

SINGLE AUDIT REPORT
ESCAMBIA COUNTY, FLORIDA
SEPTEMBER 30, 2017

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SEPTEMBER 30, 2017**

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

Honorable Board of County Commissioners
Escambia County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Escambia County, Florida (hereinafter referred to as "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2017. The County's major federal programs and state projects are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

Report on Internal Control over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Escambia County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 9, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic 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 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

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*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
February 9, 2018

**ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA / CSFA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
National Endowment for the Humanities				
Passed Through Florida Humanities Council:				
Promotion of the Humanities Federal/State Partnership	45.129	SO-50588-14	647	-
U.S. Department of Agriculture				
Passed Through National Fish and Wildlife Foundation				
Cooperative Forestry Assistance	10.664	1301.14.044223	24,313	-
Passed Through Florida Department of Agriculture and Consumer Services:				
Cooperative Forestry Assistance	10.664	23858	15,690	-
			40,003	-
U.S. Department of Health and Human Services				
Passed Through Florida Department of Revenue:				
Child Support Enforcement	93.563	CST17	57,971	-
Child Support Enforcement	93.563	COC17	517,254	-
			575,225	-
Passed Through Big Bend Community Based Care, Inc.:				
Block Grants for Community Mental Health Services	93.958	A0150	42,997	-
U.S. Department of Homeland Security				
Passed Through Florida Division of Emergency Management:				
Disaster Grants-Public Assistance	97.036	15SP-8Z-01-27-02-514	10,118,080	-
Passed Through Florida Division of Emergency Management				
Hazard Mitigation Grant	97.039	16HM-H4-01-27-01-XXX	189,831	-
Hazard Mitigation Grant	97.039	17HM-H4-01-27-01-314	8,839	-
Hazard Mitigation Grant	97.039	16HM-H4-01-27-01-XXX	2,245,718	-
			2,444,388	-
Passed Through Florida Division of Emergency Management:				
Emergency Management Performance Grants	97.042	17-FG-P9-01-27-01-090	87,163	-
Emergency Management Performance Grants	97.042	16-CC-S9-01-21-01-319	7,000	-
			94,163	-
Direct Programs:				
Homeland Security Grant Program	97.067	16-DS-T9-01-27-01-391	31,770	-
Homeland Security Grant Program	97.067	17-DS-V4-01-27-01-297	4,808	-
			36,578	-
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	B-10-UC-12-0012	15,285	-
Community Development Block Grant/Entitlement Grants	14.218	B-11-UC-12-0012	28,660	-
Community Development Block Grant/Entitlement Grants	14.218	B-12-UC-12-0012	190,139	-
Community Development Block Grant/Entitlement Grants	14.218	B-13-UC-12-0012	656,165	-
Community Development Block Grant/Entitlement Grants	14.218	B-14-UC-12-0012	634,677	-
Community Development Block Grant/Entitlement Grants	14.218	B-15-UC-12-0012	432,550	-
Community Development Block Grant/Entitlement Grants	14.218	B-16-UC-12-0012	888,874	-
			2,846,350	-
Direct Programs:				
Emergency Solutions Grant Program	14.231	E-14-UC-12-0022	31,955	31,955
Emergency Solutions Grant Program	14.231	E-15-UC-12-0012	3,648	-
Emergency Solutions Grant Program	14.231	E-16-UC-12-0012	111,253	103,801
			146,856	135,756

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA / CSFA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development-Continued				
Direct Programs:				
Home Investment Partnerships Program	14.239	M-09-DC-12-0225	6,398	-
Home Investment Partnerships Program	14.239	M-12-DC-12-0225	28,068	28,068
Home Investment Partnerships Program	14.239	M-13-DC-12-0225	116,125	-
Home Investment Partnerships Program	14.239	M-14-DC-12-0225	75,468	74,929
Home Investment Partnerships Program	14.239	M-15-DC-12-0225	125,323	125,323
Home Investment Partnerships Program	14.239	M-16-DC-12-0225	90,055	-
			441,437	228,320
U.S. Department of the Interior				
Passed Through Florida Fish and Wildlife Conservation Commission:				
Sport Fish Restoration	15.605	14097	101,134	-
U.S. Department of Justice				
Passed Through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-ESCA-1-HF9-140	50,000	-
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0575	68,179	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0596	11,445	-
			129,624	-
U.S. Department of Transportation				
Passed Through Florida Department of Transportation:				
Highway Planning and Construction	20.205	ART50	376,110	-
Highway Planning and Construction	20.205	ART49	134,448	-
Passed Through Florida Division of Emergency Management				
Highway Planning and Construction	20.205	G0B32	195,196	-
Highway Planning and Construction	20.205	G0729	36,990	-
Highway Planning and Construction	20.205	G0E80	28,860	-
Highway Planning and Construction	20.205	G0B31	119,521	-
Direct Program:				
Highway Planning and Construction	20.205	G0832	9,299	-
			900,424	-
Direct Programs:				
Federal Transit Formula Grants	20.507	FL-90-X938-00	1,873,914	-
Federal Transit Formula Grants	20.507	FL-90-X759-00	28,245	-
Federal Transit Formula Grants	20.507	FL-90-X804-00	49,516	-
Federal Transit Formula Grants	20.507	FL-90-X818-00	29,434	-
Federal Transit Formula Grants	20.507	FL-90-X825-00	20,000	-
Federal Transit Formula Grants	20.507	FL-90-X848-00	68,125	-
Federal Transit Formula Grants	20.507	FL-09-X877-00	660,148	-
Federal Transit Formula Grants	20.507	FL-2017-003	316,771	-
Federal Transit Formula Grants	20.507	1092-2017-1-P1	300,000	-
Bus and Facilities Formula Program	20.526	FL-2017-005-00	80,855	-
Subtotal Federal Transit Cluster			3,427,008	-
Passed Through Florida Department of Transportation:				
Formula Grant for Rural Areas	20.509	ARL62	192,881	-
U.S. Department of the Treasury				
Direct Program:				
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	1 RDCGR080002-01-00	55,441	-

