 30,416	\$ 19,519	\$ 10,241	\$ 39,694	\$ 10,889
Compensated absences	361,635	148,578	125,302	384,911	38,491
Total	\$ 392,051	\$ 168,097	\$ 135,543	\$ 424,605	\$ 49,380

Capital leases and related assets, as well as compensated absences are reported on the county-wide financial statements.

Capital Leases

The Tax Collector has entered into lease agreements as lessee for financing the acquisition of two copier machines and two mailing systems. The lease agreements qualify as capital leases for accounting purposes (term of lease is greater than 75% of the life of the asset) and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date on the county-wide financial statements.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases (continued)

The following is an analysis of the property under capital lease at September 30, 2020:

	Capital Assets
Machinery and equipment	\$ 50,234
Less: accumulated depreciation	(13,027)
Net leased property	\$ 37,207

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020 are as follows:

*For the fiscal year
ended September 30,*

		\$ 11,491
2021		11,068
2022		10,619
2023		6,200
2024		1,663
2025		1,663
Total minimum lease payments		41,041
Less: amount representing interest		1,347
Present value of future minimum lease payments		\$ 39,694

Excess Revenue

Pursuant to Section 218.36(2), Florida Statutes, whenever a tax collector has excess revenues over expenditures as determined as of the fiscal year end, "...he or she shall distribute the excess to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of his or her office." Excess revenues over expenditures were returned to the various taxing authorities before October 31, 2020 as required by Florida Statutes and are accrued and reported as other financing uses at September 30, 2020. For fiscal year 2020, \$1,899,629 of excess fees was remitted to various taxing authorities.

Walton County, Florida
Tax Collector
Notes to Financial Statements

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.

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 – 10.00%, DROP Program – 16.98%, senior management – 27.29% and elected officials – 49.18%. 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 \$1,957,392 for the year ended September 30, 2020. The Tax Collector's total payroll was \$2,075,642 for the same period. The Tax Collector's contributions to the plan for the years ended September 30, 2020, 2019, and 2018 were \$318,064, \$277,625, and \$244,415, 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.

Walton County, Florida
Tax Collector
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

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

Note 5: 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.

Fiduciary Funds

License – To account for collection and subsequent remittance of licenses and permits.

Tag – To account for collection of motor vehicle registration receipts and subsequent disbursement.

Tax – To account for the collection and disbursement of local property taxes.

Walton County, Florida
Tax Collector
Combining Statement of Fiduciary Net Position
Agency Funds

<i>September 30, 2020</i>	License	Tag	Tax	Total
Assets				
Cash	\$ 6,514	\$ 509,041	\$ 1,183,802	\$ 1,699,357
Liabilities				
Due to other governments	\$ 6,514	\$ 509,041	\$ 56,923	\$ 572,478
Deposits	-	-	1,126,879	1,126,879
Total liabilities	\$ 6,514	\$ 509,041	\$ 1,183,802	\$ 1,699,357

Walton County, Florida
Tax Collector

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds

<i>For the year ended September 30, 2020</i>	Balance 10/1/19	Additions	Deductions	Balance 9/30/20
License				
Assets				
Cash	\$ 5,305	\$ 178,537	\$ 177,328	\$ 6,514
Liabilities				
Due to other governments	\$ 5,305	\$ 290,589	\$ 289,380	\$ 6,514
Tag				
Assets				
Cash	\$ 374,262	\$ 12,688,323	\$ 12,553,544	\$ 509,041
Liabilities				
Due to other governments	\$ 374,262	\$ 13,452,485	\$ 13,317,706	\$ 509,041
Tax				
Assets				
Cash	\$ 1,001,638	\$ 217,221,266	\$ 217,039,102	\$ 1,183,802
Liabilities				
Due to other governments	\$ 74,863	\$ 217,859,664	\$ 217,877,604	\$ 56,923
Deposits	926,775	16,263,781	16,063,677	1,126,879
Total liabilities	\$ 1,001,638	\$ 234,123,445	\$ 233,941,281	\$ 1,183,802
Total All Agency Funds				
Assets				
Cash	\$ 1,381,205	\$ 230,088,126	\$ 229,769,974	\$ 1,699,357
Liabilities				
Due to other governments	\$ 454,430	\$ 231,602,738	\$ 231,484,690	572,478
Deposits	926,775	16,263,781	16,063,677	1,126,879
Total liabilities	\$ 1,381,205	\$ 247,866,519	\$ 247,548,367	\$ 1,699,357

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, 2020, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated March 8, 2021.

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

March 8, 2021

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

Honorable Rhonda Skipper
Tax Collector
Walton County, Florida

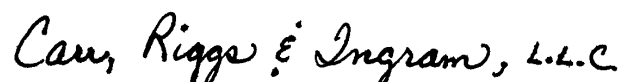
We have examined the Walton County, Florida Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2020. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specific requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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
March 8, 2021

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, 2020, and have issued our report thereon dated March 8, 2021.

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 March 8, 2021, 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
March 8, 2021