

# OKALOOSA COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014



*Prepared by Clerk of Circuit Court*

*JD Peacock, II, Clerk*

*Gary J. Stanford, Finance Officer*



Comprehensive  
Annual  
Financial  
Report

Okaloosa County, Florida

For the year ended  
September 30, 2014

Prepared by  
Clerk of Circuit Court  
JD Peacock II, Clerk  
Gary J. Stanford  
Finance Officer

## INTRODUCTORY SECTION

**OKALOOSA COUNTY, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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# JD PEACOCK II

CLERK OF THE CIRCUIT COURT AND COMPTROLLER, OKALOOSA COUNTY, FLORIDA



April 30, 2015

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida for the fiscal year ended September 30, 2014, is respectfully submitted. This report was prepared by the Finance Department under the supervision of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department. This report contains four major sections: the Introductory, the Financial, the Statistical and the Compliance Sections.

The County prepares the basic financial statements to meet the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) reporting model requiring the County to report in five parts, including, Management's Discussion and Analysis, Government-wide Financial Statements, major Fund Financial Statements, Budgetary Comparisons for certain funds and the Notes to the Financial Statements.

The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by the certified public accountants of the firm of Warren Averett CPAs and Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September

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BRACKIN BUILDING • 302 NORTH WILSON ST., SUITE 203 • CRESTVIEW, FLORIDA 32536 • (850) 689-5000

30, 2014, are fairly presented in conformity with GAAP. The report of independent accountants is presented as the first component of the financial section of this report.

Okaloosa County is a non-charter county established under the Constitution and the Laws of the State of Florida. This Comprehensive Annual Financial Report (CAFR) includes the funds of the primary government (the Board of County Commissioners, the Clerk of the Circuit Court, the Property Appraiser, the Sheriff, the Supervisor of Elections and the Tax Collector) and one component unit, The Emerald Coast Bridge Authority.

This component unit was included because generally accepted accounting principles require that organizations for which the County is financially accountable be reported with the primary government (the County) as the reporting entity. This CAFR does not include the Okaloosa County School District or any other independent agency of Okaloosa County.

### ECONOMIC CONDITION AND OUTLOOK

Okaloosa County is one of Florida's youngest counties, created in 1915 by an act of the state legislature. Okaloosa County is located in the Northwest Florida Panhandle and the City of Crestview, near its geographical center, is the County seat. The April 2014 population was 190,666,



concentrated most heavily near its southern boundary on the Gulf of Mexico.

Occupying a large portion of Okaloosa County is one of the world's largest military reservations. Established in 1935, Eglin Air Force Base covers over 724 square miles in Okaloosa and two neighboring counties and contains the 919<sup>th</sup> Special Operations Wing, Duke Field. Eglin Air Force Base, the Air Armament Center, is responsible for development, acquisition, testing, deployment and sustainment of all United States Air Force air-delivered weapons. Based upon Eglin's wide range of activities, Eglin will continue its major role in the defense of the United States and in the economy of Okaloosa County. Hurlburt Field, the headquarters of the Air Force Special Operations Command, is also located in Okaloosa County. Hurlburt Field occupies



about 6,000 acres in the County. The military presence is the major income producing source for the County.

The tourism industry is the leading private income producing source for the County. The effect of the industry on the local economy is well above \$1 billion income produced annually with the employment of 20,000+ in tourism related businesses.



The Tourist Development Department Convention Visitor's Bureau (TDD / CVB) registered hundreds of thousands of inquiries throughout the year. Tourists may visit Okaloosa County's Visitor Welcome Center for information on all local activities, area information, sightseeing and all other things to do during their visit. More than 3.0 million visitors come to the

Emerald Coast annually.

Residents and tourists in Okaloosa County have a full range of natural attractions and recreational opportunities. Mile after mile of beautiful snow-white beaches and emerald-green waters attract boating enthusiasts, swimmers, skiers, surfers, skin-divers, and scuba divers. Some of the largest concentrations of fighting game fish congregate off Destin's coast. Party and charter boats make daily runs to favorite fishing reefs. Piers and bridges on the Gulf of Mexico, inland bays and fresh water in lakes and streams provide excellent fishing opportunities. Golfing, at numerous magnificent courses around the area, sailing, and camping are other year-round activities. The hunter may try for deer, turkey, quail, dove, duck, and wild hog in the game management areas of the northern part of the county.

The state Division of Economic Development placed the total labor force in Okaloosa County at 115,418 in 2014 and the 2014 unemployment rate at 5.1 percent. This compares favorably to the state's annual average rate of 6.3 percent and the national average of 6.2 percent. Okaloosa County's cost of living is consistently below the national average and the county has, along with its sister counties in Florida, no state income tax.



Seven industrial parks have been developed with a total of over 1,100 acres available. An industrial park near

Crestview has an 8,000-foot reinforced runway, capable of handling the largest aircraft, and it has complete utilities and services. A municipal industrial park at Fort Walton Beach offers complete facilities and utility services to companies supplying space-age components to the United States Air Force.

Property valuation continued to increase this year, building upon the slight increase last year, after declining for several years prior to that. The increase continues to provide the County the opportunity to maintain one of the state's lowest millage rates while also continuing to maintain a relatively high level of service to County residents. Property tax values increased 4.2 percent. New construction activity in 2014 increased slightly to \$141 million.

### MAJOR FUNCTIONAL INITIATIVES

#### General Government Initiatives

The County continued to renovate other facility space in order to more effectively and efficiently utilize the limited governmental space available. The phased demolition and new construction of the Shalimar Annex, now the newly designated County Administration Building, was begun during the fiscal year and is anticipated to be complete to move all of the leased office space for the Board of County



Commissioners, Property Appraiser, Supervisor of Elections and Tax Collector located in the south end of the County onto land owned by Okaloosa County. About \$52,250,000 was spent on General Government initiatives, or approximately 26% of total expenditures, throughout the year.

Public Safety Initiatives The County dedicates a great deal of financial and personnel resources for public safety initiatives. The County Corrections Department and County Jail continues to deal with population increases and began several much needed projects to improve facilities, including roof repair and other needs, while trying to monitor and maintain other operating expenditure activity at prior year levels, especially as it relates to medical costs. The public



safety function of the Emergency Medical activity always stays busy and replaced several aging vehicles in their fleet during the year. The Sheriff's operations were active and involved in many of these

public safety initiatives throughout the year. The County, in addition to the Administration Building, began a project to house some Sheriff staff, currently housed in leased space, also back into County owned space, by improving and enhancing the Sheriff Administration Building at their current location. The County funded approximately \$61,750,000 of Public Safety initiatives, or approximately 31% of total expenditures, in 2014.

#### Physical Environment Initiatives

Physical environment initiatives are concentrated in the areas of water/wastewater improvements, solid waste and stormwater. The military, continued to utilize the County water/wastewater countywide service to their benefit by exploring numerous partnerships for service and joint projects. A number of water/wastewater projects and upgrades occurred throughout the year, including the Eglin Tank and Lift Station and the completion of



the Duke Field upgrades. Solid Waste continues to place a high priority on new ideas as the County monitors and remediates all of its closed landfill facilities, focusing mainly on the Baker Area Landfill in 2014. Some much needed equipment, including some heavy duty equipment and replacement vehicles were acquired throughout the year.

About \$34,750,000 was spent in the area of Physical Environment initiatives, or approximately 17% of total expenditures, for 2014.

#### Transportation Initiatives

Transportation needs continue to be an area of vital importance to the citizens of the County. Maintenance and enhancement of existing roadways and bridges continues to be an extremely important priority, but the limitation for further improvement generally is hampered by limited resources. Many miles of roadway were resurfaced utilizing the “Cold Mix” and “Overlay” options that continue to be more financially feasible along with some bridge conversion projects in 2014. Some transportation initiatives were sidelined as Public Work crews had to deal with flooding issues during the spring. The Local Option Gas Tax and the Constitutional State Shared Gas Tax continue to be utilized to complete or begin construction on many projects and other maintenance, like Green Acres Boulevard and Gilmore Road, to name a few. The area of mass transit continues to be addressed with additional grant-funded projects and the ongoing service of Okaloosa Coordinated Transportation(OCT), a nonprofit agency providing mass transportation opportunities for citizens countywide. The Northwest Florida Regional Airport, along with the General Aviation Airports in Destin and in Crestview at Bob Sikes, continued to enhance all facets of the aviation activity, including

security and taxiway enhancements throughout the year. The Florida Department of Transportation funded a project at Bob Sikes for parking lot improvement. About \$28,750,000, or approximately 15% of total spent, was spent on transportation expenditures in 2014.

Economic Environment Initiatives The tourism economy continues to be a dominant factor in the economic activity of the County, both on its south end beautiful beaches and its other economic activities throughout the County. The Tourist Development Council continues to emphasize tourism marketing in order to attract record visitors traveling to Okaloosa County. The 70,000 square-foot Emerald Coast Conference Center provides much needed state-of-the-art



meeting space in the County for an increasing number of events. Financial assistance to countywide citizens in the form of housing assistance through the Community Development Corporation and assistance related to the many veterans located in the area also are included in Economic Environmental initiatives. Community Redevelopment agencies in several cities within the County utilize portions of Ad Valorem Tax dollars to enhance economic development in those designated areas. As mentioned previously, unfortunately, an increase in this particular functional activity during 2014 was due to the spring flood event that is being reimbursed by FEMA funds. About \$8,150,000 or approximately 4% was spent in the area of economic environment in 2014.

Human Service Initiatives The ongoing funding for human service activities by the County included mosquito control, animal welfare, health care, Medicaid, elder services, day care service, mental health services and court-related child protection services expenditures. These activities, particularly state aid for Medicare and Medicaid, account for well over half of the dollars spent in this particular functional category. A portion of the operation of the Okaloosa County Health Department is another human service initiative in the County. Over \$4,000,000 or approximately 2% was spent in the area of Human Service activity in 2014.



Culture/Recreation Initiatives Several county and city parks continue to be improved this year with MSTU park funding. These park improvements, include both south end beach parks, like Marler Park, as well as, north end

neighborhood and other parks, like Laurel Hill/Dorcas Park. Maintenance on all parks is an increasing and ongoing expenditure every year and the rotation of funding and priority throughout the County for all parks is a focus each year. Tourist Development continues its study of beach renourishment to review and analyze the beach areas needing possible renourishment for the future. A penny of each dollar of Tourist Development Tax continues to be collected to provide funding. Many national magazines proclaim the Okaloosa Island/Destin beaches as the #1 Beach in America, the #1 Beach in the South, as well as, one of the Favorite Family Vacation spots as they have for the past several years consecutively. The Countywide Library Cooperative continued to provide countywide service during this year. About \$9,800,000 or approximately 5% was spent for culture/recreational activities throughout the year.



Future Initiatives Maintaining a high level of service the citizens expect will continue to be a major challenge for the County. The allocation of limited resources for use on enhancements while continuing to provide the expected services for County residents will continue to stretch somewhat limited resources significantly. Facility and space needs continue to be a high priority for the immediate future.

The County began the Shalimar County Administration Building and Sheriff Administration Building projects during the year and anticipates completion of them this coming year and began the discussion of a phased approach of major renovation to the County Courthouse facility in the County. The primary focus of some of these projects is to alleviate the County of rents they pay to currently house Constitutional and County offices and to plan for their future needs.

The County will continue to monitor road and stormwater needs consistent with the availability of funds. Other major improvements in transportation will be for ongoing and expanding airport projects and continued evaluation of countywide transportation systems.

Quality of life issues will continue to be reviewed in the area of culture and recreation. Receipts from the tourist development tax will continue to provide funding for area beautification and beach maintenance and to promote tourism in the area.

## FINANCIAL INFORMATION

Readers of this report are encouraged to read Management's Discussion and Analysis (MD&A). The MD&A provides basic financial information about the County and an overview of the County's activities. The government-wide financial statements, consisting of a statement of net

position and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. The fund financial statements provide information concerning the County's funds and are prepared from the County's accounting records. The County's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the County's proprietary funds are maintained on the accrual basis. The County's fiscal year is October 1 to September 30.

Section 11.45, Florida Statutes, requires an annual audit of all County agencies. The County has directed that the annual audit be more extensive than that required by Florida Statutes by requiring that the annual audit be a single audit covering all the funds and account groups of the County. This requirement has been complied with, and the unmodified opinion of the auditors has been included in this report.

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013.

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for presentation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards, GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

A comprehensive annual financial report of this nature could not have been prepared without the dedicated efforts of a considerable number of individuals. I want to especially thank the Clerk and the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the members of the County's independent external auditors. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and dedicated support in planning and conducting the financial operations of the County in a responsible manner.

Gary J. Stanford, CPFO, CGFO  
Finance Officer/Deputy Clerk  
Okaloosa County Clerk



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

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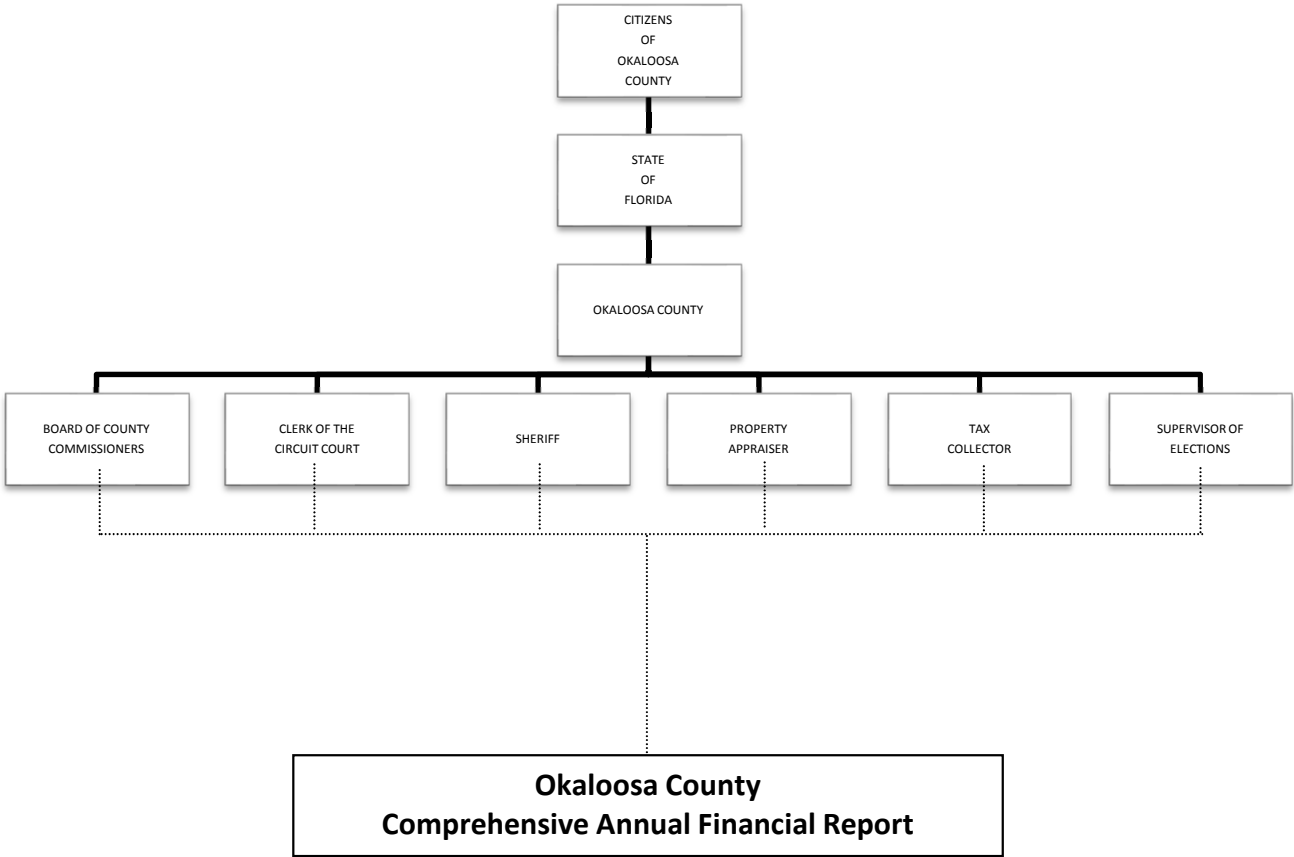
**Okaloosa County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

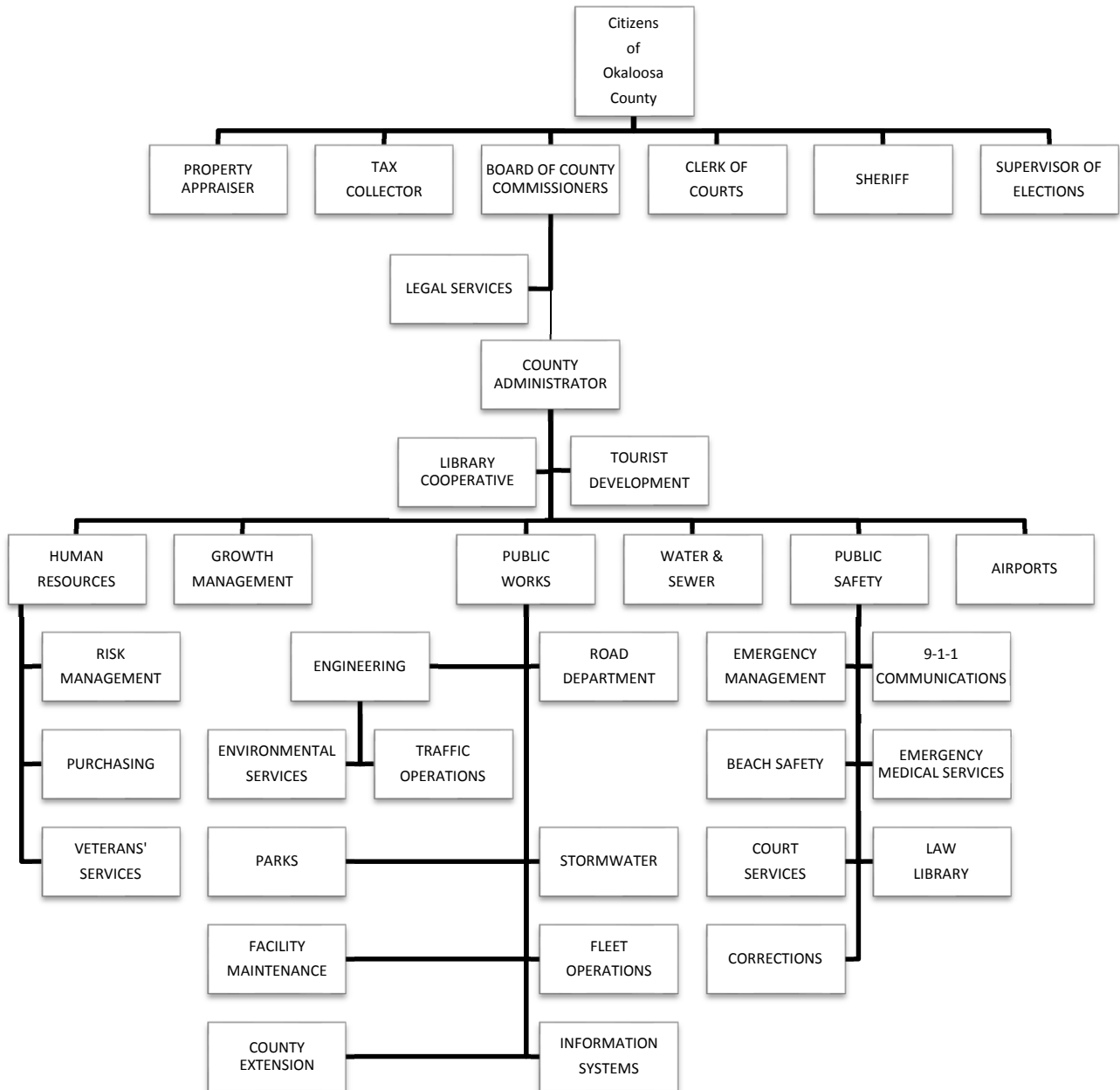
Executive Director/CEO

OKALOOSA COUNTY, FLORIDA  
REPORTING ORGANIZATION





OKALOOSA COUNTY COMMISSIONERS  
 OKALOOSA COUNTY, FLORIDA  
 ORGANIZATION CHART



# OKALOOSA COUNTY, FLORIDA

## COUNTY OFFICIALS AS OF SEPTEMBER 30, 2014

### COUNTY COMMISSIONERS

Wayne Harris .....	District I
Dave Parisot .....	District II*
Nathaniel Boyles .....	District III
Don Amunds .....	District IV*
Kelly Windes .....	District V

### OTHER ELECTED OFFICIALS

JD Peacock II .....	Clerk of Court
Larry R Ashley .....	Sheriff
Ben Anderson .....	Tax Collector
Timothy "Pete" Smith .....	Property Appraiser
Paul Lux .....	Supervisor of Elections

### OTHER OFFICIALS

John Hofstad .....	Interim County Administrator
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\* New Officers were elected November 2014.

## FINANCIAL SECTION

## Basic Financial Statements



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850.244.5121  
[warrenaverett.com](http://warrenaverett.com)

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Okaloosa County, Florida's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of September 30, 2014, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Tourist Development Special Revenue Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Post-Employment Benefits Plans Schedule of Funding Progress, as listed in the table of contents, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okaloosa County, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits*, and is also not a required part of the basic financial statements of Okaloosa County, Florida. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements of Okaloosa County, Florida.

The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, and the schedule of expenditures of passenger facility charges were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied 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, the schedule of expenditures of federal awards and state financial assistance, the schedule of expenditures of passenger facility charges, 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 financial statements as a whole.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2015, on our consideration of Okaloosa County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters under the heading "*Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on 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 Okaloosa County, Florida's internal control over financial reporting and compliance.

*Warren Averett, LLC*

April 30, 2015  
Fort Walton Beach, Florida

## **Okaloosa County, Florida Management Discussion and Analysis**

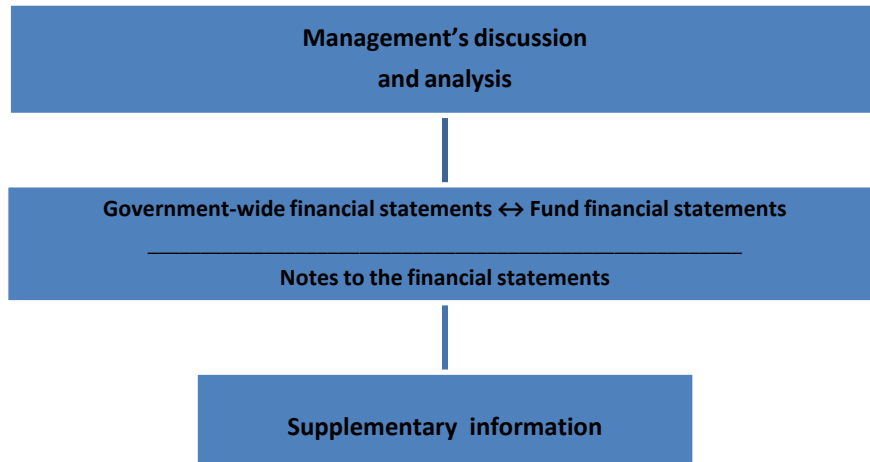
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2014. This analysis, in conjunction with additional information provided in our letter of transmittal, should assist readers in identifying significant financial issues and changes in the County's financial position. In this Management Discussion and Analysis (MD&A), all amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

- At the close of fiscal year 2014 the County's assets exceeded its liabilities, resulting in net position of \$459,687. Governmental and business-type assets exceeded its liabilities by \$197,054 and \$262,633, respectively.
- The County's total net position increased \$27,206, or 6.23 percent, in comparison to the prior year.
- The County had \$41,449 of unrestricted net position at the close of this year compared to \$25,651 last year that can be used to meet the County's obligations.
- Total revenues increased \$20,907, or 11.5 percent, from \$181,480 to \$202,387.
- Total expenses decreased **(\$5,546)**, or **(3.1)** percent, from \$180,725 to \$175,179.
- The County's governmental activities reported total net position of \$197,504, which is an increase of \$29,779, or 17.9 percent, in comparison to prior year. An unrestricted net asset position of \$1,846, which is 1 percent exists in the governmental activities.
- The County's business-type activities reported total net position of \$262,633, which is a decrease of **(\$2,573)**, or **(1.9)** percent, in comparison to prior year. Approximately 15.1 percent of the total, or \$39,603, is unrestricted.

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

This discussion and analysis is intended to serve as an introduction to the Okaloosa County's basic financial statements. The County basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, as illustrated on the following page. This report also contains other supplementary information in addition to the basic financial statements themselves.



### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Okaloosa County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two 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* presents information showing how the government's net position changed during the most recent 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 result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture/recreation and court-related activity.

The business-type activities of the County include water/sewer services, airport services, solid waste collection/disposal, building inspection services, and emergency medical service.

The government-wide financial statements can be found on Exhibit I, II-A and II-B of this report.

### **Fund Financial Statements**

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted



for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The County's funds are presented in separate fund financial statements. These funds are presented on governmental fund financial statements, proprietary fund financial statements and a fiduciary fund financial statement. The County's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set-forth in GASB 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the fund financial statements.

#### *Governmental Fund Financial Statements*

Governmental fund financial statements are prepared on the modified accrual basis using current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Although the activity of the internal service funds is reported with the governmental activities on the government-wide financial statements they are not combined on the government fund financial statements.

Two of the County's governmental funds, the General Fund and the Tourist Development Trust Fund are classified as major funds. All other governmental funds are combined into a single column on the governmental fund financial statements. Individual fund data for the non-major funds is found in combining statements presented as supplemental financial data.

The County adopts an annual budget for all governmental funds. A budgetary comparison has been presented for all the governmental funds, which compares not only actual results to budget but also the original adopted budget to final budget. These budgetary comparisons for the major governmental funds are presented as part of the basic financial statements. Non-major governmental fund budget comparisons are presented as supplemental financial data.

#### *Proprietary Fund Financial Statements*

Proprietary fund financial statements, like government-wide financial statements, are prepared on the full accrual basis. Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund.

The County reports the Water and Sewer, Airport, and Solid Waste as major funds in the proprietary fund financial statements. The Solid Waste fund has been presented as a major proprietary fund at management's discretion. These enterprise funds are used to present the same functions that are presented in the government-wide financial statements. The other enterprise funds are grouped together and reported in a separate column entitled, "Other Enterprise Funds". The internal service funds are combined into a single column on the proprietary fund financial statements. Individual fund data is presented in combining statements as supplemental financial data.

The internal service funds are used to account for risk management, health, including other post employment benefits for retirees, dental and liability insurance, fleet management services and funding of short-term compensated absence liability on a cost reimbursement basis.

#### *Fiduciary Fund Financial Statement*

Data shown on the fiduciary fund financial statement is not included in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The only type of fiduciary funds the County maintains, agency funds, are used to account for assets held by the County as an agent for individuals or other governments.

#### **Notes to the financial statements**

The notes to the financial statements provide additional information that is useful for a more complete understanding of the data provided in the government-wide and fund financial statements.

#### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Okaloosa County's funding progress related to post employment benefits.

This report also presents combining statements for the non-major governmental and proprietary funds and agency funds, as well as individual fund budget and actual comparison schedules for non-major governmental funds.

#### **Government-wide Financial Analysis**

Over time, net position may serve as the most useful indicator of a government's financial position. At September 30, 2014, the County's total net position or total assets less liabilities, was \$459,687. A significant portion of the County's net position, 77.0 percent, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those assets. Since the County uses capital assets to provide services to its residents, the net position represented by "investment in capital assets, net of related debt" are not available for future spending. In fact, the payment of maintenance and debt service costs on those capital assets will themselves require governmental resources. The invested in capital assets, net of related debt balance of \$353,810 increased \$4,561 or 1.3 percent, in comparison to the prior year.

Another portion of the County's net position is restricted net assets which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The restricted net position balance of \$64,428 (14.0 percent of total net position) increased \$4,710 or 7.8 percent, in comparison to prior year, mainly, due to increased Economic Environment restrictions for Tourist Development activities.

Unrestricted net position is net position that is available to meet the County's ongoing obligations to residents, creditors and enterprise customers. The unrestricted net position balance of \$41,449 (9% of total net position) increased \$15,798 or 61% in comparison to the prior year.

Unrestricted resources in the governmental activities increased \$2,111 or 12.5% due primarily to a health insurance premium refund of \$3.7 million received in April 2014 under plan provisions. The refund improved the financial condition of the Self Insurance internal service fund and allowed a \$1.4 million onetime transfer to the General fund.

Business type unrestricted net position increased \$13,687 or 52.8% due primarily to a scheduled rate increase in the Water and Sewer Enterprise fund along with capacity expansion charges earned for lift stations and force mains placed into service at Eglin AFB. Additional reimbursements from Eglin for certain waste treatment were also earned in FY 14 contributing to the increase in unrestricted net assets.

The following is a condensed summary of net position for the primary government for fiscal years 2014 and 2013.

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 76,740	\$ 61,348	\$ 82,825	\$ 77,060	\$ 159,565	\$ 138,408
Capital Assets	179,640	163,245	303,384	318,754	483,024	481,999
Total Assets	256,380	224,593	386,209	395,814	642,589	620,407
Current and Other Liabilities	16,316	15,200	15,096	15,929	31,412	31,129
Long-term Liabilities	43,010	41,589	108,480	113,071	151,490	154,660
Total Liabilities	59,326	56,789	123,576	129,000	182,902	185,789
Net Position:						
Investment in Capital						
Assets, Net of Related Debt	149,700	134,735	204,110	214,514	353,810	349,249
Restricted for						
Debt Service	504	463	9,964	9,496	10,468	9,959
Grants	-	630	-	-	-	630
Capital Projects	488	590	-	-	488	590
Public Safety	3,018	2,207	-	-	3,018	2,207
Transportation	12,182	11,039	8,956	9,214	21,138	20,253
Eco Environment	21,882	10,182	-	7,674	21,882	17,856
Culture Recreation	4,381	4,771	-	-	4,381	4,771
Court-Related	3,053	3,452	-	-	3,053	3,452
Unrestricted	1,846	(265)	39,603	25,916	41,449	25,651
Total Net Position	\$ 197,054	\$ 167,804	\$ 262,633	\$ 266,814	\$ 459,687	\$ 434,618

The following schedule compares the revenues and expenses for the primary government for the current and previous fiscal years:

Okaloosa County, Florida  
Summary of Revenues and Expenses  
As September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 23,310	\$ 25,468	\$ 54,207	\$ 55,954	\$ 77,517	\$ 81,422
Operating Grants and Contributions	7,378	5,845	264	528	7,642	6,373
Capital Grants and Contributions	1,716	1,249	18,962	4,720	20,678	5,969
General Revenues:					-	-
Taxes	68,740	58,010	1,111	6,709	69,851	64,719
State Shared Revenue	22,673	17,801	-	-	22,673	17,801
Grant and Contributions not Restricted Specific Programs	146	124	-	-	146	124
Other	2,951	4,390	927	682	3,878	5,072
Total Revenues	126,914	112,887	75,471	68,593	202,385	181,480
Expenses:						
Program Activities:						
General Government	29,543	28,715	-	-	29,543	28,715
Public Safety	47,804	45,296	-	-	47,804	45,296
Physical Environment	1,177	1,502	-	-	1,177	1,502
Transportation	13,712	14,632	-	-	13,712	14,632
Economic Environment	6,174	4,983	-	-	6,174	4,983
Human Services	4,277	4,500	-	-	4,277	4,500
Culture and Recreation	7,521	11,997	-	-	7,521	11,997
Court-Related	7,406	7,589	-	-	7,406	7,589
Interest and Fiscal Charges	1,526	1,745	-	-	1,526	1,745
Business-type Activities:						
Water and Sewer	-	-	25,122	27,657	25,122	27,657
Airport	-	-	13,223	12,450	13,223	12,450
Solid Waste	-	-	8,566	7,684	8,566	7,684
Inspections	-	-	1,541	1,588	1,541	1,588
Emergency Medical	-	-	7,587	7,234	7,587	7,234
Convention Center	-	-	-	3,153	-	3,153
Total Expenses	119,140	120,959	56,039	59,766	175,179	180,725
Inc in Net Position Before Trf Special Item	7,774	(8,072)	19,432	8,827	27,206	755
Transfers	22,005	395	(22,005)	(395)	-	-
Inc/(Dec) in Net Position	29,779	(7,677)	(2,573)	8,432	27,206	755
Net Position October 1-Restated	167,275	175,481	265,206	258,382	432,481	433,863
Net Position September 30	\$ 197,054	\$ 167,804	\$ 262,633	\$ 266,814	\$ 459,687	\$ 434,618

Revenues increased by \$14,029 or 12.4 percent in Governmental activities, due primarily to the increase in tax revenue related to tourist development taxes and the closure of the Convention Center Enterprise Fund into the Tourist Development Special Revenue Fund. Revenues in business-type activity increased by \$6,878 or 10.0 percent from the prior year, mainly due to increased capital grants and contributions over the prior year associated with the

Water and Sewer activity related to the military partnerships. Expenses decreased by **(\$1,819)** or **(1.5)** percent in Governmental activities, due primarily to decreased Culture/Recreation activity for Tourist Development activity related to completion of beach renourishment in fiscal year 2013. Expenses decreased **(\$3,727)** or **(6.2)** percent in business-type expenses due mainly to reduced expenses related to the closure of the Convention Center Enterprise Fund. Revenues in 2014 increased from 2013 and expenses decreased for the year which caused the net position to increase by 5.8 percent, from \$434,618, restated to \$432,479, in 2013 to \$459,687 in 2014.

**Governmental activities**

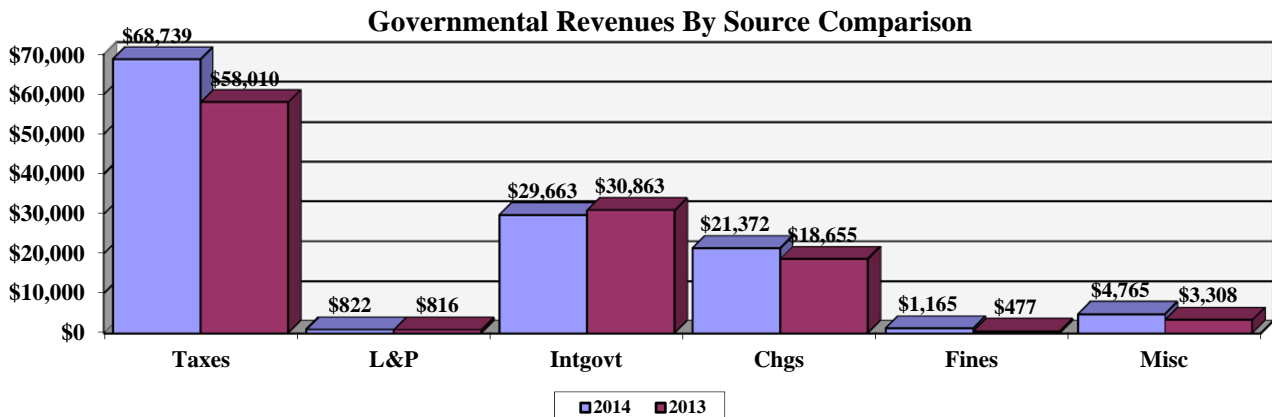
The focus of Okaloosa County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at fiscal year end.

As of September 30, 2014, the County governmental funds reported combined fund balances of \$60,732, an increase of \$12,399 over the prior year balances, due mainly to the closure of the Convention Center Enterprise Fund to the Tourist Development Special Revenue Fund and the restricted balance of funds accumulated in the Convention Center Fund.

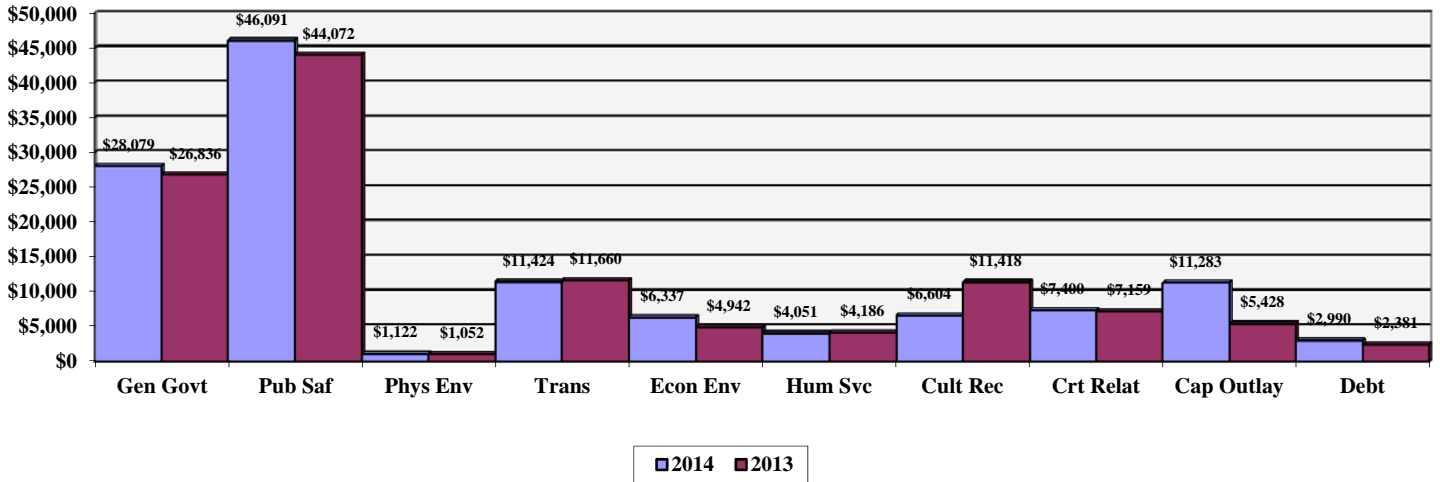
The General Fund is the chief operating fund of the County. At September 30, 2014, total fund balance in the general fund was \$8,017 of which \$7,701 was unassigned. The general fund expenditures for the fiscal year exceeded revenues by \$3,807, although revenue increased, the much needed capital construction expenditures increased more. The Net change in Fund Balance for the General Fund for fiscal year 2014 amounted to an increase of \$1,049, while the prior year showed a decrease of **(\$1,455)**. The increase in fiscal year 2014 was mainly due to the increase in recurring revenue and the funding of certain personnel related expenditures utilizing revenue of \$1.4 million transferred in from the internal service fund.

The Tourist Development Trust Fund is a special revenue fund that is used to account for the revenues and expenditures of now all of the Tourist Development Tax that is collected on short-term rentals in Okaloosa County. The Tourist Development Trust Fund balance increased over the prior year by \$11,652. The increase in fund balance is primarily due to closure of the Convention Center Enterprise Fund into this fund, the increased revenue from taxes and reduced expenditures related to the completed beach improvement activity.

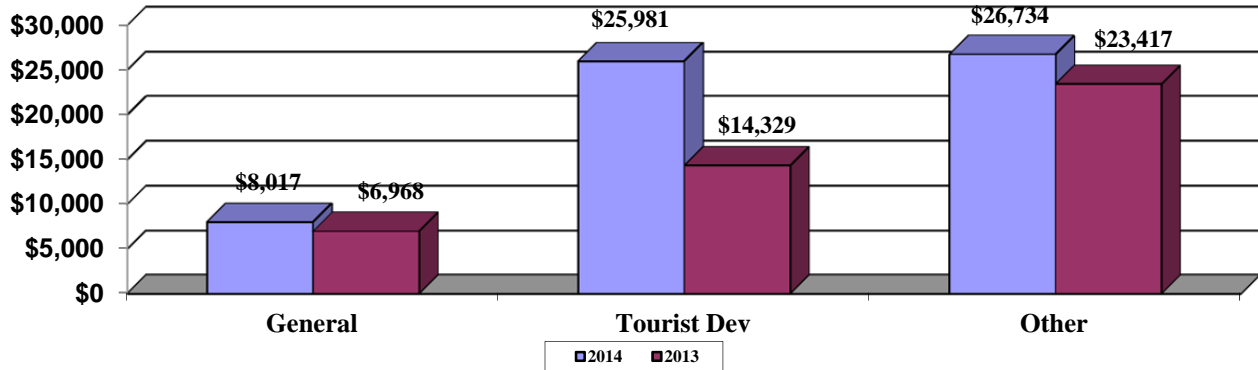
The following is a chart of all Governmental Fund Balances for the fiscal years 2014 and 2013.



### Governmental Expenditures By Function Comparison



### Governmental Fund Balance Comparison



#### Proprietary Activities

Okaloosa County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail, and on a fund basis for the enterprise funds and internal service funds.

Enterprise Funds at September 30, 2014, total net position amounted to \$262,633 for enterprise funds as compared to \$266,814 at September 30, 2013. Net Position balances are primarily the result of operations and capital contributions in the Water & Sewer and Airport Enterprise funds.

Business-type activities decreased the County's total net position by **(\$2,573)**. Major components of this decrease are as follows:

- The Water and Sewer Fund increased its net position by \$19,127. Operating revenues were \$28,836 during the year which was greater last year due to a scheduled rate increase. Net income increased during the year, mainly related to the increased partnerships developed with the military and other governmental agencies, while operating expenses, excluding depreciation declined.

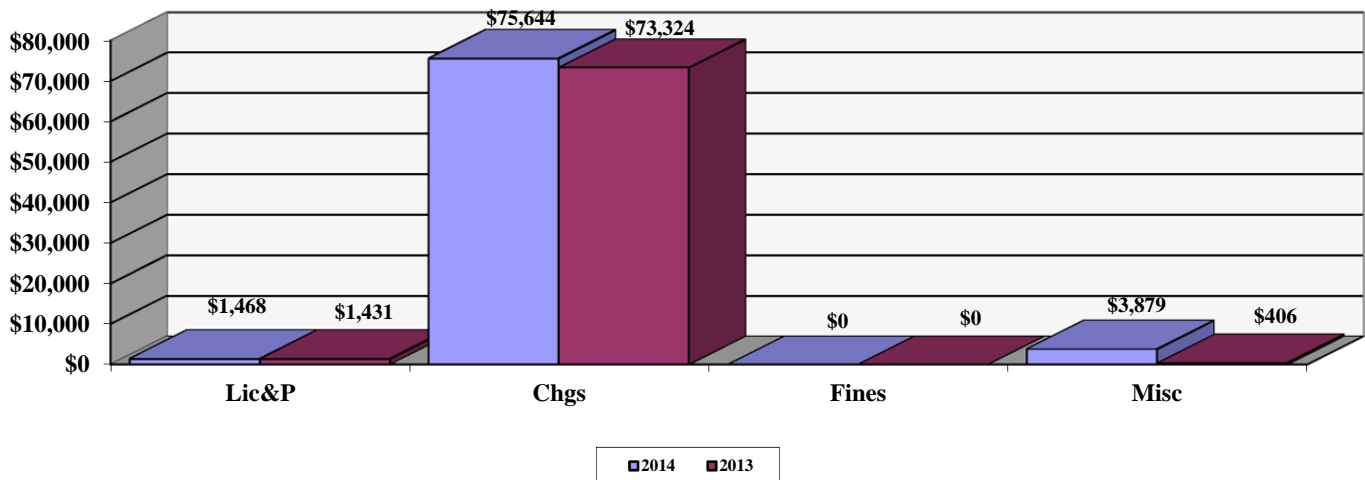
- The Airport Fund increased its net position by \$111. The Airport had some, but not as much in capital contributions from grant and financing capital activities as last year and operating income decreased slightly due mainly to operating revenues decreasing from the prior year and operating expenses increased slightly.
- The Convention Center Fund decreased its net position by **(\$22,046)**. The most significant factor in the decline was due to the closure of the Convention Center Enterprise Fund to combine it with Tourist Development and the accounting transactions related to this closure activity.

The net operating income of the enterprise funds for fiscal years 2014 and 2013, is as follows:

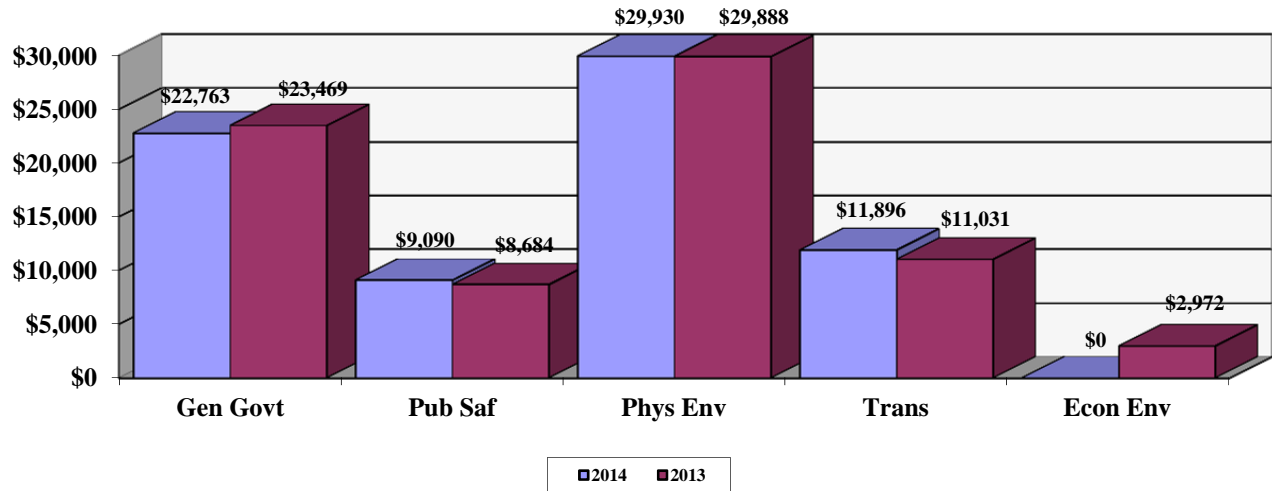
### Enterprise Net Operating Income (Loss)

	2014	2013
Water and Sewer	\$7,472	\$4,598
Airport	(3,037)	(1,613)
Solid Waste	(833)	481
Inspections	113	41
Emergency Medical Services	(334)	(596)
Convention Center	0	(2,167)
	\$3,381	\$744

### Proprietary Fund Operating Revenue by Source Comparison



### Proprietary Fund Operating Expense by Program Comparison



### Budgetary Highlights

A Budget to actual statement is provided for the General Fund, along with each of the other major special revenue funds as part of the basic financial statements. A budget column for both the original budget adopted for fiscal year 2014 as well as the final budget is presented.