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA / CSFA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
<u>U.S. Election Assistance Commission</u>				
Passed Through Florida Department of State: Help America Vote Act Requirements	90.401	MOA 2016-2017-0001-ESC	40,249	-
<u>U.S. Environmental Protection Agency</u>				
Passed Through Florida Division of Emergency Management: Nonpoint Source Implementation Grants	66.460	G0409	155,899	-
Direct Program: Gulf of Mexico Program	66.475	D43616	2,641	-
TOTAL FEDERAL AWARDS			\$ 21,792,025	\$ 364,076
<u>Executive Office of the Governor</u>				
Direct Programs:				
Emergency Management Programs	31.063	17-BG-83-01-27-01-023	\$ 52,053	\$ -
Emergency Management Programs	31.063	16-BG-83-01-27-01-016	6,986	-
			<u>59,039</u>	-
Direct Program: Emergency Management Projects	31.067	17-CP-11-01-27-01-170	10,489	-
Passed Through Enterprise Florida, Inc.: Defense Infrastructure Grant	31.003	DIG-11-10	377,894	-
<u>Florida Department of Agriculture and Consumer Services</u>				
Direct Program: Mosquito Control	42.003	022283	33,489	-
<u>Florida Department of Economic Opportunity</u>				
Direct Program: Local Economic Development Initiatives	40.012	S0031	31,409	-
<u>Florida Department of Environmental Protection</u>				
Direct Program: Statewide Surface Water Restoration and Wastewater Projects	37.039	S0878	553,874	-
Direct Programs:				
Early Restoration Deepwater Horizon Oil Spill	37.081	S0779	40,289	-
Early Restoration Deepwater Horizon Oil Spill	37.081	S0832	14,191	-
Early Restoration Deepwater Horizon Oil Spill	37.081	S0927	29,782	-
			<u>84,262</u>	-
<u>Florida Department of Health</u>				
Direct Program: County Grant Awards	64.005	C4017	23,000	-
<u>Florida Department of State and Secretary of State</u>				
Passed Through Panhandle Library Access Network: Library Cooperative Grants	45.018	N/A	6,493	-
Direct Program: State Aid To Libraries	45.030	16-ST-93	96,954	-
<u>Florida Department of Transportation</u>				
Direct Program:				
Economic Development Transportation Projects - Road Fund	55.032	ART87	367,565	-
Economic Development Transportation Project Fund	55.032	G0G46	74,226	-
			<u>441,791</u>	-
Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program	55.001	G0B15	659,614	-
Public Transit Block Grant Program	55.010	G0G39	825,285	-
Transit Corridor Program	55.013	G0G38	408,483	-

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA / CSFA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
<u>Florida Fish and Wildlife Conservation Commission</u>				
Direct Programs:				
Artificial Reef Grants Program	77.007	15153	154,114	-
Derelict Vessel Removal Program	77.005	16175	7,650	-
<u>Florida Housing Finance Corporation</u>				
Direct Programs:				
State Housing Initiatives Partnership Program	40.901	2015 SHIP	109,596	-
State Housing Initiatives Partnership Program	40.901	2016 SHIP	1,047,385	-
State Housing Initiatives Partnership Program	40.901	2017 SHIP	869,285	60,000
			2,026,266	60,000
TOTAL STATE AWARDS			\$ 5,800,106	\$ 60,000
TOTAL FEDERAL AND STATE AWARDS			\$ 27,592,131	\$ 424,076

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**ESCAMBIA COUNTY FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

NOTE A – BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented, in, or used in the preparation of, the basic financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of Escambia County, Florida under programs of the federal and state government for the year ended September 30, 2017. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Escambia County, Florida did not elect to utilize the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – MATCH

The County's match on Federal Transit Administration grants is received from the State of Florida as a non-cash award via Florida Toll Road Credits.

**ESCAMBIA COUNTY FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified Opinion
Internal control over financial reporting:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes none reported
Noncompliance material to financial statements
noted? _____ yes no

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Internal control over major programs:
Material weakness(es) identified? _____ yes no
Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ yes none reported
Type of auditors' report issued on compliance
for major programs: Unmodified Opinion
Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance or Chapter 10.550, Rules of
the Auditor General? _____ yes no

IDENTIFICATION OF MAJOR PROGRAMS

Federal Program

CFDA No. 20.205 Highway Planning and Construction
CFDA No. 20.507 & 20.526 Federal Transit Cluster
CFDA No. 97.039 Hazard Mitigation Grant

Dollar threshold used to distinguish
between type A and type B programs: \$ 750,000
Auditee qualified as low-risk auditee? yes _____ no

**ESCAMBIA COUNTY FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF AUDITOR RESULTS – (CONTINUED)

State Projects

CSFA No. 31.003 Defense Infrastructure Grant
CSFA No. 37.039 Statewide Surface Water Restoration and Wastewater Projects
CSFA No. 40.901 State Housing Initiatives Partnership Program
CSFA No. 55.032 Economic Development Transportation Projects

Dollar threshold used to distinguish
between type A and type B programs: \$ 300,000

B. FINANCIAL STATEMENT FINDINGS

There were no findings which were required to be reported in accordance with government auditing standards generally accepted in the United States of America.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

There were no findings which were required to be reported in accordance with the Uniform Guidance.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.