Differences between the original budget and final amended budget are as follows:

- The County added budgeted revenue of approximately \$18 million of which \$16 million related to intergovernmental revenue as a result of anticipated state and federal grants related to housing assistance, mass transit and disaster recovery from the April 2014 flood event.
- The County added budgeted expenditures of approximately \$16 million primarily in the areas of public safety, transportation and capital outlay related to the anticipated grant revenues.
- The County reduced budgeted financing sources by approximately \$2 million related to transfers to other Constitutional Officers.

Actual results, when compared to the final budget, are as follows:

- A variance of \$12 million of actual revenues under anticipated budget amounts as the grant revenue anticipated was both not earned and unavailable in the current year based on the timing of both qualifying expenditures and the availability of funds received.
- A variance of \$17 million of actual expenditures under anticipated budget amounts due to the timing of grant related expenditures and various capital projects that were not complete as of the end of the fiscal year.
- A variance of \$2 million of actual other financing sources due to transfers in excess of budget amounts from the Other Constitutional Officers based on actual results in their respective operations.



## Capital Asset and Debt Administration

*Capital Assets.* Okaloosa County's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$483,025 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges and other improvements, machinery and equipment and park facilities. The increase in Okaloosa County's governmental activities investment in capital assets for the current fiscal year amounted to \$16,395 or 10.0 percent increase, which was mainly due to the transfer of Convention Center fixed assets of \$14.2 million and increased building construction related to the effort of relocating government agency out of leased space and into updated governmental space. The business-type activities capital assets amounted to \$303,385 or a decrease of (\$15,370) or (4.8) percent, mainly due to the Convention Center building reclassification.

The following schedule compares capital assets for the primary government for the current and previous fiscal years:

Okaloosa County, Florida  
 Capital Assets  
 September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 11,558	\$ 11,558	\$ 11,460	\$ 11,318	\$ 23,018	\$ 22,876
Buildings	90,964	72,332	71,152	88,401	162,116	160,733
Improvements other than buildings	35,056	32,840	277	308	35,333	33,148
Intangibles	3,060	2,933	843	867	3,903	3,800
Mach/Equipment	51,306	52,277	19,524	20,771	70,830	73,048
Const in Progress	4,505	2,083	8,264	7,415	12,769	9,498
Infrastructure	148,722	147,485	334,373	329,386	483,095	476,871
Art	29	-	70	99	99	99
Total Capital Assets	345,200	321,508	445,963	458,565	791,163	780,073
Accum Deprec	(165,560)	(158,263)	(142,578)	(139,810)	(308,138)	(298,073)
Total	<u>\$ 179,640</u>	<u>\$ 163,245</u>	<u>\$ 303,385</u>	<u>\$ 318,755</u>	<u>\$ 483,025</u>	<u>\$ 482,000</u>

Additional information on Okaloosa County's capital assets can be found in notes to the financial statements (Note 5).

*Long-term debt.* At the end of the current fiscal year, the primary government, Okaloosa County, had bonded and revolving loans long-term debt outstanding of \$142,448. Of this amount, \$34,513 comprises governmental activities bonds payable while the remaining \$83,563 in revenue bonds and \$24,372 in revolving loans and a revenue note is secured solely by specified revenue sources in business-type activities.

Okaloosa County, Florida  
 Outstanding Debt  
 September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2012
Revenue Bonds	\$ 28,454	\$ 29,192	\$ 83,563	\$ 87,514	\$112,017	\$116,706
Revolv & Comm Loan	6,059	5,000	24,372	27,531	30,431	32,531
<b>Total</b>	<b>\$ 34,513</b>	<b>\$ 34,192</b>	<b>\$107,935</b>	<b>\$115,045</b>	<b>\$142,448</b>	<b>\$149,237</b>

Additional information on Okaloosa County's long-term debt can be found in notes to the financial statements (Note 10).

Okaloosa County, Florida, Debt Ratings at September 30, 2014

Type of Debt Issue:	S & P	Fitch/Moody's
2009 Sales Tax Rev Bonds	AA	AA-
Cap Imprv Rev Bonds, Ser 2011	Not rated	Not rated
Water and Sewer System Enterprise revenue bonds:		
1985 Subordinated	Not rated	Not rated
2004 Series	AAA	Aaa
2006 Series	AAA	Aaa
Taxable Airport Rev Bond 2007	AA	Not Rated

Highest rating: AAA/Aaa Investment grade ratings: AAA/Aaa through BBB-/Baa- Lowest rating: C

**Economic Factors**

Local, national, and international economic factors influence the County's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, state sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants, while negative economic growth generally has the opposite reaction. Economic growth may be measured by a variety of indicators such as

employment growth, unemployment, new construction and assessed values, diversification of the property tax base, and Enterprise Fund revenue and net asset growth.

- The Florida Research and Economic Database reported that the number of employed Okaloosa County civilian residents increased from 92,310 in 2013 to 93,119 in 2014, an increase of approximately 1.0 percent. Increasing labor force coupled with somewhat improving economic times led to the County's unemployment rate falling to 5.1 percent in 2014 compared to 5.7% for 2013. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 6.3 percent and 6.2 percent, respectively, for 2014.
- The assessed value of real property located in the County after exemptions increased from \$12.805 billion in 2013 to \$13.030 billion, while the total assessed value of the County increased from \$13.566 billion to \$13,795 billion in 2014. This represented an increase of \$.229 billion or 1.7 percent in property valuation.
- Okaloosa County has a diversified property tax base. The ten largest property tax payers in the County represent approximately only 3.4 percent of the total ad valorem property tax levy.
- During 2014, total value of new residential construction in the County was valued at \$100 million and total value of new non-residential construction was valued at \$25 million for a total of just \$125 million in new construction. The total construction figure for 2014 represented a (\$26) million decrease from the 2013 total.

More information on economic factors is provided in the *Statistical Section*.

**Request for information**

This financial report is designed to provide the reader an overview of the County. Questions regarding any information provided in this report should be directed to:

Finance Department  
302 N Wilson Street, Suite 203  
Crestview, Florida, 32536.

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 41,588,818	\$ 29,363,400	\$ 70,952,218
Investments	24,745,701	6,687,613	31,433,314
Receivables, Net of Allowance for Uncollectibles	3,142,515	8,841,487	11,984,002
Internal Balances	(1,464,300)	1,464,300	-
Due from Fiduciary Funds	167,300	-	167,300
Due from Other Governments	7,938,991	3,143,954	11,082,945
Inventories	265,180	1,967,962	2,233,142
Prepaid Expenses	355,500	56,205	411,705
<b>Restricted Assets</b>			
Cash and Cash Equivalents	-	10,859,699	10,859,699
Customer Deposits	-	1,384,891	1,384,891
Other Deposits	-	1,452,803	1,452,803
Investments	-	17,602,644	17,602,644
<b>Total Current Assets</b>	<b>76,739,705</b>	<b>82,824,958</b>	<b>159,564,663</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	11,558,076	11,460,470	23,018,546
Buildings	90,963,976	71,151,806	162,115,782
Improvements Other Than Buildings	35,056,263	276,776	35,333,039
Intangibles	3,060,244	842,835	3,903,079
Machinery and Equipment	51,305,524	19,523,739	70,829,263
Construction in Progress	4,504,579	8,263,543	12,768,122
Infrastructure	148,721,915	334,373,026	483,094,941
Works of Art	29,195	69,865	99,060
Accumulated Depreciation	(165,559,574)	(142,577,696)	(308,137,270)
<b>Total Noncurrent Assets</b>	<b>179,640,198</b>	<b>303,384,364</b>	<b>483,024,562</b>
<b>Total Assets</b>	<b>\$ 256,379,903</b>	<b>\$ 386,209,322</b>	<b>\$ 642,589,225</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable and Other Accrued Liabilities	6,063,875	2,984,012	9,047,887
Due to Other Governments	638,616	209,393	848,009
Unearned Revenue	2,270,438	1,930,053	4,200,491
Due to Depositors	120,982	-	120,982

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Current Liabilities (Continued)			
Liabilities Payable from Restricted Assets			
Customer Deposits	-	1,499,399	1,499,399
Interest Payable	-	1,455,860	1,455,860
Loans and Revenue Bonds Payable	-	4,988,564	4,988,564
Current Portion of Long-term Obligations			
Compensated Absences	3,000,733	967,877	3,968,610
Closure Costs Payable	-	346,799	346,799
Claims and Judgments	1,216,756	-	1,216,756
Notes Payable	597,000	681,233	1,278,233
Revenue Bonds Payable	2,408,000	32,703	2,440,703
Total Current Liabilities	16,316,400	15,095,893	31,412,293
Noncurrent Liabilities			
Noncurrent Portion of Long-term Obligations			
Compensated Absences	3,422,840	801,262	4,224,102
Closure Costs Payable	-	4,251,226	4,251,226
Claims and Judgments	3,438,491	-	3,438,491
Notes Payable	3,812,000	17,454,898	21,266,898
Loans and Bonds Payable, Net of Unamortized Loan costs	27,532,659	85,659,054	113,191,713
Other Post Employment Benefits	4,803,565	313,502	5,117,067
Total Noncurrent Liabilities	43,009,555	108,479,942	151,489,497
Total Liabilities	59,325,955	123,575,835	182,901,790

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
NET POSITION			
Investment in Capital Assets, Net of Related Debt	149,699,538	204,110,023	353,809,561
Restricted for			
Debt Service	503,652	9,964,490	10,468,142
Capital Projects	487,890	-	487,890
Public Safety	3,017,860	-	3,017,860
Transportation	12,182,065	8,955,740	21,137,805
Economic Environment	21,881,985	-	21,881,985
Culture and Recreation	4,381,383	-	4,381,383
Court-Related	3,053,074	-	3,053,074
Unrestricted (Deficit)	1,846,501	39,603,234	41,449,735
Total Net Position	197,053,948	262,633,487	459,687,435
Total Liabilities and Net Position	\$ 256,379,903	\$ 386,209,322	\$ 642,589,225

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2014**

	Program Revenues				Net (Expense) Revenue (To Ex II-B)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 29,543,515	\$ 11,482,393	\$ 919,308	\$ 343,135	\$ (16,798,679)
Public Safety	47,803,953	4,507,133	2,118,240	-	(41,178,580)
Physical Environment	1,177,517	9,156	-	1,000,000	(168,361)
Transportation	13,712,165	632,839	3,689,830	10,799	(9,378,697)
Economic Environment	6,174,115	-	325,885	-	(5,848,230)
Human Services	4,276,908	-	31,737	-	(4,245,171)
Culture and Recreation	7,521,023	669,770	38,650	361,612	(6,450,991)
Court-Related	7,405,576	6,009,046	254,798	-	(1,141,732)
Interest and Fiscal Charges	1,526,547	-	-	-	(1,526,547)
 Total Governmental Activities	119,141,319	23,310,337	7,378,448	1,715,546	(86,736,988)
 Business-type Activities					
Water & Sewer	25,121,722	28,746,221	110,923	14,699,091	18,434,513
Airport	13,222,649	8,859,178	-	4,262,959	(100,512)
Solid Waste	8,565,552	7,732,535	144,699	-	(688,318)
Other Programs	9,128,461	8,868,692	8,866	-	(250,903)
 Total Business- type Activities	56,038,384	54,206,626	264,488	18,962,050	17,394,780
 Total Primary Government	\$ 175,179,703	\$ 77,516,963	\$ 7,642,936	\$ 20,677,596	\$ (69,342,208)

**Okaloosa County, Florida**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**For the Fiscal Year Ended September 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Changes in Net Position			
Net (Expenses) Revenue (From Exhibit II-A)	\$ (86,736,988)	\$ 17,394,780	\$ (69,342,208)
Unrestricted General Revenues			
Taxes			
Ad Valorem Tax	45,933,876	1,110,688	47,044,564
Tourist Development Tax	14,780,313	-	14,780,313
Local Option Fuel Tax	4,861,941	-	4,861,941
Communication Services Tax	1,848,458	-	1,848,458
Ninth-Cent Voted Fuel Tax	1,038,703	-	1,038,703
Local Business Tax	276,084	-	276,084
State Revenue Sharing			
Miscellaneous Revenue	5,985,946	-	5,985,946
Local Government Sales Tax	13,131,351	-	13,131,351
Gas Tax	3,555,756	-	3,555,756
Contributions Not Restricted to Specific Programs			
Contributions from Other Governments	146,179	-	146,179
Investment Earnings (Loss)	618,670	592,834	1,211,504
Miscellaneous	2,332,654	334,427	2,667,081
Transfers - Internal Activities	22,005,379	(22,005,379)	-
<b>Total Unrestricted-General Revenues and Transfers</b>	<b>116,515,310</b>	<b>(19,967,430)</b>	<b>96,547,880</b>
Change in Net Position	29,778,322	(2,572,650)	27,205,672
Net Assets - Beginning Restated	167,275,626	265,206,137	432,481,763
Net Position - Ending	<u>\$ 197,053,948</u>	<u>\$ 262,633,487</u>	<u>\$ 459,687,435</u>

The notes to the financial statements are an integral part of this statement.



**Okaloosa County, Florida**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2014**

	General Fund	Tourist Development Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,139,859	\$ 14,993,203	\$ 15,032,791	\$ 34,165,853
Investments	2,954,749	8,696,067	13,069,203	24,720,019
Receivables	140,262	2,960,690	18,924	3,119,876
Due from Other Funds	505,534	-	763,446	1,268,980
Due from Other Elected Officials	2,921,576	160,909	266,479	3,348,964
Due from Other Governments	4,432,854	78,506	2,611,968	7,123,328
Prepays	288,101	19,298	31,001	338,400
<b>Total Assets</b>	<b>\$ 15,382,935</b>	<b>\$ 26,908,673</b>	<b>\$ 31,793,812</b>	<b>\$ 74,085,420</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 488,321	\$ 68,479	\$ 254,086	\$ 810,886
Contracts Payable	835,579	680,075	717,322	2,232,976
Other Accrued Liabilities	1,652,126	49,267	253,760	1,955,153
Due to Other Funds	33,601	-	1,042,013	1,075,614
Due to Other Elected Officials	3,167,357	-	23,186	3,190,543
Due to Other Governments	485,816	75,800	45,591	607,207
Due to Depositors	25,535	-	95,447	120,982
Unearned Revenue	677,726	53,682	1,528,535	2,259,943
<b>Total Liabilities</b>	<b>7,366,061</b>	<b>927,303</b>	<b>3,959,940</b>	<b>12,253,304</b>
<b>Deferred Inflow of Resources</b>				
Unavailable Revenue	-	-	1,100,000	1,100,000
<b>Fund Balances</b>				
Nonspendable	288,101	19,298	31,001	338,400
Restricted	-	25,981,370	23,618,781	49,600,151
Committed	28,271	-	519,514	547,785
Assigned	-	-	3,378,819	3,378,819
Unassigned	7,700,502	(19,298)	(814,243)	6,866,961
<b>Total Fund Balances</b>	<b>8,016,874</b>	<b>25,981,370</b>	<b>26,733,872</b>	<b>60,732,116</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 15,382,935</b>	<b>\$ 26,908,673</b>	<b>\$ 31,793,812</b>	<b>\$ 74,085,420</b>

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2014**

Fund balances - total governmental funds (Exhibit III-A)	\$	60,732,116
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The difference does not include the net capital assets of the Internal Service fund accounted for separately.

Those assets consist of:

Governmental nondepreciable/amortizable asset	\$ 15,774,989	
Governmental depreciable/amortizable assets	326,482,292	
Less accumulated depreciation/amortization	<u>(163,150,707)</u>	
		179,106,574

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		1,100,000
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Internal service funds (see Exhibit VIII) are used by management to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:		(2,862,089)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The difference does not include the compensated absences or OPEB liabilities of the Internal Service funds accounted for separately. All liabilities, both current and long-term are reported in the statement of net position.

Balances changed at September 30, 2014 are:

Accrued interest on bonds	\$ (818,424)	
Revenue bonds payable	(29,940,659)	
Notes payable	(4,409,000)	
Compensated absences	(5,080,040)	
Other Post Employment Benefits	<u>(774,530)</u>	
Total long-term liabilities		<u>(41,022,653)</u>

Net position of governmental activities (Exhibit I)	\$	<u>197,053,948</u>
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The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	General Fund	Tourist Development Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 46,278,083	\$ 14,780,313	\$ 7,680,979	\$ 68,739,375
Licenses and Permits	11,700	361,612	449,088	822,400
Intergovernmental	18,535,491	289,486	11,295,678	30,120,655
Charges for Services	14,582,877	636,855	6,152,549	21,372,281
Fines	10,434	-	1,154,367	1,164,801
Miscellaneous	2,125,769	261,990	1,919,488	4,307,247
<b>Total Revenues</b>	<b>81,544,354</b>	<b>16,330,256</b>	<b>28,652,149</b>	<b>126,526,759</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	27,646,345	-	432,993	28,079,338
Public Safety	43,464,957	-	2,626,498	46,091,455
Physical Environment	378,266	-	743,386	1,121,652
Transportation	1,969,354	289,486	9,164,878	11,423,718
Economic Environment	1,342,054	4,808,993	185,468	6,336,515
Human Services	3,404,726	-	646,435	4,051,161
Culture and Recreation	1,366,060	4,185,877	1,051,642	6,603,579
Court-Related	2,056,440	-	5,343,819	7,400,259
Capital Outlay	3,723,177	1,304,195	6,255,303	11,282,675
<b>Debt Service</b>				
Principal	-	-	1,329,000	1,329,000
Interest	-	-	1,648,372	1,648,372
Other Debt Service Costs	-	-	13,101	13,101
<b>Total Expenditures</b>	<b>85,351,379</b>	<b>10,588,551</b>	<b>29,440,895</b>	<b>125,380,825</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,807,025)</b>	<b>5,741,705</b>	<b>(788,746)</b>	<b>1,145,934</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,400,831	7,785,693	4,411,778	16,598,302
Transfers Out	(388,562)	(1,876,274)	(5,555,766)	(7,820,602)
Transfers Among Constitutional Officers	843,643	909	(19,552)	825,000
Issuance of Debt	-	-	1,650,000	1,650,000
<b>Total Other Financing Sources (Uses)</b>	<b>4,855,912</b>	<b>5,910,328</b>	<b>486,460</b>	<b>11,252,700</b>
<b>Net Change in Fund Balances</b>	<b>1,048,887</b>	<b>11,652,033</b>	<b>(302,286)</b>	<b>12,398,634</b>
<b>Fund Balances - Beginning</b>	<b>6,967,987</b>	<b>14,329,337</b>	<b>27,036,158</b>	<b>48,333,482</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,016,874</b>	<b>\$ 25,981,370</b>	<b>\$ 26,733,872</b>	<b>\$ 60,732,116</b>

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2014**

Net change in fund balances - total governmental funds (Exhibit IV-A)	\$	12,398,634
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is depreciated or amortized over the estimated useful lives of the assets.		
Expenditures for capital assets	\$ 11,282,675	
Less current year depreciation/amortization	<u>(8,828,535)</u>	2,454,140
Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the Statement of Activities. In addition, capital asset reassignments are reported as transfers in the Statement of Activities.		
Disposals of capital assets and adjustments, net of accumulated depreciation/amortization	\$ (423,729)	
Reassignments of capital assets	<u>14,372,498</u>	13,948,769
Grant revenue in the governmental funds is recognized when it is measurable and available; however, the revenue was recognized in the Statement of Activities when it was earned (qualifying expenditures were incurred).		
Grant revenue associated with flood event	\$ 1,100,000	
Reversal of prior year amounts	<u>(630,254)</u>	469,746
The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of premiums or discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In addition, long-term debt reassignments are reported as transfers on the Statement of Activities.		
Debt proceeds	\$ (1,650,000)	
Debt principal payments	1,329,000	
Amortization of discounts	(16,145)	
Change in accrued interest on long-term debt	<u>14,134</u>	(323,011)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Reassignments of other long-term liabilities	(111,819)	
Compensated Absences	(1,165,298)	
Other Post Employment Benefits	<u>(112,994)</u>	(1,390,111)
Internal service funds (See Exhibit IX) are used by the County to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance to individual funds. The net revenue or expense of the internal service funds is reported with governmental activities.		
		2,220,155
Change in net position of governmental activities (Exhibit II-B)	<u>\$</u>	<u>29,778,322</u>

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 46,319,626	\$ 46,319,626	\$ 46,278,083	\$ (41,543)
Licenses and Permits	13,500	13,500	11,700	(1,800)
Intergovernmental	13,114,923	29,758,315	18,535,491	(11,222,824)
Charges for Services	14,241,144	14,655,807	14,582,877	(72,930)
Fines	2,000	10,041	10,434	393
Miscellaneous	1,835,702	2,828,582	2,125,769	(702,813)
Total Revenues	75,526,895	93,585,871	81,544,354	(12,041,517)
Expenditures				
Current				
General Government	27,644,816	31,320,430	27,646,345	3,674,085
Public Safety	47,372,132	48,828,509	43,464,957	5,363,552
Physical Environment	384,317	384,817	378,266	6,551
Transportation	315,775	6,111,467	1,969,354	4,142,113
Economic Environment	1,353,074	1,361,774	1,342,054	19,720
Human Services	3,557,444	3,718,765	3,404,726	314,039
Culture and Recreation	1,274,689	1,779,250	1,366,060	413,190
Court-Related	2,365,609	2,724,702	2,056,440	668,262
Capital Outlay	1,477,876	6,280,676	3,723,177	2,557,499
Total Expenditures	85,745,732	102,510,390	85,351,379	17,159,011
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,218,837)	(8,924,519)	(3,807,025)	5,117,494
Other Financing Sources (Uses)				
Transfers In	3,599,635	4,665,388	4,400,831	(264,557)
Transfers Out	-	(388,562)	(388,562)	-
Transfers Among Constitutional Officers	1,067,394	(1,700,619)	843,643	2,544,262
Total Other Financing Sources (Uses)	4,667,029	2,576,207	4,855,912	2,279,705
Net Change in Fund Balance	(5,551,808)	(6,348,312)	1,048,887	7,397,199
Fund Balance - Beginning	5,551,808	6,348,312	6,967,987	619,675
Fund Balance - Ending	\$ -	\$ -	\$ 8,016,874	\$ 8,016,874

The notes to the financial statements are an integral part of this statement.

**Board of County Commissioners**  
**Okaloosa County, Florida**  
**TOURIST DEVELOPMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 7,200,000	\$ 12,000,000	\$ 14,780,313	\$ 2,780,313
Licenses and Permits	350,000	361,500	361,612	112
Intergovernmental	-	836,481	289,486	(546,995)
Charges for Services	-	810,550	636,855	(173,695)
Miscellaneous	240,000	363,050	261,990	(101,060)
Total Revenues	<u>7,790,000</u>	<u>14,371,581</u>	<u>16,330,256</u>	<u>1,958,675</u>
Expenditures				
Current				
Transportation	-	313,564	289,486	24,078
Economic Environment	10,364,464	10,594,288	4,808,993	5,785,295
Culture and Recreation	7,565,807	16,294,695	4,185,877	12,108,818
Capital Outlay	1,654,000	7,548,372	1,304,195	6,244,177
Total Expenditures	<u>19,584,271</u>	<u>34,750,919</u>	<u>10,588,551</u>	<u>24,162,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,794,271)</u>	<u>(20,379,338)</u>	<u>5,741,705</u>	<u>26,121,043</u>
Other Financing Sources (Uses)				
Transfers In	-	-	7,785,693	7,785,693
Transfers Out	(1,705,729)	(2,139,750)	(1,876,274)	263,476
Transfers Among Constitutional Officers	-	-	909	909
Total Other Financing	<u>(1,705,729)</u>	<u>(2,139,750)</u>	<u>5,910,328</u>	<u>8,050,078</u>
Net Change in Fund Balance	(13,500,000)	(22,519,088)	11,652,033	34,171,121
Fund Balance - Beginning	<u>13,500,000</u>	<u>22,519,088</u>	<u>14,329,337</u>	<u>(8,189,751)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,981,370</u>	<u>\$ 25,981,370</u>

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 18,924,016	\$ 9,238,581	\$ 851,921
Investments	5,067,819	933,753	513,655
Receivables, Net of Allowance for Uncollectibles	2,450,626	1,081,392	646,382
Due from Other Funds	-	1,085,000	-
Due from Other Elected Officials	-	-	-
Due from Other Governments	2,199,331	944,623	-
Inventory	1,822,036	145,926	-
Prepays	44,275	6,660	-
<b>Restricted Assets</b>			
Cash and Cash Equivalents	8,337,994	2,521,705	-
Customer Deposits	1,362,883	-	22,008
Other Deposits	1,452,803	-	-
Investments	8,977,990	8,624,654	-
<b>Total Restricted Assets</b>	<b>20,131,670</b>	<b>11,146,359</b>	<b>22,008</b>
<b>Total Current Assets</b>	<b>50,639,773</b>	<b>24,582,294</b>	<b>2,033,966</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	4,875,865	6,451,304	133,301
Buildings	6,069,770	64,966,673	115,363
Improvements Other Than Buildings	-	-	276,776
Intangibles	675,860	94,400	-
Machinery and Equipment	9,990,348	1,892,722	2,919,304
Construction in Progress	7,594,711	668,832	-
Infrastructure	248,475,583	85,897,443	-
Works of Art	-	69,865	-
Less Accumulated Depreciation/Amortization	(103,378,916)	(33,508,289)	(2,435,827)
<b>Total Capital Assets (Net of Accumulated Depreciation/Amortization)</b>	<b>174,303,221</b>	<b>126,532,950</b>	<b>1,008,917</b>
<b>Total Noncurrent Assets</b>	<b>174,303,221</b>	<b>126,532,950</b>	<b>1,008,917</b>
<b>Total Assets</b>	<b>\$ 224,942,994</b>	<b>\$ 151,115,244</b>	<b>\$ 3,042,883</b>

Exhibit VII

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ -	\$ 348,882	\$ 29,363,400	\$ 7,422,966
-	172,386	6,687,613	25,682
-	4,663,087	8,841,487	22,639
-	380,000	1,465,000	-
-	2	2	288
-	-	3,143,954	815,663
-	-	1,967,962	265,180
-	5,270	56,205	17,100
-	-	10,859,699	-
-	-	1,384,891	-
-	-	1,452,803	-
-	-	17,602,644	-
-	-	31,300,037	-
-	5,569,627	82,825,660	8,569,518
-	-	11,460,470	316,861
-	-	71,151,806	900,466
-	-	276,776	257,345
-	72,575	842,835	-
-	4,721,365	19,523,739	1,467,820
-	-	8,263,543	-
-	-	334,373,026	-
-	-	69,865	-
-	(3,254,664)	(142,577,696)	(2,408,869)
-	1,539,276	303,384,364	533,623
-	1,539,276	303,384,364	533,623
\$ -	\$ 7,108,903	\$ 386,210,024	\$ 9,103,141

Continued...



**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 712,262	\$ 173,523	\$ 36,820
Contracts Payable	510,074	573,889	391,799
<b>Accrued Liabilities</b>			
Compensated Absences	505,456	123,177	54,839
Closure Costs Payable	-	-	346,799
Claims and Judgments	-	-	-
Other Accrued Liabilities	196,861	62,311	18,671
Due to Other Funds	-	-	-
Due to Other Elected Officials	465	158	-
Due to Other Governments	20,851	118,584	496
Notes Payable	290,000	391,233	-
Revenue Bonds Payable	32,703	-	-
Unearned Revenue	1,751,655	139,729	-
<b>Current Liabilities Payable from Restricted Assets</b>			
Customer Deposits Payable	1,475,891	-	23,508
Interest Payable	924,603	531,257	-
Loan - State of Florida	653,564	-	-
Revenue Bonds Payable	3,680,000	655,000	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>6,734,058</b>	<b>1,186,257</b>	<b>23,508</b>
<b>Total Current Liabilities</b>	<b>10,754,385</b>	<b>2,768,861</b>	<b>872,932</b>

Exhibit VII

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ -	\$ 29,560	\$ 952,165	\$ 114,334
-	38,761	1,514,523	95,591
-	284,405	967,877	1,247,380
-	-	346,799	-
-	-	-	1,952,408
-	239,481	517,324	36,511
-	-	-	1,649,020
-	79	702	55
-	69,462	209,393	31,409
-	-	681,233	-
-	-	32,703	-
-	38,669	1,930,053	10,495
-	-	1,499,399	-
-	-	1,455,860	-
-	-	653,564	-
-	-	4,335,000	-
-	-	7,943,823	-
-	700,417	15,096,595	5,137,203

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Noncurrent Liabilities			
Compensated Absences	470,441	90,279	44,747
Closure Costs Payable	-	-	4,251,226
Claims and Judgments	-	-	-
Notes Payable			
(Net of Unamortized Discounts)	15,025,000	2,429,898	-
Loan- State of Florida			
(Net of Unamortized Discounts)	5,582,534	-	-
Revenue Bonds Payable			
(Net of Unamortized Discounts and Deferred Amount on Refunding)	63,303,066	16,773,454	-
Other Post Employment Benefits	134,023	30,473	14,428
<b>Total Noncurrent Liabilities</b>	<b>84,515,064</b>	<b>19,324,104</b>	<b>4,310,401</b>
<b>Total Liabilities</b>	<b>95,269,449</b>	<b>22,092,965</b>	<b>5,183,333</b>
Net Position			
Invested in Capital Assets, Net of Related Debt	95,278,465	106,283,365	1,008,917
Restricted for Debt Service	7,773,871	2,190,619	-
Restricted for Other Purposes	-	8,955,740	-
Unrestricted	26,621,209	11,592,555	(3,149,367)
<b>Total Net Position</b>	<b>129,673,545</b>	<b>129,022,279</b>	<b>(2,140,450)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 224,942,994</b>	<b>\$ 151,115,244</b>	<b>\$ 3,042,883</b>

**Exhibit VII**

Activities			Governmental Activities -- Internal Service Funds
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
-	195,795	801,262	96,153
-	-	4,251,226	-
-	-	-	2,702,839
-	-	17,454,898	-
-	-	5,582,534	-
-	-	80,076,520	-
-	134,578	313,502	4,029,035
-	330,373	108,479,942	6,828,027
-	1,030,790	123,576,537	11,965,230
-	1,539,276	204,110,023	533,623
-	-	9,964,490	-
-	-	8,955,740	-
-	4,538,837	39,603,234	(3,395,712)
-	6,078,113	262,633,487	(2,862,089)
\$ -	\$ 7,108,903	\$ 386,210,024	\$ 9,103,141

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Operating Revenues			
Licenses and Permits	\$ -	\$ -	\$ -
Charges for Services	28,746,221	8,858,800	7,732,120
Miscellaneous	89,647	378	415
<b>Total Operating Revenues</b>	<b>28,835,868</b>	<b>8,859,178</b>	<b>7,732,535</b>
Operating Expenses			
Personal Services	5,880,716	2,216,383	686,071
Contractual Services	3,625,527	2,340,941	5,559,517
Supplies	946,039	699,728	128,588
Insurance Premiums and Claims	-	-	-
Utilities	1,880,545	843,814	10,064
Other Operating Expenses	2,476,943	1,763,230	2,100,867
Depreciation/Amortization	6,553,741	4,031,951	80,885
<b>Total Operating Expenses</b>	<b>21,363,511</b>	<b>11,896,047</b>	<b>8,565,992</b>
<b>Operating Income (Loss)</b>	<b>7,472,357</b>	<b>(3,036,869)</b>	<b>(833,457)</b>
Nonoperating Revenues (Expenses)			
Taxes	-	-	-
Intergovernmental	110,923	-	144,699
Investment Income (Loss)	376,071	193,745	13,015
Other Non-Operating Revenue	316,799	17,631	-
Interest Expenses	(3,767,960)	(1,043,976)	-
Other Debt Service Costs	-	(117,763)	-
Gain/(Loss) on Disposal of Capital Assets	9,749	(164,863)	440
Contribution to Other Governments	-	-	-
Passenger and Customer Facility Charges	-	2,987,503	-
Administrative Charges	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(2,954,418)</b>	<b>1,872,277</b>	<b>158,154</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>4,517,939</b>	<b>(1,164,592)</b>	<b>(675,303)</b>

Exhibit VIII

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ -	\$ 1,468,445	\$ 1,468,445	\$ -
-	7,395,220	52,732,361	22,912,033
-	5,027	95,467	3,783,371
-	8,868,692	54,296,273	26,695,404
-	6,386,744	15,169,914	1,710,426
-	957,493	12,483,478	406,381
-	733,236	2,507,591	4,303,671
-	-	-	16,010,127
-	24,243	2,758,666	5,737
-	557,458	6,898,498	308,670
-	431,047	11,097,624	18,058
-	9,090,221	50,915,771	22,763,070
-	(221,529)	3,380,502	3,932,334
-	1,110,688	1,110,688	-
-	8,866	264,488	-
-	10,002	592,833	11,186
-	-	334,430	-
-	-	(4,811,936)	-
-	-	(117,763)	-
-	(38,242)	(192,916)	132,135
-	-	-	-
-	-	2,987,503	-
-	-	-	-
-	1,091,314	167,327	143,321
-	869,785	3,547,829	4,075,655

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Capital Contributions	14,609,444	1,275,456	-
Transfers In	-	-	7,993
Transfers Out	-	-	-
Transfers Among Constitutional Officers	-	-	-
Tranfers of Long Term Assets and Liabilities to Government Activities	-	-	-
Change in Net Position	19,127,383	110,864	(667,310)
Total Net Position - Beginning as Restated	110,546,162	128,911,415	(1,473,140)
Total Net Position - Ending	\$ 129,673,545	\$ 129,022,279	\$ (2,140,450)

**Exhibit VIII**

Activities			Governmental Activities -- Internal Service Funds
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
-	-	15,884,900	2,500
-	33,000	40,993	400,000
(7,785,693)	-	(7,785,693)	(1,433,000)
-	-	-	(825,000)
(14,260,679)	-	(14,260,679)	-
(22,046,372)	902,785	(2,572,650)	2,220,155
22,046,372	5,175,328	265,206,137	(5,082,244)
\$ -	\$ 6,078,113	\$ 262,633,487	\$ (2,862,089)

The notes to the financial statements are an integral part of this statement.



**Okaloosa County, Florida**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 26,117,824	\$ 8,912,886	\$ 7,764,930
Receipts from Interfund Services Provided	-	-	-
Payments to Suppliers	(9,093,176)	(5,214,714)	(6,620,607)
Payments to Employees	(5,846,415)	(2,191,907)	(684,111)
Payments for Other Revenues	316,799	17,631	-
Net Cash Provided (Used) by Operating Activities	<u>11,495,032</u>	<u>1,523,896</u>	<u>460,212</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidy - Taxes	-	-	-
Operating Subsidy - Intergovernmental Revenue	110,923	-	176,571
Interest Expense	-	-	-
Transfers In	50,000	-	7,993
Transfers (Out)	-	(1,085,000)	-
Interest Paid on Non-Capital Debt	-	-	-
Net Interfund Activity	-	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>160,923</u>	<u>(1,085,000)</u>	<u>184,564</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(6,428,803)	(2,431,965)	(791,279)
Passenger and Customer Facility Charges	-	2,987,503	-
Proceeds from Disposal of Capital Assets	59,914	5,439	440
Contribution to Other Government	-	-	-
Net Borrowing (Repayments)			
Principal Paid on Capital Debt	(4,374,955)	(11,590,323)	-
Interest Paid on Capital Debt	(3,804,772)	(1,169,455)	-
Capital Contributions	14,609,444	1,275,456	-
Net cash provided (used) by capital and related Financing Activities	<u>60,828</u>	<u>(2,003,345)</u>	<u>(790,839)</u>

Activities			
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities -- Internal Service Funds
\$ -	\$ 8,903,742	\$ 51,699,382	\$ 21,091,373
-	-	-	4,771,688
-	(2,216,695)	(23,145,192)	(20,629,737)
-	(6,370,981)	(15,093,414)	(1,379,540)
-	-	334,430	-
-	316,066	13,795,206	3,853,784
-	1,110,688	1,110,688	-
-	8,866	296,360	-
-	-	-	-
-	33,000	90,993	400,000
(4,481,563)	-	(5,566,563)	(2,258,000)
-	-	(5,566,563)	-
-	(649,544)	-	-
(4,481,563)	503,010	(9,635,085)	(1,858,000)
-	(706,511)	(10,358,558)	(10,399)
-	-	2,987,503	-
-	-	65,793	132,255
-	-	-	-
(155,000)	-	(16,120,278)	-
(4,185)	-	(4,978,412)	-
-	-	15,884,900	2,500
(159,185)	(706,511)	(3,599,052)	124,356

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	(53,928)	788,032	-
Interest Income	348,807	146,427	13,015
Purchases of Investments	-	-	(2,597)
Net Cash Provided (Used) by Investing Activities	<u>294,879</u>	<u>934,459</u>	<u>10,418</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,011,662	(629,990)	(135,645)
Cash and Cash Equivalents - Beginning of Year	<u>18,066,034</u>	<u>12,390,276</u>	<u>1,009,574</u>
Cash and Cash Equivalents - End of Year	<u>\$ 30,077,696</u>	<u>\$ 11,760,286</u>	<u>\$ 873,929</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current Assets	\$ 18,924,016	\$ 9,238,581	\$ 851,921
Restricted Assets	11,153,680	2,521,705	22,008
Total	<u>\$ 30,077,696</u>	<u>\$ 11,760,286</u>	<u>\$ 873,929</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 7,472,357	\$ (3,036,869)	\$ (833,457)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	6,553,741	4,031,951	80,885
Other revenue	316,799	17,631	-
Decrease (Increase) in Assets			
Accounts Receivable	(330,194)	(151,255)	30,895
Due from Other Elected Officials	-	-	-
Due from Other Governments	(1,655,892)	466,840	-
Inventories	(241,650)	(24,527)	-
Prepaid Expenses	68,417	7,091	-

Activities			
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities -- Internal Service Funds
-	(823)	733,281	(12,304)
-	10,002	518,251	21,642
-	-	(2,597)	-
-	9,179	1,248,935	9,338
(4,640,748)	121,744	6,727,023	2,129,478
4,640,748	227,138	36,333,770	5,293,488
\$ -	\$ 348,882	\$ 43,060,793	\$ 7,422,966
\$ -	\$ 348,882	\$ 29,363,400	\$ 7,422,966
-	-	13,697,393	-
\$ -	\$ 348,882	\$ 43,060,793	\$ 7,422,966
\$ -	\$ (221,529)	\$ 3,380,502	\$ 3,932,334
-	431,047	11,097,624	18,058
-	-	334,430	-
-	14,841	(435,713)	56,348
-	6	6	(209)
-	-	(1,189,052)	(297,191)
-	-	(266,177)	32,048
-	(2,918)	72,590	(10,974)

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Adjustments to Reconcile Operating Income to Net Cash			
Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	(22,246)	39,375	(35,063)
Service Contracts Payable	10,239	310,755	16,179
Due to Other Funds	-	-	-
Due to Other Elected Officials	421	(61)	-
Due to Other Governments	20,697	100,366	496
Compensated Absences Payable	68,126	33,075	6,309
Closure Cost Payable	-	-	1,196,817
Claims and Judgments Payable	-	-	-
Other Accrued Liabilities	(52,251)	(16,213)	(6,177)
Deposits	(10,994)	-	1,500
Unearned Revenue	(720,964)	(261,877)	-
Other Post Employment Benefits	18,426	7,614	1,828
Total Adjustments	4,022,675	4,560,765	1,293,669
Net Cash Provided (Used) by Operating Activities	\$ 11,495,032	\$ 1,523,896	\$ 460,212
Noncash Investing, Capital, and Financing Activities:			
Improvements Acquired Through Contributions	\$ -	\$ -	\$ -

Activities			
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities -- Internal Service Funds
-	1,091	(16,843)	(72,713)
-	(5,869)	331,304	89,258
-	-	-	883,120
-	79	439	55
-	63,346	184,905	31,235
-	43,117	150,627	(478,554)
-	-	1,196,817	-
-	-	-	(493,453)
-	(46,085)	(120,726)	(14,741)
-	-	(9,494)	-
-	20,209	(962,632)	(2,863)
-	18,731	46,599	182,026
-	537,595	10,414,704	(78,550)
\$ -	\$ 316,066	\$ 13,795,206	\$ 3,853,784
\$ 14,260,679	\$ -	\$ 14,260,679	\$ -

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2014**

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 6,826,349
Account Receivables	15,713
Due from Other Elected Officials	190
Total Assets	6,842,252
<b>LIABILITIES</b>	
<b>Liabilities</b>	
Due to Other Funds	\$ 9,346
Due to Other Elected Officials	158,144
Due to Other Governments	384,196
Due to Depositors	4,815,981
Taxes Collected in Advance for Other Governments	1,474,585
Total Liabilities	6,842,252
<b>NET POSITION</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

The financial statements of Okaloosa County, Florida (hereinafter referred to as County) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County uses the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes.

The following is a summary of the more significant accounting policies of the County.

**A. The Reporting Entity**

Okaloosa County is a political subdivision of the State of Florida, governed by a five member Board of County Commissioners, each elected by the citizenry at large for four-year terms. The Board has no powers other than those expressly vested in it by State Statute and their governmental powers cannot be delegated. In addition, the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections are elected by the citizenry at-large and function independently of the Board.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Board of County Commissioners of Okaloosa County (the primary government). In evaluating the Board as a reporting entity, management has considered all potential component units for which the Board may or may not be financially accountable and, as such, be included within the Board's financial statements. Management utilized criteria set forth in GASB No. 61 for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB No. 61, the Board (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Board evaluated the Emerald Coast Bridge Authority (authority) in accordance with GASB No. 61. The Authority has been dormant for several years. The Board does not believe it is financially accountable with respect to the Authority or that financial burden relationship exists based on an evaluation of GASB No. 61. As such, the Authority is not included as part of the Board's reporting entity.

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

**1. Government-Wide Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements display information on all of the non-fiduciary activities of the primary government and its component unit. The primary government and the component unit are reported separately with the focus of the statements being the primary government. Individual funds are not displayed. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the different business-type activities of the County. A *function* is an assembly of similar activities and may include portions of a fund or summarize more than one fund to report the expenses and program revenues associated with a



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**B. Government-Wide and Fund Financial Statements - Continued**

**1. Government-Wide Statements - Continued**

distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities.

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the programs of the County and 2) grants and contributions that are restricted to meeting the operational activities or the construction, acquisition, or rehabilitation of capital assets required by a particular program. These revenues are subject to externally imposed restrictions to these program uses. The determining factor for identifying to which function program revenue pertains is which function generated the revenue in the case of charges for service. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other items not properly included among program revenues are reported instead as *general revenues* of the County. The comparison of direct expense with program revenues in the statement of activities identifies the extent to which each governmental function and each business activity is self-financing and how much they draw from the general revenues of the County.

**2. Fund Financial Statements**

During the year, transactions related to certain functions or activities are segregated into separate funds in order to aid financial management and to demonstrate legal compliance. A *fund* is a fiscal and accounting entity with a self-balancing set of accounts. The fund financial statements are designed to present detail information about the County's financial activities. 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. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

**1. Exchange and Non-exchange Transactions**

Exchange transactions are those in which each party receives and gives up essentially equal values. An example of an exchange transaction is a charge for service, rent, in exchange for a specific service, use of a County building. Non-exchange transactions are those in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange. An example of a non-exchange transaction is property tax revenue received by the County which is used to fund various general governmental services. The revenue from these exchange and non-exchange transactions is recognized in the financial statements in varying ways depending on the basis of accounting used.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

**2. Government-Wide and Fiduciary Fund Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus*. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports all revenues and expenses. Fiduciary funds are excluded from the government-wide financial statements. The statement of fiduciary assets and liabilities reports all assets and liabilities associated with the agency funds of the County. Agency funds are the only type of fiduciary fund used by the County.

Government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The agency funds of the County use the accrual basis of accounting to recognize the receivables and payables recorded in those funds.

The effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned on the statement of activities.

**3. Governmental Fund Financial Statements**

All governmental funds are accounted for using a flow of *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Governmental fund financial statements are reported using the *modified accrual basis of accounting*. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Those revenues susceptible to accrual are sales tax, gasoline taxes and other intergovernmental revenues collected and held by the state at year end on behalf of the County, special assessments, licenses, interest revenue and charges for service. Current year property taxes uncollected at the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility and are not recorded as a receivable on the balance sheet. All other revenue items are considered to be measurable and available only when the government receives cash.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**3. Governmental Fund Financial Statements - Continued**

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**4. Proprietary Fund Financial Statements**

The proprietary fund financial statements are reported using the *economic resources measurement focus*. Under this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The statement of revenue, expenses and changes in equity reports revenues and expenses. The proprietary funds are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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 a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. The principal operating revenues for the proprietary funds are fees and charges for water and sewer, airports, solid waste, inspection services, emergency medical services, convention center, self-insurance, compensated absence debt service and fleet internal service operations. Operating expenses for the enterprise funds, and the internal service funds, include the cost of sales and services, administrative expenses and depreciation of capital assets.

Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. They include property taxes, grants, entitlements, donations and capital contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contribution of resources restricted to capital acquisition and construction.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**5. Other Financial Statement Presentation Information**

The County currently employs an indirect allocation system. An administrative service fee is charged by the General Fund, at the direction of the Board of County Commissioners, to several special revenue and enterprise funds to address General Fund services (finance, personnel, purchasing, legal, technology management, etc.) provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the charge back of services, such as insurance costs, vehicle maintenance, and central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The County reports the following major governmental funds:

**General Fund**

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Tourist Development Special Revenue Fund**

This fund is used to account for funds received from imposition of the 5% tourist development tax for the purpose of improving Okaloosa County's tourist industry as authorized by 125.0104, F.S., and Okaloosa County Ordinance No. 89-23 as amended by 91-20, 92-52, 95-10, 99-07, 07-58, 12-21, 13-19, and 13-20.

The County reports the following major enterprise funds:

**Water and Sewer Enterprise Fund**

This fund is used to account for the user charges and expenses associated with the provision of water and sewer services to residents of the unincorporated areas of Okaloosa County.

**Airport Enterprise Fund**

This fund is used to account for the operation of three Okaloosa County airports. Revenue sources include federal and state grants, fees from concessionaires and other fees and charges for services to tenants and airport users.

**Solid Waste Enterprise Fund**

This fund is used to account for the revenues and expenses associated with the provision of solid waste management within Okaloosa County.

**Convention Center Enterprise Fund**

Prior to fiscal year 2014, this fund was used to account for the general operation of the Okaloosa County Convention Center. This fund also accounted for the debt service on the Fourth Cent Tourist Development Tax Revenue, Bonds, Series 2000, issued to fund construction of the Convention Center. As disclosed in Note 20 to these financial statements, these operations and maintenance activities were transferred to the Tourist Development Special Revenue Fund.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**5. Other Financial Statement Presentation Information – Continued**

The County reports the following fund types:

**Internal Service Funds**

These funds account for insurance coverage (including other post employment benefits for retirees), fleet management services, and funding of compensated absence debt provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

**Agency Funds**

These funds account for monies held on behalf of individuals and companies that use the County as a depository; property taxes, fines, court costs, licenses and fees collected on behalf of other governments; and surety bonds and performance deposits.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance**

**1. Deposits and Investments**

Sections 28.33, 218.415, and 219.075, Florida Statutes, require the investment of surplus public funds and prescribe the instruments in which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund; SEC registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02; direct obligations of the United States Treasury, federal agencies and instrumentalities; and securities of or other interest in certain investment companies or investment trusts the portfolio of which is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such obligations. Because the County has adopted written investment policies as provided in subsection (1) through (15) of s. 218.415, other investments may be authorized by resolution or ordinance. Currently authorized are investments in term repurchase agreements with primary broker/dealers collateralized in the County's name by securities of the United States Government or any agency or instrumentality thereof; overnight repurchase agreements with collateral held by the custodian bank or its trust department; tax exempt bonds, notes or obligations rated in the two highest classifications; inventory-based domestic bankers' acceptances eligible to qualify for use as collateral at the Federal Reserve Bank; SEC registered open-end mutual funds whose portfolios consist of United States Government securities and repurchase agreements secured by such securities; and Florida Local Government Investment Trust. The County adheres strictly to the provisions of those cited Statutes and investments authorized by resolution or ordinance, as well as with Chapter 517, Florida Statutes, which establishes registration procedures for securities and dealers.

The Board of County Commissioners maintains a cash and investment pool available for use by all funds of the Board. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. In addition, certificates of deposits, money market accounts and debt securities can be separately maintained by several Board funds. Other elected officials maintain similar pooled cash accounts or individual cash accounts through which their office activities are managed.

Each fund's portion of the pooled cash and individual deposit type investments are displayed on the balance sheet as "cash and cash equivalents." For purposes of these statements, all highly liquid investments (including restricted assets) with maturity of ninety days or less when purchased are considered to be cash equivalents.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance - Continued**

**1. Deposits and Investments - Continued**

U.S. Treasury and agency obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost. Nonparticipating investment contracts, generally certificates of deposit, are reported at cost. All other investments are reported at fair value. The State of Florida provides regulatory oversight for the external investment pools in which the County invests. The pools either meet the “2A-7 like” criteria of GASB 31 or value investments at fair value. Therefore, fair value of the position in these pools is the same as the value of the pool shares.

**2. Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds or elected officials” or “due to other funds or elected officials” on the fund statement balance sheets. Short-term interfund loans are also classified as “interfund receivables/payables.” Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a non-spendable fund balance account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The Emergency Medical Services Enterprise, Airport, and Water and Sewer Enterprise Funds are the only funds of Okaloosa County that provide for an allowance for doubtful accounts for trade accounts receivables. All other funds accounts receivable write offs are insignificant.

Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector). The County bills and collects its own property taxes, as well as taxes for the County School District and taxes for municipalities and special districts within the County in accordance with the laws of the State of Florida. No accrual has been made for 2014 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Collection of taxes and remittance of them to other governmental agencies are accounted for in the Disbursements Agency Fund of the Tax Collector.

The following is the current property tax calendar.

Lien Date	January 1, 2014
Levy Date	November 1, 2014
Due Date	November 1, 2014
Delinquent Date	April 1, 2015

Discounts of 1% for each month taxes are paid prior to March 2015 are granted.

Revenue recognition criteria for property taxes under the Governmental Accounting Standards Board requires that property taxes expected to be collected within 60 days of the current period be accrued. Current year taxes that are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued**

**3. Inventories and Prepaid Items**

Inventory is valued at cost (first-in, first-out) in the governmental funds and at lower of cost (first-in, first-out) or market in the proprietary funds. The consumption method is used to account for the inventory. Under the consumption method, inventory items are recorded as expenditures during the period inventory is used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used to account for the prepaid items. Under the consumption method, prepaid items are recorded as expenditures during the period in which they are used.

**4. Restricted Assets**

Certain proceeds of the Water and Sewer System Enterprise Fund revenue bonds, the Airport Enterprise Fund revenue bonds, and the Governmental Sales Tax Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, restricted assets include funds set aside for repayment of customer deposits in several enterprise funds.

**5. Capital Assets**

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported on the government-wide statement of net assets of Okaloosa County. Capital assets acquired by proprietary funds are reported in those funds.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The County's capitalization levels are \$1,000 on tangible personal property and \$5,000 on buildings, improvements other than buildings and infrastructure. The Sheriff maintains a tangible personal property inventory and uses a \$1,000 capitalization level. Other costs incurred for repairs and maintenance are expensed as incurred. General infrastructure assets acquired prior to July 1, 1980 are included in the capital asset inventory and are reported at estimated historical cost using deflated replacement cost.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Buildings	10-50
Improvements Other Than Buildings	7-25
Intangibles	5
Equipment	3-7
Vehicles	2-15
Roads and Bridges	10-75
Wastewater Lines and Pump Stations	10-50
Other Infrastructure	10-50

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued**

**6. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave or compensatory time balances. The liability is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**7. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences and claims that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due. At the inception of capital leases reported in governmental funds, expenditures and an “Other Financing Source” of an equal amount are reported at the net present value of future minimum lease payments.

**8. Bond Premiums, Discounts and Issuance Costs**

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, deferred outflows of resources represent a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, deferred inflows of resources represent an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows of resources of \$1,100,000 at September 30, 2014, represents unavailable grant revenue in the Natural Disaster Special Revenue Fund.

No other such material items were applicable to the County as of September 30, 2014.



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued**

**10. Fund Balance**

In the fund financial statements, GASB Statement 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are nonspendable, restricted, committed, assigned and unassigned.

These classifications reflect not only the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

**Nonspendable** – Comprised of amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

**Restricted** – Component consists of amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

**Committed** – Component consists of amounts that can be used only for the specific purposes determined by a formal action, in the form of ordinances, of the Board, the highest level of decision making authority. Commitments may be changed or lifted only by the board taking the same formal action that imposed the constraint originally.

**Assigned** – Component consists of amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of County Commissioners or (b) a body (for example: a budget or finance committee) or official to which the County has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in those funds are at a minimum, intended to be used for the purposes of that fund. The Board has delegated to the County Administrator and Finance Officer in accordance with the County’s fund balance policy.

**Unassigned** – Unassigned fund balance is the residual classification of the general fund. This classification represents spendable fund balance that has not been assigned to other funds 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.

When both restricted and unrestricted resources are available for use, it is the policy of the Board to use restricted resources first, and then unrestricted resources as they are needed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned. The County does not have a formal minimum fund balance policy. However, the Board does target 10% of the General Fund budget to set aside for reserves during the annual Budget Policy meeting.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Balance – Continued**

**11. Estimates**

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

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

**A. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental and proprietary funds; however, budgets for proprietary funds are not required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end. Budgetary data reflected in the financial statements are established by the following Board procedures.

On or about June 1 of each year, proposed budgets are received by the Board of County Commissioners from its department heads, from all other constitutional officers, and from other agencies requesting funding for the ensuing fiscal year. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the Board of County Commissioners in a series of workshops beginning on or after July 15. The Board of County Commissioners requires such changes as deemed necessary, sets proposed millages and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes. Proposed budgets are advertised in a newspaper of general circulation in the County. Public hearings are conducted in Crestview and Shalimar for the purpose of receiving input, responding to complaints and providing reasons and explanations for intended actions to all citizens participating.

In the event the final budget has not been adopted by October 1, the beginning of the fiscal year, Florida Statutes provide for expenditures based on the adopted tentative budget or the Board re-adopts its prior year's adopted final budget, as amended, and expends monies based on that budget until such time as its tentative budget is adopted pursuant to law. The final appropriations budget is adopted by resolution of the Board of County Commissioners.

Florida Statutes require that the individual budgets of several of the constitutional officers must be approved by the State of Florida. The "fee" portion of these budgets is not a part of the appropriations budget passed by the Board of County Commissioners. The budgetary information shown in these financial statements includes the entire budget for each constitutional office. The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The County Administrator is authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, the Board of County Commissioners must approve any revisions that alter the total expenditures of any fund. Each constitutional officer is authorized to make line item transfers but must request approval from the Board for increases in appropriations.

Budget amounts are originally adopted amounts as amended by action of the Board of County Commissioners by revision of fund totals. Supplemental budgetary appropriations of \$5,820,408 representing a 4.74 % increase over the original adopted budget were necessary during the fiscal year. All amendments to originally adopted amounts were made in a legally permissible manner.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

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

**A. BUDGETARY INFORMATION - CONTINUED**

Encumbrance accounting, under which purchase orders, encumber contracts and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances at fiscal year-end do not constitute expenditures since the commitments will be honored during the subsequent year.

**B. DEFICIT FUND BALANCE/NET POSITION**

The Natural Disaster Special Revenue Fund has a deficit fund balance of \$519,467 caused by repairs made as a result of damages from the April 2014 flooding event. The deficit will be cured by approved FEMA project funding or transfers from other funds.

The Solid Waste Enterprise Fund reported deficit net position of \$2,140,450 as of September 30, 2014. The deficit is caused by changes in reporting closure costs and long-term care costs for the solid waste landfills of the County. Further description of these costs and methods of funding them are discussed in Note 7.

The Self Insurance Internal Service Fund reported deficit net position of \$1,649,745. Claim liabilities for workers' compensation, general and automobile liabilities and property damage are funded by actuarially projected budget requirements for expected yearly cash payouts. This funding method results in a deficit fund equity which will be charged back to the other funds over a reasonable period of time so that service fund revenues and expenses will be equal.

The Sheriff's Self-Insurance Fund is reflecting a deficit net position of \$1,372,035. This is the result of the implementation of GASB 45 which requires the unfunded liability for future employee benefits (OPEB) to be recorded at September 30, 2014.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposits**

The County maintains a cash and investment management pool in which each fund participates on a dollar equivalent and daily transaction basis. The County's cash and investment management pool is considered to be cash equivalent for reporting purposes because it is an internally managed fund, which allows individual funds to, at any time, deposit additional cash or make withdrawals without prior notice or penalty. The County's cash and investment management pool includes pooled cash maintained in interest-bearing demand deposit accounts, certificates of deposit, and pooled investments of the Local Government Surplus Trust Fund. Interest income (which includes unrealized gains and losses) is distributed monthly based on balance at date of distribution.

***Custodial Credit Risk.*** The County maintains its deposits only with qualified public depositories as defined in Chapter 280, Florida Statutes. The provisions of this statute generally require public funds to be deposited in a bank or savings association designated by the State Chief Financial Officer as a "Qualified Public Depository". All qualified public depositories must maintain deposit insurance. They also must place with or in the name of the Chief Financial Officer of the State of Florida, collateral in the amount of the greater of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125 percent of the average daily balance of public deposits greater than capital. Collateral requirements may be increased according to statute if specified conditions exist. Eligible collateral includes federal, federally-guaranteed, state and local government obligations and corporate bonds. In the event of default by a qualified public depository excess losses over insurance and collateral will be recovered through assessments to all qualified public depositories of the same type as the depository in default. Under this method, all County deposits, including certificates of deposit, are considered fully insured.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED**

**Investments**

As of September 30, 2014 the County had the following investments:

<u>Investment Type and Quantity</u>	<u>Par/Principal Value</u>	<u>Fair Value</u>	<u>Maturity</u>
Florida Local Government Investment			
Trust investment pool	28,701,296	28,701,296	On Demand
Federal Home Loan Bank (3)	2,650,000	2,560,668	7/23/2027
	2,045,000	1,971,360	8/22/2022
	2,000,000	1,879,180	10/25/2024
Federal National Mortgage Assoc. (12)	1,806,488	1,654,989	12/1/2033
	1,279,043	1,199,183	12/1/2021
	1,084,101	1,020,185	7/1/2020
	2,141,549	2,054,453	6/1/2017
	803,990	774,794	2/1/2018
	1,537,196	1,474,544	5/1/2018
	997,412	926,639	4/1/2017
	956,279	951,586	12/25/2019
	886,847	844,023	11/25/2018
	731,414	664,549	10/25/2027
	253,086	231,258	10/25/2027
	722,059	726,814	8/25/2037
Government National Mortgage Assoc. (2)	700,645	696,081	9/19/2033
	717,514	704,356	7/16/2038
Total investments	<u>\$ 50,013,919</u>	<u>\$ 49,035,958</u>	

State Statutes and the formal investments and portfolio policies adopted by the Board of County Commissioners restrict the types of investments that can be made by the County. A description of the requirements and the types of investments allowed as well as information about valuation and other investment policies can be found in Note 1.D.1.

The investment policy manual details the methods used to manage the risks inherent to the investment process. The authority for investment of County funds rests with the Clerk of the Circuit Court who has delegated management of the investment program to the Finance Director. Investments can only be made by majority vote of the investment committee appointed by the Clerk. Although the policies allow investments in many types of instruments, the investment committee has chosen to limit investment risks by investing mainly in allowed investment pools. The pools are 2a7-like investment pools and manage interest rate risk by limiting the weighted average maturity of their portfolios, manage credit risk by investing in mainly governmental and other highly rated securities, manage concentration of credit risk by limiting investment in any one issuer to less than 5% of the portfolio and manage custodial credit risk by requiring collateral for investments held by counterparties.

**Interest rate risk.** In accordance with the investment policy, the exposure to declines in fair value of investments outside of the pools is managed by matching the investments to a specific cash flow requirement.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Florida Local Government Investment Trust Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED**

**Investments - Continued**

of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriated assets, and Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk. In 2014, the Federated MM Treasury Obligor Fund returned full principal to all fund participants.

*Credit risk.* As of September 30, 2014, Standard & Poor's rated the investment in Florida Local Government Investment Trust investment pool AAAf, Florida Local Government Investment Day to Day AAAM, and Florida Local Government Surplus Fund Trust AAAM. As of September 30, 2014 all U.S. Instrumentalities held by the County were rated AAA. The investment policies of the County manage credit risk by limiting investments in U. S. Instrumentalities to the two highest ratings issued by nationally recognized statistical rating organization.

*Concentration of credit risk.* The investment policies of the County diversify the portfolio by limiting the maximum percentage of various types of investments that can be purchased. The investment policy maximum percentages for the current portfolio are 50% for U.S. agencies and instrumentalities and 50% for repurchase agreements. More than 5% of the County's investments are in the Federal Home Loan Bank, Federal National Mortgage Association, and Government National Mortgage Association. These investments are 13%, 26%, and 3% respectively, of the County's total investments.

*Custodial credit risk.* STI Classic Institutional Cash Management, U.S. Treasury bills, and U.S. instrumentalities are held by the County's agent in the County's name in accordance with the Okaloosa County Investment Policy requiring third party custody and safekeeping.

**NOTE 4 – RECEIVABLES / UNEARNED AND UNAVAILABLE REVENUE**

Receivables as of September 30, 2014 for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Funds	Accounts Receivable	Due From Other Governments	Total Receivables	Less: Allowance for Doubtful Accounts	Net Total Receivables Sept. 30, 2014
General	\$ 140,262	\$ 4,432,854	\$ 4,573,116	\$ -	\$ 4,573,116
Tourist Development	2,960,690	78,506	3,039,196	-	3,039,196
Water and Sewer	2,642,618	2,199,331	4,841,949	(191,992)	4,649,957
Airport	1,638,487	944,623	2,583,110	(557,095)	2,026,015
Solid Waste	646,382	-	646,382	-	646,382
Nonmajor and Other Funds	9,729,092	3,427,631	13,156,723	(5,008,729)	8,147,994
Total	<u>\$ 17,757,531</u>	<u>\$ 11,082,945</u>	<u>\$ 28,840,476</u>	<u>\$ (5,757,816)</u>	<u>\$ 23,082,660</u>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 4 – RECEIVABLES / UNEARNED AND UNAVAILABLE REVENUE - CONTINUED**

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources received, but not yet earned. At September 30, 2014, the various components of unearned/unavailable revenue were as follows:

	Unavailable (1)	Unearned
General Fund		
Grant Revenue	\$ -	\$ 677,702
Rent/Commissions Received in Advance	-	24
Tourist Development		
Event Revenue	-	53,682
Nonmajor Funds		
Grant Revenue	1,100,000	796,833
Federal Forfeitures	-	464,404
Courts Special Revenue	-	267,298
Total unearned/unavailable revenue	\$ 1,100,000	\$ 2,259,943
for governmental funds		

(1) Unavailable revenue is presented as a deferred inflow of resources in the governmental funds and recognized as revenues when earned in the Statement of Activities.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,558,076	\$ -	\$ -	\$ 11,558,076
Intangibles	1,146,905	-	-	1,146,905
Construction in progress	2,082,658	3,862,188	(1,440,267)	4,504,579
Works of Art	-	29,195	-	29,195
Total capital assets, not being depreciated/amortized	<u>14,787,639</u>	<u>3,891,383</u>	<u>(1,440,267)</u>	<u>17,238,755</u>
Capital assets, being depreciated/amortized:				
Buildings	72,331,896	18,632,080	-	90,963,976
Improvements other than buildings	32,840,498	2,215,765	-	35,056,263
Intangibles	1,786,099	127,240	-	1,913,339
Machinery and equipment	52,276,594	3,478,719	(4,449,789)	51,305,524
Infrastructure	147,485,144	1,236,771	-	148,721,915
Total capital assets being depreciated/amortized	<u>306,720,231</u>	<u>25,690,575</u>	<u>(4,449,789)</u>	<u>327,961,017</u>
Less accumulated depreciation/amortization for:				
Buildings	(23,084,505)	(7,060,336)	-	(30,144,841)
Improvements other than buildings	(9,145,406)	(937,604)	-	(10,083,010)
Intangibles	(1,567,756)	(137,165)	-	(1,704,921)
Machinery and equipment	(43,112,456)	(3,420,504)	5,705,529	(40,827,431)
Infrastructure	(80,672,237)	(2,127,134)	-	(82,799,371)
Total accumulated depreciation/amortization	<u>(157,582,360)</u>	<u>(13,682,743)</u>	<u>5,705,529</u>	<u>(165,559,574)</u>
Total capital assets, being depreciated/amortized, net	<u>149,137,871</u>	<u>12,007,832</u>	<u>1,255,740</u>	<u>162,401,443</u>
Governmental activities capital assets, net	<u>\$ 163,925,510</u>	<u>\$ 15,899,215</u>	<u>\$ (184,527)</u>	<u>\$ 179,640,198</u>

Note: The “Increases” column includes transfers of assets purchased in prior years from business-type activities to governmental activities as well as reclassifications from completed multiyear construction projects. Therefore the amounts in the column will not be equal to capital outlay.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 5 – CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,317,940	\$ 142,530	\$ -	\$ 11,460,470
Construction in progress	7,414,812	4,897,037	(4,048,306)	8,263,543
Works of art	99,060	-	(29,195)	69,865
Total capital assets, not being depreciated/amortized	18,831,812	5,039,567	(4,077,501)	19,793,878
Capital assets, being depreciated/amortized:				
Buildings	88,401,669	1,077,949	(18,327,812)	71,151,806
Improvements other than buildings	308,598	-	(31,822)	276,776
Intangibles	866,675	-	(23,840)	842,835
Machinery and equipment	20,770,573	2,762,635	(4,009,469)	19,523,739
Infrastructure	329,385,842	6,044,853	(1,057,669)	334,373,026
Total capital assets being depreciated/amortized	439,733,357	9,885,437	(23,450,612)	426,168,182
Less accumulated depreciation/amortization for:				
Buildings	(19,370,834)	(1,795,018)	4,729,100	(16,436,752)
Improvements other than buildings	(170,209)	(9,226)	14,896	(164,539)
Intangibles	(735,504)	(97,780)	23,840	(809,444)
Machinery and equipment	(17,389,479)	(1,066,865)	3,524,519	(14,931,825)
Infrastructure	(102,144,506)	(8,177,002)	86,372	(110,235,136)
Total accumulated depreciation/amortization	(139,810,532)	(11,145,891)	8,378,727	(142,577,696)
Total capital assets, being depreciated/amortized, net	299,922,825	(1,260,454)	(15,071,885)	283,590,486
Business-type activities capital assets, net	\$ 318,754,637	\$ 3,779,113	\$ (19,149,386)	\$ 303,384,364

Depreciation expense was charged to functions/programs as follows.

	Depreciation	Amortization
<b>Governmental activities:</b>		
General government	\$ 1,854,243	\$ 52,537
Public safety	2,294,166	3,717
Physical environment	91,582	-
Transportation, including depreciation of general infrastructure assets	2,724,420	9,800
Economic environment	34,892	-
Human services	349,787	-
Culture and recreation	1,126,284	-
Court related	221,778	47,271
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	18,058	-
Total depreciation expense - governmental activities	\$ 8,715,210	\$ 113,325



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 5 – CAPITAL ASSETS - CONTINUED**

	Depreciation	Amortization
Business-type activities:		
Water and sewer	\$ 6,455,961	\$ 97,780
Airport	4,031,951	-
Solid waste	80,885	-
Convention center	-	-
Other enterprise funds	431,047	-
	\$ 10,999,844	\$ 97,780
Total depreciation expense - business-type activities		

**Construction Commitments**

**Shalimar Administration Building**

The Board has entered into contract to build an administration building. The contract totals \$5,837,940. Cumulative expenditures total \$1,166,434, with \$4,671,506 remaining liability outstanding at September 30, 2014

**Crestview Courthouse Remodel**

The Board has entered into contract to design and remodel the Crestview Courthouse. The contract totals \$1,296,000. Cumulative expenditures total \$193,400, with \$1,102,600 remaining liability outstanding at September 30, 2014.

**Road and Other Infrastructure Improvements**

The Board has entered into contracts to improve parks and other infrastructure at various locations throughout the County. The contracts total \$764,764. Cumulative expenditures total \$431,507, with \$333,257 remaining liability outstanding at September 30, 2014.

**Water and Sewer Expansion and Renovation**

The Water and Sewer System is continuing significant expansion and renovations throughout the County. Based on the fiscal year 2015 capital budget, total expenditures will approximate \$27,485,781 on contracted projects, which includes \$9,865,595 for Arbennie expansion, \$5,043,452 to divert flow, and \$2,288,539 for land buffer.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 6 – COMPENSATED ABSENCES**

Each constitutional officer’s policy for compensated absences is summarized below.

Board of County Commissioners and Supervisor of Elections

The policy of the Board of County Commissioners and the Supervisor of Elections for annual and sick leave and compensatory time is as follows:

Employees may accrue an unlimited amount of annual and sick leave. The employees earn leave at varying rates per month based on their work schedules.

	Years of Service	40 hours/ week	45 hours/ week	24 hours on/ 48 hours off
<u>Annual Leave</u>				
Full time employees	0-5	8 hours	9 hours	11 hours
	6-10	10 hours	11 hours	14 hours
	11-15	12 hours	14 hours	17 hours
	16-20	14 hours	16 hours	20 hours
	21-25	16 hours	18 hours	22 hours
	26+	18 hours	20 hours	25 hours
Part time employees	1	4 hours		
Maximum amount paid upon separation from service		240 hours	270 hours	336 hours
<u>Sick Leave</u>				
Full time employees		8 hours	9 hours	11 hours
Part time employees		0 hours		

Unused sick leave will be paid to employees having ten consecutive years of service upon termination or retirement at varying percentages based on the total unused hours: 50% for the first 480 hours; 25% for the second 480 hours and 20% for all hours over 960.

Compensatory Time

Compensatory time is available only to hourly (non-exempt) employees. Most employees may accrue up to 240 hours except for law enforcement and correctional officers who can accrue up to 480 hours. Unused amounts will be paid upon termination or retirement.

Clerk of the Circuit Court

The policy of the Clerk of the Circuit Court for annual and sick leave is that full-time employees earn four hours of annual leave (five hours if employed five years or longer) and four hours of sick leave per biweekly pay period. The employee can accumulate a maximum of 240 hours of annual leave and an unlimited amount of sick leave. Annual leave earned in excess of 240 hours is credited to sick leave. Upon retirement or termination, the employee may be paid a maximum of 240 hours accumulated annual leave. Unused sick leave will be paid as follows upon termination (provided the employee has 160 hours accrued and 24 months of service).

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 6 – COMPENSATED ABSENCES – CONTINUED**

Clerk of the Circuit Court - Continued

- 2 years service - 20% of all sick leave accrued
- 5 years service - 25% of all sick leave accrued
- 10 years service - 30% of all sick leave accrued
- 15 years service - 40% of all sick leave accrued
- 20 years+ service - 50% of all sick leave accrued

Upon retirement from the Florida Retirement System with 30 years of service, of which the last 20 years of service must have been served with the Clerk’s office, employees will be paid for 100% of their accrued sick leave balance.

Sheriff

The Sheriff maintains a policy providing for annual vacation and sick leave pay for all full-time non-exempt employees. Employees are allowed to accumulate unlimited time; however, upon separation the employee will receive compensation only for any unused annual leave up to a maximum of 240 hours. Annual vacation leave for full-time non-exempt employees is calculated as follows:

Years of Service	Accrual Rate
Less than five (5) years	(8) hours per calendar month
Five (5) to ten (10) years	(10) hours per calendar month
Ten (10) and more years	(12) hours per calendar month

Sick leave for non-exempt employees is accrued at eight hours per month. Unused accrued leave is carried over from year to year. Employees terminating after ten years of service are compensated for unused sick leave up to a maximum of 100 hours.

Vacation leave for exempt employees is accrued at 176 hours annually and sick leave for exempt employees is accrued at 104 hours annually.

An employee who meets eligibility requirements receives up to 12 weeks of leave, paid and /or unpaid in accordance with the federal Family Medical Leave Act of 1993 guidelines.

Tax Collector

The policy of the Tax Collector for Paid Time Off (PTO) is that employees are entitled to accrue leave each pay period based on an employee’s hire date. Below is a breakdown of how leave will be earned:

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 6 – COMPENSATED ABSENCES – CONTINUED – CONTINUED**

Tax Collector – Continued

Years of Service (based on hire date)	Weeks PTO	# Hours Earned per Pay Period
1 year	3 weeks	4.62
2 - 5 years	4.4 weeks	6.77
6 - 10 years	5.4 weeks	8.31
11 - 15 years	6 weeks	9.23
16 - 20 years	6.5 weeks	10.00
21+ years	7 weeks	10.77

Upon separation of employment from the Tax Collector, the maximum unused hours paid at termination are based upon years of service. Maximum unused hours paid for employees with 1 – 10 years of service or in DROP are 500 hours for 10 plus years of service.

Property Appraiser

The Property Appraiser’s policy provides for “paid days off” (a combination of sick and annual leave) which may be used at the employee’s discretion. Paid days off accumulate ratably during each year of employment at the following rates based on years of employment.

1 to 5 years	192 hours per year
5 to 10 years	216 hours per year
Over 10 years	240 hours per year

Employees are allowed to accumulate up to 360 hours of paid days off for which they will be paid upon termination of employment. Paid days off accumulated in excess of 360 hours at the end of the calendar year are lost except for employees planning retirement. Employees planning retirement within the following year may increase the accrued paid days off to a maximum of 500 hours.

The total amounts of accumulated annual leave and other compensated absences for all elected officials as of September 30, 2014 follow:

Elected Official	Current Portion	Long-Term Portion	Totals
Board of County Commissioners	\$ 2,607,283	\$ 2,022,251	\$ 4,629,534
Clerk of the Circuit Court	274,308	603,470	877,778
Sheriff	870,580	1,305,870	2,176,450
Tax Collector	99,122	147,045	246,167
Property Appraiser	57,132	83,911	141,043
Supervisor of Elections	60,185	61,555	121,740
Totals	<u>\$ 3,968,610</u>	<u>\$ 4,224,102</u>	<u>\$ 8,192,712</u>

The total current and long-term portions of compensated absences are shown on the face of the government wide statement of net assets using the full accrual method of accounting.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 7 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS**

The Board is required to study, estimate, and certify to the U.S. Environmental Protection Agency through the Florida Department of Environmental Protection the estimated cost to close and to perform certain maintenance and monitoring functions at Baker Landfill and Wright Landfill for thirty years after closure and Niceville Landfill for twenty years after closure. One hundred percent of the landfill capacity has been used in the landfills and they have all been permanently closed.

The Board is required by state and federal laws and regulations to develop its estimates using rates normal to commercial contracting firms and is based on the amount of the landfill capacity used to date, 100%. The landfill closure and post closure costs are reevaluated each year. The estimate is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. The effect of this change in estimates has been reflected in the operations of the Solid Waste Enterprise Fund and has increased net income by \$1,196,817. The estimated liability for landfill closure and post closure care costs has a balance of \$4,598,025 as of September 30, 2014.

**NOTE 8 – INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances as of September 30, 2014 is as follows:

	<u>Receivable from Other Funds</u>	<u>Payable to Other Funds</u>
Major Fund		
General Fund	\$ 505,534	\$ 33,601
Airport Enterprise Fund	1,085,000	-
Non-major Funds		
Special Revenue Funds	763,446	1,042,013
Enterprise Funds	380,000	-
Internal Service Funds	-	1,649,020
Fiduciary Funds	-	9,346
	<u>\$ 2,733,980</u>	<u>\$ 2,733,980</u>
	<u>Receivable from Other Elected Official</u>	<u>Payable to Other Elected Official</u>
Major Fund		
General Fund	\$ 2,921,576	\$ 3,167,357
Tourist Development Special Revenue Fund	160,909	-
Water and Sewer Enterprise Fund	-	465
Airport Enterprise Fund	-	158
Non-major Funds		
Special Revenue Funds	266,479	23,186
Enterprise Funds	2	79
Internal Service Funds	288	55
Fiduciary Funds	190	158,144
	<u>\$ 3,349,444</u>	<u>\$ 3,349,444</u>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 8 – INTERFUND BALANCES AND ACTIVITY - CONTINUED**

Interfund receivables at the fund and elected official level result primarily from revenue accrued in certain funds that are transferred to other funds. Interfund receivables and payables at the fund level also include short term cash advances.

**Interfund transfers:**

Transfer In	Transfer Out	Amount	Purpose
General	Tourist Development	\$ 471,870	Funding lifeguards
General	Tourist Development	721,200	Beach cleaning
General	Nonmajor Governmental	28,000	Racing monies allocation
General	Nonmajor Governmental	290,866	State Revenue allocation
General	Nonmajor Governmental	631,271	Capital project funding
General	Nonmajor Governmental	8,000	Asbestos survey
General	Nonmajor Governmental	251,623	Defray costs for Domestic Violence
General	Nonmajor Governmental	565,001	State Revenue allocation
General	Internal Service	1,433,000	Insurance rebate
Tourist Development	Convention Center	7,785,693	Close enterprise fund
Nonmajor Governmental	General	388,562	Capital project funding
Nonmajor Governmental	Tourist Development	675,211	Debt Service for West Destin
Nonmajor Governmental	Nonmajor Governmental	1,891,282	State Revenue allocation
Nonmajor Governmental	Nonmajor Governmental	200,621	State Revenue allocation
Nonmajor Governmental	Nonmajor Governmental	450,000	Stormwater unincorporated tax
Nonmajor Governmental	Nonmajor Governmental	4,000	Racing monies allocation
Nonmajor Governmental	Nonmajor Governmental	599,971	Debt Service for Judicial Building
Nonmajor Governmental	Nonmajor Governmental	202,131	Gap Creek cash match
Solid Waste	Tourist Development	7,993	Beach cleaning
Nonmajor Enterprise	Nonmajor Governmental	33,000	Racing monies allocation
Internal Service	Nonmajor Governmental	400,000	Installment for settlement
Total		<u>\$ 17,039,295</u>	

Transfers among constitutional officers of \$825,000 represent a transfer out of the Sheriff's Compensated Absences internal Service fund to the Board of County Commissioners General fund. During 2014, the Sheriff's management determined the estimate for the current portion of vested annual leave was overstated based on recent historical payout experience.

**NOTE 9 - LEASES**

**Operating Leases – Lessor**

The Board of County Commissioners leases three county-owned parks and park buildings located on Okaloosa Island to outside parties. Capitalized investment in these assets is \$6,588,730. Accumulated depreciation of \$2,316,981 has been recorded as of September 30, 2014. All of the leases were for a 25-year period. However, two of the leases have been renegotiated and the period extended to thirty years. Three of the leases contain a 20% rent increase every five years. The first renegotiated lease contains a fixed rental through 2029. The second renegotiated lease contains a contingent rent fee of 15% of gross revenue if that amount is greater than the set rent amount through 2012. To date, the contingent rent option has not been needed. The remaining terms of the leases range from 1 to 16 years.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 9 – LEASES - CONTINUED**

**Operating Leases – Lessor - Continued**

The Board of County Commissioners leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$51,339 has been recorded as of September 30, 2014. The lease was renegotiated to a five year lease with four five-year renewals beginning in 2008. The rent will increase at the beginning of each option period by the consumer price index. These option periods extend through 2032.

The Board of County Commissioners leases space in a building to six (6) leases. Capitalized investment in the building is \$546,688. The one year leases may have two (2) one year renewals through 2014. In 2014, new leases were negotiated for one (1) year with two (2) one year renewals through 2017. Rental fees total \$3,099 monthly. Rental fees total \$3,099 monthly.

The Board of County Commissioners has leased space on a water tower to a wireless communication company. The five year lease can be renewed for five five-year periods through 2038. Monthly rental fees begin at \$833 and increase at each renewal to an amount equal to one hundred two percent of the monthly rent in effect immediately prior. There is no capitalized investment related to this lease.

The Board of County Commissioners has entered into operating leases with various lessees and concessionaires for lease of space and facilities at the Okaloosa County Air Terminal, the Bob Sikes Airport and the Destin Airport. Lease periods vary with expiration dates through 2049. Capitalized investment in assets associated with these leases is \$43,527,671. Accumulated depreciation of \$8,403,304 has been recorded as of September 30, 2014.

The Board of County Commissioners leases land on Okaloosa Island to a company to operate a marine life center. The 10 year lease can be renewed for four (4) optional 10 year periods through 2062. Annual rental fees begin at \$75,000 with annual consumer price index increase.

The Board of County Commissioners leases land on Okaloosa Island to a company to operate a Wild Willy's Adventure Island. The 10 year lease can be renewed for four (2) optional 10 year periods through 2042. Annual rental fees begin at \$65,000 with annual consumer price index increase.

The Board of County Commissioners leases office space at the Fort Walton Beach Water and Sewer building. Capitalized investment in these assets is \$2,995,873. Accumulated depreciation of \$1,610,487 has been recorded as of September 30, 2014. The one year lease expires in June 2013 with an optional two (2) year extension. Rental fees total \$222,396 annually.

Total minimum future rentals for material operating leases in which the Board of County Commissioners is the lessor are as follows:

<u>Fiscal Year Ended September 30</u>	
2015	\$ 1,652,139
2016	1,655,990
2017	1,640,512
2018	1,585,123
2019	1,538,031
Thereafter	<u>13,291,114</u>
	<u>\$ 21,362,909</u>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 9 – LEASES - CONTINUED**

**Operating Leases – Lessee**

1. The Board of County Commissioners leases the land on which the airport facilities are located from the United States Government under a thirty-year lease agreement expiring in February 2031. The lease was renegotiated in 2008 adding an additional 22.6 acres for the rental car facilities under a twenty-five year lease expiring in September 2032. The land lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option for renewal at the end of the current lease period. The future minimum lease payments total \$9,157,386 over the life time of the lease. Lease expense for fiscal year 2014 was \$379,709.
2. The Board of County Commissioners leases the land on which Water and Sewer's Water Reclamation Facility is located from the United States Government under a 30 year lease agreement expiring in September 2037. The lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option of renewal at the end of the current lease period. The future minimum lease payments total \$11,357,177 over the life time of the lease. Lease expense for fiscal year 2014 was \$366,003.
3. The Board of County Commissioners leases office space used by the Tax Collector and the Property Appraiser through September 30, 2014. The rent is based on \$33,147 per month plus a proportionate amount of any annual Consumer Price Index increase beginning in year three (3). The first of three (3) one year renewals was exercised in 2012. In 2014, the lease was extended to September 30, 2015 with monthly installments of \$43,674. Based on assumed increases of 3%, future minimum lease payments total \$524,083. Lease expenditure for fiscal year 2014 was \$517,575.
4. The Board of County Commissioners leases eight Volvo G930 Motor Graders used by public works department for the Board through January 2017. The two three (3) year leases are based on monthly payments of \$5,326 with a balloon payment of \$595,868 in October 2014 and \$595,868 in January 2017. Future lease payments total \$282,278 for the remaining term of the lease. Lease expenditure for fiscal year 2014 was \$130,582.
5. The Board of County Commissioners leases 10 Airport fleet vehicles from Enterprise Leasing under a lease agreement extended to December 2014. The lease rates range from \$297 to \$430 per vehicle per month with future minimum lease payment of \$11,177. Lease expenditure for fiscal year 2014 was \$46,100.
6. The Clerk of Circuit Court leases copier equipment under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$4,414. Future minimum lease payments for the equipment lease total \$172,146 through December 2017. Lease expenditure for the fiscal year ended September 30, 2014 was \$52,289.
7. The Clerk of Circuit Court leases postal equipment for the Crestview office under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$596. Future minimum lease payments for the equipment lease totals \$0 through December 2013. Total lease expenditure for fiscal year ended September 30, 2014 was \$3,576. There are no remaining lease payments as it was not renewed.
8. The Clerk of Circuit Court leases postal equipment for the Crestview office under a new operating lease effective for 60 months. Monthly payments under the lease are \$395. Future minimum lease payments for the equipment lease totals \$0 through September 2014. Total lease expenditure for fiscal year ended September 30, 2014 was \$587. There are no future lease payments as it was cancelled.



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 9 – LEASES - CONTINUED**

**Operating Leases – Lessee - Continued**

9. The Clerk of Circuit Court entered a new lease October 1, 2010 for postal equipment for the Fort Walton Beach office under an operating lease effective for five years. Monthly payments under the lease are \$410. Future minimum lease payments for the equipment leases total \$4,922 through September 2015. Total lease expenditure for fiscal year ended September 30, 2014 was \$4,922.
10. The Sheriff rents office space under an operating lease which expires in January, 2015. Monthly lease payments are \$10,850. Total lease expenditure for fiscal year ended September 30, 2014 was \$145,681. Sheriff renewed the lease with a minor rate increase in 2014.
11. The Tax Collector rents office space for a decentralized location to accommodate residents in a certain area of the County. The twenty-year lease expires in 2025. As of October 1, 2014, the yearly rental is \$248,262. Total lease expenditure for fiscal year ended September 30, 2014 was \$249,232.

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2014 amounted to \$1,896,256. Future minimum lease payments for these leases are as follows:

Fiscal Year Ended September 30		
2015	\$	1,745,846
2016		1,232,534
2017		1,158,942
2018		1,120,941
2019		1,134,457
2020-2024		6,125,943
2025-2029		5,502,409
2030-2034		4,498,086
2035-2038		2,286,414
	\$	24,805,572

**NOTE 10 – LONG-TERM DEBT**

**Primary Government**

The following debt issues are outstanding for September 30, 2014.

**Governmental Activities:**

**REVENUE BONDS**

\$26,615,000 Sales Tax Revenue Bonds, Series 2009, serial and term bonds with stated interest rates ranging from 3.0 percent to 6.375 percent compounded semi-annually through October 1, 2039; issued in denominations of \$5,000 maturity value due in annual installments of \$315,000 to \$1,495,000 from October 1, 2011 through October 1, 2039. Sales tax revenues along with any direct federal subsidy payments received with respect to the Taxable Series 2009B Bonds (Direct Payment Build America Bonds) are pledged for payment of the bonds. Proceeds of the bonds were used to finance the construction of a new judicial center complex in the County. This issue is subject to federal arbitrage regulations.

\$25,125,000

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 10 – LONG-TERM DEBT - CONTINUED**

**Primary Government - Continued**

**Governmental Activities - Continued:**

**REVENUE BONDS - CONTINUED**

\$3,600,000 Capital improvement Revenue Bond, Series 2011, serial bonds with stated interest rate of 3.72 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$133,000 to \$259,000 from October 1, 2012 through October 1, 2030. General governmental revenues are pledged for the payment of the bonds. Proceeds of the bonds have been used to finance the purchase of the Newman C. Brackin Building to be used for office space. This issue is subject to federal arbitrage regulations.

3,329,000

Total Governmental Activities Revenue Bonds

28,454,000

**LOANS AND NOTES**

\$5,000,000 Private Bank Loan from Hancock Bank with fixed interest rate of 1.79 percent compounded semi-annually through October 1, 2020; principal due in annual installments of \$591,000 and \$664,000 from October 1, 2013 to October 1, 2020. The loan finances the County's portion of a joint beach renourishment project with the City of Destin and is payable from a special assessment levied for beach renourishment as well as Tourist Development taxes.

4,409,000

\$6,000,000 Sales Tax Bond Anticipation Note, Series 2014, from SunTrust Bank with interest on the portion of such principal amount advanced from the date proceeds are drawn down of the LIBOR rate plus 1.30% x 68%. The loan provided interim financing on Shalimar Annex construction.

1,650,000

Total Governmental Activities Loans and Notes

\$ 6,059,000

**Business-type Activities:**

Airport

\$9,980,000 Taxable Airport Revenue Bonds, Series 2007, term bonds with stated interest rates ranging from 6.0 percent to 7.0 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$220,000 to \$830,000 from October 1, 2009 through October 1, 2030. Net revenue derived from the operation of the Airport System and the Customer Facility Charges imposed per rental car transaction day at the Northwest Florida Regional Airport are pledged for payment of the bonds. Proceeds from the bonds were used to finance a portion of the cost of the East Side Development Program. This issue is not subject to federal arbitrage regulations

\$ 8,740,000

\$8,920,000 Taxable Airport Revenue Refunding Bonds, Series 2014, due in annual installments of \$360,000 to \$740,000 through October 1, 2028; interest rate of 3.15 percent per annum. Proceeds from the bond were used to refund Airport Revenue Bonds, Series 2003 and Commercial Paper Loan.

8,920,000

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 10 – LONG-TERM DEBT - CONTINUED**

**Primary Government - Continued**

**Business-type Activities - Continued:**

REVENUE BONDS - CONTINUED

Water and Sewer

The following parity bonds are secured by a pledge of the net revenues from the operation of the water and sewer system.

\$650,000 Subordinated Revenue Bond, Series 1985, term bond due in semi-annual installments of \$34,338 beginning July 1, 1985 through January 2, 2015; interest at 10.0 percent per annum. Proceeds from the bonds were used to finance constructing and acquiring additions, extensions and improvements to the County Water and Sewer System.

32,703

\$31,170,000 Water and Sewer Revenue Bonds, Series 2004, due in annual installments of \$300,000 to \$3,680,000 through July 1, 2016; interest ranging from 1.017 percent to 3.61 percent per annum. Proceeds from the bond were used to refund Water and Sewer Revenue Refunding Bonds, Series 1993 and Water and Sewer Refunding Revenue Bonds, Series 1998 as well as constructing and acquiring additions, extensions and improvements to the County Water and Sewer System. This issue is subject to federal arbitrage regulations.

4,995,000

\$65,150,000 Water and Sewer Revenue Bonds, Series 2006, beginning July 1, 2016, due in annual installments of \$525,000 to \$4,500,000 through July 1, 2036; interest ranging from 4.00 percent to 5.00 percent per annum. Proceeds from the bond were used to refund Water and Sewer Revenue Bonds, Series 1992 as well as construct the Arbennie Pritchett Water Reclamation Facility. This issue is subject to federal arbitrage

60,875,000

Total Business-type Revenue Bonds

\$ 83,562,703

The following loans from the State of Florida were obtained for construction of extensions and improvements to the County sewer system. Water and Sewer revenue net of operating costs and debt service are pledged for repayment of these loans.

LOANS - STATE OF FLORIDA - CONTINUED

\$729,744 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$22,230 at 2.59% beginning October 10, 1995 through April 10, 2015.

43,610

\$1,949,795 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$74,622 at 3.28% and 2.63% beginning April 1, 1997 reducing to \$58,007 beginning April 1, 2001 through October 1, 2016.

277,306

\$1,768,312 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$59,870 at 2.63% and 2.99% beginning September 15, 1999 reducing to \$56,219 beginning September 15, 1999 through March 15, 2017.

269,975

\$351,895 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$23,204 at 3.18% beginning February 15, 2000 reducing to \$11,073 beginning February 15, 2001 through August 15, 2019.

101,633

\$8,168,888 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$291,598 at 2.71% and 3.00% beginning June 15, 2007 reducing to \$263,938 beginning December 15, 2008 through December 15, 2023.

5,543,574

Total Loans - State of Florida

6,236,098

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 10 – LONG-TERM DEBT – CONTINUED**

**Primary Government – Continued**

**Business-type Activities - Continued:**

**OTHER LOANS**

\$819,000 State Infrastructure Bank Loan; annual principal and interest payments of \$132,500 beginning October 1, 2012 through October 1, 2018; The loan finances the purchase of property to provide direct highway access for the Bob Sikes Airport in Crestview; the debt service on the loan is payable from net revenues of the Airport.	600,045
\$3,000,000 State Infrastructure Bank Loan; annual principal and interest payments of \$351,692 beginning October 1, 2012 through October 1, 2021; The loan finances the construction of infrastructure improvements at the Bob Sikes Airport in Crestview; The debt service on the loan is payable from the net revenues of the Airport.	2,221,086
\$15,605,000 Water and Sewer Revenue Note, Series 2012, due in annual installments beginning July 1, 2014 of \$50,000 to \$1,685,000 through July 1, 2026; interest rate of 3.17%. Proceeds from the note will be used to fund several major projects on the five years Capital Improvement Plan and debt service reserves for the 2004 and 2006 Revenue Bonds. This issue is subject to federal arbitrage regulations.	15,315,000
Total Buisness-type Loans and Notes	\$ 24,372,229

The following is a summary of the changes in long-term debt of the Board of County Commissioners for the fiscal year ended September 30, 2014.

	Balance Due October 1, 2013	Increases	Decreases	Balance Due September 30, 2014	Due Within One Year
<b>Governmental Activities:</b>					
<b>Revenue Bonds</b>					
Sales Tax Revenue Bonds,					
Series 2009	\$ 25,725,000	\$ -	\$ (600,000)	\$25,125,000	615,000
Series 2011	3,467,000	-	(138,000)	3,329,000	143,000
Less deferred amounts					
For issuance discounts/premiums	(681,797)	-	518,456	(163,341)	-
<b>Total Revenue Bonds</b>	28,510,203	-	(219,544)	28,290,659	758,000
<b>Loans and Notes</b>					
Private bank note	5,000,000	-	(591,000)	4,409,000	597,000
Sales Tax Bond Anticipation Note, Series 2014	-	1,650,000	-	1,650,000	1,650,000
Less deferred amounts					
For issuance discounts/premiums	(26,607)	-	26,607	-	-
	4,973,393	1,650,000	(564,393)	6,059,000	2,247,000
Accrued compensated absences	5,643,092	1,552,056	(771,575)	6,423,573	3,000,733
Estimated claims payable	5,153,812	3,760,318	(4,258,883)	4,655,247	1,216,756
Other post employment benefits	4,490,462	510,662	(197,559)	4,803,565	-
<b>Total Governmental Activities</b>	\$ 48,770,962	\$ 7,473,036	\$ (6,011,954)	\$50,232,044	\$ 7,222,489

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 10 – LONG-TERM DEBT – CONTINUED**

**Primary Government – Continued**

	Balance Due October 1, 2013	Increases	Decreases	Balance Due September 30, 2014	Due Within One Year
<b>Business-type Activities:</b>					
<b>Revenue Bonds</b>					
Airport Revenue Bonds, Series 2003	\$ 8,845,000	\$ -	\$ (8,845,000)	\$ -	\$ -
Airport Taxable Revenue Bonds, Series 2007	9,015,000	-	(275,000)	8,740,000	295,000
Airport Taxable Revenue Bonds, Series 2014	-	8,920,000	-	8,920,000	360,000
Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000	155,000	-	(155,000)	-	-
Subordinated Revenue Bonds, Series 1985	93,512	-	(60,809)	32,703	32,703
Water and Sewer Revenue, Series 2004	8,530,000	-	(3,535,000)	4,995,000	3,680,000
Series 2006	60,875,000	-	-	60,875,000	-
Less deferred amounts					
For issuance discounts/premiums	(520,527)	(94,180)	1,496,227	881,520	-
<b>Total Revenue Bonds</b>	<b>86,992,985</b>	<b>8,825,820</b>	<b>(11,374,582)</b>	<b>84,444,223</b>	<b>4,367,703</b>
<b>Loans and Notes</b>					
State of Florida Revolving Loan Fund, December 30, 1994 through June 30, 2014	91,698	-	(91,698)	-	-
State of Florida Revolving Loan Fund, October 10, 1995 through April 10, 2015	86,112	-	(42,502)	43,610	43,610
State of Florida Revolving Loan Fund, April 1, 2001 through October 1, 2016	382,523	-	(105,217)	277,306	108,427
State of Florida Revolving Loan Fund, September 15, 1999 through March 15, 2017	372,958	-	(102,983)	269,975	105,805
State of Florida Revolving Loan Fund, February 15, 2001 through August 15, 2019	120,105	-	(18,472)	101,633	19,065
State of Florida Revolving Loan Fund, beginning June 15, 2007 through December 15, 2023	5,909,997	-	(366,423)	5,543,574	376,657
Commercial Paper Loan	2,000,000	-	(2,000,000)	-	-
State Infrastructure Bank Loan	711,209	-	(111,164)	600,045	114,326
State Infrastructure Bank Loan	2,492,112	-	(271,026)	2,221,086	276,907
Water and Sewer Revenue Note, Series 2012	15,365,000	-	(50,000)	15,315,000	290,000
Less deferred amounts					
For issuance discounts	(144,376)	-	144,376	-	-
<b>Total Loans and Notes</b>	<b>27,387,338</b>	<b>-</b>	<b>(3,015,109)</b>	<b>24,372,229</b>	<b>1,334,797</b>
Accrued compensated absences	1,712,249	169,729	(112,839)	1,769,139	967,877
Estimated closure costs payable	3,401,208	1,196,817	-	4,598,025	346,799
Other post employment benefits	284,986	125,622	(97,106)	313,502	-
<b>Total Business-type Activities</b>	<b>\$119,778,766</b>	<b>\$10,317,988</b>	<b>\$(14,599,636)</b>	<b>\$115,497,118</b>	<b>\$ 7,017,176</b>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 10 – LONG-TERM DEBT – CONTINUED**

**Primary Government – Continued**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$1,343,533 of internal service funds compensated absences, \$4,655,247 of estimated claims, and \$4,029,035 of other post-employment benefits are included in the above amounts.

Compensated absences and other post-employment benefits are liquidated in the general and other governmental funds. Claims liabilities are liquidated in the internal service fund.

Debt service requirements to maturity on long-term debt at September 30, 2014 are as follows.

Year Ending September 30,	Governmental Activities			
	Revenue Bonds		Loans and Notes	
	Principal	Interest	Principal	Interest
2015	758,000	1,530,913	2,247,000	73,578
2016	784,000	1,506,671	608,000	62,793
2017	809,000	1,472,805	618,000	51,821
2018	835,000	1,436,509	629,000	40,660
2019	856,000	1,397,932	641,000	29,293
2020-2024	4,735,000	6,336,964	1,316,000	23,664
2025-2029	5,608,000	5,015,868	-	-
2030-2034	5,944,000	3,307,863	-	-
2035-2039	6,630,000	1,356,281	-	-
2040	1,495,000	0	-	-
	<u>\$ 28,454,000</u>	<u>\$ 23,361,806</u>	<u>\$ 6,059,000</u>	<u>\$ 281,809</u>

Year Ending September 30,	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	4,367,703	3,786,049	1,337,220	745,393	346,799	-
2016	2,655,000	3,711,141	1,377,760	706,200	346,799	-
2017	2,750,000	3,607,740	2,218,535	665,263	346,799	-
2018	2,865,000	3,493,401	2,170,224	599,087	346,799	-
2019	3,000,000	3,358,980	2,232,385	532,556	346,799	-
2020-2024	17,185,000	14,555,292	10,454,625	1,648,155	1,733,995	-
2025-2029	21,665,000	10,010,756	4,581,480	211,709	1,130,035	-
2030-2034	20,290,000	5,001,900	-	-	-	-
2035-2038	8,785,000	664,250	-	-	-	-
	<u>\$ 83,562,703</u>	<u>\$ 48,189,509</u>	<u>\$ 24,372,229</u>	<u>\$ 5,108,363</u>	<u>\$ 4,598,025</u>	<u>\$ -</u>

**NOTE 11 - CONDUIT DEBT**

Since 1984, the Okaloosa County has authorized eight industrial development revenue bond issues that are still outstanding. The original issues totaled \$55,814,025 and as of September 30, 2014, \$28,439,025 was the principal liability. These bonds do not constitute an indebtedness of the County and are not a charge against its general credit or taxing powers. The bonds are payable solely from revenues of the respective industries to which these bond proceeds were remitted.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 12 - FUND BALANCES/RESTRICTED BALANCE**

A schedule of the governmental fund balances for September 30, 2014 is provided below.

	Major Funds			
	General Fund	Tourist Development	Other	Total
Fund Balances:				
Nonspendable:				
Prepays	\$ 288,101	\$ 19,298	\$ 31,001	\$ 338,400
Restricted for:				
Tourist Development 1st Cent	-	9,411,610	-	9,411,610
Tourist Development 2nd Cent	-	2,969,130	-	2,969,130
Tourist Development 3rd Cent	-	3,514,308	-	3,514,308
Tourist Development 4th Cent	-	6,629,340	-	6,629,340
Tourist Development 5th Cent	-	3,456,982	-	3,456,982
Florida Boating Improvements	-	-	487,890	487,890
Emergency and Disaster Relief	-	-	263,775	263,775
Housing and Urban Development	-	-	309,615	309,615
E-911 Operations	-	-	1,493,718	1,493,718
Radio Communications	-	-	126,822	126,822
Law Enforcement Trust Fund	-	-	15,087	15,087
Police Academy	-	-	17,076	17,076
Park Projects	-	-	4,381,383	4,381,383
Prisoner Benefit Fund	-	-	606,119	606,119
Judicial Innovations	-	-	467,470	467,470
Law Library	-	-	15,970	15,970
Teen Court	-	-	85,980	85,980
Drug Abuse Trust Fund	-	-	45,255	45,255
Domestic Violence Trust Fund	-	-	22,941	22,941
Family Mediation	-	-	5,255	5,255
Traffic Education	-	-	105,054	105,054
Public Records	-	-	2,483,654	2,483,654
Debt Service	-	-	503,652	503,652
Transportation Projects	-	-	12,182,065	12,182,065
Committed to:				
Planning Projects	28,271	-	-	28,271
Park Development Projects	-	-	55,299	55,299
Municipal Benefits Service Units	-	-	464,215	464,215
Assigned to:				
Capital Projects	-	-	2,536,363	2,536,363
Transportation Projects	-	-	840,871	840,871
Health Department	-	-	1,585	1,585
Unassigned:				
Unassigned	7,700,502	(19,298)	(814,243)	6,866,961
Total Fund Balances	<u>\$ 8,016,874</u>	<u>\$ 25,981,370</u>	<u>\$ 26,733,872</u>	<u>\$ 60,732,116</u>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 12 - FUND BALANCES/RESTRICTED BALANCE - CONTINUED**

The proprietary fund balance sheet contains the line item “Net Assets Restricted for Other Purposes”. Following is a list of the detail balances contained in that line item for September 30, 2014.

Fund	Amount	Purpose
Airport Enterprise Fund	\$ 6,473,406	Passenger Facility Charges Program
Airport Enterprise Fund	2,482,334	Customer Facility Charges Program
Total Net Assets Restricted for Other Purposes	<u>\$ 8,955,740</u>	

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF NET POSITION**

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65), effective for reporting periods beginning after December 15, 2012. The statement amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The impact of the Board’s adoption of GASB 65 in 2014 requires the Board to restate the beginning net position in business-type activities statement of activities and the proprietary funds statement of revenues, expenses, and changes in net position in the amount of debt issuance costs of previously issued bonds payable. The Board’s beginning net position was decreased \$2,137,147 as detailed below.

	Governmental Activities	Water and Sewer Enterprise Fund	Airport Enterprise Fund
Net Position as of			
September 30, 2013	\$ 167,804,544	\$ 111,587,269	\$ 129,477,937
State of Florida Revolving Loan		(105,085)	-
Series 2004	-	(103,473)	-
Series 2003	-	-	(264,528)
Series 2006	-	(793,258)	-
Series 2007	-	-	(301,994)
Series 2009	(477,662)	-	
Series 2011	(25,249)	-	
Series 2012	(26,607)	(39,291)	-
Net Position, restated, as of October 1, 2013	<u>\$ 167,275,026</u>	<u>\$ 110,546,162</u>	<u>\$ 128,911,415</u>

**NOTE 14 – ENCUMBRANCES**

The amount of encumbrances outstanding as of September 30, 2014, is as follows:

	Amount
Governmental Funds	
General Fund	\$ 215,466
Tourist Development	92,452
Other Governmental	2,951,107
Total	<u>\$ 3,259,025</u>

Encumbrances at year end do not constitute expenditures or liabilities; therefore, they are not reflected in the financial statements.



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 15 - PENSION PLAN**

**Florida Retirement System**

Plan Description

Okaloosa County contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement, Department of Management Services. The FRS provides retirement, disability or death benefits to plan members or their designated beneficiaries. Florida Statutes Chapter 121 provides the authority under which benefit provisions are established. The provisions may only be amended by legislative action.

Beginning in 2002, a defined contribution plan alternative to the existing defined benefit plan known as the Public Employee Optional Retirement Program or the FRS Investment Plan became available to FRS members. Members in either plan who have reached normal retirement age may retire and continue employment with the County for up to 60 months. During that period the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earned interest at an annual rate of 6.5%. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the State of Florida Department of Management Services website at [www.dms.myflorida.com](http://www.dms.myflorida.com).

FRS Plan Changes

Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 that made substantive changes to the Florida Retirement System (FRS). The new Bill requires all FRS Investment and Pension Plan members (except those in Deferred Retirement Option Program, DROP) to now pay a 3% employee contribution, on a pretax basis, beginning on or after July 1, 2011. Cost of living adjustments (COLA) on or after July 1, 2011 are not automatic at 3%, but based on total years of service earned prior to July 1, 2011 to total years of service at retirement, multiplied by 3%.

New members enrolling into FRS for the first time after July 1, 2011 will be subject to additional changes including 1) an increased vesting period from 6 years to 8 years, 2) a change calculation of benefits using Average Final Compensation (AFC) on the highest eight years of compensation as compared to highest five years. In addition, the normal retirement date for Regular, Senior Management Service, Elected Officers', and Special Risk Administrative Support Classes was modified to be age 65, with 8 years of service or 33 years of service regardless of age. Normal retirement for Special Risk Class members now at age 60, with 8 years of service, or 30 years of special risk class service or age 57, with 30 years of combined special risk class service and military service. For those members participating in the DROP program, the Legislature reduced the annual interest rate used for benefits from 6.5% to 1.3%. The funding policy relative to the FRS plan is disclosed below.

Funding Policy

Contribution requirements of the plan are established in Florida Statutes Chapter 121 and may only be amended by legislative action. Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 requiring all employee members to contribute 3% to the Plan. Formerly, only employers were required to contribute to the FRS Plan. The FRS funding policy now provides for monthly employer and employee contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability re-emerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 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.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 15 - PENSION PLAN - CONTINUED**

Funding Policy - Continued

In July 2002, the Florida Legislature established a uniform contribution rate system for the FRS, which remained in effect with the passage of Senate Bill 2100. The uniform contribution system covers both the FRS Pension Plan and the FRS Investment Plan. Employers and employees contribute a percentage of the total payroll for each class of FRS membership.

The current actuarially determined contribution rates expressed as a percentage of covered payrolls are for regular employees 7.37%, special risk employees 19.82%, special risk administrative support 42.07%, elected judges 33.17%, elected county officers 43.24%, senior management service class 21.14%, and 12.28% for the Deferred Retirement Option Program (DROP). The County's contributions to the plan for the years ended September 30, 2014, 2013, and 2012, listed below were equal to the required contributions for the year.

<u>Elected Officials</u>	Years Ended September 30,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Board of County Commissioners	\$ 3,685,179	\$ 2,754,506	\$ 2,297,942
Clerk of the Circuit Court	417,001	273,034	206,573
Sheriff	2,755,244	2,153,332	2,017,147
Tax Collector	417,820	291,150	241,744
Property Appraiser	195,186	113,642	92,366
Supervisor of Elections	83,377	52,022	40,678
Total Contributions	<u>\$ 7,553,807</u>	<u>\$ 5,637,686</u>	<u>\$ 4,896,450</u>

Effective July 1, 2013, the Florida Legislature passed Senate Bill 1810 that sets the employer-paid contribution rates for both FRS and HIS system. The employer-paid contribution rate to pay the normal costs and amortization of the unfunded actuarial liability of the FRS increased. The established rates are based on the rates recommended in the "Blended Rate Study" associated with the 2012 Actuarial Valuation of the FRS. The "Blended Rate Study" covers a thirty-year period, with rates adjusted annually. The contributions will be deposited into the FRS Trust Fund to fund retirement benefits to members participating in the FRS.

**Health Insurance Subsidy**

Plan Description

The Board of County Commissioners contributes to the Florida Retirement System Health Insurance Subsidy (FRSHIS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement, Department of Management Services. Florida Statutes provides the authority under which benefit provisions are established. The provisions may only be amended by legislative action. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the State of Florida Department of Management Services website at [www.dms.myflorida.com](http://www.dms.myflorida.com).

The FRS provides assistance to retirees of all state-administered retirement systems in paying health insurance costs. Eligible retirees received an extra \$5 per month for each year of creditable service completed at the time of retirement with a minimum monthly payment of \$30 and a maximum payment of \$150. To be eligible to receive the Health Insurance Subsidy (HIS), a retiree under any state-administered retirement must provide proof of health insurance coverage, which can include Medicare. Any spouse or financial dependent who receives a monthly retirement benefit may also receive the HIS.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 15 - PENSION PLAN - CONTINUED**

**Health Insurance Subsidy – Continued**

Funding Policy

The HIS program is funded by required contributions from FRS participating employers. According to the FRS actuarial valuation of HIS completed July 1, 2012, the unfunded actuarial liability of the HIS program was \$8.8 billion. The actuarial required contributions for the fiscal years ended September 30, 2014, 2013, and 2012 were 1.26%, 1.20%, and 1.11% of active payroll. This contribution is added to the amount submitted for retirement contributions but is deposited in a separate trust fund (The Retiree Health Insurance Subsidy Trust Fund) from which Health Insurance Subsidy payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled. The County's contributions to the plan for the years ended September 30, 2014, 2013, and 2012 were equal to the required contributions for each year. The contributions are included with the retirement contributions to FRS disclosed in the table on page 70.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**Board of County Commissioners**

Plan Description

In addition to providing the pension benefits described, the Board of County Commissioners and all other elected officials except for the Sheriff (County) provides post-employment health care and dental insurance benefits (OPEB) for eligible retired employees and their spouses through a single-employer defined benefit plan administered by Blue Cross Blue Shield of Florida (BCBSFL). Pursuant to the provision of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Benefits, benefit levels, employee contributions and employer contributions are governed and amended through its personnel manual by the County's Self Insurance Fund with approval by the Board. The plan does not issue a separate report.

Benefits Provided

The County provides post-employment health care and dental benefits to its retirees. To be eligible for benefits an employee must retire under the County's retirement plan and must have been covered under the medical plan as an active employee immediately prior to retirement. Elected officials are not eligible for benefits if they qualify for retirement.

All health care benefits are provided through the County's health care provider, BCBSFL. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the County's plan becomes secondary.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED**

**Board of County Commissioners - Continued**

Membership

At September 30, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	33
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	702
Total	735
Participating Employers	1

Funding Policy

The County contracted Insurance Broker negotiates the premium rates with BCBSFL. The County has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs which for fiscal year 2014 was \$383,810. The County contributes the remainder to cover the costs of providing the benefits to the retirees via the insured plan. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The County annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC) amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following shows the components of the County's net OPEB obligation:

Annual Required Contribution	\$ 456,573
Interest on Prior Year Net OPEB Obligation	37,905
Adjustment to Annual Required Contribution	(54,801)
Annual OPEB Costs	439,677
Estimated Employer Contributions made	(276,581)
Increase (Decrease) in Net OPEB Obligation	163,096
Net OPEB Obligation , Beginning of Year	947,621
Estimated Net OPEB Obligation, End of Year	\$ 1,110,717

The County had an actuarial valuation performed for the plan as of September 30, 2014 to determine the employer's ARC for the fiscal year ended September 30, 2014. The County's annual OPEB cost (expense) of \$439,677 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 31, 2007. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and the prior two (2) years were as follows:

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Board of County Commissioners – Continued**

Annual OPEB Costs and Net OPEB Obligation – Continued

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2012	\$ 354,810	85.90%	\$ 878,801	\$ 31,617,251	12.00%
9/30/2013	\$ 359,434	80.90%	\$ 947,621	\$ 31,108,775	12.20%
9/30/2014	\$ 439,677	62.90%	\$1,110,717	\$ 31,812,521	14.21%

Funded Status and Funding Progress

As of September 30, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$4,521,893 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,521,893. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and Assumptions

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 include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5.5% initially, increased by increments to an ultimate rate of 6.2% in 2024. The assumed inflation rate is 2.5% compounded annually. The Unfunded Actuarial Liability (UAAL) is being amortized using an open amortization period of 30 level annual payments. The remaining amortization period at September 30, 2014, was 23 years.

**Sheriff**

Background

Certain Other Post-Employment Benefits (OPEB) are available to all employees eligible for disability, early or normal retirement after terminating employment with Okaloosa County Sheriff’s Office (OCSO). The OPEB benefits include lifetime coverage for the retiree and dependents in the medical/prescription plans as well as participation in the dental group plan sponsored by the Sheriff’s Office for employees. Beginning in fiscal year 2008, the Sheriff implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for the OPEB offered to retirees. This standard addresses how local governments should

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Sheriff – Continued**

Background – Continued

account for and report their costs related to post-employment health care and other non-pension benefits, such as the Sheriff’s retiree health benefit subsidy. Historically, the Sheriff’s subsidy was funded on a pay-as-you-go basis but GASB 45 requires the Sheriff to accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees’ active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Sheriff.

Plan Description

The OCSO administers a single-employer defined benefit healthcare plan (“the Plan”). The Plan provides healthcare insurance for eligible retirees and their spouses through the Sheriff’s group health insurance plan, which covers both active and retired members. Employer contribution rates for retirees vary based on the type of retirement, years of service, and type of coverage. The Plan does not issue a publicly available financial report but OPEB expenses are reflected in the Sheriff’s internal service fund within the County’s Comprehensive Annual Financial Report (CAFR).

Benefits Provided

Eligible retirees may choose among the same medical plan options available for active employees of the employer. Dependents of retirees may be covered, at the retiree’s option, the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the medical plan options. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage as are active employees. Retirees and their dependents are eligible to participate in the employer-sponsored dental plans. Retirees may elect any combination of plans (i.e. only dental, medical/prescription, etc.). Retirees and their dependents that are over age 65 must enroll for Parts A and B under Medicare in order to remain covered under the program. All post-65 medical coverage is secondary to Medicare.

Membership

At September 30, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	39
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	358
Total	397
Participating Employers	1

Funding Policy

Retirees and beneficiaries currently receiving medical/prescription benefits are required to make monthly premium contributions in order to maintain their coverage. The single retiree premium is paid by the OCSO for retirees with at least 20 years of service, until the retiree reaches age 65. Effective October 1, 2010 that benefit is no longer available except to retirees that met the criteria as of September 30, 2010. Effective June 2011 the OCSO instituted a policy whereby retiring members with thirty years of service with the agency will receive a 50% premium subsidy on their retired employee coverage. This subsidy is limited to five years from their retirement date or until they reach age 65, whichever comes first. Dependent coverage is paid by the retiree. The amount of the premium contribution may change from time to time. Surviving spouses of retirees are eligible to continue coverage under the plan, but must continue to pay the full premium. However, the premiums for health coverage for surviving spouses and any

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Sheriff – Continued**

Funding Policy - Continued

dependent children of officers who had sustained catastrophic injuries or death in the line of duty are paid fully by the OCSO as prescribed by FS Sec 112.19(g) and 112.19(h)1.

Annual OPEB Costs and Net OPEB Obligation

The Sheriff's annual OPEB cost (expense) is the actuarially required contribution (ARC) of the employer determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an on going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 25 years. The following shows the components of the Sheriff's net OPEB obligation as of September 30, 2014:

Annual Required Contribution	\$ 363,193
Interest on Prior Year Net OPEB Obligation	153,113
Adjustment to Annual Required Contribution	(159,493)
Annual OPEB Costs	356,813
Estimated Employer Contributions made	(178,290)
Increase (Decrease) in Net OPEB Obligation	178,523
Net OPEB Obligation , Beginning of Year	3,827,827
Estimated Net OPEB Obligation, End of Year	\$ 4,006,350

The Sheriff's annual OPEB cost (expense) was \$356,813 for the year ended September 30, 2014. The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Estimated Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2012	\$360,200	\$117,179	32.53%	\$3,584,471	\$17,517,844	20.50%
9/30/2013	\$379,727	\$136,371	35.91%	\$3,827,827	\$16,531,416	23.20%
9/30/2014	\$356,813	\$178,290	49.96%	\$4,006,350	\$17,466,290	22.94%

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$3,400,380 was unfunded. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Sheriff – Continued**

Actuarial methods and Assumptions

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 include 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 July 1, 2013, actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5% in 2020. The assumed inflation rate is 3% compounded annually. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2014, was 24 years.

**NOTE 17 - RISK MANAGEMENT**

The County is exposed to risk of loss for claims and judgments for public liability, workers' compensation, employee medical benefits and other special risks. The County uses the Self Insurance Internal Services Fund to account for all risks from workers' compensation loss, general liability, and medical benefit claims for all County employees except those of the Sheriff, from catastrophic damage to real and tangible property and from special risk policies for the Board. A mixture of commercial insurance coverage and self-insurance, which is described below, manages the risk to the County. There has been no significant reduction in insurance coverage from the prior fiscal year, and insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

A. Method of Risk Management

*Public Liability*

Florida Statutes 768.28(5) limits the maximum County liability for claims and judgments by any one person and any one incident to \$200,000 and \$300,000, respectively. The County self-insures public liability claims for automobile, general and professional liability. A third party administrator manages claims. Currently, the County retains the risk for the first \$100,000 (\$50,000 for automobile liability, \$5,000 for hired automobile physical damage) of each claim or incident. In 2013, the County elected not to renew a Stop Loss Aggregate insurance policy which covered losses over \$2,200,000 (\$50,000 for automobile liability, \$1,000 for physical damage).

The Sheriff maintains a commercial insurance policy for public liability and bears no risk of loss under this type of coverage.

*Property Insurance*

The County self-insures the risk of physical loss to its real property, business property and equipment. The County retains the risk of the first \$50,000 of physical damage to County property. In the case of a named storm, the self-insurance retention changes to a 5% deductible on each structure with a minimum deductible of \$100,000 on all damaged structures for a capped deductible of \$5,000,000 per storm. Excess insurance is purchased to cover the physical damage exposure over the self-insured retention amount.



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 17 - RISK MANAGEMENT - CONTINUED**

A. Method of Risk Management - Continued

*Workers' Compensation*

The County contracts with a Third Party Administrator to have its workers' compensation claims processed. The County retains risk for all claims up to \$350,000 per incident. Excess insurance is purchased to cover losses up to a statutory limit for workers' compensation and \$1,000,000 for employers' liability. The County retains no liability for claims that have been settled by purchase of annuity contracts.

The Sheriff participates in the Florida Sheriff's Association Workers' Compensation Program. It is a fully insured, guaranteed cost program with a deductible trust fund and insurance with a commercial carrier. The Sheriff retains no risk.

*Employee Medical Benefits*

The Board of County Commissioners and all other elected officials of Okaloosa County, except the Sheriff, use a fully insured commercial insurance plan to fund employee medical benefits. The Board of County Commissioners or elected official pays the premiums for the employees while the individual pays for dependent and retiree coverage. The County bears no risk of loss under this type of coverage.

The Sheriff utilizes a self-funded health plan to provide comprehensive medical benefits to the employees, retirees and their dependents. It is funded by contributions from the Sheriff's Office and employees. In compliance with Florida Statute, Section 112.08, an actuarial review of the Plan demonstrates that the current rate structure of the Plan plus the current net assets available for benefits appears adequate to support current outstanding claims as well as those projected claims and expenses for the next plan year.

Excess insurance is purchased from a commercial carrier to provide a specific claim and aggregate limits coverage. Specific claim coverage benefits the covered individual by providing unlimited coverage to begin when a specific claim exceeds \$95,000 plus an additional corridor of \$252,000. Aggregate limits coverage limits the Sheriff's total risk exposure. This coverage provides the Sheriff with an additional \$1,000,000 in coverage for the coverage year when total claims paid less the total paid under the specific claim excess coverage exceeds 125% of the expected claims for the current plan year.

The Sheriff uses an internal service fund to account for risks from medical benefit claims. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At September 30, 2014, the amount of these liabilities was \$735,652. This liability has been determined based on an actuarial evaluation of all claims reported and all claims incurred but not reported (IBNR) as of September 30, 2014. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 17 - RISK MANAGEMENT - CONTINUED**

A. Method of Risk Management

*Employee Medical Benefits - Continued*

Reconciliation of Claims Liabilities for Medical Benefits Okaloosa County Sheriff	As of <u>September 30, 2014</u>	As of <u>September 30, 2013</u>
Unpaid claims and adjustment expenses at beginning of year	\$ 658,809	\$ 1,152,782
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	3,760,318	3,402,850
B) Increases (decreases) in provision for insured events of prior fiscal years	<u>-</u>	<u>-</u>
Total incurred claims and claim adjustment expenses	<u>4,419,127</u>	<u>4,555,632</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	3,683,475	3,896,823
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>-</u>	<u>-</u>
Total payments	<u>3,683,475</u>	<u>3,896,823</u>
Unpaid claims and claim adjustment at end of year	<u>\$ 735,652</u>	<u>\$ 658,809</u>

*Special Risk Policies*

The Board of County Commissioners purchases commercial crime coverage against theft of money and securities with a \$25,000 deductible. All of the other elected officials, except the Sheriff, are covered under the policy. Florida Statute requires certain classes of employees (law enforcement) be provided with a special death and disability benefit. The Board of County Commissioners purchases a commercial policy. The County bears no risk of loss under this type of coverage. The Sheriff insures this exposure separately.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 17 - RISK MANAGEMENT - CONTINUED**

B. Claim Liabilities for Retained Risk

Claim liabilities for workers' compensation, general liabilities (including errors and omissions), and auto liability (both bodily injury and property damage) have been determined based on an actuarial evaluation of all claims reported and all claims incurred but not reported (IBNR) as of September 30, 2014. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The actuarial estimation of ultimate losses does not include any future recoveries from the Florida Special Disability Fund, subrogation or third party liens, etc. except to the degree they are implicitly included in the trending process of estimating ultimate losses. The ultimate loss calculation does take into consideration specific excess reinsurance recoverable. Claims liabilities recognized in the Self Insurance Fund of the Board of County Commissioners at September 30, 2014 were as follows:

	Current	Long-term	Total
Workers' compensation	\$ 596,144	\$ 1,937,355	\$ 2,533,499
General liability	582,492	737,379	1,319,871
Auto liability	38,120	28,105	66,225
Total claims liability recognized	\$ 1,216,756	\$ 2,702,839	\$ 3,919,595

C. Funding of Claims Liabilities

The Self Insurance Fund charges the other funds of the Board and other participating elected officials for the cost of claim liabilities based on actuarially projected budget requirements for expected yearly cash payouts. This funding method results in a deficit fund balance that will be charged back to the other funds over a reasonable period of time so that service fund revenues and expenses will be approximately equal.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 17 - RISK MANAGEMENT - CONTINUED**

D. Reconciliation of Claims Liabilities

	As of September 30, 2014				As of September 30, 2013			
	Workers' Compensation	Liability	Property	Total	Workers' Compensation	Liability	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 2,548,230	\$ 1,905,597	\$ 41,176	\$ 4,495,003	\$ 2,975,931	\$ 1,020,210	\$ 8,500	\$ 4,004,641
Incurred claims and claim adjustment expenses								
A) Provision for insured events of current fiscal year	970,000	120,000	30,000	1,120,000	762,011	1,411,577	71,707	2,245,295
B) Increases (decreases) in provision for insured events of prior fiscal years	167,744	203,033	14,402	385,179	(331,257)	(221,086)	54,636	(497,707)
Total incurred claims and claim adjustment expenses	1,137,744	323,033	44,402	1,505,179	430,754	1,190,491	126,343	1,747,588
Payments								
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	284,608	611,083	-	895,691	203,613	248,564	30,531	482,708
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	867,867	297,676	19,353	1,184,896	654,842	56,540	63,136	774,518
Total payments	1,152,475	908,759	19,353	2,080,587	858,455	305,104	93,667	1,257,226
Unpaid claims and claim adjustment expenses at end of year	\$ 2,533,499	\$ 1,319,871	\$ 66,225	\$ 3,919,595	\$ 2,548,230	\$ 1,905,597	\$ 41,176	\$ 4,495,003

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 18 – COMMITMENTS AND CONTINGENCIES**

**Wastewater Service Interlocal Agreement with Fort Walton Beach**

In 2009, the Board adopted the Wastewater Service Interlocal Agreement with the City of Fort Walton Beach (Agreement). The Agreement outlines a long-term association for the treatment of the City’s influent wastewater flow at a set percentage of the County’s base sewer rate plus a locked-in annual rate escalator. The agreement provides other ancillary benefits to the City such as the provision of “no cost” tertiary treated effluent for use as irrigation water at the City’s 36-hole municipal Golf Club. The Agreement is effective for 30 years and can be automatically extended for up to two additional terms for a period of ten years for each extension term.

The City will be billed monthly at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow. Additionally, the City will pay to the County the Sewer Readiness to Serve Fee, which is equal to \$3,750 per month. Beginning March 2011, and each year thereafter, the Readiness to Serve Fee will increase by 3% annually. Service to the City began March 2010. Fees of \$2,912,175 paid by the City during 2014 are reflected as Charges for Services in the Water and Sewer fund. The minimum commitment to the County under the Agreement is as follows:

Fiscal Year Ending September 30,	Payment
2015	\$ 51,407
2016	52,949
2017	54,537
2018	56,173
20019	57,858
2020-2024	316,393
2025-2029	366,790
2030-2034	425,216
2035-2039	492,941
Total	<u>\$ 1,874,264</u>

**Eglin Wastewater Treatment**

In 2011, Okaloosa County Water and Sewer entered into an agreement with United States Air Force – Eglin (Eglin) to begin design work on an Eglin Main Base connection pumping wastewater from Eglin Main Base to the Arbennie Pritchett Water Reclamation Facility. The \$16,699,568 agreement consists of Duke Field Construction, \$1,500,000; Duke Field Capacity Expansion Charges (CEC), \$228,576; Eglin Main Base Construction, \$4,926,698; Eglin Main Base CEC, \$8,124,800; Camp Rudder Construction, \$1,599,494; and Camp Rudder CEC, \$320,000. As of September 30, 2014, Duke Field and Eglin Main Base CECs have been received, Duke Field Construction is complete and online, and Eglin Main Base Construction was substantially complete and online with \$2,956,018 received from Eglin. Construction had not yet begun on Camp Rudder.

**Customer Facility Charge Agreement**

As of December 1, 2004, the County entered into a Customer Facility Charge Agreement with the on-airport rental car companies. In accordance with Ordinance No. 04-64, the County imposes and the rental car companies collect on behalf of the County, a Customer Facility Charge (CFC). Effective July 2007, Ordinance 04-64 was amended to increase the CFC charge from two dollars and fifty cents (\$2.50) to three dollars and twenty-five cents (\$3.25) per rental car transaction day on all rental car contracts. In December 2010, Ordinance 10-16 was implemented increasing the CFC charge from three dollars and

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 18 – COMMITMENTS AND CONTINGENCIES - CONTINUED**

**Customer Facility Charge Agreement - Continued**

twenty-five cents (\$3.25) to three dollars and seventy-five cents (\$3.75). CFC revenue will be utilized by the County to construct, operate and maintain facilities and services for the rental car operators and their customers at the Northwest Florida Regional Airport. The facilities were completed and began operations in fiscal year 2009. CFC collections for the year ended September 30, 2014 were \$1,498,680 and will be used for debt service on the Series 2007 taxable airport revenue bonds. In fiscal year 2014, the Airport used \$542,012 of CFC revenue generated from the rental car companies for abatement of certain facility rent.

**Emergency Operations Center**

Okaloosa County and Northwest Florida State College executed a memorandum of understanding in 2005 for a joint use facility which would house the College's Community Life, Safety and Military Science programs, and the County's Public Safety Administration, Emergency Operation Center, and the 911 Dispatch Center. The facility also may serve as a hurricane evacuation shelter. The County's rent is \$10 per year for the facility located on the College's Niceville, Florida campus. The County funded approximately \$7,000,000 in contributions to the project. The joint use facility was completed and operations began in December 2010.

**Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Board expects such amount, if any, to be immaterial.

**Lawsuits**

The Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Board's management that resolution of most of these matters will not have a material adverse effect on the financial condition of the Board.

**Arbitrage Rebate**

Section 148(f) of the Internal Revenue Code of 1986, as amended, and the proposed and temporary regulations issued by the Internal Revenue Service on May 15, 1989, and made final effective May 18, 1992, require the rebate to the United States government of the excess of earnings on non-purpose investments over earnings which would have been made on such investments if they had been made at bond yield, together with earnings on all future rebate amounts. Although rebates need not be remitted until five years after issuance of the bonds and each five (5) years thereafter, computations must be made annually to show financial position at fiscal year end. Okaloosa County has six bond issues and one note falling within the purview of the above directives - \$26,615,000 Sales Tax Revenue Bonds, Series 2009; \$3,600,000 Capital Improvement Revenue Bond, Series 2011; \$31,170,000 Water and Sewer Revenue Bonds, Series 2004; \$65,150,000 Water and Sewer Revenue Bond, Series 2006; and \$15,605,000 Water and Sewer Revenue Note Series 2012; and \$8,920,000 Airport Revenue Refunding Bond, Series 2014.

According to the calculations, the Board has no rebate liability with respect to the bonds at September 30, 2014. This determination reflects the liability on that date only and does not represent any amount that may be due at the end of the five-year period from the delivery date of the bonds.

**Florida Department of Juvenile Justice Reconciliation**

During Fiscal Year 08-09, the State of Florida Department of Juvenile Justice changed the manner in which it shared costs with Counties for juvenile detention. As a result, a greater share of costs were passed on to the Counties. Various counties, including Okaloosa County, filed administrative challenges to the reconciliations of the Department of Juvenile Justice for that year. Eventually, the Administrative

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 18 – COMMITMENTS AND CONTINGENCIES - CONTINUED**

**Florida Department of Juvenile Justice Reconciliation - Continued**

Law Judge determined that the manner that the cost were allocated to counties was not in accordance with the Statute. That was upheld on appeal. Subsequently, various counties, including Okaloosa County, filed administrative challenges to the reconciliation prepared by the Department for FY 09-10, 10-11, 11-12 and 12-13. In each of these years, the Department attempted to apply the methodology which was invalidated by the Administrative Law Judge and the Court. Additionally, Okaloosa County and others filed a Rule challenge alleging that the Rules of the Department were inconsistent with the Florida Statutes. The Administrative Law Judge invalidated the Rule and that was affirmed on appeal. Additional litigation is ongoing as to these years and the amounts overpaid by the County. Based upon these actions, Okaloosa County has overpaid the Department of Juvenile Justice \$3,097,864.42 for the four years at issue. The Department had initially admitted overpayment amounts but has since, modified their position and contends that a lesser amount is owed. However, apart from the amount of overpayment, the Department has taken the position that there is no legislative funding for this overpayment, and therefore it cannot credit or refund Okaloosa County for this amount. No amounts have been recorded in the financial statement for these credits or refunds since realization is uncertain. In July 2014, the Board of County Commissioners notified the Department of Juvenile Justice that the County would pay in good faith the amount the County believes it owed for the 2014-2015 (State fiscal year) estimated of costs. At September 30, 2014, the County had paid \$71,812 of the 2014-2015 (State fiscal year) costs and withheld the amount of \$155,825.

**Medicaid County Billing Retrospective**

In accordance with section 409.915, F.S., Okaloosa County must contribute a portion of the cost for State Medicaid for county “resident” Medicaid patients. House Bill 5301 pledged the Agency for Health Care Administration (AHCA) would certify and identify the county costs of unpaid retroactive amounts owed from November 2001 thru April 2012 and allow the County to either pay or petition for hearing. July 2012, AHCA certified open claims of \$839,540 with net payments, credits, and transfers of \$562,436 resulting in a preliminary certification of \$277,104. After final certifications, AHCA certified the County’s portion of the retroactive amounts to be \$265,850. The Board approved the final certification of \$265,850 resulting in reduction of the State Revenue Sharing of \$6,277 per month for 2013 and \$3,139 per month for the following four (4) year period.

**NOTE 19 – RELATED ORGANIZATION**

**Library Cooperative**

The Okaloosa County Board of County Commissioners entered into an inter-local agreement with six (6) municipalities located within Okaloosa County, Florida to provide for operation of a countywide public library system. The governing body of the cooperative is the Okaloosa County Public Library Cooperative Board made up of one appointee from each municipality and the County. Capital assets remain the property of the participating municipalities. Under the agreement, the County agreed to provide annual funding to the cooperative.

The current agreement was effective through December 31, 2013 and was renegotiated to extend through December 31, 2015. The Okaloosa County Board of County Commissioners’ contribution to the library cooperative for the year ended September 30, 2014 was \$513,600. In addition, approximately \$81,274 of allocable indirect costs was charged to the fund. These charges were treated as an in-kind contribution by the County during the year ended September 30, 2014. The future commitment to the library cooperative in 2015 is \$601,213.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 20 – REASSIGNMENT OF CONVENTION CENTER OPERATIONS**

**Merger of Convention Center Enterprise Fund into Tourist Development Special Revenue Fund**

Effective October 2013, Okaloosa County Convention Center paid the Tourist Development Tax 4<sup>th</sup> Cent Bonds, Series 2000 remaining balance of \$155,000. With payment of the debt, the Convention Center no longer qualified as an Enterprise fund and was collapsed into the Tourist Development Special Revenue Fund for reporting purposes.

The Convention Center Enterprise Fund had a fiscal year 2014 decrease in net position of \$22,043,372. Of this amount \$7,785,693 was an operating transfer into the Tourist Development Special Revenue Fund representing current assets in excess of current liabilities. \$14,260,679 was reflected as a reassignment of capital assets and other long term liabilities out of the Convention Center Enterprise Fund which is not reflected as transfer in the Tourist Development Special Revenue Fund based on its accounting model. In the government-wide financial statements, reassignment of long-term assets and liabilities are treated as transfers between governmental and business-type activities. A transfer related to this reassignment on the government-wide Statement of Activities was \$22,046,372 from the business-type activities to the government-wide activities.

**NOTE 21 – NON-RECURRING EVENTS**

**7<sup>th</sup> Special Forces Group Fiber Optic Project**

In 2014, Okaloosa County received \$1,343,135 from United States Air Force to provide a fiber path between the 7<sup>th</sup> Special Forces Group Airborne compound and Duke Field. The one-time fee was reported as contributions in the General fund and in the Capital Outlay Construction Trust Capital Projects Fund.

**Eglin Main Base Capacity Expansion Charges (CEC)**

In accordance with the Eglin Wastewater Treatment agreement, the United States Air Force – Eglin paid Water and Sewer the full Eglin Main Base CECs to put the lift stations and force main into service. The \$8,124,800 CECs are reported as Contributed Capital in the Water and Sewer fund. Additionally, \$4,684,029 was received from Eglin due for the reimbursement of the waste treatment projects. The Eglin related projects are discussed further in Note 18.

**NOTE 22 – SUBSEQUENT EVENTS**

**\$22,165,000 Sales Tax Revenue Bonds, Series 2014**

In November 2014, the Board issued \$22,165,000 Sales Tax Revenue Bonds with interest rates ranging from 3.00% to 5.00% to fund construction of the Shalimar Administrative Building and improvements to the Crestview Courthouse. The debt will be repaid with annual installments ranging from \$760,000 to \$1,720,000 from 2016 to 2028.

**2014 Flood Event**

May 2014 a major disaster declaration was issued for the State of Florida as a result of severe storms, tornadoes, winds, and flooding. Declaration of the event enables the County to seek reimbursement for eligible activities related to the storm. As of September 30, 2014 the County has an estimated \$1,845,426 of eligible costs related to the event.



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2014**

**NOTE 22 – SUBSEQUENT EVENTS - CONTINUED**

**Shoal River Buffer**

December 2014, Okaloosa County Water and Sewer purchased 961.24 acres as part of the watershed protection for future water supply plan. The \$1,576,712 purchase was funded by the Readiness and Environmental Protection Integration program and Defense Infrastructure Grants.

**Crestview Courthouse**

April 2015, Okaloosa County approved a \$1,170,340 increase to the Crestview Courthouse construction/renovation contract with Ajax Building Corporation to accommodate the changed scope of the project. The total contract of \$2,466,340 for preconstruction and design is scheduled to be complete in January 2016.

**Water and Sewer Refinancing Bonds**

April 2015, Okaloosa County approved the issuance of Water and Sewer Refunding Revenue Bonds, Series 2015 not to exceed \$75 million. The financing will be used to refinance the Water and Sewer Revenue Bonds, Series 2004, 2006, and 2012, with the goal of releasing the existing debt service reserves and fund \$3 million in construction proceeds for the acceleration of the County's meter replacement program.

**Concealed Weapons Licenses**

For fiscal year 2015, the Tax Collector's Office will handle the processing and collection of applications for concealed weapon licenses on behalf of the Florida Department of Agriculture and Consumer Services. The Okaloosa Tax Collector was one of five Tax Collectors in the State of Florida given such authority. Fees for concealed weapon licenses are outlined in Florida Statutes, Section 790.06.

**Building Purchase**

In February 2015, the Tax Collector's Office obtained a term loan to purchase a new building for its Niceville branch operations. The loan is unsecured for \$2.3 million, amortized over 15 years, with a 10 year balloon payment. Interest rate is fixed at 4.25% for 10 years, with monthly payments at \$17,372.

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## **Required Supplementary Information**

**Okaloosa County, Florida**  
**Post Employment Benefits Plans Schedule of Funding Progress**  
**September 30, 2014**

**Board of County Commissioners**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liabilities (AAL)<sup>(1)</sup></b>	<b>Unfunded Actuarial Liabilities (UAAL)<sup>(2)</sup></b>	<b>Funded Ratio</b>	<b>Covered Payroll<sup>(3)</sup></b>	<b>UAAL as a Percentage of Covered Payroll<sup>(3)</sup></b>
October 1, 2011	-	\$ 3,788,681	\$ 3,788,681	0.0%	\$ 31,617,251	12.0%
October 1, 2012	-	\$ 3,780,041	\$ 3,780,041	0.0%	\$ 31,108,775	12.2%
October 1, 2013	-	\$ 4,521,893	\$ 4,521,893	0.0%	\$ 31,812,521	14.2%

(1) Actuarial liability determined under the unit credit cost method.

(2) Actuarial liability less actuarial value of assets, if any.

(3) Medical benefits are not tied to the size of payroll and advised costs as a percentage of payroll does not raise GASB 45 costs. Approach revised in 2011.

**Sheriff**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liabilities (AAL) (b)</b>	<b>Unfunded Actuarial Liabilities (UAAL)<sup>(3)</sup> (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b-a]/c)</b>
July 1, 2009	-	\$ 3,372,085	\$ 3,372,085	0.0%	\$ 14,770,075	22.83%
July 1, 2011	-	\$ 2,873,292	\$ 2,873,292	0.0%	\$ 11,765,499	24.42%
July 1, 2013	-	\$ 3,400,380	\$ 3,400,380	0.0%	\$ 13,845,979	24.56%

(3) Actuarial liability determined under the individual entry age normal cost method.

# Nonmajor Governmental Funds

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### **Board of County Commissioners**

#### **County Transportation Trust Fund**

This fund is used to account for maintenance and in-house construction of Okaloosa County roads. These activities include road maintenance, traffic control, engineering, right-of-way acquisition, and construction of new roadways. Funds are provided from state shared revenue and certain gasoline taxes collected and distributed by the State of

#### **Natural Disaster Fund**

This fund is used to account for disaster funding and expenditures not considered normal recurring operating activity of the County.

#### **Local Housing Assistance Trust Fund**

This fund is used to account for funds received from the State Housing Initiatives Partnership Program for implementing and administrating the local housing assistance plan.

#### **E-911 Operations Fund**

This fund is used to account for E911 revenues collected exclusively for costs associated with developing and maintaining E911 systems and networks.

#### **Radio Communications Fund**

This fund is used to account for surcharges collected to fund the acquisition of equipment, software, and engineering, administrative, and maintenance services to construct, operate, and maintain a statewide radio system.

#### **Law Enforcement Trust Fund**

This fund is used to account for the revenues received as a result of criminal or forfeiture proceedings and used for school resource officer, crime prevention, safe neighborhood, drug abuse education and preventions programs, or for other law enforcement purposes.

#### **Police Academy Fund**

This fund is used to account for an additional \$2 assessed by the County for criminal justice education degree programs and training courses.

#### **County Public Health Fund**

This fund is used to account for funds appropriated by Okaloosa County for or on behalf of the county public health unit, such as capital projects costs.

#### **Municipal Services Benefit Units Fund**

This fund is used to account for the assessments levied against benefiting properties for providing street lighting, street and drainage improvements and maintenance.

#### **Unincorporated County Parks Fund**

This fund is used to account for ad valorem tax proceeds levied on property in the unincorporated areas of Okaloosa County for the maintenance of parks in those areas.

#### **Prisoner Benefit Fund**

This fund is used to account for profits from the detention facility's commissary and expenses involved in the commissary operation.

#### **Additional Court Cost Fund**

This fund is used to account for the \$65 additional court costs imposed by the County to fund innovations, legal aid, law library, and teen court operations.

#### **Drug Abuse Trust Fund**

This fund is used to account for an additional assessment collected for the purpose of providing assistance for alcohol and other drug abuse treatment or education programs.

#### **Domestic Violence Trust Fund**

This fund is used to account for the \$85 surcharge imposed on domestic violence offenses and is used to provide additional training to law enforcement personnel in combating domestic violence.

# Nonmajor Governmental Funds (Continued)

## SPECIAL REVENUE FUNDS (Continued)

### Traffic Education Trust Fund

This fund is used to account for the additional \$5 surcharge imposed on each traffic penalty and is used to fund driver education programs in public and non-public schools.

### Clerk of the Circuit Court

#### Courts Special Revenue Fund

This fund is used to account for the statutory fines, fees, service charges and costs collected by the Clerk related to the performance of court-related activities. All excess funds over the amount of the Clerk's operating budget for this fund, approved by the Clerks of Court Operations Corporation, are remitted to the Florida Department of Revenue.

#### Public Records Modernization Trust Fund

This fund is used to account for recording fees collected by the Clerk of the Circuit Court under Florida Statute 28.24(12)(d). The fund is used exclusively for equipment, personnel training, and technical assistance in modernizing the public records system.

#### Public Records Courts Special Revenue Fund

This fund is used to account for recording fees collected by the Clerk of the Circuit Court under Florida Statute 28.24(12)(e). The fund is used exclusively for court-related technology needs.

#### Public Records 10% Fine Special Revenue Fund

This fund is used to account for recording fees collected by the Clerk of the Circuit Court under Florida Statute 28.24(12)(e). The fund is used exclusively for court-related technology needs.

### Sheriff

#### Federal Law Enforcement Trust Fund

This fund is used to account for revenues received as a result of criminal, administrative, or civil forfeitures proceedings.

#### Teen Challenge Driver Fund

This fund is used to account for revenues restricted by the Florida Sheriffs Association and is expended to support a new safety program for teen drivers. Funds cannot be used for normal operating expenses.

#### Second Dollar Program Fund

This fund is used to account for revenues restricted from local County moving violation tickets and is expended to support a new safety program for teen drivers. Funds cannot be used for normal operating expenses.

## DEBT SERVICE FUND

Debt Service funds are used to account for the accumulation of resources and payment of special obligation bond principal and interest from governmental resources when Okaloosa County is obligated in some manner for the payment.

### Board of County Commissioners

#### Okaloosa Debt Service Fund

This fund is used to account for accumulation of resources and payment of bond debt for Capital Improvement Revenue Bonds, Series 1991.

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

### Board of County Commissioners

#### Capital Outlay Constructions Trust Fund

This fund is used to account for proceeds of bond issues, federal and state grants, and local appropriations for major capital projects. At the end of the fiscal year, completed projects are capitalized and reported on the government-wide financial statements of Okaloosa County, Florida.

#### Road and Bridge Construction Fund

This fund is used to account for constitutional gasoline tax revenues and balances on hand, as well as a portion of the County's Local Option Gasoline Tax revenue, all available for capital improvements. All improvements from this fund are restricted to the construction of roads and bridges within Okaloosa County.

**Okaloosa County, Florida**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2014**

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Special Revenue Fund	E-911 Operation Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 192,200	\$ 78,773	\$ 804,555	\$ 938,049
Investments	154	44,381	354,386	562,628
Accounts Receivable	-	-	-	10
Due from Other Funds	220,000	-	-	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	666,488	1,513,136	-	-
Prepays	19,166	-	-	1,625
<b>Total Assets</b>	<b>\$ 1,098,008</b>	<b>\$ 1,636,290</b>	<b>\$ 1,158,941</b>	<b>\$ 1,502,312</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 26,958	\$ 11,628	\$ -	\$ 144
Contracts Payable	22,578	11,000	52,493	299
Other Accrued Liabilities	144,401	-	-	7,964
Due to Other Funds	-	1,010,000	-	-
Due to Other Elected Officials	55	23,129	-	2
Due to Other Governments	2,750	-	-	185
Due to Depositors	60,395	-	-	-
Unearned Revenue	-	-	796,833	-
<b>Total Liabilities</b>	<b>257,137</b>	<b>1,055,757</b>	<b>849,326</b>	<b>8,594</b>
Deferred Inflow of Resources Unavailable Revenue	-	1,100,000	-	-
<b>Fund Balances</b>				
Nonspendable	19,166	-	-	1,625
Restricted	-	263,775	309,615	1,493,718
Committed	-	-	-	-
Assigned	840,871	-	-	-
Unassigned	(19,166)	(783,242)	-	(1,625)
<b>Total Fund Balances</b>	<b>840,871</b>	<b>(519,467)</b>	<b>309,615</b>	<b>1,493,718</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 1,098,008</b>	<b>\$ 1,636,290</b>	<b>\$ 1,158,941</b>	<b>\$ 1,502,312</b>

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Radio Communications Special Revenue Fund	Law Enforcement Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund
\$ 105,658	\$ 11,155	\$ 14,267	\$ 6,690	\$ 436,271
736	1,385	768	176	43,451
10,152	2,547	-	514	1,276
-	-	-	-	-
10,276	-	2,556	1	706
-	-	-	-	-
-	-	-	-	-
<u>\$ 126,822</u>	<u>\$ 15,087</u>	<u>\$ 17,591</u>	<u>\$ 7,381</u>	<u>\$ 481,704</u>
\$ -	\$ -	\$ 435	\$ -	\$ 17,189
-	-	-	5,796	-
-	-	-	-	-
-	-	-	-	-
-	-	80	-	-
-	-	-	-	300
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>515</u>	<u>5,796</u>	<u>17,489</u>
-	-	-	-	-
126,822	15,087	17,076	-	-
-	-	-	-	464,215
-	-	-	1,585	-
-	-	-	-	-
<u>126,822</u>	<u>15,087</u>	<u>17,076</u>	<u>1,585</u>	<u>464,215</u>
<u>\$ 126,822</u>	<u>\$ 15,087</u>	<u>\$ 17,591</u>	<u>\$ 7,381</u>	<u>\$ 481,704</u>

Continued...



**Okaloosa County, Florida**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2014**

	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Costs Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,417,236	\$ 158,906	\$ 18,660	\$ 44,461
Investments	2,969,623	503,704	500,151	494
Accounts Receivable	1,387	2,519	-	-
Due from Other Funds	16,135	-	-	-
Due from Other Elected Officials	2,871	-	110,363	301
Due from Other Governments	-	-	7,503	-
Prepays	-	-	85	125
<b>Total Assets</b>	<b>\$ 4,407,252</b>	<b>\$ 665,129</b>	<b>\$ 636,762</b>	<b>\$ 45,381</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 9,395	\$ 553	\$ 5,098	\$ 126
Contracts Payable	24	7,657	33,138	-
Accrued Liabilities	16,345	5,095	2,542	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	105	13,453	26,564	-
Due to Depositors	-	32,252	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>25,869</b>	<b>59,010</b>	<b>67,342</b>	<b>126</b>
Deferred Inflow of Resources Unavailable Revenue	-	-	-	-
<b>Fund Balances</b>				
Nonspendable	-	-	85	125
Restricted	4,381,383	606,119	569,420	45,255
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(85)	(125)
<b>Total Fund Balances</b>	<b>4,381,383</b>	<b>606,119</b>	<b>569,420</b>	<b>45,255</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 4,407,252</b>	<b>\$ 665,129</b>	<b>\$ 636,762</b>	<b>\$ 45,381</b>

Statement A-1

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ 9,217	\$ 96,162	\$ 303,388	\$ 828,726	\$ 1,142,667
16,943	435	-	-	-
-	-	-	-	-
-	-	2,832	8,377	25,224
2,036	8,457	-	-	-
-	-	-	-	-
-	-	-	10,000	-
<u>\$ 28,196</u>	<u>\$ 105,054</u>	<u>\$ 306,220</u>	<u>\$ 847,103</u>	<u>\$ 1,167,891</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	23,044	-	-
-	-	15,878	-	-
-	-	-	-	-
-	-	-	-	-
-	-	267,298	-	-
-	-	306,220	-	-
-	-	-	-	-
-	-	-	10,000	-
28,196	105,054	-	847,103	1,167,891
-	-	-	-	-
-	-	-	-	-
-	-	-	(10,000)	-
<u>28,196</u>	<u>105,054</u>	<u>-</u>	<u>847,103</u>	<u>1,167,891</u>
<u>\$ 28,196</u>	<u>\$ 105,054</u>	<u>\$ 306,220</u>	<u>\$ 847,103</u>	<u>\$ 1,167,891</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2014**

	Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 510,269	\$ 464,404	\$ -	\$ -
Investments	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Funds	15,878	-	-	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	-	-	-	-
Prepays	-	-	-	-
<b>Total Assets</b>	<b>\$ 526,147</b>	<b>\$ 464,404</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 3,118	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-
Accrued Liabilities	54,369	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Depositors	-	-	-	-
Unearned Revenue	-	464,404	-	-
<b>Total Liabilities</b>	<b>57,487</b>	<b>464,404</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflow of Resources</b>				
Unavailable Revenue	-	-	-	-
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	468,660	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>468,660</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 526,147</b>	<b>\$ 464,404</b>	<b>\$ -</b>	<b>\$ -</b>

Okaloosa Debt Service Fund	Capital Outlay Construction Trust Capital Projects Fund	Road and Bridge Constructions Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
\$ 307,590	\$ 3,062,297	\$ 4,081,190	\$ 15,032,791
196,062	320,060	7,553,666	13,069,203
-	519	-	18,924
-	250,000	225,000	763,446
-	128,912	-	266,479
-	-	424,841	2,611,968
-	-	-	31,001
<u>\$ 503,652</u>	<u>\$ 3,761,788</u>	<u>\$ 12,284,697</u>	<u>\$ 31,793,812</u>
\$ -	\$ 167,805	\$ 11,637	\$ 254,086
-	498,296	86,041	717,322
-	-	-	253,760
-	16,135	-	1,042,013
-	-	-	23,186
-	-	2,454	45,591
-	-	2,500	95,447
-	-	-	1,528,535
-	682,236	102,632	3,959,940
-	-	-	1,100,000
-	-	-	31,001
503,652	487,890	12,182,065	23,618,781
-	55,299	-	519,514
-	2,536,363	-	3,378,819
-	-	-	(814,243)
<u>503,652</u>	<u>3,079,552</u>	<u>12,182,065</u>	<u>26,733,872</u>
<u>\$ 503,652</u>	<u>\$ 3,761,788</u>	<u>\$ 12,284,697</u>	<u>\$ 31,793,812</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Special Revenue Fund	E-911 Operation Special Revenue Fund
<b>Revenues</b>				
Taxes	\$ 4,053,231	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	2,408,026	141,750	184,135	957,251
Charges for Services	203,707	-	-	4,620
Fines	-	-	-	-
Miscellaneous	(1,725)	(190)	4,023	12,268
<b>Total Revenues</b>	<b>6,663,239</b>	<b>141,560</b>	<b>188,158</b>	<b>974,139</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	482,900	-	918,609
Physical Environment	743,386	-	-	-
Transportation	7,575,762	-	-	-
Economic Environment	-	-	185,468	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Capital Outlay	440,152	838,397	-	1,095
<b>Debt Service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>8,759,300</b>	<b>1,321,297</b>	<b>185,468</b>	<b>919,704</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,096,061)</b>	<b>(1,179,737)</b>	<b>2,690</b>	<b>54,435</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,744,034	-	-	-
Transfers Out	-	-	-	-
Transfers Among Constitutional Officers	-	(23,129)	-	-
Issuance of Debt	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,744,034</b>	<b>(23,129)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>647,973</b>	<b>(1,202,866)</b>	<b>2,690</b>	<b>54,435</b>
<b>Fund Balances - Beginning</b>	<b>192,898</b>	<b>683,399</b>	<b>306,925</b>	<b>1,439,283</b>
<b>Fund Balances - Ending</b>	<b>\$ 840,871</b>	<b>\$ (519,467)</b>	<b>\$ 309,615</b>	<b>\$ 1,493,718</b>

Statement A-2

Radio Communications Special Revenue Fund	Law Enforcement Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund
\$ -	\$ -	\$ -	\$ 636,811	\$ -
-	-	-	-	449,088
-	-	-	-	-
10,152	-	27,064	-	-
105,145	38,771	-	-	-
741	200	299	255,927	4,968
116,038	38,971	27,363	892,738	454,056
-	-	-	-	-
44,249	-	16,429	-	-
-	-	-	-	-
-	-	-	-	481,486
-	-	-	-	-
-	-	-	646,435	-
-	-	-	-	-
-	-	-	-	-
26,186	-	-	251,886	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
70,435	-	16,429	898,321	481,486
45,603	38,971	10,934	(5,583)	(27,430)
-	-	-	4,000	-
-	-	-	-	-
-	(45,750)	(42,091)	-	706
-	-	-	-	-
-	(45,750)	(42,091)	4,000	706
45,603	(6,779)	(31,157)	(1,583)	(26,724)
81,219	21,866	48,233	3,168	490,939
\$ 126,822	\$ 15,087	\$ 17,076	\$ 1,585	\$ 464,215

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Costs Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
<b>Revenues</b>				
Taxes	\$ 1,142,412	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	7,665	699,997	1,272,688	-
Fines	-	-	-	13,948
Miscellaneous	22,427	5,663	34,194	380
<b>Total Revenues</b>	<b>1,172,504</b>	<b>705,660</b>	<b>1,306,882</b>	<b>14,328</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	599,242	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	991,517	-	-	-
Court-Related	-	-	754,581	9,539
Capital Outlay	123,243	11,469	-	-
<b>Debt Service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>1,114,760</b>	<b>610,711</b>	<b>754,581</b>	<b>9,539</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>57,744</b>	<b>94,949</b>	<b>552,301</b>	<b>4,789</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	(450,000)	-	(599,971)	-
Transfers Among Constitutional Officers	2,871	-	-	-
Issuance of Debt	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(447,129)</b>	<b>-</b>	<b>(599,971)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(389,385)</b>	<b>94,949</b>	<b>(47,670)</b>	<b>4,789</b>
<b>Fund Balance - Beginning</b>	<b>4,770,768</b>	<b>511,170</b>	<b>617,090</b>	<b>40,466</b>
<b>Fund Balances - Ending</b>	<b>\$ 4,381,383</b>	<b>\$ 606,119</b>	<b>\$ 569,420</b>	<b>\$ 45,255</b>

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Special Revenue Fund	Courts Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	62,336	-	-	-
-	-	3,312,704	101,189	-	304,002
27,076	88,782	880,645	-	-	-
1,670	1,006	-	1,406	-	1,628
<u>28,746</u>	<u>89,788</u>	<u>4,255,685</u>	<u>102,595</u>		<u>305,630</u>
-	-	-	215,673	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	43,189	4,255,685	-	-	160,299
-	-	-	70,138	-	88,888
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>43,189</u>	<u>4,255,685</u>	<u>285,811</u>		<u>249,187</u>
<u>28,746</u>	<u>46,599</u>	<u>-</u>	<u>(183,216)</u>		<u>56,443</u>
-	-	-	-	-	-
(251,623)	-	-	-	-	-
-	(41,572)	-	-	-	-
-	-	-	-	-	-
<u>(251,623)</u>	<u>(41,572)</u>	<u>-</u>	<u>-</u>		<u>-</u>
(222,877)	5,027	-	(183,216)	-	56,443
251,073	100,027	-	1,030,319	-	1,111,448
<u>\$ 28,196</u>	<u>\$ 105,054</u>	<u>\$ -</u>	<u>\$ 847,103</u>		<u>\$ 1,167,891</u>

Continued...



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	457,837	-	-
Charges for Services	182,286	-	-	-
Fines	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>182,286</b>	<b>457,837</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	450,576	41,572	42,091
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	120,526	-	-	-
Capital Outlay	-	53,011	-	-
<b>Debt Service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>120,526</b>	<b>503,587</b>	<b>41,572</b>	<b>42,091</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>61,760</b>	<b>(45,750)</b>	<b>(41,572)</b>	<b>(42,091)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Transfers Among Constitutional Officers	-	45,750	41,572	42,091
Issuance of Debt	-	-	-	-
<b>Total Other Financing</b>	<b>-</b>	<b>45,750</b>	<b>41,572</b>	<b>42,091</b>
<b>Net Change in</b>	<b>61,760</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>406,900</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 468,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Okaloosa Debt Service Fund	Capital Outlay Construction Trust Capital Projects Fund	Road and Bridge Constructions Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
\$ -	\$ 1,113	\$ 1,847,412	\$ 7,680,979
-	-	-	449,088
4,716,334	128,912	2,239,097	11,295,678
-	26,475	-	6,152,549
-	-	-	1,154,367
444,906	1,031,056	98,641	1,919,488
5,161,240	1,187,556	4,185,150	28,652,149
190,750	26,570	-	432,993
-	30,830	-	2,626,498
-	-	-	743,386
-	-	1,107,630	9,164,878
-	-	-	185,468
-	-	-	646,435
-	60,125	-	1,051,642
-	-	-	5,343,819
-	2,415,980	1,934,858	6,255,303
1,329,000	-	-	1,329,000
1,648,372	-	-	1,648,372
13,101	-	-	13,101
3,181,223	2,533,505	3,042,488	29,440,895
1,980,017	(1,345,949)	1,142,662	(788,746)
1,275,182	388,562	-	4,411,778
(3,214,901)	(1,039,271)	-	(5,555,766)
-	-	-	(19,552)
-	1,650,000	-	1,650,000
(1,939,719)	999,291	-	486,460
40,298	(346,658)	1,142,662	(302,286)
463,354	3,426,210	11,039,403	27,036,158
\$ 503,652	\$ 3,079,552	\$ 12,182,065	\$ 26,733,872

**Okaloosa County, Florida**  
**COUNTY TRANSPORTATION TRUST SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 4,388,645	\$ 4,438,645	\$ 4,053,231	\$ (385,414)
Intergovernmental	2,216,401	3,803,410	2,408,026	(1,395,384)
Charges for Services	238,745	238,745	203,707	(35,038)
Miscellaneous	5,000	5,000	(1,725)	(6,725)
	<u>6,848,791</u>	<u>8,485,800</u>	<u>6,663,239</u>	<u>(1,822,561)</u>
Total Revenues				
Expenditures				
Current				
Public Safety	-	175,000	-	175,000
Physical Environment	868,252	872,110	743,386	128,724
Transportation	8,154,728	8,247,559	7,575,762	671,797
Capital Outlay	594,845	2,085,165	440,152	1,645,013
	<u>9,617,825</u>	<u>11,379,834</u>	<u>8,759,300</u>	<u>2,620,534</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,769,034)</u>	<u>(2,894,034)</u>	<u>(2,096,061)</u>	<u>797,973</u>
Other Financing Sources (Uses)				
Transfers In	<u>2,569,034</u>	<u>2,744,034</u>	<u>2,744,034</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,569,034</u>	<u>2,744,034</u>	<u>2,744,034</u>	<u>-</u>
Net Change in Fund Balance	(200,000)	(150,000)	647,973	797,973
Fund Balance - Beginning	<u>200,000</u>	<u>150,000</u>	<u>192,898</u>	<u>42,898</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840,871</u>	<u>\$ 840,871</u>

**Okaloosa County, Florida**  
**NATURAL DISASTER SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 1,179,265	\$ 141,750	\$ (1,037,515)
Miscellaneous	-	-	(190)	(190)
<b>Total Revenues</b>	<b>-</b>	<b>1,179,265</b>	<b>141,560</b>	<b>(1,037,705)</b>
Expenditures				
Current				
Public Safety	100,000	518,237	482,900	35,337
Economic Environment	-	482,903	-	482,903
Capital Outlay	-	838,395	838,397	(2)
<b>Total Expenditures</b>	<b>100,000</b>	<b>1,839,535</b>	<b>1,321,297</b>	<b>518,238</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(660,270)	(1,179,737)	(519,467)
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	(23,129)	(23,129)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(23,129)</b>	<b>(23,129)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(100,000)</b>	<b>(683,399)</b>	<b>(1,202,866)</b>	<b>(519,467)</b>
Fund Balance - Beginning	100,000	683,399	683,399	-
Fund Balance - Ending	\$ -	\$ -	\$ (519,467)	\$ (519,467)

**Okaloosa County, Florida**  
**LOCAL HOUSING ASSISTANCE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 971,728	\$ 184,135	\$ (787,593)
Miscellaneous	-	5,073	4,023	(1,050)
Total Revenues	-	976,801	188,158	(788,643)
Expenditures				
Current				
Economic Environment	303,407	1,283,726	185,468	1,098,258
Total Expenditures	303,407	1,283,726	185,468	1,098,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,407)	(306,925)	2,690	309,615
Net Change in Fund Balance	(303,407)	(306,925)	2,690	309,615
Fund Balances - Beginning	303,407	306,925	306,925	-
Fund Balance - Ending	\$ -	\$ -	\$ 309,615	\$ 309,615

**Okaloosa County, Florida**  
**E-911 OPERATIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 975,000	\$ 974,000	\$ 957,251	\$ (16,749)
Charges for Services	3,100	4,100	4,620	520
Miscellaneous	11,500	11,500	12,268	768
<b>Total Revenues</b>	<b>989,600</b>	<b>989,600</b>	<b>974,139</b>	<b>(15,461)</b>
Expenditures				
Current				
Public Safety	2,289,600	2,110,088	918,609	1,191,479
Capital Outlay	-	318,795	1,095	317,700
<b>Total Expenditures</b>	<b>2,289,600</b>	<b>2,428,883</b>	<b>919,704</b>	<b>1,509,179</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,300,000)	(1,439,283)	54,435	1,493,718
Net Change in Fund Balance	(1,300,000)	(1,439,283)	54,435	1,493,718
Fund Balances - Beginning	1,300,000	1,439,283	1,439,283	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,493,718	\$ 1,493,718

**Okaloosa County, Florida**  
**RADIO COMMUNICATIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ -	\$ -	\$ 10,152	\$ 10,152
Fines	95,000	95,000	105,145	10,145
Miscellaneous	1,000	1,000	741	(259)
<b>Total Revenues</b>	<b>96,000</b>	<b>96,000</b>	<b>116,038</b>	<b>20,038</b>
Expenditures				
Current				
Public Safety	131,000	131,000	44,249	86,751
Capital Outlay	-	46,218	26,186	20,032
<b>Total Expenditures</b>	<b>131,000</b>	<b>177,218</b>	<b>70,435</b>	<b>106,783</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,000)	(81,218)	45,603	126,821
<b>Net Change in Fund Balance</b>	<b>(35,000)</b>	<b>(81,218)</b>	<b>45,603</b>	<b>126,821</b>
Fund Balances - Beginning	35,000	81,218	81,219	1
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 126,822</b>	<b>\$ 126,822</b>

**Okaloosa County, Florida**  
**LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ -	\$ 36,222	\$ 38,771	\$ 2,549
Miscellaneous	-	-	200	200
Total Revenues	-	36,222	38,971	2,749
Expenditures				
Current				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	36,222	38,971	2,749
Other Financing Sources (Uses)				
Transfers Among				
Constitutional Officers	(25,000)	(58,088)	(45,750)	12,338
Total Other Financing Sources (Uses)	(25,000)	(58,088)	(45,750)	12,338
Net Change in Fund Balance	(25,000)	(21,866)	(6,779)	15,087
Fund Balances - Beginning	25,000	21,866	21,866	-
Fund Balance - Ending	\$ -	\$ -	\$ 15,087	\$ 15,087



**Okaloosa County, Florida**  
**POLICE ACADEMY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 35,000	\$ 35,000	\$ 27,064	\$ (7,936)
Miscellaneous	500	500	299	(201)
Total Revenues	35,500	35,500	27,363	(8,137)
Expenditures				
Current				
Public Safety	85,500	83,733	16,429	67,304
Total Expenditures	85,500	83,733	16,429	67,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(48,233)	10,934	59,167
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	(42,091)	(42,091)
Total Other Financing Sources (Uses)	-	-	(42,091)	(42,091)
Net Change in Fund Balance	(50,000)	(48,233)	(31,157)	17,076
Fund Balances - Beginning	50,000	48,233	48,233	-
Fund Balance - Ending	\$ -	\$ -	\$ 17,076	\$ 17,076

**Okaloosa County, Florida**  
**COUNTY PUBLIC HEALTH SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 636,435	\$ 636,435	\$ 636,811	\$ 376
Miscellaneous	3,000	118,509	255,927	137,418
Total Revenues	<u>639,435</u>	<u>754,944</u>	<u>892,738</u>	<u>137,794</u>
Expenditures				
Current				
Human Services	648,435	646,604	646,435	169
Capital Outlay	-	115,509	251,886	(136,377)
Total Expenditures	<u>648,435</u>	<u>762,113</u>	<u>898,321</u>	<u>(136,208)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,000)</u>	<u>(7,169)</u>	<u>(5,583)</u>	<u>1,586</u>
Other Financing Sources (Uses)				
Transfers In	4,000	4,000	4,000	-
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net Change in Fund Balance	(5,000)	(3,169)	(1,583)	1,586
Fund Balance - Beginning	<u>5,000</u>	<u>3,169</u>	<u>3,168</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,585</u>	<u>\$ 1,585</u>

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual Expenditures exceeded legally budgeted amounts at September 30, 2014 due to the value of equipment donated by the State of Florida. The donation and equipment capital outlay was not recorded until after the period in which budget amendments were legally permissible. The expenditures in excess of budget amounts were offset by the donation.

**Okaloosa County, Florida**  
**MUNICIPAL SERVICES BENEFIT UNIT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$ 437,956	\$ 437,956	\$ 449,088	11,132
Miscellaneous	-	-	4,968	4,968
Total Revenues	437,956	437,956	454,056	16,100
Expenditures				
Current				
Transportation	858,981	928,897	481,486	447,411
Total Expenditures	858,981	928,897	481,486	447,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(421,025)	(490,941)	(27,430)	463,511
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	706	706
Total Other Financing Sources (Uses)	-	-	706	706
Net Change in Fund Balance	(421,025)	(490,941)	(26,724)	464,217
Fund Balance - Beginning	421,025	490,941	490,939	(2)
Fund Balance - Ending	\$ -	\$ -	\$ 464,215	\$ 464,215

**Okaloosa County, Florida**  
**UNINCORPORATED COUNTY PARKS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,128,025	\$ 1,128,025	\$ 1,142,412	\$ 14,387
Charges for Services	8,300	8,300	7,665	(635)
Miscellaneous	80,000	80,000	22,427	(57,573)
	<u>1,216,325</u>	<u>1,216,325</u>	<u>1,172,504</u>	<u>(43,821)</u>
Total Revenues				
Expenditures				
Current				
Culture and Recreation	4,722,319	4,503,087	991,517	3,511,570
Capital Outlay	994,006	1,034,006	123,243	910,763
	<u>5,716,325</u>	<u>5,537,093</u>	<u>1,114,760</u>	<u>4,422,333</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,500,000)</u>	<u>(4,320,768)</u>	<u>57,744</u>	<u>4,378,512</u>
Other Financing Sources (Uses)				
Transfers Out	(450,000)	(450,000)	(450,000)	-
Transfers Among Constitutional Officers	-	-	2,871	2,871
Total Other Financing Sources (Uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(447,129)</u>	<u>2,871</u>
Net Change in Fund Balance	(4,950,000)	(4,770,768)	(389,385)	4,381,383
Fund Balance - Beginning	<u>4,950,000</u>	<u>4,770,768</u>	<u>4,770,768</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,381,383</u>	<u>\$ 4,381,383</u>

**Okaloosa County, Florida**  
**PRISONER BENEFIT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Charges for Services	\$ 610,000	\$ 610,000	\$ 699,997	\$ 89,997
Miscellaneous	5,500	5,500	5,663	163
<b>Total Revenues</b>	<b>615,500</b>	<b>615,500</b>	<b>705,660</b>	<b>90,160</b>
Expenditures				
Current				
Public Safety	1,040,500	1,115,170	599,242	515,928
Capital Outlay	-	11,500	11,469	31
<b>Total Expenditures</b>	<b>1,040,500</b>	<b>1,126,670</b>	<b>610,711</b>	<b>515,959</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(425,000)	(511,170)	94,949	606,119
<b>Net Change in Fund Balance</b>	<b>(425,000)</b>	<b>(511,170)</b>	<b>94,949</b>	<b>606,119</b>
Fund Balances - Beginning	425,000	511,170	511,170	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 606,119</b>	<b>\$ 606,119</b>

**Okaloosa County, Florida**  
**ADDITIONAL COURT COST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,380,950	\$ 1,380,950	\$ 1,272,688	\$ (108,262)
Miscellaneous	-	25,000	34,194	9,194
<b>Total Revenues</b>	<b>1,380,950</b>	<b>1,405,950</b>	<b>1,306,882</b>	<b>(99,068)</b>
Expenditures				
Current				
Court-Related	1,436,477	1,378,586	754,581	624,005
<b>Total Expenditures</b>	<b>1,436,477</b>	<b>1,378,586</b>	<b>754,581</b>	<b>624,005</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,527)	27,364	552,301	524,937
Other Financing Sources (Uses)				
Transfers Out	(675,000)	(675,000)	(599,971)	75,029
<b>Total Other Financing Sources (Uses)</b>	<b>(675,000)</b>	<b>(675,000)</b>	<b>(599,971)</b>	<b>75,029</b>
<b>Net Change in Fund Balance</b>	<b>(730,527)</b>	<b>(647,636)</b>	<b>(47,670)</b>	<b>599,966</b>
Fund Balances - Beginning	730,527	647,636	617,090	(30,546)
Fund Balance - Ending	\$ -	\$ -	\$ 569,420	\$ 569,420

**Okaloosa County, Florida**  
**DRUG ABUSE TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	13,000	13,000	13,948	948
Miscellaneous	500	500	380	(120)
Total Revenues	<u>13,500</u>	<u>13,500</u>	<u>14,328</u>	<u>828</u>
Expenditures				
Current				
Court-Related	55,500	53,966	9,539	44,427
Total Expenditures	<u>55,500</u>	<u>53,966</u>	<u>9,539</u>	<u>44,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,000)</u>	<u>(40,466)</u>	<u>4,789</u>	<u>45,255</u>
Net Change in Fund Balance	(42,000)	(40,466)	4,789	45,255
Fund Balances - Beginning	<u>42,000</u>	<u>40,466</u>	<u>40,466</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,255</u>	<u>\$ 45,255</u>

**Okaloosa County, Florida**  
**DOMESTIC VIOLENCE TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 20,000	\$ 20,000	\$ 27,076	\$ 7,076
Miscellaneous	2,250	2,250	1,670	(580)
Total Revenues	<u>22,250</u>	<u>22,250</u>	<u>28,746</u>	<u>6,496</u>
Expenditures				
Current				
Court-Related	5,255	21,072	-	21,072
Total Expenditures	<u>5,255</u>	<u>21,072</u>	<u>-</u>	<u>21,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,995</u>	<u>1,178</u>	<u>28,746</u>	<u>27,568</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(252,250)</u>	<u>(252,250)</u>	<u>(251,623)</u>	<u>627</u>
Total Other Financing Sources (Uses)	<u>(252,250)</u>	<u>(252,250)</u>	<u>(251,623)</u>	<u>627</u>
Net Change in Fund Balance	(235,255)	(251,072)	(222,877)	28,195
Fund Balances - Beginning	<u>235,255</u>	<u>251,072</u>	<u>251,073</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,196</u>	<u>\$ 28,196</u>



**Okaloosa County, Florida**  
**TRAFFIC EDUCATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	\$ 80,000	\$ 80,000	\$ 88,782	\$ 8,782
Miscellaneous	500	500	1,006	506
Total Revenues	<u>80,500</u>	<u>80,500</u>	<u>89,788</u>	<u>9,288</u>
Expenditures				
Current				
Court-Related	45,250	119,658	43,189	76,469
Total Expenditures	<u>45,250</u>	<u>119,658</u>	<u>43,189</u>	<u>76,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,250</u>	<u>(39,158)</u>	<u>46,599</u>	<u>85,757</u>
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	<u>(45,250)</u>	<u>(60,868)</u>	<u>(41,572)</u>	<u>19,296</u>
Total Other Financing Sources (Uses)	<u>(45,250)</u>	<u>(60,868)</u>	<u>(41,572)</u>	<u>19,296</u>
Net Change in Fund Balance	(10,000)	(100,026)	5,027	105,053
Fund Balances - Beginning	<u>10,000</u>	<u>100,026</u>	<u>100,027</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,054</u>	<u>\$ 105,054</u>

**Okaloosa County, Florida**  
**COURTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 62,336	\$ 62,336	\$ 62,336	\$ -
Charges for Services	3,131,000	3,131,000	3,312,704	181,704
Fines	595,720	595,720	880,645	284,925
<b>Total Revenues</b>	<b>3,789,056</b>	<b>3,789,056</b>	<b>4,255,685</b>	<b>466,629</b>
Expenditures				
Current				
Court-Related	3,789,056	3,789,056	4,255,685	(466,629)
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>3,789,056</b>	<b>3,789,056</b>	<b>4,255,685</b>	<b>(466,629)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**Okaloosa County, Florida**  
**PUBLIC RECORDS MODERNIZATION TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 144,000	\$ 144,000	\$ 101,189	\$ (42,811)
Miscellaneous	1,031,500	1,031,500	1,406	(1,030,094)
<b>Total Revenues</b>	<b>1,175,500</b>	<b>1,175,500</b>	<b>102,595</b>	<b>(1,072,905)</b>
Expenditures				
Current				
General Government	-	230,760	215,673	15,087
Capital Outlay	1,175,500	944,740	70,138	874,602
<b>Total Expenditures</b>	<b>1,175,500</b>	<b>1,175,500</b>	<b>285,811</b>	<b>889,689</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(183,216)	(183,216)
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(183,216)</b>	<b>(183,216)</b>
Fund Balance - Beginning	-	-	1,030,319	1,030,319
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 847,103</b>	<b>\$ 847,103</b>

**Okaloosa County, Florida**  
**PUBLIC RECORDS COURTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 430,000	\$ 430,000	\$ 304,002	\$ (125,998)
Miscellaneous	1,281,500	1,281,500	1,628	(1,279,872)
<b>Total Revenues</b>	<b>1,711,500</b>	<b>1,711,500</b>	<b>305,630</b>	<b>(1,405,870)</b>
Expenditures				
Current				
Court-Related	-	165,000	160,299	4,701
Capital Outlay	1,711,500	1,546,500	88,888	1,457,612
<b>Total Expenditures</b>	<b>1,711,500</b>	<b>1,711,500</b>	<b>249,187</b>	<b>1,462,313</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	56,443	56,443
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>56,443</b>	<b>56,443</b>
Fund Balance - Beginning	-	-	1,111,448	1,111,448
Fund Balance - Ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,167,891</b>	<b>\$ 1,167,891</b>

**Okaloosa County, Florida**  
**PUBLIC RECORDS 10% FINE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 200,000	\$ 200,000	\$ 182,286	\$ (17,714)
Fines	405,000	405,000	-	(405,000)
<b>Total Revenues</b>	<b>605,000</b>	<b>605,000</b>	<b>182,286</b>	<b>(422,714)</b>
Expenditures				
Current				
Court-Related	-	121,760	120,526	1,234
Capital Outlay	605,000	483,240	-	483,240
<b>Total Expenditures</b>	<b>605,000</b>	<b>605,000</b>	<b>120,526</b>	<b>484,474</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	61,760	61,760
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>61,760</b>	<b>61,760</b>
Fund Balance - Beginning	-	-	406,900	406,900
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 468,660</b>	<b>\$ 468,660</b>

**Sheriff**  
**Okaloosa County, Florida**  
**LAW ENFORCEMENT TRUST FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 529,250	\$ 457,837	\$ 457,837	\$ -
Total Revenues	529,250	529,250	529,250	-
Expenditures				
Current				
Public Safety	500,000	450,576	450,576	-
Capital Outlay	75,000	53,011	53,011	-
Total Expenditures	575,000	575,000	575,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,750)	(45,750)	(45,750)	-
Transfers Among Constitutional Officers	45,750	45,750	45,750	-
Total Other Financing	45,750	45,750	45,750	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**Okaloosa County, Florida**  
**TEEN DRIVER CHALLENGE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	59,950	59,950	41,572	18,378
Total Expenditures	59,950	59,950	41,572	18,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,950)	(59,950)	(41,572)	18,378
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	59,950	59,950	41,572	18,378
Total Other Financing Sources (Uses)	59,950	59,950	41,572	18,378
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**Okaloosa County, Florida**  
**SECOND DOLLAR PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	40,000	40,000	42,091	(2,091)
Total Expenditures	40,000	40,000	42,091	(2,091)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(40,000)	(42,091)	(2,091)
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	40,000	40,000	42,091	(2,091)
Total Other Financing Sources (Uses)	40,000	40,000	42,091	(2,091)
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -



**Okaloosa County, Florida**  
**OKALOOSA DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 4,321,500	\$ 4,716,300	\$ 4,716,334	\$ 34
Miscellaneous	486,148	486,148	444,906	(41,242)
Total Revenues	<u>4,807,648</u>	<u>5,202,448</u>	<u>5,161,240</u>	<u>(41,208)</u>
Expenditures				
Current				
General Government	540,750	810,603	190,750	619,853
Debt Service				
Principal	1,329,000	1,329,000	1,329,000	-
Interest	1,647,873	1,648,373	1,648,372	1
Other Debt Service Costs	335	13,135	13,101	34
Total Expenditures	<u>3,517,958</u>	<u>3,801,111</u>	<u>3,181,223</u>	<u>619,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,289,690</u>	<u>1,401,337</u>	<u>1,980,017</u>	<u>578,680</u>
Other Financing Sources (Uses)				
Transfers In	1,350,211	1,350,211	1,275,182	(75,029)
Transfers Out	(3,039,901)	(3,214,901)	(3,214,901)	-
Total Other Financing Sources (Uses)	<u>(1,689,690)</u>	<u>(1,864,690)</u>	<u>(1,939,719)</u>	<u>(75,029)</u>
Net Change in Fund Balance	(400,000)	(463,353)	40,298	503,651
Fund Balance - Beginning	<u>400,000</u>	<u>463,353</u>	<u>463,354</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,652</u>	<u>\$ 503,652</u>

**Okaloosa County, Florida**  
**CAPITAL OUTLAY CONSTRUCTION TRUST CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ 1,113	\$ 1,113
Intergovernmental	115,000	115,000	128,912	13,912
Charges for Services	-	639,768	26,475	(613,293)
Miscellaneous	1,050,000	1,050,000	1,031,056	(18,944)
Total Revenues	1,165,000	1,804,768	1,187,556	(617,212)
Expenditures				
Current				
General Government	2,150,000	1,340,884	26,570	1,314,314
Public Safety	-	30,830	30,830	-
Culture and Recreation	711,660	398,850	60,125	338,725
Capital Outlay	2,117,000	9,209,252	2,415,980	6,793,272
Total Expenditures	4,978,660	10,979,816	2,533,505	8,446,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,813,660)	(9,175,048)	(1,345,949)	7,829,099
Other Financing Sources (Uses)				
Transfers In	-	388,562	388,562	-
Transfers Out	-	(639,725)	(1,039,271)	399,546
Issuance of Debt	-	6,000,000	1,650,000	4,350,000
Total Other Financing Sources (Uses)	-	5,748,837	999,291	4,749,546
Net Change in Fund Balance	(3,813,660)	(3,426,211)	(346,658)	3,079,553
Fund Balance - Beginning	3,813,660	3,426,211	3,426,210	(1)
Fund Balance - Ending	\$ -	\$ -	\$ 3,079,552	\$ 3,079,552

**Okaloosa County, Florida**  
**ROAD AND BRIDGE CONSTRUCTION CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,037,500	\$ 1,970,000	\$ 1,847,412	\$ (122,588)
Intergovernmental	1,925,000	2,535,115	2,239,097	(296,018)
Miscellaneous	125,000	125,000	98,641	(26,359)
Total Revenues	<u>4,087,500</u>	<u>4,630,115</u>	<u>4,185,150</u>	<u>(444,965)</u>
Expenditures				
Current				
Transportation	7,511,500	8,233,083	1,107,630	7,125,453
Capital Outlay	6,531,000	8,236,434	1,934,858	6,301,576
Total Expenditures	<u>14,042,500</u>	<u>16,469,517</u>	<u>3,042,488</u>	<u>13,427,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,955,000)</u>	<u>(11,839,402)</u>	<u>1,142,662</u>	<u>12,982,064</u>
Net Change in Fund Balance	(9,955,000)	(11,839,402)	1,142,662	12,982,064
Fund Balance - Beginning	<u>9,955,000</u>	<u>11,839,402</u>	<u>11,039,403</u>	<u>(799,999)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,182,065</u>	<u>\$ 12,182,065</u>

# **NONMAJOR ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board of County Commissioner of Okaloosa County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board has decided that periodic determination of net income is appropriate for accountability purposes.

## **Board of County Commissioners**

### **Inspection and Code Enforcement Fund**

This fund is used to account for the license, permit and inspection fees and related expenses for the provision of inspection and code enforcement services to residents of the unincorporated areas of Okaloosa County.

### **Emergency Medical Services Fund**

This fund is used to account for the operation of a county-wide emergency medical technician and paramedic service. Revenue sources include ad valorem property tax subsidy, user charges, and private donations.

**Okaloosa County, Florida**  
**COMBINING NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2014**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VII)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 247,178	\$ 101,704	\$ 348,882
Investments	171,945	441	172,386
Receivables, Net of Allowance for Uncollectibles	33,547	4,629,540	4,663,087
Due from Other Funds	-	380,000	380,000
Due from Other Elected Officials	-	2	2
Prepays	-	5,270	5,270
<b>Total Current Assets</b>	<b>452,670</b>	<b>5,116,957</b>	<b>5,569,627</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Intangible	42,425	30,150	72,575
Machinery and Equipment	308,885	4,412,480	4,721,365
Less Accumulated Depreciation	(326,605)	(2,928,059)	(3,254,664)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>24,705</b>	<b>1,514,571</b>	<b>1,539,276</b>
<b>Total Noncurrent Assets</b>	<b>24,705</b>	<b>1,514,571</b>	<b>1,539,276</b>
<b>Total Assets</b>	<b>\$ 477,375</b>	<b>\$ 6,631,528</b>	<b>\$ 7,108,903</b>

Continued...

**Okaloosa County, Florida**  
**COMBINING NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2014**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VII)
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 9,911	\$ 19,649	\$ 29,560
Contracts Payable	473	38,288	38,761
<b>Accrued Liabilities</b>			
Compensated Absences	83,145	201,260	284,405
Other Accrued Liabilities	30,423	209,058	239,481
Due to Other Elected Officials	-	79	79
Due to Other Governments	20,581	48,881	69,462
Unearned Revenue	19,050	19,619	38,669
<b>Total Current Liabilities</b>	<u>163,583</u>	<u>536,834</u>	<u>700,417</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences	63,923	131,872	195,795
Other Post Employment Benefits	14,512	120,066	134,578
<b>Total Noncurrent Liabilities</b>	<u>78,435</u>	<u>251,938</u>	<u>330,373</u>
<b>Total Liabilities</b>	<u>242,018</u>	<u>788,772</u>	<u>1,030,790</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	24,705	1,514,571	1,539,276
Unrestricted	210,652	4,328,185	4,538,837
<b>Total Net Position</b>	<u>235,357</u>	<u>5,842,756</u>	<u>6,078,113</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 477,375</u>	<u>\$ 6,631,528</u>	<u>\$ 7,108,903</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGE IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VIII)
Operating Revenues			
Licenses and Permits	\$ 1,468,445	\$ -	\$ 1,468,445
Charges for Services	183,901	7,211,319	7,395,220
Miscellaneous	1,277	3,750	5,027
<b>Total Operating Revenues</b>	<b>1,653,623</b>	<b>7,215,069</b>	<b>8,868,692</b>
Operating Expenses			
Personal Services	1,049,743	5,337,001	6,386,744
Contractual Services	388,939	568,554	957,493
Supplies	33,893	699,343	733,236
Utilities	-	24,243	24,243
Other Operating Expenses	57,906	499,552	557,458
Depreciation/Amortization	10,033	421,014	431,047
<b>Total Operating Expenses</b>	<b>1,540,514</b>	<b>7,549,707</b>	<b>9,090,221</b>
<b>Operating Income (Loss)</b>	<b>113,109</b>	<b>(334,638)</b>	<b>(221,529)</b>
Nonoperating Revenues (Expenses)			
Taxes	-	1,110,688	1,110,688
Intergovernmental	-	8,866	8,866
Investment Income	3,137	6,865	10,002
Gain/Loss on Disposal of Capital Assets	-	(38,242)	(38,242)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,137</b>	<b>1,088,177</b>	<b>1,091,314</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>116,246</b>	<b>753,539</b>	<b>869,785</b>
Transfers In	-	33,000	33,000
<b>Change in Net Position</b>	<b>116,246</b>	<b>786,539</b>	<b>902,785</b>
<b>Total Net Position - Beginning</b>	<b>119,111</b>	<b>5,056,217</b>	<b>5,175,328</b>
<b>Total Net Position - Ending</b>	<b>\$ 235,357</b>	<b>\$ 5,842,756</b>	<b>\$ 6,078,113</b>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit IV)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 1,656,500	\$ 7,247,242	\$ 8,903,742
Payments to Suppliers	(467,793)	(1,748,902)	(2,216,695)
Payments to Employees	(1,050,696)	(5,320,285)	(6,370,981)
Net Cash Provided (Used) by Operating Activities	138,011	178,055	316,066
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidy - Taxes	-	1,110,688	1,110,688
Operating Subsidy - Intergovernmental Revenue	-	8,866	8,866
Transfers In	-	33,000	33,000
Net interfund Activity	(110,000)	(539,544)	(649,544)
Net Cash Provided (Used) by Non-capital Financing Activities	(110,000)	613,010	503,010
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(9,876)	(696,635)	(706,511)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,876)	(696,635)	(706,511)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	(641)	(182)	(823)
Interest Income	3,137	6,865	10,002
Net Cash Provided (Used) by Investing Activities	2,496	6,683	9,179
Net Increase (Decrease) in Cash and Cash Equivalents	20,631	101,113	121,744
Cash and Cash Equivalents - Beginning of Year	226,547	591	227,138
Cash and Cash Equivalents - End of Year	\$ 247,178	\$ 101,704	\$ 348,882

Continued...



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit IV)
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 247,178	\$ 101,704	\$ 348,882
Total	\$ 247,178	\$ 101,704	\$ 348,882
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 113,109	\$ (334,638)	\$ (221,529)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	10,033	421,014	431,047
Decrease (Increase) in Assets			
Accounts Receivable	2,260	12,581	14,841
Due from Other Elected Officials	-	6	6
Prepaid Expenses	-	(2,918)	(2,918)
Increase (Decrease) in Liabilities			
Accounts Payable	(2,171)	3,262	1,091
Service Contracts Payable	441	(6,310)	(5,869)
Due to Other Elected Officials	-	79	79
Due to Other Governments	14,675	48,671	63,346
Compensated Absences Payable	6,432	36,685	43,117
Other Accrued Liabilities	(9,212)	(36,873)	(46,085)
Unearned Revenue	617	19,592	20,209
Other Post Employment Benefits	1,827	16,904	18,731
Total Adjustments	24,902	512,693	537,595
Net Cash Provided (Used) by Operating Activities	\$ 138,011	\$ 178,055	\$ 316,066

# **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of Okaloosa County and to other government units, on a cost reimbursement basis.

## **Board of County Commissioners**

### **Self Insurance**

This fund is used to account for premiums and claims associated with the provision of self-insurance programs for Okaloosa County.

### **Garage Service Fund**

This fund is used to account for user charges and expenses associated with vehicle maintenance and the centralized distribution of gasoline and special fuel to various Okaloosa County departments as well as other County agencies.

## **Clerk of the Circuit Court**

### **Compensated Absences Fund**

This fund is used to accumulate and fund the short-term portion of compensated absence liability for the Clerk of the Circuit Court.

## **Sheriff**

### **Compensated Absences Fund**

This fund is used to accumulate and fund the short-term portion of compensated absence liability for the Sheriff.

### **Health Benefits Self Insurance Fund**

This fund is used to account for premiums and claims associated with the provision of self-insurance of health benefits for the Sheriff and to record the liability for other post employment benefits provided to retirees of the Sheriff.

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2014**

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 2,372,964	\$ 31,015	\$ 274,308
Investments	25,682	-	-
Receivables, Net of Allowance for Uncollectibles	14,437	8,202	-
Due from Other Elected Officials	-	288	-
Due from Other Governments	-	815,663	-
Inventory	-	265,180	-
Prepays	10,447	6,653	-
<b>Total Current Assets</b>	<b>2,423,530</b>	<b>1,127,001</b>	<b>274,308</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	-	316,861	-
Buildings	-	900,466	-
Improvements Other Than Buildings	-	257,345	-
Machinery and Equipment	12,652	1,455,168	-
Less Accumulated Depreciation	(7,793)	(2,401,076)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>4,859</b>	<b>528,764</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>4,859</b>	<b>528,764</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 2,428,389</b>	<b>\$ 1,655,765</b>	<b>\$ 274,308</b>

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ 1,369,600	\$ 3,375,079	\$ 7,422,966
-	-	25,682
-	-	22,639
-	-	288
-	-	815,663
-	-	265,180
-	-	17,100
<u>1,369,600</u>	<u>3,375,079</u>	<u>8,569,518</u>
-	-	316,861
-	-	900,466
-	-	257,345
-	-	1,467,820
-	-	(2,408,869)
-	-	533,623
-	-	533,623
<u>\$ 1,369,600</u>	<u>\$ 3,375,079</u>	<u>\$ 9,103,141</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2014**

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 4,289	\$ 104,933	\$ -
Contracts Payable	91,461	4,130	-
<b>Accrued Liabilities</b>			
Compensated Absences	8,483	94,009	274,308
Claims and Judgments	1,216,756	-	-
Other Accrued Liabilities	1,584	34,927	-
Due to Other Funds	-	1,150,000	-
Due to Other Elected Officials	44	11	-
Due to Other Governments	31,311	98	-
Unearned Revenue	10,495	-	-
<b>Total Current Liabilities</b>	<b>1,364,423</b>	<b>1,388,108</b>	<b>274,308</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	7,780	88,373	-
Claims and Judgments	2,702,839	-	-
Other Post Employment Benefits	3,092	19,593	-
<b>Total Noncurrent Liabilities</b>	<b>2,713,711</b>	<b>107,966</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,078,134</b>	<b>1,496,074</b>	<b>274,308</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	4,859	528,764	-
Unrestricted	(1,654,604)	(369,073)	-
<b>Total Net Position</b>	<b>(1,649,745)</b>	<b>159,691</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,428,389</b>	<b>\$ 1,655,765</b>	<b>\$ 274,308</b>

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Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ -	\$ 5,112	\$ 114,334
-	-	95,591
870,580	-	1,247,380
-	735,652	1,952,408
-	-	36,511
499,020	-	1,649,020
-	-	55
-	-	31,409
-	-	10,495
<u>1,369,600</u>	<u>740,764</u>	<u>5,137,203</u>
-	-	96,153
-	-	2,702,839
-	4,006,350	4,029,035
-	4,006,350	6,828,027
<u>1,369,600</u>	<u>4,747,114</u>	<u>11,965,230</u>
-	-	533,623
-	(1,372,035)	(3,395,712)
-	(1,372,035)	(2,862,089)
<u>\$ 1,369,600</u>	<u>\$ 3,375,079</u>	<u>\$ 9,103,141</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
Operating Revenues			
Charges for Services	\$ 12,545,967	\$ 5,582,018	\$ 4,970
Miscellaneous	3,718,874	64,497	-
Total Operating Revenues	16,264,841	5,646,515	4,970
Operating Expenses			
Personal Services	167,531	1,216,267	4,970
Contractual Services	111,073	690	-
Supplies	1,784	4,301,887	-
Insurance Premiums and Claims	12,249,808	-	-
Utilities	-	5,737	-
Other Operating Expenses	2,413	306,257	-
Depreciation/Amortization	540	17,518	-
Total Operating Expenses	12,533,149	5,848,356	4,970
Operating Income (Loss)	3,731,692	(201,841)	-
Nonoperating Revenues (Expenses)			
Investment Income (Loss)	15,258	(10,456)	-
Gain/Loss on Disposal of Capital Assets	-	132,135	-
Total Nonoperating Revenues (Expenses)	15,258	121,679	-
Income (Loss) Before Contributions and Transfers	3,746,950	(80,162)	-
Capital Contributions	-	2,500	-
Transfers In	400,000	-	-
Transfers Out	(1,433,000)	-	-
Transfers Among Constitutional Officers	-	-	-
Change in Net Position	2,713,950	(77,662)	-
Total Net Position - Beginning	(4,363,695)	237,353	-
Total Net Position - Ending	\$ (1,649,745)	\$ 159,691	\$ -

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ 968,135	\$ 3,810,943	\$ 22,912,033
-	-	3,783,371
968,135	3,810,943	26,695,404
143,135	178,523	1,710,426
-	294,618	406,381
-	-	4,303,671
-	3,760,319	16,010,127
-	-	5,737
-	-	308,670
-	-	18,058
143,135	4,233,460	22,763,070
825,000	(422,517)	3,932,334
-	6,384	11,186
-	-	132,135
-	6,384	143,321
825,000	(416,133)	4,075,655
-	-	2,500
-	-	400,000
-	-	(1,433,000)
(825,000)		(825,000)
-	(416,133)	2,220,155
-	(955,902)	(5,082,244)
\$ -	\$ (1,372,035)	\$ (2,862,089)



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Governmental		
	Self Insurance	Garage Services	Clerk of Court Compensated Absences
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 15,748,081	\$ 5,343,292	\$ -
Receipts from Interfund Services Provided	-	-	4,970
Payments to Suppliers	(12,274,075)	(4,239,545)	-
Payments to Employees	(185,835)	(1,193,705)	-
Net Cash Provided (Used) by Operating Activities	<u>3,288,171</u>	<u>(89,958)</u>	<u>4,970</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers In	400,000	-	-
Transfers (Out)	(1,433,000)	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,033,000)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(5,399)	(5,000)	-
Proceeds from Disposal of Capital Assets	-	132,255	-
Capital Contributions	-	2,500	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,399)</u>	<u>129,755</u>	<u>-</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	(3,208)	(9,096)	-
Interest Income	15,258	-	-
Net Cash Provided (Used) by Investing Activities	<u>12,050</u>	<u>(9,096)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,261,822	30,701	4,970
Cash and Cash Equivalents - Beginning of Year	<u>111,142</u>	<u>314</u>	<u>269,338</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,372,964</u>	<u>\$ 31,015</u>	<u>\$ 274,308</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	<u>\$ 2,372,964</u>	<u>\$ 31,015</u>	<u>\$ 274,308</u>
Total	<u>\$ 2,372,964</u>	<u>\$ 31,015</u>	<u>\$ 274,308</u>

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IV)
\$ -	\$ -	\$ 21,091,373
954,906	3,811,812	4,771,688
(143,135)	(3,972,982)	(20,629,737)
-	-	(1,379,540)
<u>811,771</u>	<u>(161,170)</u>	<u>3,853,784</u>
-	-	400,000
(825,000)	-	(2,258,000)
<u>(825,000)</u>	<u>-</u>	<u>(1,858,000)</u>
-	-	(10,399)
-	-	132,255
-	-	2,500
<u>-</u>	<u>-</u>	<u>124,356</u>
-	-	(12,304)
-	6,384	21,642
-	6,384	9,338
<u>(13,229)</u>	<u>(154,786)</u>	<u>2,129,478</u>
<u>1,382,829</u>	<u>3,529,865</u>	<u>5,293,488</u>
<u>\$ 1,369,600</u>	<u>\$ 3,375,079</u>	<u>\$ 7,422,966</u>
<u>\$ 1,369,600</u>	<u>\$ 3,375,079</u>	<u>\$ 7,422,966</u>
<u>\$ 1,369,600</u>	<u>\$ 3,375,079</u>	<u>\$ 7,422,966</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Governmental		
	Self Insurance	Garage Services	Clerk of Court Compensated Absences
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 3,731,692	\$ (201,841)	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	540	17,518	-
Decrease (Increase) in Assets			
Accounts Receivable	61,511	(6,032)	-
Due from Other Elected Officials	-	(209)	-
Due from Other Governments	-	(297,191)	-
Inventories	-	32,048	-
Prepaid Expenses	(10,447)	(527)	-
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	(14,107)	(58,606)	-
Service Contracts Payable	90,114	(856)	-
Due to Other Funds	(5,738)	403,067	-
Due to Other Elected Officials	44	11	-
Due to Other Governments	31,137	98	-
Compensated Absences Payable	(12,604)	28,100	4,970
Claims and Judgments Payable	(575,408)	-	-
Other Accrued Liabilities	(6,157)	(8,584)	-
Unearned Revenue	(2,863)	-	-
Other Post Employment Benefits	457	3,046	-
Total Adjustments	(443,521)	111,883	4,970
Net Cash Provided (Used) by Operating Activities	\$ 3,288,171	\$ (89,958)	\$ 4,970

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IV)
\$ 825,000	\$ (422,517)	\$ 3,932,334
-	-	18,058
-	869	56,348
-	-	(209)
-	-	(297,191)
-	-	32,048
-	-	(10,974)
-	-	(72,713)
-	-	89,258
485,791	-	883,120
-	-	55
-	-	31,235
(499,020)	-	(478,554)
-	81,955	(493,453)
-	-	(14,741)
-	-	(2,863)
-	178,523	182,026
(13,229)	261,347	(78,550)
<u>\$ 811,771</u>	<u>\$ (161,170)</u>	<u>\$ 3,853,784</u>

# Agency Funds

Agency funds are used to account for assets held by the Okaloosa County as agent for individuals, private organizations, other governments, and/or other funds.

## **Clerk of Circuit Court**

### **Fine and Forfeiture Fund**

This fund is used to account for the collection and disbursement of fines and court costs to Okaloosa County, State of Florida, and Municipalities. These fines and costs sources are generated from traffic, misdemeanor, felony and court ordered probation.

### **Jury and Witness Fund**

This fund is used to account for the juror and witness payments received from Okaloosa County and State of Florida and subsequent disbursement to jurors and witnesses for court services.

### **Tax Deed Fund**

This fund is used to account for the collection and disbursement of child support and alimony payments, pursuant to orders of the court.

### **Support Fund**

This fund is used to account for the collection and disbursement of child support and alimony payments, pursuant to orders of the court.

### **Registry of Court Fund**

This fund is used to account for court ordered deposits that are held pending litigation and disbursed based on final disposition by the court.

### **Board of County Commissioners Trust Fund**

This fund is used to account for collection of recording fees collected by the Clerk's office and remitted to the Board of County Commissioners to fund judicial information technology.

### **State Trust Fund**

This fund is used to account for various taxes, fees and service charges collected by the Clerk's office and remitted to the State of Florida.

### **Probation Fee Trust Fund**

This fund is used to account for collection of certain court costs on traffic and misdemeanor cases and their subsequent disbursement to either JCS or Bridgeway Center, Inc., as applicable, to fund education costs.

### **Escrow Trust Fund**

This fund is used to account for deposits from title companies and is used to pay for monthly copy usage. These accounts are reconciled monthly and copy revenue earned is transferred to the Clerk's General Fund. This fund also accounts for escrow funds from Circuit and County Court cases.

### **Juvenile Trust Fund**

This fund is used to account for the collection and disbursement of Juvenile Restitution payments, pursuant to orders of the court. These funds are disbursed to the victim in each case.

### **Foreclosure Escrow Trust Fund**

This fund is used to account for court ordered deposits from foreclosure sales until final certificates of disbursement are issued.

### **Cash Bond Trust Fund**

This fund is used to account for the receipt and disbursement of cash bond monies as directed by the court.

## **Sheriff**

### **Individual Depositors Fund**

This fund is used to account for the collection and disbursement of statutory fees for services performed by the Sheriff.

### **Suspense (Levies) Fund**

This fund is used to account for monies collected and disbursed pursuant to levies.

## **Tax Collector**

### **Disbursements Fund**

This fund is used to account for collection of current and delinquent property tax assessments; business tax receipts for Okaloosa County, municipalities and other taxing districts; automobile and boat tags, titles and other related fees for the Florida Department of Motor Vehicles; and, to account for the collection of hunting and fishing licenses fees for the Florida Department of Natural Resources.

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**September 30, 2014**

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	BCC Trust	State Trust	Probation Fee Trust
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 475,016	\$ 41,297	\$ 609,389	\$ 97,607	\$ 2,544,465	\$ 26,552	\$ -	\$ 181
Accounts Receivable	183	-	-	3,319	-	-	-	-
Due from Other Elected Officials	190	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 475,389</b>	<b>\$ 41,297</b>	<b>\$ 609,389</b>	<b>\$ 100,926</b>	<b>\$ 2,544,465</b>	<b>\$ 26,552</b>	<b>\$ -</b>	<b>\$ 181</b>
<b>LIABILITIES</b>								
<b>Liabilities</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 6,514	\$ 1,089	\$ -	\$ -	\$ -
Due to Other Elected Officials	116,725	-	-	-	-	26,552	-	-
Due to Other Governments	358,664	-	-	423	-	-	-	-
Due to Depositors	-	41,297	609,389	93,989	2,543,376	-	-	181
Taxes Collected in Advance	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>475,389</b>	<b>41,297</b>	<b>609,389</b>	<b>100,926</b>	<b>2,544,465</b>	<b>26,552</b>	<b>-</b>	<b>181</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**September 30, 2014**

	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Individual Depositors	Suspense (Levies)	Disbursements	Total Agency Funds (Exhibit V)
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 153,146	\$ 1,633	\$ 872,061	\$ 445,214	\$ 14,867	\$ 6,272	\$ 1,538,649	\$ 6,826,349
Accounts Receivable	-	-	-	-	-	-	12,211	15,713
Due from Other Elected Officials	-	-	-	-	-	-	-	190
<b>Total Assets</b>	<b>\$ 153,146</b>	<b>\$ 1,633</b>	<b>\$ 872,061</b>	<b>\$ 445,214</b>	<b>\$ 14,867</b>	<b>\$ 6,272</b>	<b>\$ 1,550,860</b>	<b>\$ 6,842,252</b>
<b>LIABILITIES</b>								
<b>Liabilities</b>								
Due to Other Funds	-	-	1,743	-	-	-	-	9,346
Due to Other Elected Officials	-	-	-	-	14,867	-	-	158,144
Due to Other Governments	-	-	-	-	-	-	25,109	384,196
Due to Depositors	153,146	1,633	870,318	445,214	-	6,272	51,166	4,815,981
Taxes Collected in Advance	-	-	-	-	-	-	1,474,585	1,474,585
<b>Total Liabilities</b>	<b>153,146</b>	<b>1,633</b>	<b>872,061</b>	<b>445,214</b>	<b>14,867</b>	<b>6,272</b>	<b>1,550,860</b>	<b>6,842,252</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Balances October 1, 2013	Additions	Deletions	Balances September 30, 2014
<b>FINE AND FORFEITURE AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 401,741	\$ 5,958,292	\$ 5,885,017	\$ 475,016
Accounts Receivable	183	-	-	183
Due from Other Elected Officials	340	190	340	190
Total Assets	<u>\$ 402,264</u>	<u>\$ 5,958,482</u>	<u>\$ 5,885,357</u>	<u>\$ 475,389</u>
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 94,111	\$ 1,342,130	\$ 1,319,516	\$ 116,725
Due to Other Governments	308,153	4,616,352	4,565,841	358,664
Total Liabilities	<u>\$ 402,264</u>	<u>\$ 5,958,482</u>	<u>\$ 5,885,357</u>	<u>\$ 475,389</u>
<b>JURY AND WITNESS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 30,156</u>	<u>\$ 40,053</u>	<u>\$ 28,912</u>	<u>\$ 41,297</u>
<b>LIABILITIES</b>				
Due to Depositors	<u>\$ 30,156</u>	<u>\$ 40,053</u>	<u>\$ 28,912</u>	<u>\$ 41,297</u>
<b>TAX DEED AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 166,537</u>	<u>\$ 947,976</u>	<u>\$ 505,124</u>	<u>\$ 609,389</u>
<b>LIABILITIES</b>				
Due to Depositors	<u>\$ 166,537</u>	<u>\$ 947,976</u>	<u>\$ 505,124</u>	<u>\$ 609,389</u>
<b>SUPPORT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 70,187	\$ 4,189,575	\$ 4,162,155	\$ 97,607
Accounts Receivable	3,825	17,803	18,309	3,319
Due from Other Funds	669	-	669	-
Total Assets	<u>\$ 74,681</u>	<u>\$ 4,207,378</u>	<u>\$ 4,181,133</u>	<u>\$ 100,926</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 5,783	\$ 3,664	\$ 2,933	\$ 6,514
Due to Other Governments	417	5,865	5,859	423
Due to Depositors	68,481	4,197,849	4,172,341	93,989
Total Liabilities	<u>\$ 74,681</u>	<u>\$ 4,207,378</u>	<u>\$ 4,181,133</u>	<u>\$ 100,926</u>

Continued...



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Balances October 1, 2013	Additions	Deletions	Balances September 30, 2014
<b>REGISTRY OF COURT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,845,860	\$ 12,414,481	\$ 11,715,876	\$ 2,544,465
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 180,548	\$ 179,459	\$ 1,089
Due to Depositors	1,845,860	12,233,933	11,536,417	2,543,376
Total Liabilities	\$ 1,845,860	\$ 12,414,481	\$ 11,715,876	\$ 2,544,465
<b>BOARD OF COUNTY COMMISSIONERS TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 31,834	\$ 320,916	\$ 326,198	\$ 26,552
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 31,834	\$ 320,916	\$ 326,198	\$ 26,552
<b>STATE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 74,379	\$ 17,638,956	\$ 17,713,335	\$ -
<b>LIABILITIES</b>				
Due to Other Governments	\$ 74,379	\$ 17,638,956	\$ 17,713,335	\$ -
<b>PROBATION FEE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 334	\$ 2,054	\$ 2,207	\$ 181
<b>LIABILITIES</b>				
Due to Depositors	\$ 334	\$ 2,054	\$ 2,207	\$ 181
<b>ESCROW AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 145,391	\$ 414,729	\$ 406,974	\$ 153,146
<b>LIABILITIES</b>				
Due to Depositors	\$ 145,391	\$ 414,729	\$ 406,974	\$ 153,146

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Balances October 1, 2013	Additions	Deletions	Balances September 30, 2014
<b>JUVENILE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,074	\$ 15,586	\$ 15,027	\$ 1,633
<b>LIABILITIES</b>				
Due to Depositors	\$ 1,074	\$ 15,586	\$ 15,027	\$ 1,633
<b>FORECLOSURE ESCROW AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 709,799	\$ 12,640,155	\$ 12,477,893	\$ 872,061
<b>LIABILITIES</b>				
Due to Other Funds	\$ 1,995	\$ 1,953	\$ 2,205	\$ 1,743
Due to Depositors	707,804	12,638,202	12,475,688	870,318
	\$ 709,799	\$ 12,640,155	\$ 12,477,893	\$ 872,061
<b>CASH BOND TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 222,933	\$ 974,578	\$ 752,297	\$ 445,214
<b>LIABILITIES</b>				
Due to Depositors	\$ 222,933	\$ 974,578	\$ 752,297	\$ 445,214
<b>INDIVIDUAL DEPOSITORS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,674	\$ 193	\$ -	\$ 14,867
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 14,674	\$ 193	\$ -	\$ 14,867
<b>SUSPENSE (LEVIES) AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,910	\$ -	\$ 3,638	\$ 6,272
<b>LIABILITIES</b>				
Due to Depositors	\$ 9,910	\$ -	\$ 3,638	\$ 6,272

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2014**

	Balances October 1, 2013	Additions	Deletions	Balances September 30, 2014
<b>DISBURSEMENTS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,387,301	\$ 240,790,882	\$ 240,639,534	\$ 1,538,649
Accounts Receivable	11,749	12,211	11,749	12,211
Total Assets	<u>\$ 1,399,050</u>	<u>\$ 240,803,093</u>	<u>\$ 240,651,283</u>	<u>\$ 1,550,860</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 173,285,745	\$ 173,285,745	\$ -
Due to Other Elected Officials	-	5,593,369	5,593,369	-
Due to Other Governments	17,520	58,857,958	58,850,369	25,109
Due to Depositors	43,999	51,166	43,999	51,166
Taxes Collected in Advance	1,337,531	3,014,855	2,877,801	1,474,585
Total Liabilities	<u>\$ 1,399,050</u>	<u>\$ 240,803,093</u>	<u>\$ 240,651,283</u>	<u>\$ 1,550,860</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,112,110	\$ 296,348,426	\$ 294,634,187	\$ 6,826,349
Accounts Receivable	15,757	30,014	30,058	15,713
Due from Other Funds	669	-	669	-
Due from Other Elected Officials	340	190	340	190
Total Assets	<u>\$ 5,128,876</u>	<u>\$ 296,378,630</u>	<u>\$ 294,665,254</u>	<u>\$ 6,842,252</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 7,778	\$ 173,471,910	\$ 173,470,342	\$ 9,346
Due to Other Elected Officials	140,619	7,256,608	7,239,083	158,144
Due to Other Governments	400,469	81,119,131	81,135,404	384,196
Due to Depositors	3,242,479	31,516,126	29,942,624	4,815,981
Taxes Collected in Advance	1,337,531	3,014,855	2,877,801	1,474,585
Total Liabilities	<u>\$ 5,128,876</u>	<u>\$ 296,378,630</u>	<u>\$ 294,665,254</u>	<u>\$ 6,842,252</u>

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## STATISTICAL SECTION

# Statistical Section

This part of Okaloosa County, Florida's comprehensive annual financial report presents detailed information as a context of understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. The following types of schedules are included.

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

The statistical schedule mandated by the GASB's Codification, Section 2800, concerning legal debt margin is omitted because the County has no established debt limitation.

## **Demographic and Economic Information**

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

## **Operating Information**

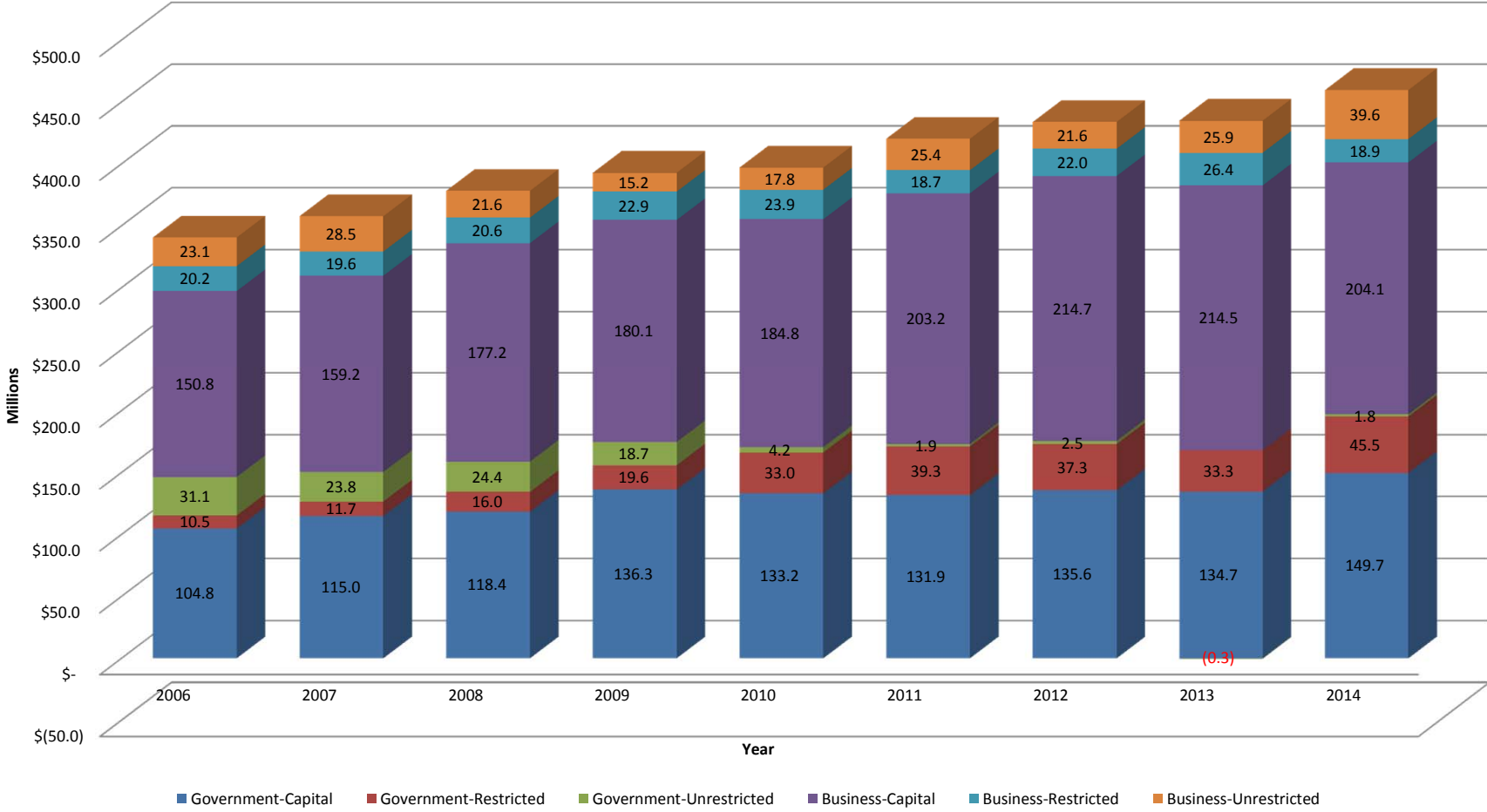
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

## NET POSITION BY CATEGORY - LAST NINE FISCAL YEARS \* - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GOVERNMENTAL ACTIVITIES:</b>									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$104,807	\$114,990	\$118,399	\$136,255	\$133,206	\$131,864	\$135,627	\$134,735	\$149,700
<b>RESTRICTED:</b>									
DEBT SERVICE	\$810	\$491	\$467	\$485	\$1,174	\$431	\$994	\$463	\$504
OTHER PURPOSES	\$9,707	\$11,190	\$15,537	\$19,153	\$31,866	\$38,864	\$36,326	\$32,871	\$45,004
UNRESTRICTED (DEFICIT)	\$31,083	\$23,766	\$24,418	\$18,709	\$4,244	\$1,865	\$2,534	(\$265)	\$1,846
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<b>\$146,407</b>	<b>\$150,437</b>	<b>\$158,821</b>	<b>\$174,602</b>	<b>\$170,490</b>	<b>\$173,024</b>	<b>\$175,481</b>	<b>\$167,804</b>	<b>\$197,054</b>
<b>BUSINESS-TYPE ACTIVITIES</b>									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$150,847	\$159,248	\$177,168	\$180,105	\$184,811	\$203,224	\$214,734	\$214,514	\$204,110
<b>RESTRICTED:</b>									
DEBT SERVICE	\$10,075	\$8,388	\$10,068	\$12,650	\$13,654	\$7,579	\$10,262	\$9,496	\$9,964
OTHER PURPOSES	\$10,092	\$11,167	\$10,570	\$10,262	\$10,249	\$11,090	\$11,773	\$16,888	\$8,956
UNRESTRICTED	\$23,140	\$28,517	\$21,632	\$15,200	\$17,827	\$25,367	\$21,613	\$25,916	\$39,603
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<b>\$194,154</b>	<b>\$207,320</b>	<b>\$219,438</b>	<b>\$218,217</b>	<b>\$226,541</b>	<b>\$247,260</b>	<b>\$258,382</b>	<b>\$266,814</b>	<b>\$262,633</b>
<b>PRIMARY GOVERNMENT</b>									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$255,654	\$274,238	\$295,567	\$316,360	\$318,017	\$335,088	\$350,361	\$349,249	\$353,810
<b>RESTRICTED:</b>									
DEBT SERVICE	\$10,885	\$8,879	\$10,535	\$13,135	\$14,828	\$8,010	\$11,256	\$9,959	\$10,468
OTHER PURPOSES	\$19,799	\$22,357	\$26,107	\$29,415	\$42,115	\$49,954	\$48,099	\$49,759	\$53,960
UNRESTRICTED	\$54,223	\$52,283	\$46,050	\$33,909	\$22,071	\$27,232	\$24,147	\$25,651	\$41,449
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<b>\$340,561</b>	<b>\$357,757</b>	<b>\$378,259</b>	<b>\$392,819</b>	<b>\$397,031</b>	<b>\$420,284</b>	<b>\$433,863</b>	<b>\$434,618</b>	<b>\$459,687</b>

### Net Position by Category Last Ten Fiscal Years

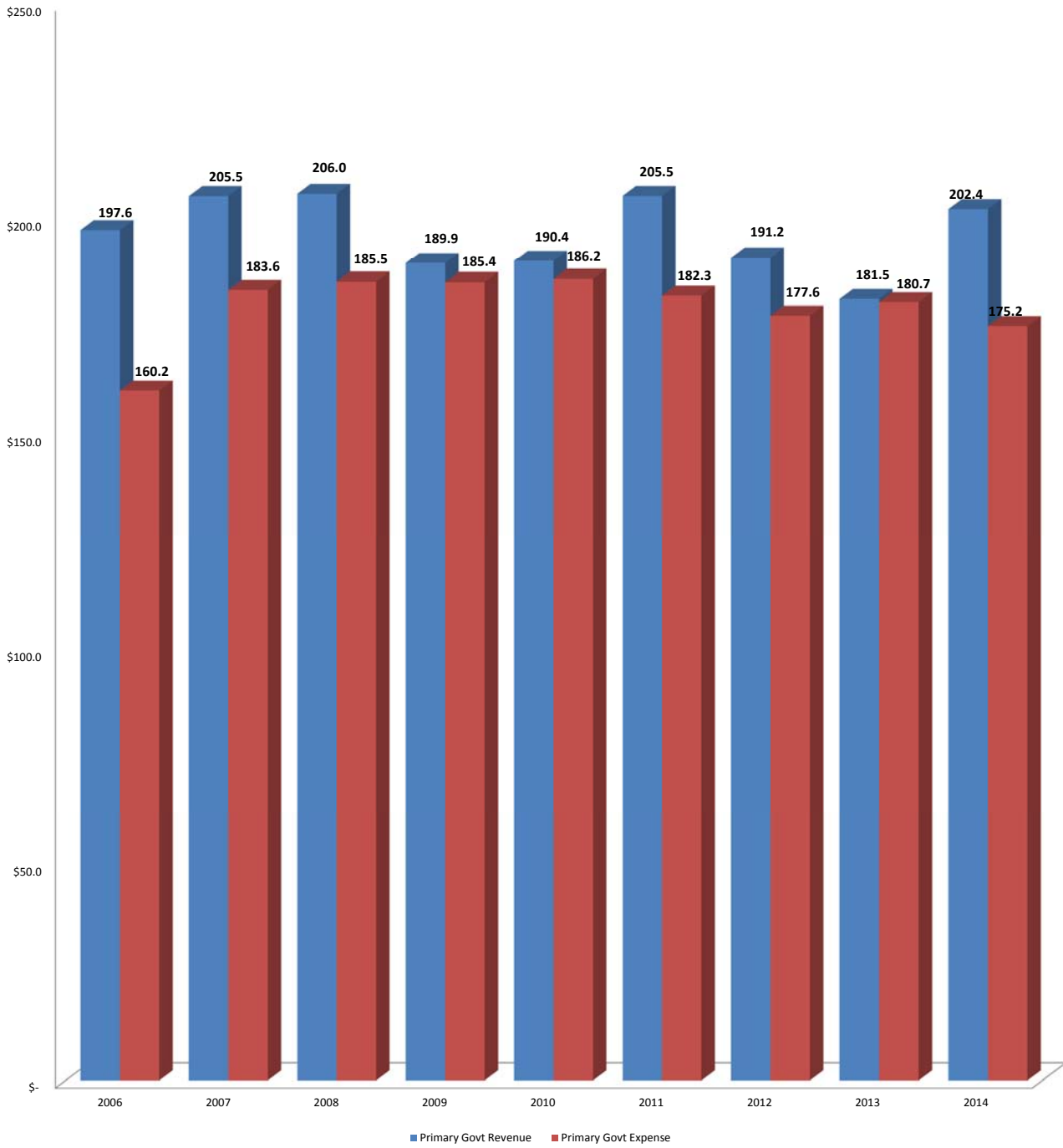




## CHANGES IN NET POSITION - LAST NINE FISCAL YEARS \* - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES									
GOVERNMENTAL ACTIVITIES:									
GENERAL GOVERNMENT	\$27,579	\$31,202	\$34,777	\$31,008	\$32,146	\$31,726	\$30,552	\$28,715	\$29,543
PUBLIC SAFETY	41,752	47,315	49,963	53,499	47,995	45,335	46,360	45,296	47,804
PHYSICAL ENVIRONMENT	928	897	1,138	867	2,594	2,148	933	1,502	1,178
TRANSPORTATION	16,736	16,809	17,229	18,901	18,922	17,728	16,245	14,632	13,712
ECONOMIC ENVIRONMENT	7,966	6,581	6,471	7,456	8,980	9,290	5,563	4,983	6,174
HUMAN SERVICES	4,651	4,851	4,964	5,110	4,672	4,454	4,352	4,500	4,277
CULTURE AND RECREATION	3,695	8,496	5,069	4,500	5,031	4,007	5,902	11,997	7,521
COURT-RELATED	8,256	11,661	9,088	8,082	7,390	7,118	6,634	7,589	7,406
INTEREST AND FISCAL CHARGES	302	264	181	116	1,138	1,531	1,692	1,745	1,526
TOTAL GOVERNMENTAL EXPENSES	\$111,865	\$128,076	\$128,880	\$129,539	\$128,868	\$123,337	\$118,233	\$120,959	\$119,141
BUSINESS-TYPE ACTIVITIES:									
WATER AND SEWER	\$20,892	\$25,078	\$25,057	\$24,067	\$25,752	\$27,124	\$26,149	\$27,657	\$25,122
AIRPORT	6,832	7,649	8,363	9,804	10,575	12,527	12,928	12,450	13,223
SOLID WASTE	8,577	9,517	9,757	8,404	7,757	6,874	7,438	7,684	8,566
INSPECTIONS	2,398	2,207	1,582	1,245	7,561	1,149	1,600	1,588	1,541
EMERGENCY MEDICAL SERVICES	5,872	6,770	7,326	7,504	1,241	7,495	6,933	7,234	7,587
CONFERENCE CENTER	3,811	4,258	4,556	4,817	4,424	3,754	4,301	3,153	0
TOTAL BUSINESS-TYPE EXPENSES	\$48,382	\$55,479	\$56,641	\$55,841	\$57,310	\$58,923	\$59,349	\$59,766	\$56,039
TOTAL PRIMARY GOVERNMENT EXPENSES	\$160,247	\$183,555	\$185,521	\$185,380	\$186,178	\$182,260	\$177,582	\$180,725	\$175,180
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:									
CHARGES FOR SERVICES									
GENERAL GOVERNMENTAL	\$11,757	\$12,503	\$11,996	\$10,590	\$10,488	\$11,002	\$12,364	\$11,378	\$11,482
OTHER	15,818	14,433	17,218	17,359	12,287	15,752	13,332	14,090	11,829
OPERATING GRANTS AND CONTRIBUTIONS	13,854	10,986	6,167	10,843	9,867	7,675	8,354	5,845	7,379
CAPITAL GRANTS AND CONTRIBUTIONS	3,323	526	579	7,611	4,287	2,611	6,240	1,249	1,716
TOTAL GOVERNMENT PROGRAM REVENUE	\$44,752	\$38,448	\$35,960	\$46,403	\$36,929	\$37,040	\$40,290	\$32,562	\$32,406
BUSINESS-TYPE ACTIVITIES:									
CHARGES FOR SERVICES									
WATER & SEWER	\$22,387	\$22,403	\$24,207	\$22,662	\$24,107	\$25,686	\$26,025	\$26,778	\$28,746
OTHER	21,915	23,750	25,857	25,613	26,086	27,742	28,186	29,176	25,461
OPERATING GRANTS AND CONTRIBUTIONS	868	1,081	771	584	797	548	338	528	264
CAPITAL GRANTS AND CONTRIBUTIONS	5,716	9,927	9,204	6,226	9,027	18,035	10,292	4,720	18,962
TOTAL BUSINESS-TYPE PROGRAM REVENUE	\$50,886	\$57,161	\$60,039	\$55,085	\$60,017	\$72,011	\$64,841	\$61,202	\$73,433
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$95,638	\$95,609	\$95,999	\$101,488	\$96,946	\$109,051	\$105,131	\$93,764	\$105,839
NET (EXPENSE)/REVENUE									
GOVERNMENTAL ACTIVITIES	(\$67,113)	(\$89,628)	(\$92,920)	(\$83,136)	(\$91,939)	(\$86,297)	(\$77,943)	(\$88,397)	(\$86,735)
BUSINESS-TYPE ACTIVITIES	\$2,504	\$1,682	\$3,398	(\$756)	\$2,707	\$13,088	\$5,492	\$1,436	\$17,394
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(\$64,609)	(\$87,946)	(\$89,522)	(\$83,892)	(\$89,232)	(\$73,209)	(\$72,451)	(\$86,961)	(\$69,341)
GENERAL REVENUES									
GOVERNMENTAL ACTIVITIES:									
TAXES	\$66,042	\$73,868	\$76,704	\$68,952	\$64,567	\$61,192	\$58,759	\$58,010	\$68,740
STATE SHARED REVENUE	19,823	19,004	17,573	16,130	15,801	16,880	17,041	17,801	22,673
GRANT AND CONTRIBUTIONS NOT RESTRICTED	2,591	782	2,033	256	1,725	6,622	360	124	146
OTHER	4,563	4,725	3,710	3,783	5,734	4,137	4,241	4,785	2,951
TOTAL GOVERNMENTAL ACTIVITIES	\$93,019	\$98,379	\$100,020	\$89,121	\$87,827	\$88,831	\$80,401	\$80,720	\$94,510
BUSINESS-TYPE ACTIVITIES:									
TAXES	\$6,497	\$6,746	\$6,869	\$5,825	\$4,830	\$6,810	\$6,780	\$6,709	\$1,111
STATE SHARED REVENUE	0	0	0	0	0	0	0	0	0
GRANT AND CONTRIBUTIONS NOT RESTRICTED	674	(300)	96	25	0	0	0	0	0
OTHER	1,745	5,037	3,039	(6,594)	786	823	(1,151)	287	927
TOTAL BUSINESS-TYPE ACTIVITIES	\$8,916	\$11,483	\$10,004	(\$744)	\$5,616	\$7,633	\$5,629	\$6,996	\$2,038
CHANGES IN NET POSITION									
GOVERNMENTAL ACTIVITIES	\$25,906	\$8,751	\$7,100	\$5,985	(\$4,112)	\$2,534	\$2,458	(\$7,677)	\$7,775
BUSINESS-TYPE ACTIVITIES	\$11,420	\$13,165	\$13,402	(\$1,500)	\$8,323	\$20,721	\$11,121	\$8,432	\$19,432
TOTAL PRIMARY GOVERNMENT	\$37,326	\$21,916	\$20,502	\$4,485	\$4,211	\$23,255	\$13,579	\$755	\$27,207

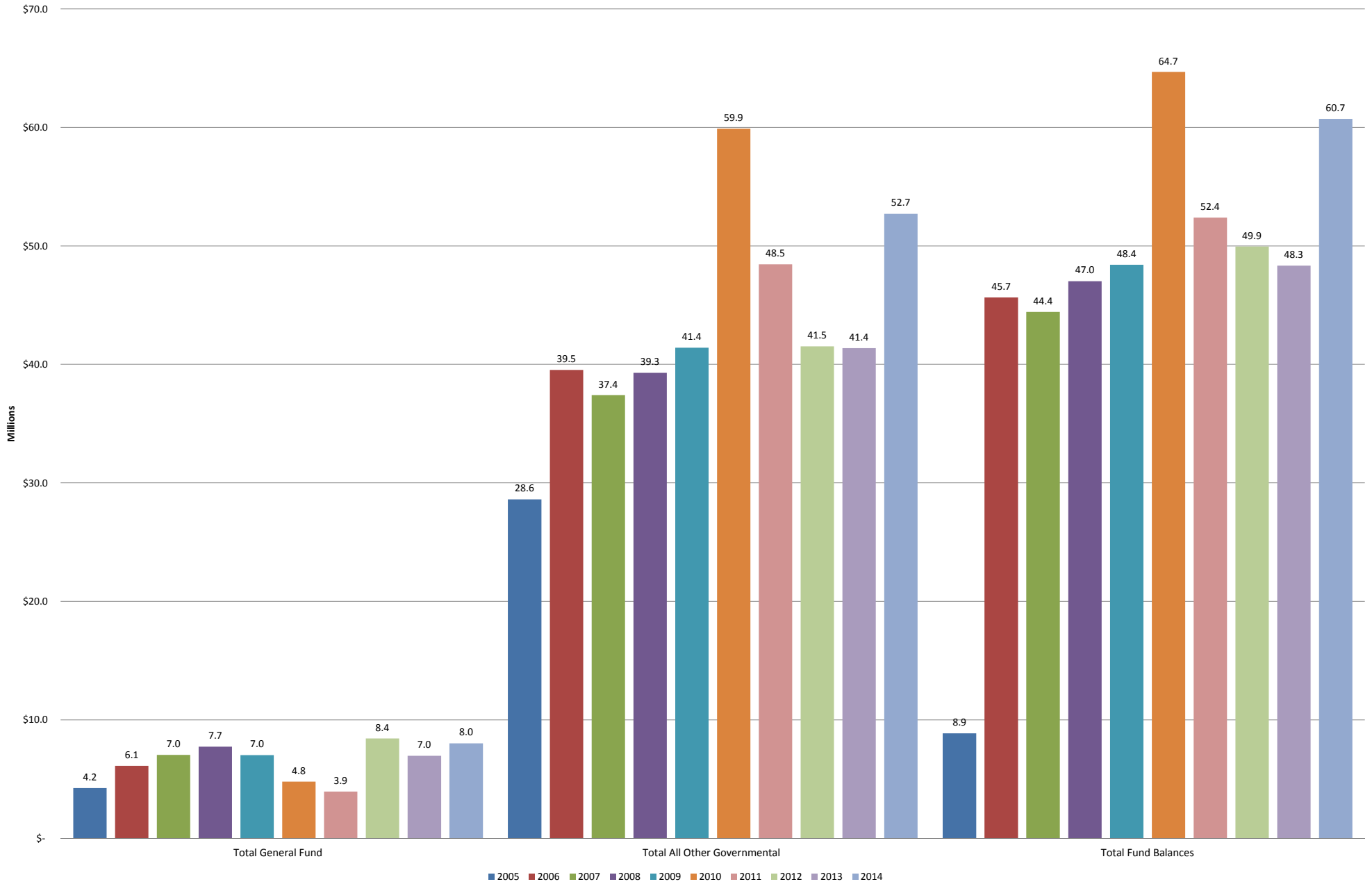
### Changes in Net Position - Primary Government Last Ten Fiscal Years



## FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	FISCAL YEAR					
	PRE-GASB 54					
	2005	2006	2007	2008	2009	2010
(modified accrual basis of accounting)						
GENERAL FUND						
RESERVED	\$1,938,678	\$1,369,275	\$1,812,954	\$2,797,024	\$4,150,682	\$2,897,805
UNRESERVED	2,298,682	4,748,244	5,220,535	4,937,348	2,866,210	1,879,189
TOTAL GENERAL FUND	4,237,360	6,117,519	7,033,489	7,734,372	7,016,892	4,776,994
ALL OTHER GOVERNMENTAL FUNDS						
RESERVED	8,853,686	8,926,974	10,205,357	12,946,707	15,218,909	35,273,294
UNRESERVED, REPORTED IN:						
SPECIAL REVENUE FUNDS	3,062,924	11,623,002	7,136,986	6,561,536	8,143,049	10,305,647
CAPITAL OUTLAY FUNDS	16,694,319	18,982,709	20,060,394	19,778,366	18,039,439	14,324,892
TOTAL ALL OTHER GOVERNMENTAL FUNDS	28,610,929	39,532,685	37,402,737	39,286,609	41,401,397	59,903,833
TOTAL FUND BALANCES	\$32,848,289	\$45,650,204	\$44,436,226	\$47,020,981	\$48,418,289	\$64,680,827
	POST-GASB 54					
	2011	2012	2013	2014		
GENERAL FUND						
NONSPENDABLE	\$347,376	\$284,264	\$346,136	\$288,101		
RESTRICTED	-	-	-	-		
COMMITTED	26,833	26,808	26,808	28,271		
ASSIGNED	-	-	-	-		
UNASSIGNED	3,562,434	8,112,239	6,595,043	7,700,502		
TOTAL GENERAL FUND	3,936,643	8,423,311	6,967,987	8,016,874		
ALL OTHER GOVERNMENTAL FUNDS						
NONSPENDABLE	1,064,068	644,538	89,494	50,299		
RESTRICTED	38,051,645	35,934,149	37,677,535	49,600,151		
COMMITTED	542,977	579,899	562,599	519,514		
ASSIGNED	9,861,148	4,992,479	3,103,981	3,378,819		
UNASSIGNED	(1,064,068)	(630,376)	(68,114)	(833,541)		
TOTAL ALL OTHER GOVERNMENTAL FUNDS	48,455,770	41,520,689	41,365,495	52,715,242		
TOTAL FUND BALANCES	\$52,392,413	\$49,944,000	\$48,333,482	\$60,732,116		

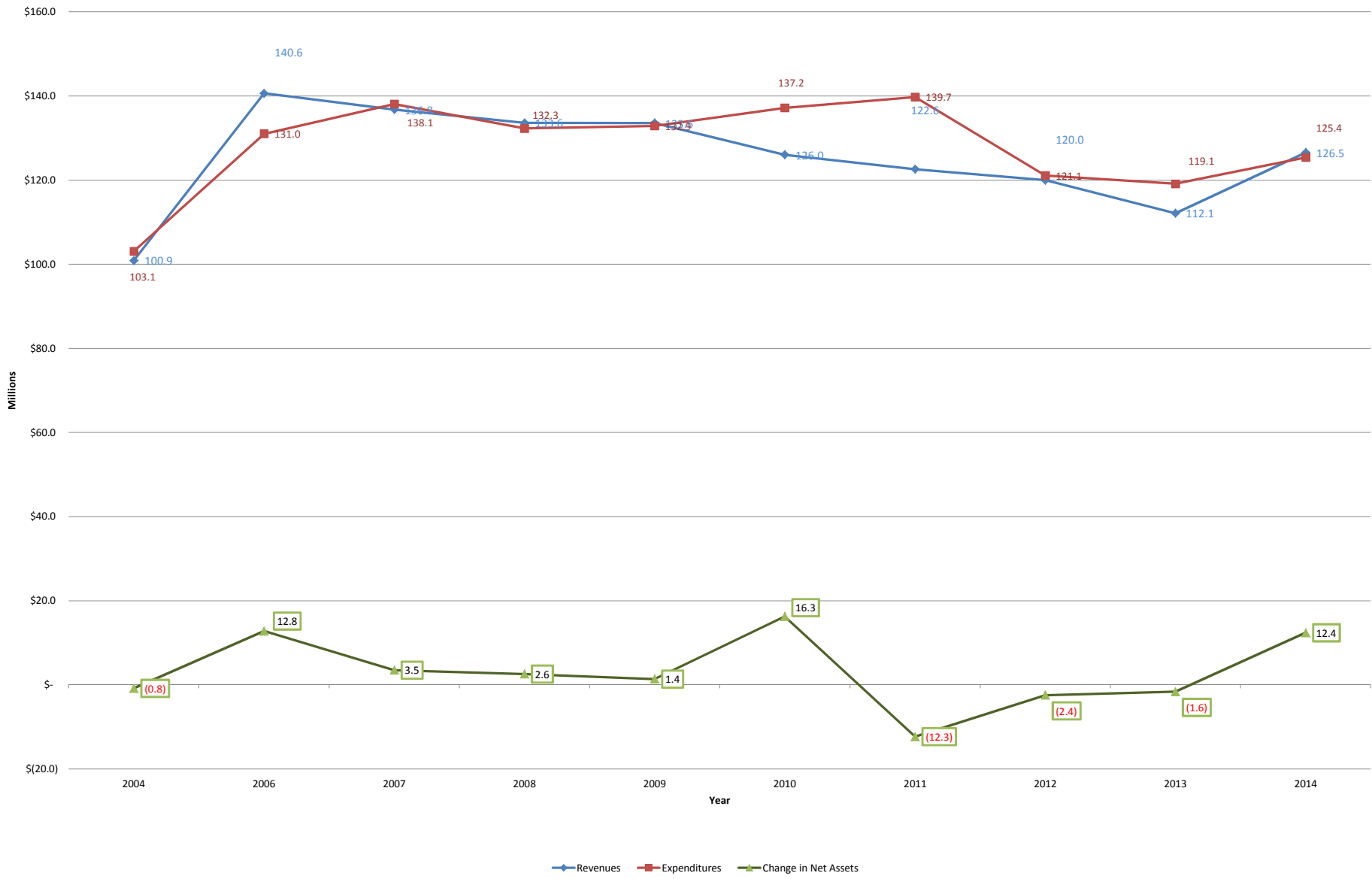
### Fund Balances - Governmental Funds Last Ten Fiscal Years



## CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS-LAST TEN FISCAL YEARS

	2004	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
TAXES	\$48,610,746	\$66,042,747	\$73,867,055	\$73,373,458	\$72,281,816	\$64,566,859	\$61,193,262	\$58,759,403	\$58,009,904	\$68,739,375
LICENSES & PERMITS	\$307,090	\$284,662	\$214,234	\$9,100	\$1,380,759	\$1,327,905	\$1,325,765	\$1,335,069	\$816,294	\$822,400
INTERGOVERNMENTAL	\$29,948,522	\$42,539,492	\$31,531,631	\$30,009,477	\$35,475,825	\$36,535,915	\$33,113,485	\$34,752,396	\$30,863,164	\$30,120,655
CHARGES FOR SERVICES	\$19,859,820	\$24,735,690	\$23,289,780	\$22,131,456	\$20,050,104	\$16,832,903	\$16,703,982	\$18,066,625	\$18,655,266	\$21,372,281
FINES & FORFEITURES	\$253,841	\$719,436	\$1,611,436	\$1,611,436	\$311,933	\$263,008	\$366,891	\$465,016	\$476,561	\$1,164,801
MISCELLANEOUS	\$1,908,070	\$6,305,145	\$5,359,597	\$6,452,039	\$4,053,181	\$6,474,468	\$9,896,129	\$6,602,495	\$3,307,732	\$4,307,247
<b>TOTAL REVENUES</b>	<b>\$100,888,089</b>	<b>\$140,627,172</b>	<b>\$136,784,833</b>	<b>\$133,586,975</b>	<b>\$133,553,618</b>	<b>\$126,001,058</b>	<b>\$122,599,514</b>	<b>\$119,981,004</b>	<b>\$112,128,921</b>	<b>\$126,526,759</b>
<b>EXPENDITURES</b>										
GENERAL GOVERNMENT SERVICES	\$22,138,458	\$26,533,691	\$29,818,265	\$33,527,359	\$31,564,827	\$30,831,739	\$29,385,011	\$28,153,161	\$26,836,490	\$28,079,338
PUBLIC SAFETY	\$33,702,978	\$39,715,240	\$45,003,091	\$47,406,613	\$48,819,375	\$44,472,469	\$43,923,618	\$43,331,001	\$44,072,056	\$46,091,455
PHYSICAL ENVIRONMENT	\$539,630	\$769,308	\$869,499	\$952,412	\$822,003	\$2,267,404	\$2,190,121	\$1,012,021	\$1,052,328	\$1,121,652
TRANSPORTATION	\$10,757,562	\$13,126,158	\$12,859,021	\$13,124,250	\$14,177,430	\$14,276,604	\$13,049,151	\$12,403,808	\$11,660,285	\$11,423,718
ECONOMIC ENVIRONMENT	\$12,205,205	\$7,793,104	\$6,387,789	\$6,297,322	\$7,415,472	\$9,052,837	\$9,158,215	\$5,077,420	\$4,941,758	\$6,336,515
HUMAN SERVICES	\$3,736,433	\$4,372,186	\$4,538,445	\$4,654,542	\$4,803,243	\$4,323,033	\$4,111,405	\$4,020,503	\$4,185,618	\$4,051,161
CULTURE AND RECREATION	\$2,464,105	\$3,355,917	\$8,137,562	\$4,494,534	\$3,887,890	\$4,452,522	\$3,419,210	\$5,330,917	\$11,418,463	\$6,603,579
COURT RELATED	\$6,733,490	\$7,947,657	\$11,448,620	\$8,752,790	\$8,114,665	\$7,102,441	\$6,824,745	\$6,795,357	\$7,158,838	\$7,400,259
CAPITAL OUTLAY	\$9,943,885	\$26,494,998	\$16,993,757	\$11,226,400	\$12,625,889	\$18,693,921	\$25,526,067	\$10,304,163	\$5,427,895	\$11,282,675
PRINCIPAL RETIREMENT	\$809,166	\$818,774	\$1,934,681	\$1,737,530	\$587,575	\$587,505	\$582,411	\$3,050,000	\$713,000	\$1,329,000
INTEREST	\$46,392	\$48,794	\$66,319	\$85,381	\$45,532	\$435,901	\$1,479,158	\$1,587,593	\$1,626,624	\$1,648,372
OTHER CHARGES	\$1,500	\$2,000	\$23,699	\$24,187	\$22,836	\$692,498	\$96,448	\$19,768	\$41,210	\$13,101
<b>TOTAL EXPENDITURES</b>	<b>\$103,078,804</b>	<b>\$130,977,827</b>	<b>\$138,080,748</b>	<b>\$132,283,320</b>	<b>\$132,886,737</b>	<b>\$137,188,874</b>	<b>\$139,745,560</b>	<b>\$121,085,712</b>	<b>\$119,134,565</b>	<b>\$125,380,825</b>
<b>EXCESS OF REVENUES OVER(UNDER) EXPENDITURES</b>	<b>(\$2,190,715)</b>	<b>\$9,649,345</b>	<b>(\$1,295,915)</b>	<b>\$1,303,655</b>	<b>\$666,881</b>	<b>(\$11,187,816)</b>	<b>(\$17,146,046)</b>	<b>(\$1,104,708)</b>	<b>(\$7,005,644)</b>	<b>\$1,145,934</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
SPECIAL ITEM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,007,041)	\$0	\$0
TRANSFERS IN	\$6,648,881	\$7,908,387	\$9,898,053	\$9,066,308	\$8,965,209	\$7,963,351	\$11,551,302	\$11,920,643	\$6,333,962	\$16,598,302
TRANSFERS OUT	(\$6,223,181)	(\$7,305,817)	(\$8,895,030)	(\$7,782,208)	(\$8,234,782)	(\$6,876,756)	(\$10,293,670)	(\$11,257,307)	(\$5,938,836)	(\$7,820,602)
BUDGET TRANSFERS AMOUNG										
CONSTITUTIONAL OFFICERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$825,000
PROCEEDS FROM CAPITAL LEASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXCESS FEES DUE TO OTHER GOVERNMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEED FROM LONG-TERM-DEBT	\$943,138	\$2,550,000	\$3,800,000	\$0	\$0	\$26,363,759	\$3,600,000	\$0	\$5,000,000	\$1,650,000
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>\$1,368,838</b>	<b>\$3,152,570</b>	<b>\$4,803,023</b>	<b>\$1,284,100</b>	<b>\$730,427</b>	<b>\$27,450,354</b>	<b>\$4,857,632</b>	<b>(\$1,343,705)</b>	<b>\$5,395,126</b>	<b>\$11,252,700</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$821,877)</b>	<b>\$12,801,915</b>	<b>\$3,507,108</b>	<b>\$2,587,755</b>	<b>\$1,397,308</b>	<b>\$16,262,538</b>	<b>(\$12,288,414)</b>	<b>(\$2,448,413)</b>	<b>(\$1,610,518)</b>	<b>\$12,398,634</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>0.84%</b>	<b>0.67%</b>	<b>1.49%</b>	<b>1.42%</b>	<b>0.50%</b>	<b>1.27%</b>	<b>1.57%</b>	<b>4.00%</b>	<b>2.04%</b>	<b>2.44%</b>

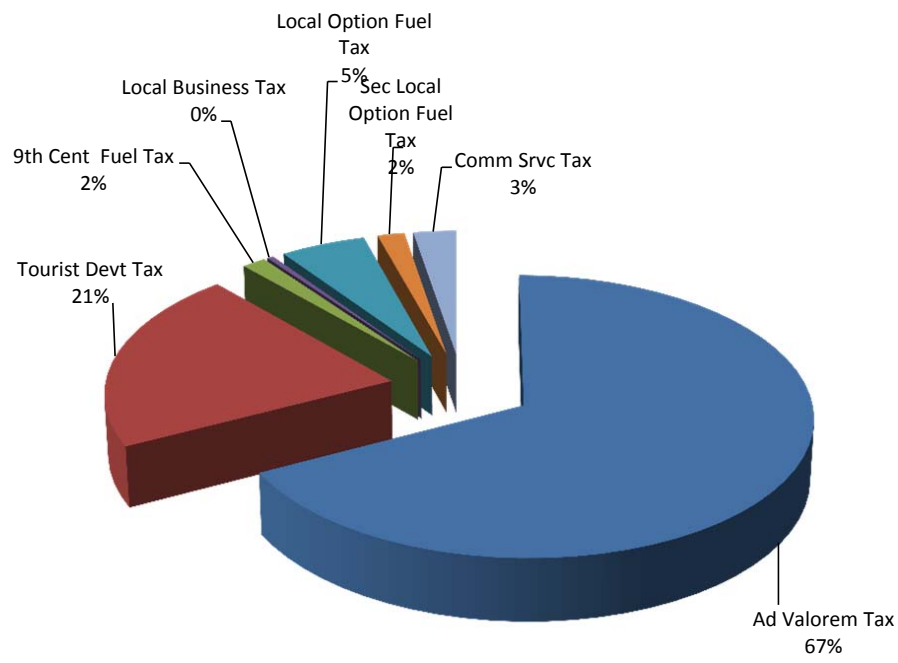
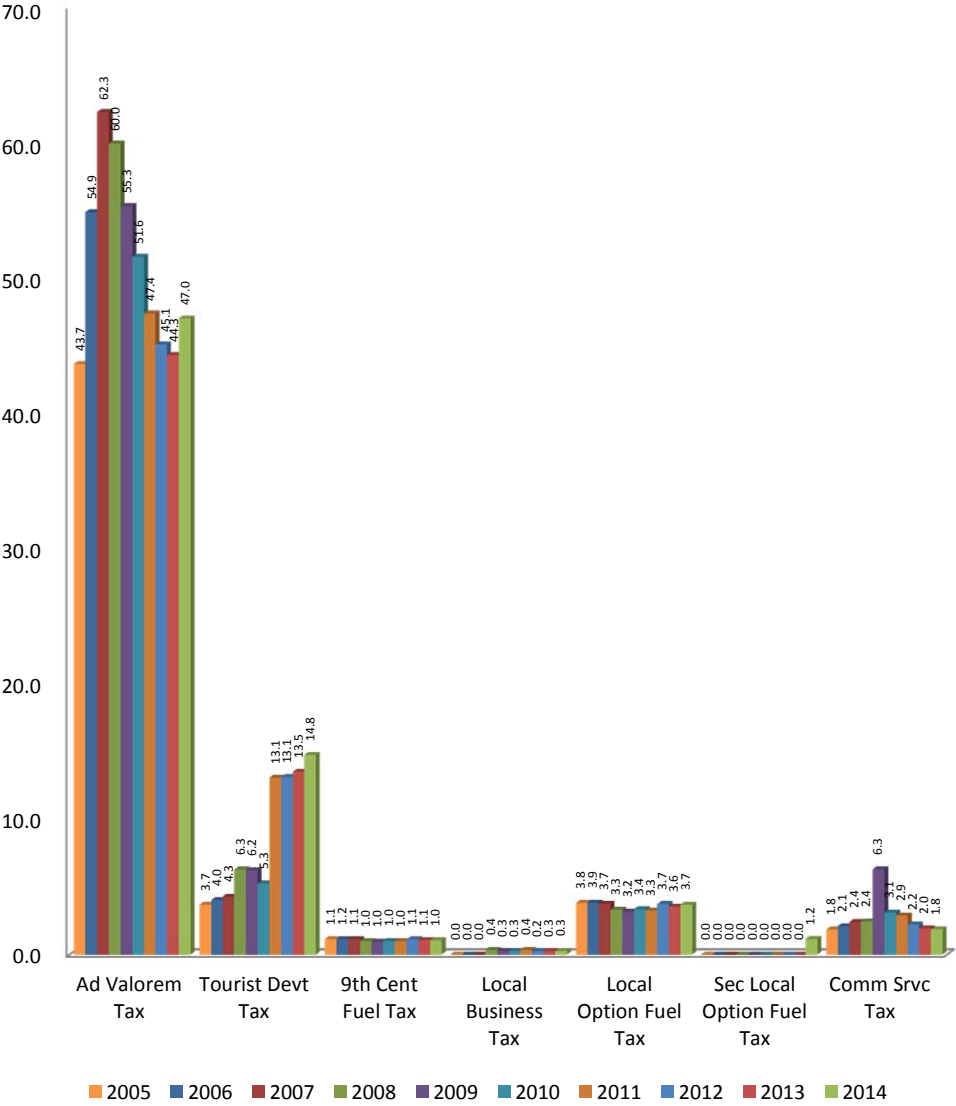
### Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years



## GOVERNMENTAL TAX REVENUES BY SOURCE - LAST TEN FISCAL YEARS

FISCAL YEAR	AD VALOREM TAX	TOURIST DEVELOPMENT TAX	9TH CENT VOTED FUEL TAX	LOCAL BUSINESS TAX	LOCAL OPTION FUEL TAX	SECOND LOCAL OPTION FUEL TAX	COMMUNICATION SERVICE TAX	TOTAL TAXES
2005	\$43,674,282	\$3,680,706	\$1,139,965	\$0	\$3,807,944	\$0	\$1,842,188	\$54,145,086
2006	\$54,897,396	\$4,023,127	\$1,160,768	\$0	\$3,858,003	\$0	\$2,103,453	\$66,042,748
2007	\$62,280,020	\$4,293,620	\$1,128,995	\$0	\$3,749,553	\$0	\$2,414,866	\$73,867,054
2008	\$59,958,051	\$6,285,864	\$1,003,998	\$350,931	\$3,337,538	\$0	\$2,437,077	\$73,373,458
2009	\$55,342,840	\$6,226,986	\$957,813	\$252,511	\$3,188,176	\$0	\$6,313,490	\$72,281,816
2010	\$51,591,467	\$5,260,031	\$1,007,578	\$251,035	\$3,360,644	\$0	\$3,096,105	\$64,566,860
2011	\$47,413,163	\$13,092,667	\$977,680	\$363,365	\$3,262,337	\$0	\$2,894,338	\$68,003,550
2012	\$45,105,639	\$13,128,501	\$1,119,335	\$241,449	\$3,735,262	\$0	\$2,208,919	\$65,539,105
2013	\$44,348,020	\$13,520,017	\$1,066,902	\$268,190	\$3,559,220	\$0	\$1,956,905	\$64,719,254
2014	\$47,044,564	\$14,780,313	\$1,038,703	\$276,084	\$3,694,824	\$1,167,117	\$1,848,458	\$69,850,063

# Governmental Tax Revenues by Source Fiscal Year 2014 (\$69,850,063)





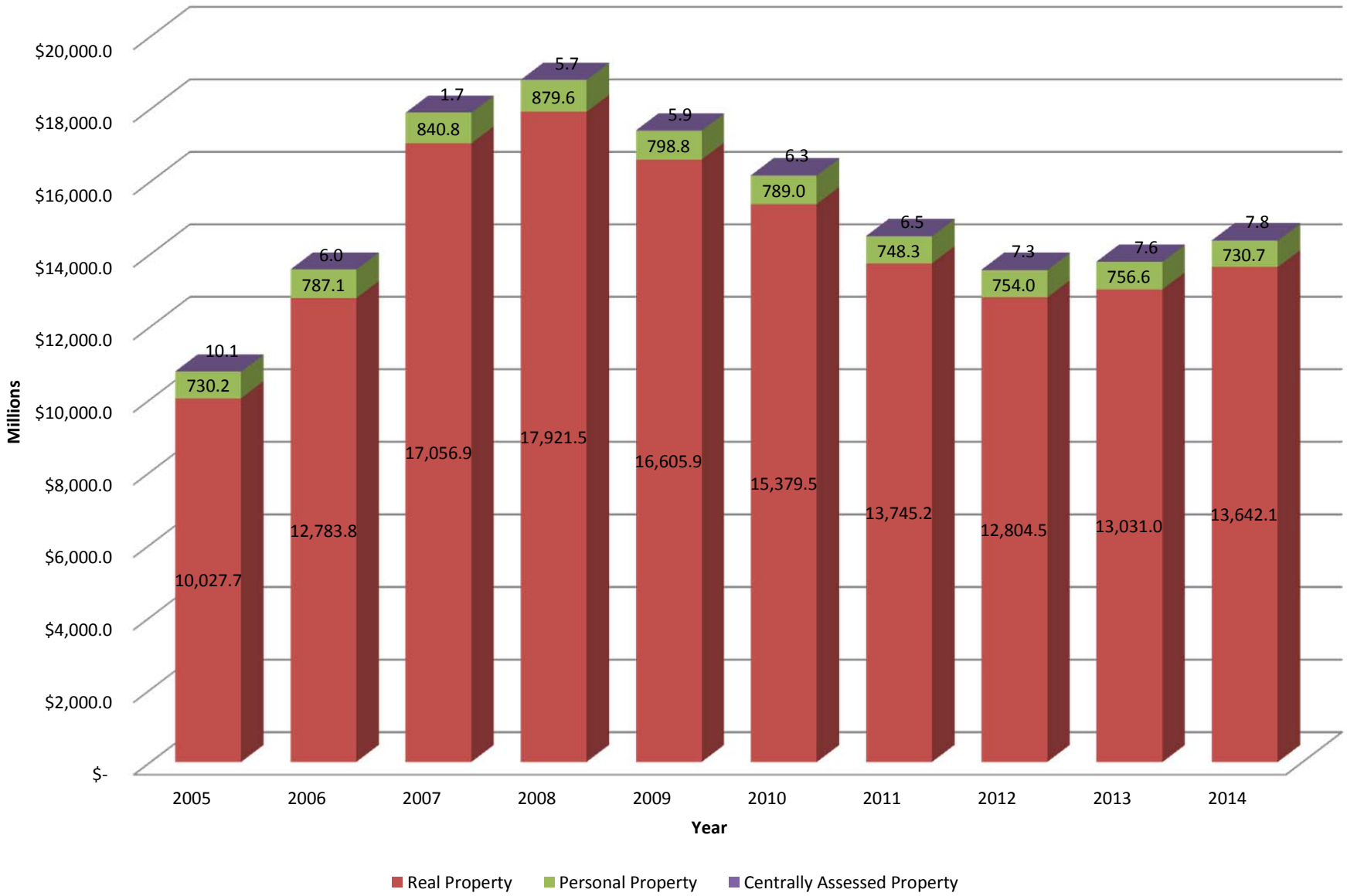
**TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY - LAST TEN FISCAL YEARS**

FISCAL YEAR	ASSESSED VALUE			TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE (1)	ASSESSED TO ESTIMATED ACTUAL
	REAL PROPERTY	PERSONAL PROPERTY	CENTRALLY ASSESSED PROPERTY				
2005	10,027,698,523	730,162,016	10,055,839	10,767,916,378	12.8094	12,668,136,915	85.00%
2006	12,783,763,622	787,145,427	5,994,612	13,576,903,661	12.5784	15,972,827,836	85.00%
2007	17,056,877,307	840,818,749	1,672,030	17,899,368,086	11.6445	21,058,080,101	85.00%
2008	17,921,513,970	879,629,168	5,697,214	18,806,840,352	11.1721	22,125,694,532	85.00%
2009	16,605,928,228	798,827,354	5,875,411	17,410,630,993	11.1035	20,483,095,286	85.00%
2010	15,379,485,139	788,963,431	6,340,541	16,174,789,111	11.1089	19,029,163,660	85.00%
2011	13,745,152,717	748,267,784	6,451,134	14,499,871,635	11.0039	17,058,672,512	85.00%
2012	12,804,470,883	753,956,598	7,314,456	13,565,741,937	11.2389	15,959,696,396	85.00%
2013	13,030,999,186	756,578,546	7,592,401	13,795,170,133	10.9459	16,229,611,921	85.00%
2014	13,642,118,444	730,736,448	7,839,717	14,380,694,609	11.1618	16,918,464,246	85.00%

(1) BASED ON PROPERTY APPRAISER'S ESTIMATE OF ASSESSED PROPERTY VALUATION BEING 85% OF MARKET VALUE

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

## Taxable Assesed Value Last Ten Fiscal Years

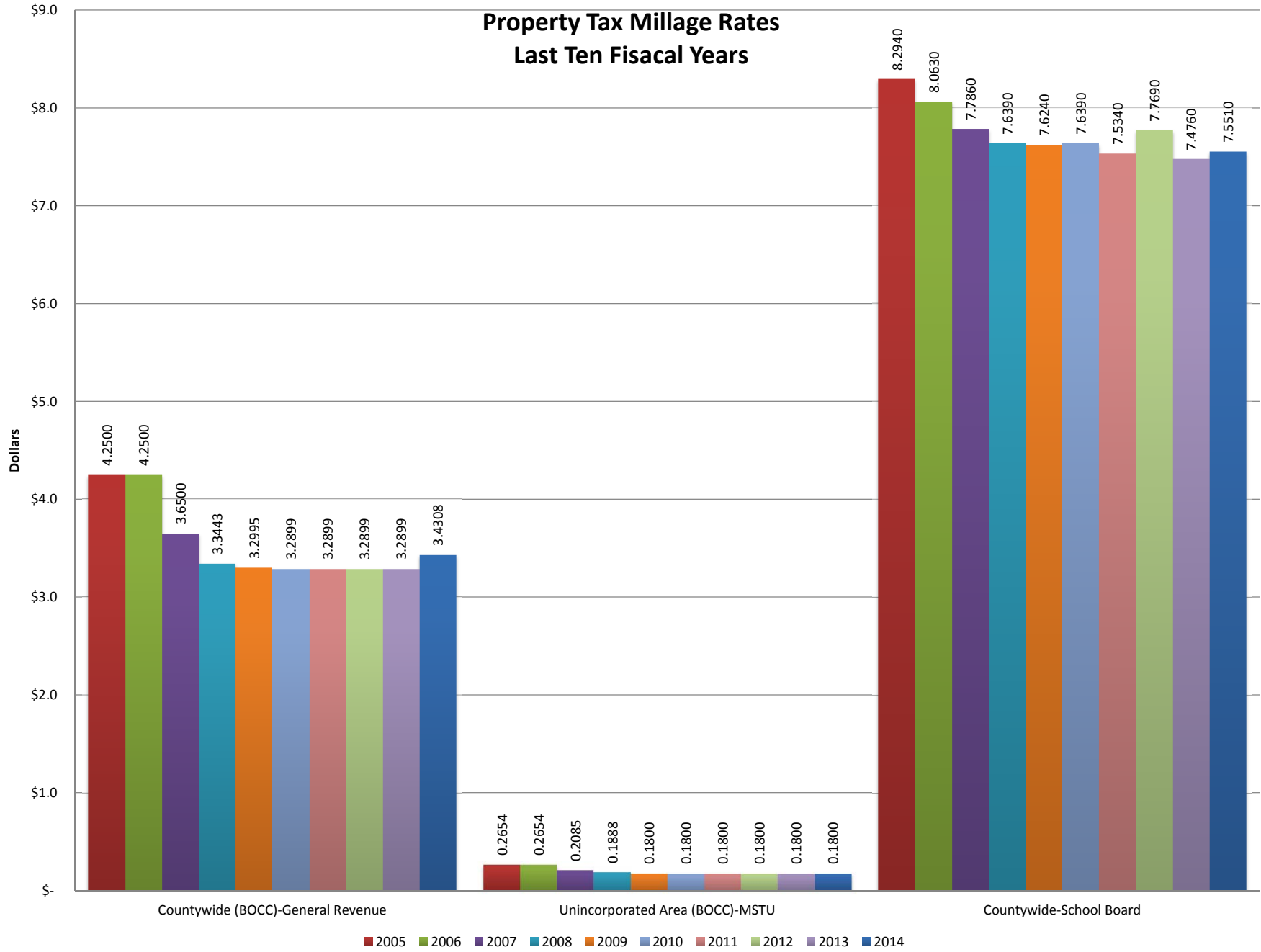


PROPERTY TAX MILLAGE RATES FOR DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
COUNTYWIDE (BOCC)										
GENERAL REVENUE	4.2500	4.2500	3.6500	3.3443	3.2995	3.2899	3.2899	3.2899	3.2899	3.4308
UNINCORPORATED AREA (BOCC)										
MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.2654	0.2654	0.2085	0.1888	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800
COUNTYWIDE (OTHER)										
SCHOOL BOARD	8.2940	8.0630	7.7860	7.6390	7.6240	7.6390	7.5340	7.7690	7.4760	7.5510
<b>TOTAL MILLAGES</b>	<b>12.8094</b>	<b>12.5784</b>	<b>11.6445</b>	<b>11.1721</b>	<b>11.1035</b>	<b>11.1089</b>	<b>11.0039</b>	<b>11.2389</b>	<b>10.9459</b>	<b>11.1618</b>
MUNICIPALITIES										
CINCO BAYOU	2.3000	2.3000	2.3000	2.0639	2.0639	2.0639	2.1000	2.3000	2.3500	2.3500
CRESTVIEW	6.9000	6.9990	6.4989	5.8466	5.8466	5.8466	5.8466	5.5966	5.5966	5.8466
DESTIN	1.8000	1.8000	1.5000	1.4550	1.4550	1.4550	1.4550	1.4550	1.4550	1.5000
FORT WALTON BEACH	4.9700	4.9700	4.6400	4.1986	4.1986	4.1986	4.5383	4.5383	4.5383	5.7697
LAUREL HILL	0.0000	0.0000	0.0000	5.0000	4.8400	3.5000	3.5000	3.5000	3.5000	3.5000
MARY ESTHER	3.5000	3.5000	3.4000	3.0125	2.6996	2.6996	2.6435	2.6435	2.6435	2.6435
NICEVILLE	3.5000	3.5000	3.5000	3.2669	3.2000	3.4500	3.6301	3.6500	3.7000	3.7000
SHALIMAR	2.7000	2.4000	2.2000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
VALPARAISO	3.9900	3.9900	3.1200	2.8754	3.7500		3.9330	4.0644	4.5240	4.5240
SPECIAL DISTRICTS										
NW FLORIDA WATER MANAGEMENT	0.0500	0.0500	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0400	0.0400
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	0.8600	0.8300	0.7700	0.8004	0.9009	1.0000	1.0000	1.0000	1.0000	1.0000
EAST NICEVILLE FIRE	1.0000	2.0000	2.0000	1.9200	2.0000	2.3500	2.3500	2.3700	2.3700	2.3700
FLOROSA FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
NORTH BAY FIRE	1.8750	2.0700	1.8000	1.6819	1.7827	2.0500	2.2500	2.3500	2.3500	2.3500
OCEAN CITY-WRIGHT FIRE	1.8000	1.8300	1.7800	1.6460	1.8144	1.8144	2.0000	2.0000	2.0000	2.2500
OKALOOSA ISLAND FIRE	2.6461	2.4305	1.9855	2.0250	1.9998	2.1900	2.7949	2.9950	3.1154	3.5550
SYLVANIA HEIGHTS	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
ALMARANTE FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
BAKER FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
BLACKMAN FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DORCAS FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
HOLT FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
NORTH OKALOOSA FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

## Property Tax Millage Rates Last Ten Fisacal Years

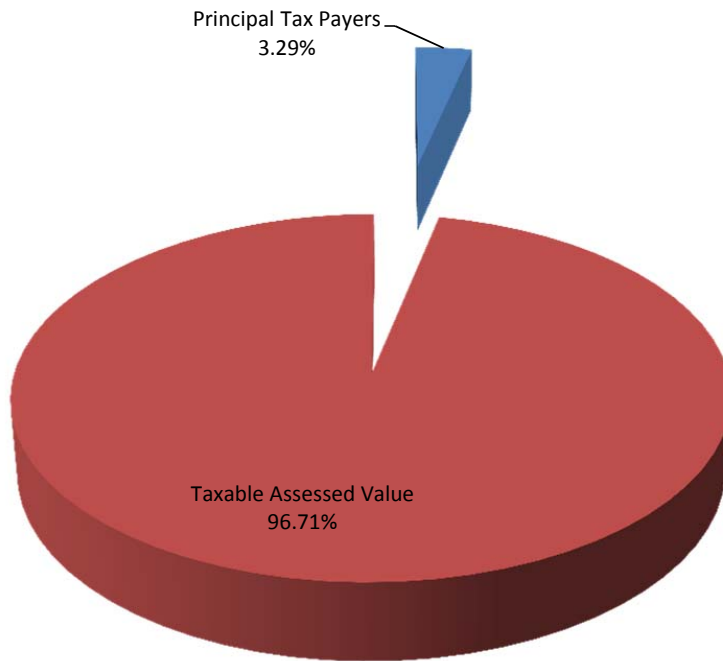


**PRINCIPAL PROPERTY TAX PAYERS - LAST FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER**

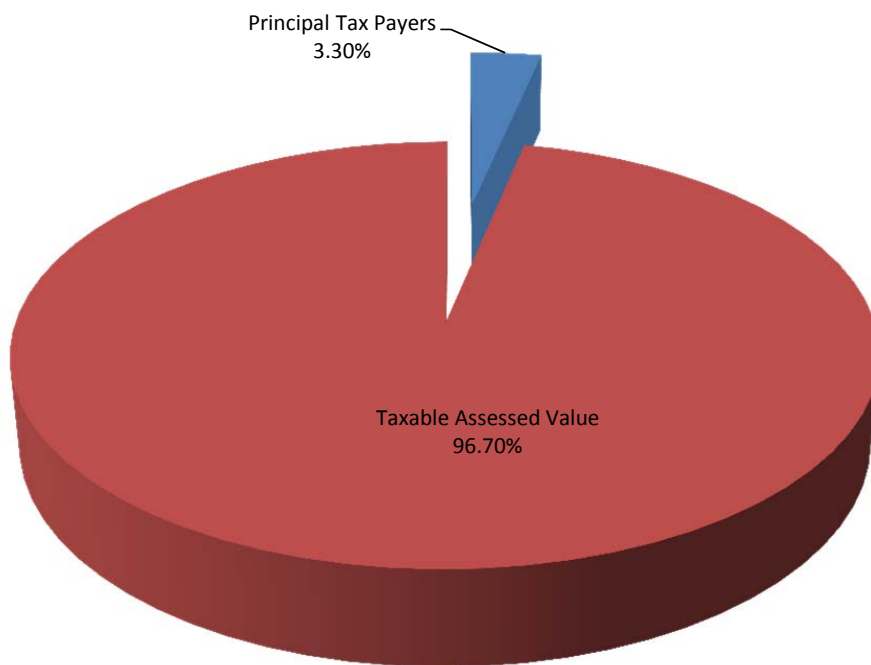
TAXPAYER	2014		2005	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
FLORIDA GAS TRANSMISSION CO	\$74,695,618	0.52%	\$21,514,220	0.20%
GULF POWER COMPANY	\$145,159,830	1.01%	\$84,696,427	0.79%
EMERALD GRANDE INC	\$54,227,300	0.38%		
CHOCTAWHATCHEE ELECTRIC CO	\$31,553,084	0.22%	\$18,060,763	0.17%
EMBARQ CORP	\$45,790,554	0.32%		
DESTIN COMMONS LTD	\$34,562,451	0.24%		
SRM-SPE LLC	\$27,517,960	0.19%		
BEACH RESORT INVESTMENTS LLC	\$22,140,373	0.15%		
COXCOM INC	\$29,024,958	0.20%		
SPRINT FLORIDA INC			\$96,908,512	0.90%
SANTA ROSA MALL LLC			\$40,227,719	0.37%
WAL-MART STORES, INC	\$24,944,494	0.17%	\$25,915,969	0.24%
FT WALTON BEACH MEDICAL CENTER			\$24,127,352	0.22%
VALPARAISO REALTY			\$20,543,454	0.19%
TOLBERT ENTERPRISES			\$18,193,626	0.17%
FRENCH QUARTER II LLC			\$17,506,218	0.16%
<b>TOTAL PRINCIPAL TAXPAYER VALUE</b>	<b>\$489,616,622</b>	<b>3.40%</b>	<b>\$367,694,260</b>	<b>3.41%</b>
<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>\$14,380,694,609</b>	<b>100.0%</b>	<b>\$10,767,916,378</b>	<b>100.0%</b>

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

### Principal Property Tax Payers Current Year 2014



### Principal Property Tax Payers Year 2004

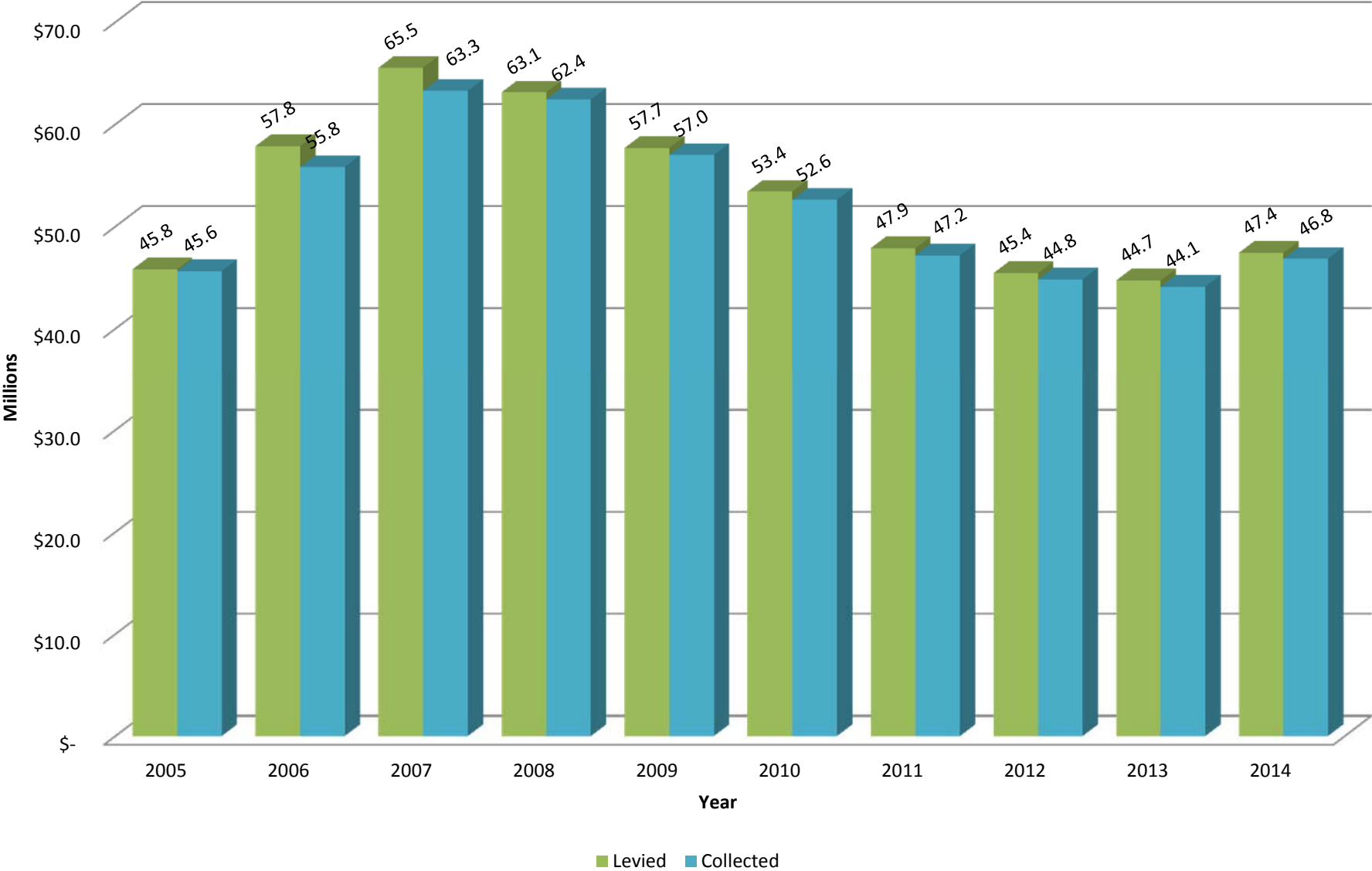


## PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2005	\$45,794,926	\$45,449,663	99.2%	\$181,918	\$45,631,581	99.6%
2006	\$57,849,177	\$55,634,769	96.2%	\$184,070	\$55,818,839	96.5%
2007	\$65,531,728	\$63,181,930	96.4%	\$100,657	\$63,282,587	96.6%
2008	\$63,123,125	\$62,249,498	98.6%	\$173,101	\$62,422,599	98.9%
2009	\$57,679,952	\$56,797,501	98.5%	\$198,907	\$56,996,408	98.8%
2010	\$53,408,513	\$52,477,263	98.3%	\$137,394	\$52,614,657	98.5%
2011	\$47,862,708	\$46,941,453	98.1%	\$235,856	\$47,177,309	98.6%
2012	\$45,434,311	\$44,537,852	98.0%	\$283,894	\$44,821,746	98.7%
2013	\$44,715,750	\$43,934,031	98.3%	\$168,991	\$44,103,022	98.6%
2014	\$47,418,367	\$46,623,220	98.3%	\$210,673	\$46,833,893	98.8%

SOURCE: OKALOOSA COUNTY TAX COLLECTOR RECAPITULATION OF THE TAX ROLL

# Property Tax Levies and Collections Last Ten Fiscal Years





## RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	SPECIAL OBLIGATION BONDS(1)	REVENUE BONDS (2)	CAPITAL LEASES (3)	COMMERCIAL PAPER, NOTES, AND LOANS (4)	WATER BONDS, NOTES, AND LOANS (5)	AIRPORT BONDS, NOTES, AND LOANS (6)	SOLID WASTE BONDS (7)	CONFERENCE CENTER BONDS (8)	CAPITAL LEASES			
2005	\$1,462,338	\$0	\$430,218	\$0	\$35,345,081	\$10,294,547	\$1,221,529	\$12,780,000	\$0	\$63,403,234	0.99%	\$341
2006	\$1,321,071	\$0	\$294,832	\$0	\$39,112,577	\$10,114,296	\$1,106,975	\$12,235,000	\$0	\$65,823,235	0.97%	\$348
2007	\$1,161,258	\$0	\$151,578	\$0	\$98,525,577	\$9,841,983	\$976,397	\$12,280,000	\$0	\$123,790,290	1.73%	\$642
2008	\$857,792	\$0	\$0	\$3,580,000	\$95,295,296	\$20,735,156	\$740,869	\$12,010,000	\$0	\$135,027,617	1.81%	\$687
2009	\$530,526	\$0	\$0	\$3,360,000	\$92,048,960	\$20,632,249	\$446,475	\$12,010,000	\$0	\$130,426,566	1.75%	\$663
2010	\$182,412	\$25,749,919	\$0	\$3,140,000	\$88,476,519	\$20,283,475	\$153,221	\$11,725,000	\$0	\$151,751,057	2.03%	\$772
2011	\$0	\$29,391,615	\$0	\$2,740,000	\$84,700,701	\$22,693,018	\$0	\$3,490,000	\$0	\$143,838,719	1.92%	\$732
2012	\$0	\$19,153,198	\$0	\$0	\$95,984,441	\$23,995,407	\$0	\$1,685,000	\$0	\$151,569,848	2.03%	\$771
2013	\$0	\$28,510,203	\$0	\$4,973,393	\$84,863,512	\$22,235,623	\$0	\$155,000	\$0	\$137,070,512	1.83%	\$697
2014	\$0	\$28,290,659	\$0	\$6,059,000	\$88,566,870	\$20,249,582	\$0	\$0	\$0	\$143,166,111	1.92%	\$728

(1) Includes Refunding, Revenue & Improvement Bonds, 1985 and Capital Improvement Bonds, 1991

(2) Includes Sales Tax Revenue Bonds, Series 2009 (Net issuance discount) and Capital Improvement Revenue Bond, Series 2011

(3) Includes Capital Leases and Operating Leases with Escalator Clauses

(4) Includes Florida Local Government Finance Commission Pooled Paper Loan and Sales Tax Bond Anticipation Note, Series 2014

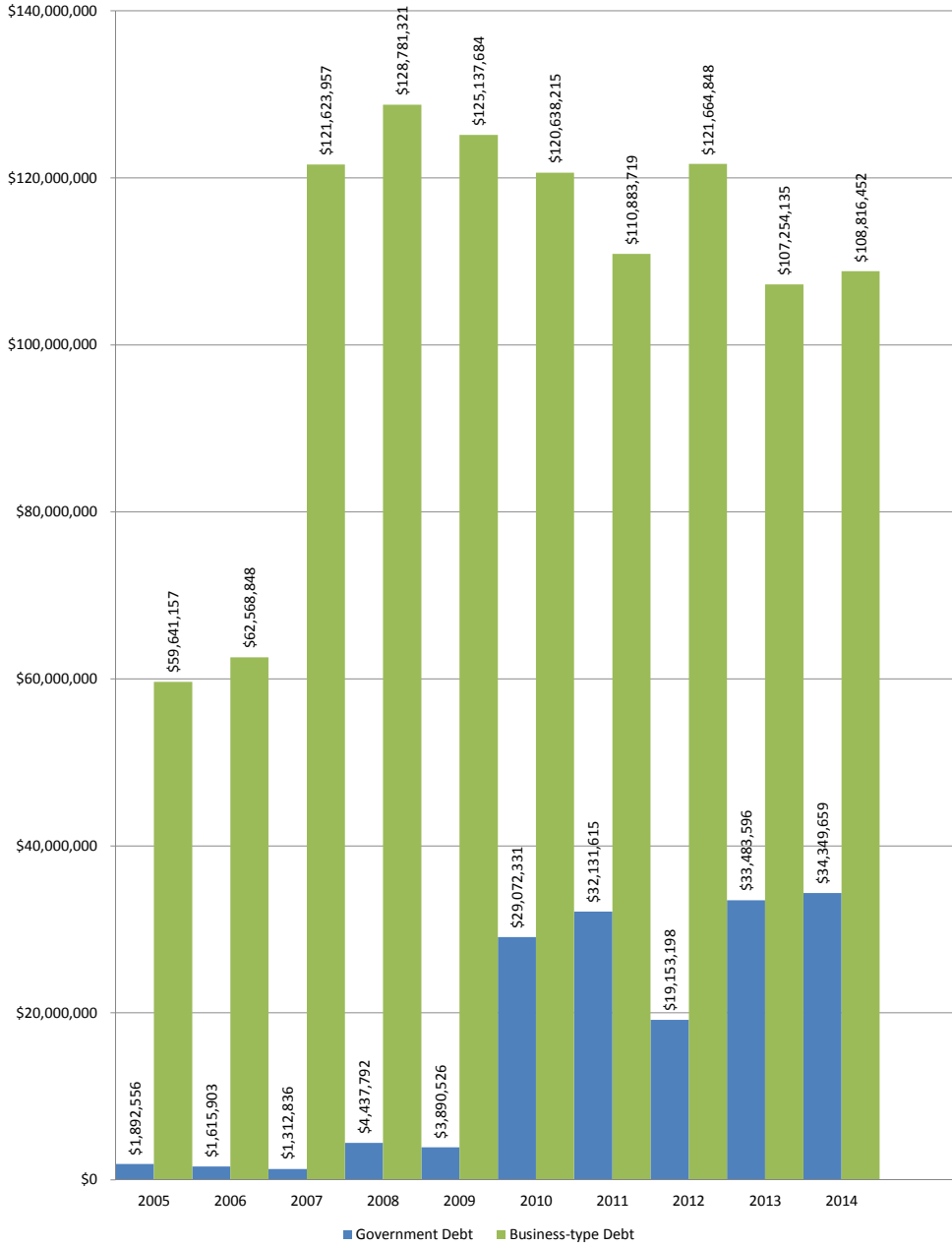
(5) Includes State Pollution Control Bonds, Subordinated Revenue, 1985, Refunding, Revenue, 2004 (Net issuance discount), 2006 (Net issuance premium), State Revolving, and 2012 Revenue Note

(6) Includes Revenue Bonds 2007 (Net issuance discount) and 2014, and State Infrastructure Bank Loans

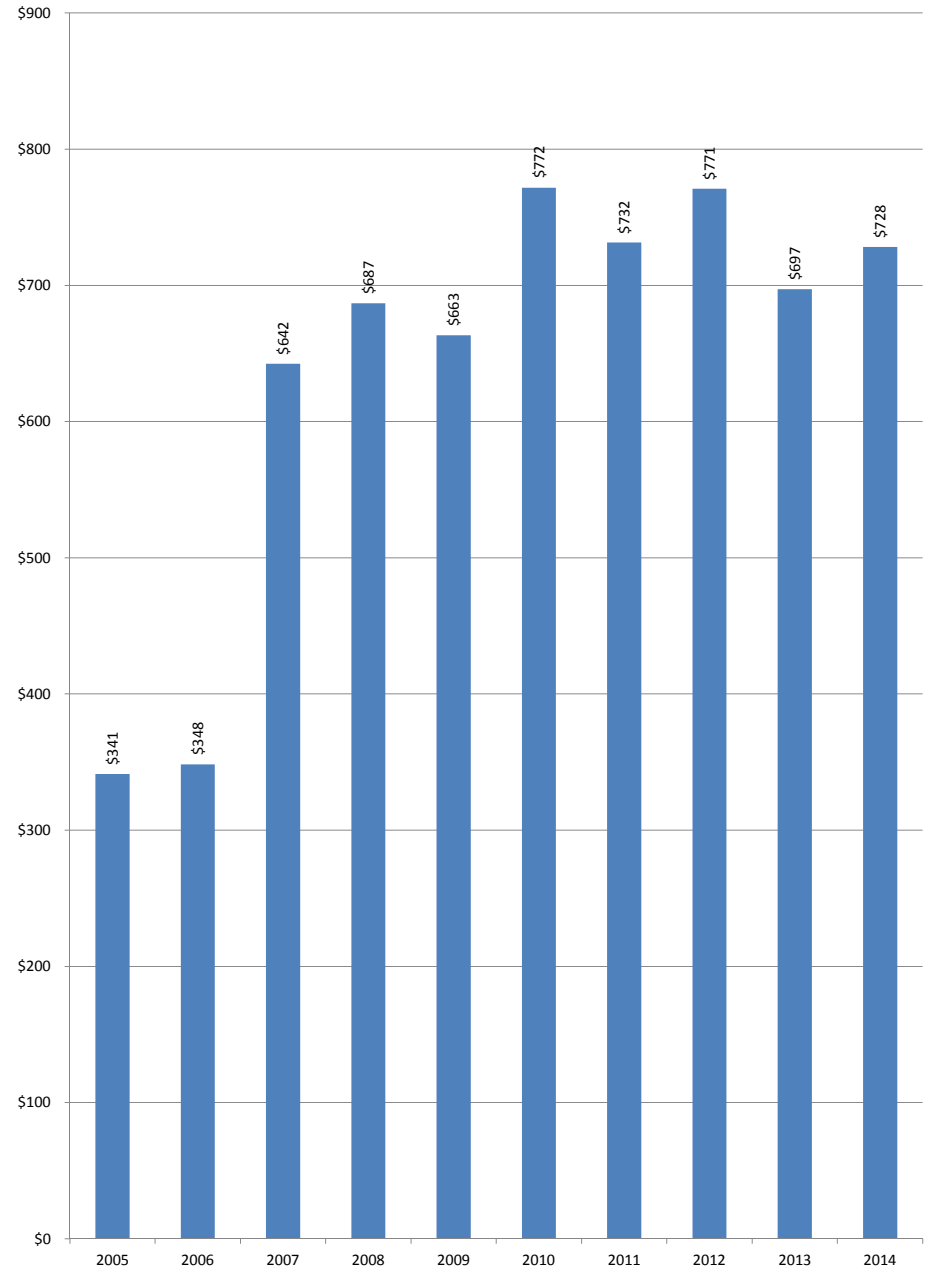
(7) Includes Capital Improvement Bonds, 1991

(8) Includes Fourth Cent Tourist Development Tax Revenue Bonds, 2000

**Debt by Type  
Last Ten Fiscal Years**



**Per Capita Debt  
Last Ten Fiscal Years**



## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail -Debt Serv	WATER REVENUE BONDS AND NOTES (PRINCIPAL + INTEREST)							TOTAL	COVERAGE
				1985	1992	1993	1998	2004	2006	2012		
2005	\$21,917,622	\$14,246,469	\$7,671,153	\$68,680	\$337,060	\$0	\$0	\$3,390,070	\$0	\$0	\$3,795,810	2.02
2006	\$23,719,695	\$15,272,060	\$8,447,635	\$68,680	\$331,924	\$0	\$0	\$3,422,370	\$0	\$0	\$3,822,974	2.21
2007	\$26,745,817	\$15,974,674	\$10,771,143	\$68,677	\$194,186	\$0	\$0	\$2,967,970	\$1,171,405	\$0	\$4,402,238	2.45
2008	\$24,694,611	\$16,827,092	\$7,867,519	\$67,831	\$0	\$0	\$0	\$2,964,695	\$1,900,194	\$0	\$4,932,720	1.59
2009	\$23,481,347	\$16,371,638	\$7,109,709	\$67,743	\$0	\$0	\$0	\$2,976,286	\$509,283	\$0	\$3,553,312	2.00
2010	\$24,831,872	\$15,267,581	\$9,564,291	\$67,648	\$0	\$0	\$0	\$801,210	\$5,171,437	\$0	\$6,040,295	1.58
2011	\$25,895,709	\$16,650,924	\$9,244,785	\$67,542	\$0	\$0	\$0	\$982,850	\$4,989,988	\$0	\$6,040,380	1.53
2012	\$26,581,965	\$15,571,980	\$11,009,985	\$67,426	\$0	\$0	\$0	\$3,728,770	\$0	\$533,531	\$4,329,727	2.54
2013	\$26,685,108	\$15,295,914	\$11,389,194	\$68,003	\$0	\$0	\$0	\$3,754,732	\$2,837,287	\$489,839	\$7,149,861	1.59
2014	\$29,122,953	\$14,809,770	\$14,313,183	\$66,451	\$0	\$0	\$0	\$3,790,065	\$0	\$536,674	\$4,393,190	3.26

## PLEDGED-REVENUE BOND COVERAGE

## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Passenger Facility Charges	Direct Operating Expense	Net Revenue Avail -Debt Serv	AIRPORT REVENUE BONDS (PRINCIPAL + INTEREST)				
					2003	2007	2014	TOTAL	COVERAGE
2005	\$6,017,008	\$1,505,692	\$3,768,649	\$3,754,051	\$719,499	\$0	\$0	\$719,499	5.22
2006	\$7,462,550	\$1,383,854	\$4,221,206	\$4,625,198	\$797,195	\$0	\$0	\$797,195	5.80
2007	\$8,302,612	\$1,493,144	\$4,851,237	\$4,944,519	\$796,109	\$0	\$0	\$796,109	6.21
2008	\$8,039,113	\$1,459,441	\$5,132,705	\$4,365,849	\$788,232	\$263,413	\$0	\$1,051,645	4.15
2009	\$8,557,210	\$1,378,312	\$5,674,469	\$4,261,053	\$789,413	\$208,221	\$0	\$997,634	4.27
2010	\$9,118,672	\$1,466,902	\$6,036,864	\$4,548,710	\$799,213	\$891,775	\$0	\$1,690,988	2.69
2011	\$9,602,757	\$1,732,199	\$7,893,609	\$3,441,347	\$797,950	\$887,675	\$0	\$1,685,625	2.04
2012	\$9,502,093	\$1,451,015	\$8,056,047	\$2,897,061	\$795,575	\$892,975	\$0	\$1,688,550	1.72
2013	\$9,334,305	\$1,384,486	\$7,117,500	\$3,601,291	\$797,393	\$887,075	\$0	\$1,684,468	2.14
2014	\$9,052,923	\$1,488,823	\$7,864,096	\$2,677,650	\$353,691	\$6,250,575	\$559,028	\$7,163,294	0.37

## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail -Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)		
				Bond	TOTAL	COVERAGE
2005	\$4,479,689	\$2,309,740	\$2,169,949	\$940,980	\$940,980	2.31
2006	\$5,120,607	\$2,401,044	\$2,719,563	\$944,700	\$944,700	2.88
2007	\$5,603,899	\$2,841,814	\$2,762,085	\$942,695	\$942,695	2.93
2008	\$5,358,647	\$3,163,561	\$2,195,086	\$955,073	\$955,073	2.30
2009	\$5,249,570	\$3,419,702	\$1,829,868	\$671,573	\$671,573	2.72
2010	\$4,617,857	\$3,094,242	\$1,523,615	\$942,038	\$942,038	1.62
2011	\$6,062,145	\$2,597,664	\$3,464,481	\$8,929,631	\$8,929,631	0.39
2012	\$6,110,432	\$3,509,121	\$2,601,311	\$1,903,563	\$1,903,563	1.37
2013	\$6,258,565	\$2,437,430	\$3,821,135	\$1,535,370	\$1,535,370	2.49

Note: Conferncen Center debt was paid in full in fiscal year 2014.

COMPUTATION OF DIRECT AND UNDERLYING DEBT (1)

<u>DIRECT:</u>	<u>NET BONDED DEBT (2)</u>	<u>PERCENT APPLICABLE TO COUNTY</u>	<u>COUNTY'S SHARE OF NET DEBT</u>
OKALOOSA COUNTY (NO BONDED DEBT)	\$0	0%	\$0
<u>UNDERLYING:</u>			
OKALOOSA COUNTY SCHOOL BOARD	\$59,896,000	100%	\$59,896,000

(1) THIS SCHEDULE IS NORMALLY TITLED "COMPUTATION OF OVERLAPPING DEBT", HOWEVER BECAUSE OKALOOSA COUNTY HAS NO OVERLAPPING DEBT, THE TITLE HAS BEEN CHANGED TO REFLECT THE CONTENTS OF THE SCHEDULE.

(2) NET BONDED DEBT IS DEFINED HERE AS GROSS BONDED DEBT LESS AMOUNT AVAILABLE IN DEBT SERVICE



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**DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS**


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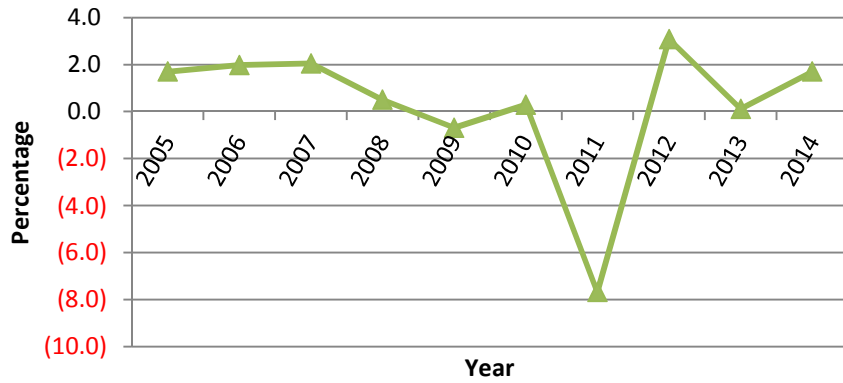
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<b>YEAR</b>	<b>POPULATION</b>	<b>PERCENT +/-</b>	<b>PERSONAL INCOME IN THOUSANDS</b>	<b>PERCENT +/-</b>	<b>PER CAPITA PERSONAL INCOME</b>	<b>PERCENT +/-</b>	<b>UNEMPLOYMENT RATE</b>
2005	188,939	1.7%	\$6,660,556	6.9%	\$36,190	6.0%	2.80%
2006	192,672	2.0%	\$7,144,102	7.3%	\$38,812	7.2%	2.40%
2007	196,617	2.0%	\$7,436,986	4.1%	\$40,711	4.9%	2.55%
2008	197,597	0.5%	\$7,607,688	2.3%	\$41,858	2.8%	5.10%
2009	196,234	-0.7%	\$7,186,037	-5.5%	\$39,668	-5.2%	7.40%
2010	196,800	0.3%	\$7,417,181	3.2%	\$43,383	9.4%	8.40%
2011	181,679	-7.7%	\$8,086,833	9.0%	\$44,479	2.5%	7.80%
2012	187,280	3.1%	\$8,546,210	5.7%	\$44,903	1.0%	6.70%
2013	187,486	0.1%	\$8,775,211	2.7%	\$45,277	0.8%	5.70%
2014	190,666	1.7%	\$9,090,213 (1)	3.6%	\$46,601 (1)	2.9%	5.10%

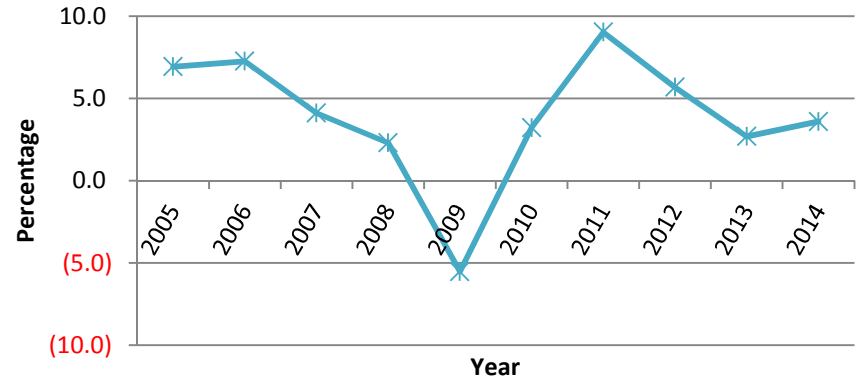
(1) Estimated income figures based upon average percent in prior years.

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

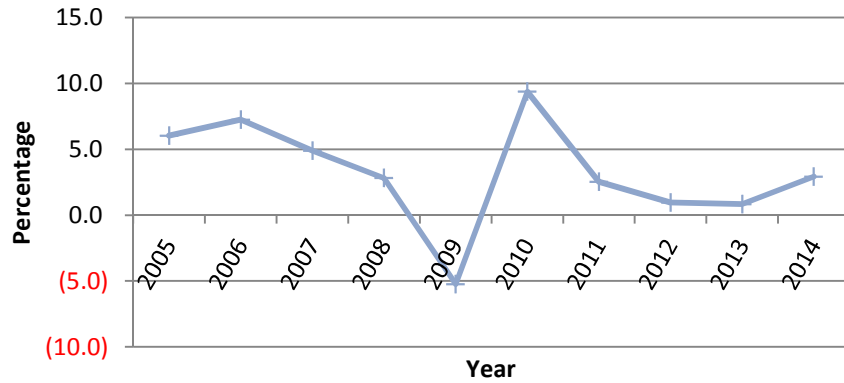
**Population  
Last Ten Fiscal Years**



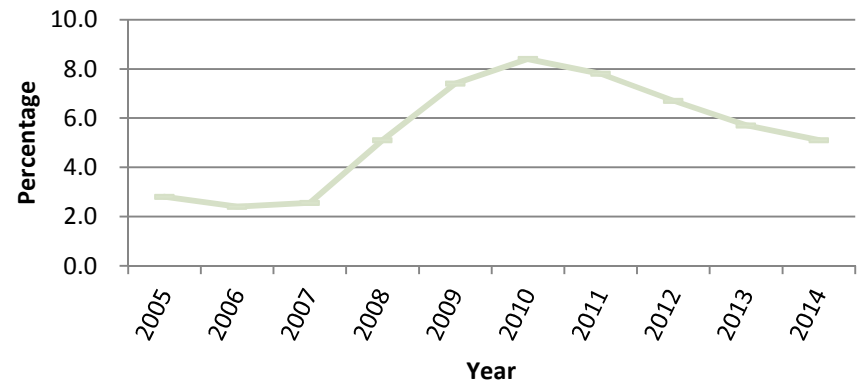
**Personal Income  
Last Ten Fiscal Years**



**Per Capita Income  
Last Ten Fiscal Years**



**Unemployment Rate  
Last Ten Fiscal Years**



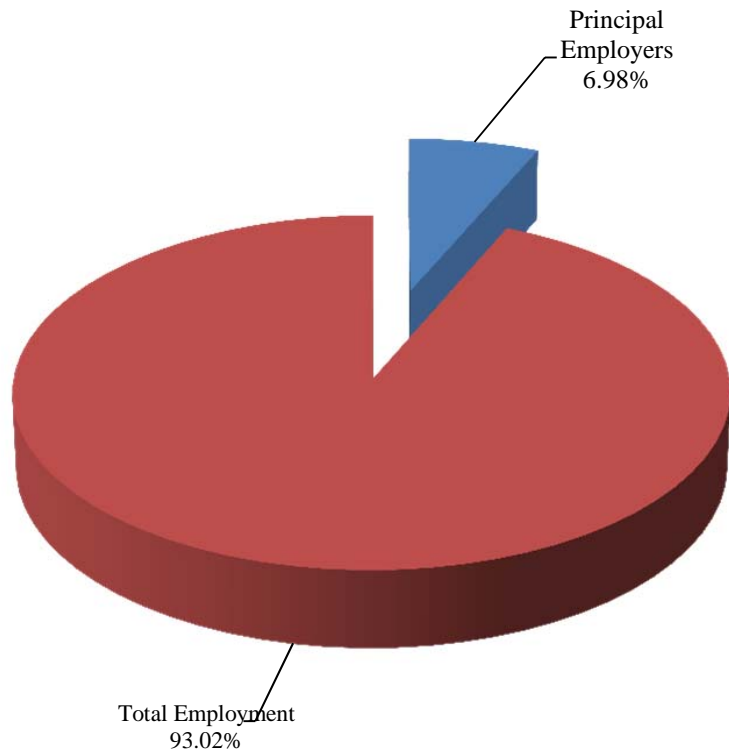


## PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

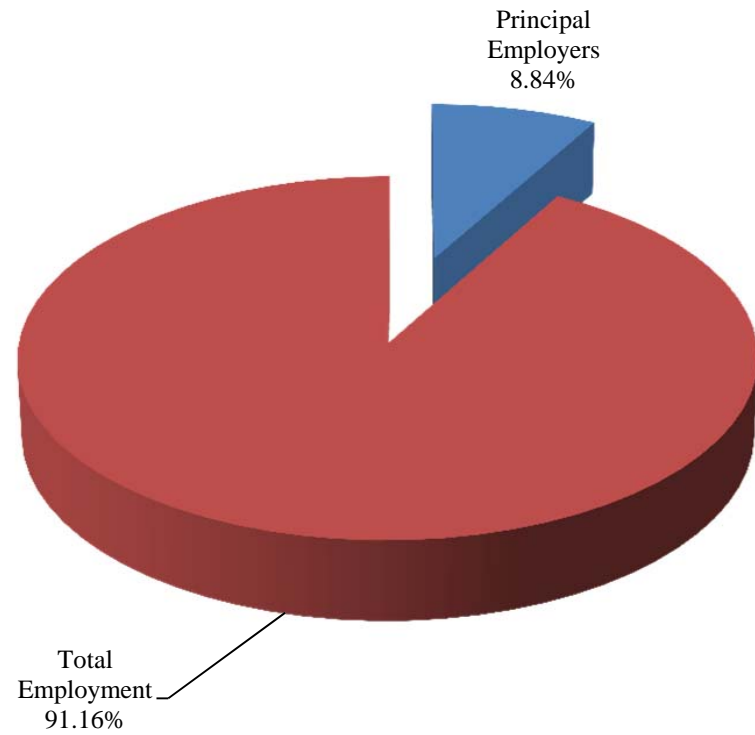
EMPLOYER	2014		2005	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
FT WALTON BEACH MEDICAL CENTER	1,000	1.02%	989	1.06%
JACOBS TEAS	1,000	1.02%		
L-3/CRESTVIEW AEROSPACE CORP	800	0.82%		
LOCKHEED MARTIN	800	0.82%		
INDYNE, INC	800	0.82%		
NORTH OKALOOSA MEDICAL CENTER	700	0.72%	650	0.70%
NATIONAL ELECTRONICS WARRANTY (NEW)	500	0.51%		
THE BOEING COMPANY	450	0.46%		
WHITE WILSON MEDICAL CENTER	400	0.41%	380	0.41%
BAE SYSTEMS TECHNICAL SERVICES	380	0.39%	1,000	1.07%
ABBOT RESORTS/RESORT QUEST			1,300	1.39%
TYBRIN CORPORATION			1,109	1.19%
CRESTVIEW AEROSPACE CORPORATION			1,006	1.08%
DRS TRAINING & CONTROL SYSTEM			735	0.79%
SVERDRUP TECHNOLOGY			650	0.70%
MTC TECHNOLOGIES/MTI			441	0.47%
TOTAL	6,830	6.98%	8,260	8.84%
TOTAL COUNTY EMPLOYMENT	97,841		93,430	

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

**Principal Employers  
Current Year  
2014**



**Principal Employers  
Nine Years Ago  
2004**

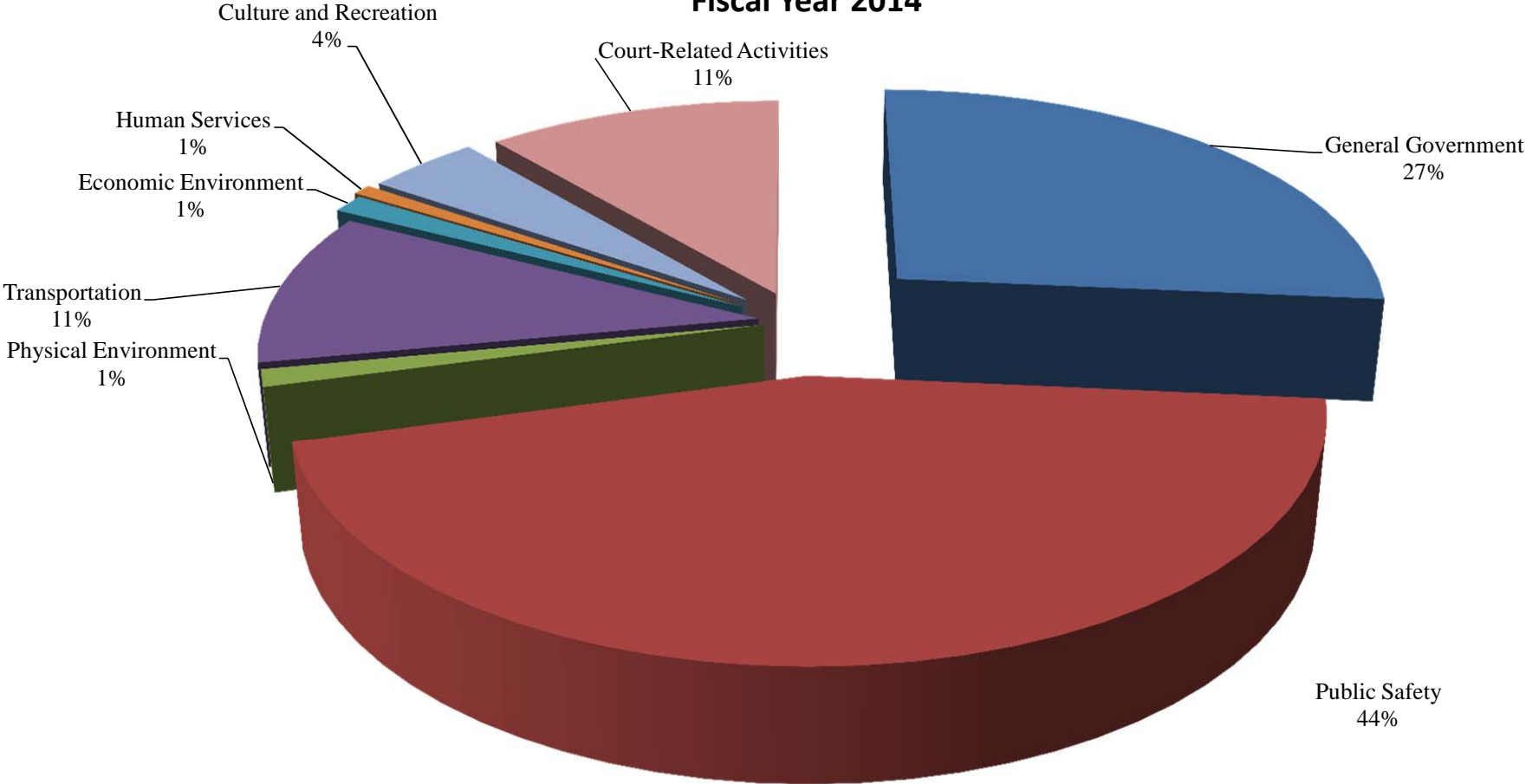


**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION - LAST TEN YEARS**

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF OCTOBER 1									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT	285	249	305	299	308	316	313	303	309	291
PUBLIC SAFETY	543	625	609	661	641	635	657	629	649	488
PHYSICAL ENVIRONMENT	163	161	169	169	157	161	156	147	144	13
TRANSPORTATION	172	177	158	175	168	166	154	146	156	116
ECONOMIC ENVIRONMENT	13	16	13	14	18	17	18	14	14	14
HUMAN SERVICES	9	13	11	13	9	8	8	8	8	8
CULTURE AND RECREATION	35	38	41	43	42	43	42	42	42	47
COURT-RELATED ACTIVITIES	87	128	102	109	78	82	82	86	86	123
<b>TOTAL</b>	<b>1,307</b>	<b>1,407</b>	<b>1,408</b>	<b>1,483</b>	<b>1,420</b>	<b>1,427</b>	<b>1,430</b>	<b>1,375</b>	<b>1,408</b>	<b>1,100</b>

SOURCE: BUDGET OFFICE

# FTE by Function Fiscal Year 2014



## OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>TRANSIT</b>										
TOTAL ROUTE MILES	129	182	163	163	163	163	168	168	215	215
PASSENGERS	71,193	138,491	169,389	211,330	171,967	162,820	175,595	179,946	182,584	161,878
<b>LIBRARY</b>										
CIRCULATION	542,039	572,074	608,803	679,720	750,643	751,432	713,416	699,532	696,234	736,264
REGISTERED BORROWERS	88,793	98,100	100,335	92,629	96,474	94,493	77,616	72,730	70,908	70,739
<b>PUBLIC WORKS</b>										
ASPHALT OVERLAY (SQUARE YARDS)	82,564	48,700	71,832	126,312	52,000	61,778	58,809	24,547	42,280	61,219
BRIDGES REPAIRED/REPLACED	27	11	14	6	12	14	8	7	1	0
<b>WATER</b>										
NEW CONNECTIONS	554	594	404	128	496	134	320	757	140	119
WATER MAINS REPAIRS	2,419	990	1,344	425	476	52	74	55	63	124
ANNUAL WATER UNITS BILLED	428,058	428,601	429,081	430,692	429,412	434,148	437,682	442,834	444,340	451,427
<b>SEWER</b>										
ANNUAL SEWER UNITS BILLED	400,975	403,138	403,631	406,807	398,541	399,660	402,977	407,625	414,612	414,188
<b>AIRPORTS</b>										
ENPLANEMENTS	407,052	365,045	396,045	400,105	332,556	369,230	448,870	385,428	448,870	373,143
DEPLANEMENTS	401,747	366,111	393,800	400,866	332,325	364,118	451,692	387,829	451,692	372,268
<b>GROWTH MANAGEMENT</b>										
DEVELOPMENT PERMITS ISSUED	2,524	2,031	1,536	975	771	817	986	821	893	820
HOME OCCUPATIONS	795	635	547	405	347	359	369	383	460	441
<b>REFUSE COLLECTION</b>										
TRANSFER STATION TONNAGE	144,253	148,694	173,655	168,224	141,633	128,360	109,099	121,443	125,755	118,022
RECYCLING TONNAGE	5,422	5,889	4,823	4,181	5,286	5,898	6,584	8,139	6,196	7,278
<b>PUBLIC SAFETY</b>										
EMERGENCY CALLS (EMS)	27,507	34,908	35,184	41,446	21,018	21,997	23,782	23,591	23,986	25,105
SYSTEM CALLS (9-1-1)	97,576	110,851	106,684	100,547	102,199	111,065	117,530	129,530	131,147	103,320

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

## CAPITAL INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>PARKS AND RECREATION</b>										
COUNTY PARKS	17	16	17	18	19	18	18	18	18	19
UNINCORPORATED PARKS	35	34	34	32	31	32	33	34	33	35
<b>TRANSIT</b>										
BUSES/PASSENGER VAN	15	17	17	17	17	17	17	17	17	11
<b>LIBRARY</b>										
COLLECTION	267,011	272,936	286,500	295,721	309,859	312,747	321,797	311,899	310,302	309,368
<b>PUBLIC WORKS</b>										
PAVED ROADS MAINTAINED (MILES)	568	640	621	652	703	652	652	666	670	674
DIRT ROADS MAINTAINED (MILES)	291	238	264	280	122	207	207	201	199	198
COLD MIX ROADS MAINTAINED (MILES)	----	----	----	----	74	74	74	74	72	70
TRAFFIC SIGNALS	7	7	8	9	11	11	13	13	13	13
<b>WATER</b>										
WATER MAINS (MILES)	437	445	447	448	455	455	422	767	726	741
FIRE HYDRANTS	1,903	2,004	2,109	2,220	2,267	2,267	4,038	5,519	5,546	5,777
MAXIMUM DAILY CAPACITY (THOUSANDS OF GALLONS)	18,730	18,300	18,300	17,300	17,300	17,200	15,800	15,800	15,800	15,800
<b>SEWER</b>										
SANITARY SEWERS (MILES)	396	398	398	399	400	400	340	558	561	593
MAXIMUM DAILY TREATMENT CAPACITY (THOUSANDS OF GALLONS)	9,006	9,006	9,006	9,006	12,506	13,206	13,206	13,206	13,206	13,206

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

**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**

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 business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida as of and for the year ended September 30, 2014, which collectively comprise Okaloosa County, Florida's basic financial statements and have issued our report thereon dated April 30, 2015.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. [2014-1]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies. [2014-2, 2014-3, 2014-4, and 2014-5].

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Okaloosa County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2014-6 and 2014-7].

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

The Board of County Commissioners' and Clerk of the Circuit Court's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

We noted certain matters that we reported to management of Okaloosa County, Florida, in a separate letter dated April 30, 2015.

*Warren Averett, LLC*

Fort Walton Beach, Florida

April 30, 2015



**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

Honorable Chairman and the Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

We have examined Okaloosa County, Florida's (hereinafter referred to as the "County") compliance with the following requirements for the year ended September 30, 2014:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 28.36 in regards to certain court-related functions
- (3) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil spill receipts and expenditures.

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 and, accordingly, included examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, Okaloosa County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 30, 2015

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

Honorable Chairman and the Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

We have audited the financial statements of Okaloosa County, Florida as of and for the year ended September 30, 2014, and have issued our report thereon dated April 30, 2015 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 173 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 30, 2015

**Okaloosa County, Florida**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS**  
**RELATED TO DEEPWATER HORIZON OIL SPILL**  
**For the Fiscal Year Ended September 30, 2014**

<u>Source</u>	<u>Amounts Received in the 2013-2014 Fiscal Year</u>	<u>Amounts Expended in the 2013-2014 Fiscal Year</u>
<b>British Petroleum:</b>		
Funds relating to proceeds specified for advertising and tourist related media campaigns	<b>\$0</b>	<b>\$598,590</b>

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The County is not aware of any funds in FY14 related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance.

## MANAGEMENT LETTER

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the financial statements of Okaloosa County, Florida (hereinafter referred to as "County") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 30, 2015.

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

### Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and Compliance with Requirements Applicable to the Passenger Facility Charge Program; Schedule of Findings and Questioned Costs; Schedule of Receipts and Expenditures of Funds Related to Deepwater Horizon Oil Spill and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports which are dated April 30, 2015, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations in the preceding annual financial report except as noted below under the heading Prior Year Findings and Recommendations.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2012-13 FY Finding #	2011-12 FY Finding #
2014-8	2012-MC-04	2012-MC-04
2014-9	2012-MC-08	2012-MC-08
2014-10	2013-MC-01	N/A
2014-11	2013-MC-02	N/A
2014-12	2013-MC-03	N/A
2014-13	2012-MC-05	2012-MC-05

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Okaloosa County, Florida is a political subdivision of the State of Florida organized under Title VIII, Section 1(e) of the Florida constitution. The primary government includes the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections. As of September 30, 2014, Okaloosa County had no component units, as defined by GASB 61, with a significant operational or financial relationship with the County.

### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Okaloosa 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 Okaloosa 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Okaloosa 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for Okaloosa County, Florida for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, please see prior year recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Prior Year Findings and Recommendations**

### **Board of County Commissioners**

#### ***2014-8: YEAR END CLOSE - WATER AND SEWER ENTERPRISE FUND***

##### ***Prior year comment summarized***

##### ***Criteria***

Preventative control activities in a system of internal control aim to deter the instances of errors or fraud. Preventative activities include thorough documentation of accounting practices to include authorization practices.

##### ***Condition***

The BCC enterprise funds, including Water & Sewer, have historically been responsible for their own billing and collection of revenues. The results are recorded in the general ledger kept by Clerk BCC finance personnel; but the activity and collection takes place in each respective enterprise function using a variety of different software. Thoroughly documented accounting procedures and authorization practices, including steps for year-end closing, are not established in writing.

## **2014-8: YEAR END CLOSE - WATER AND SEWER ENTERPRISE FUND (CONTINUED)**

### **Cause**

Existing policy became outdated. The development of a comprehensive document is time consuming and requires a skill set that encompasses knowledge of the operation and systems, knowledge of generally accepted accounting principles and knowledge of internal control; particularly segregation of duties. Personnel at the Water and Sewer operation do not necessarily have the time or complete skill set required to produce such a document.

### **Effect**

A clear and evident plan for communicating responsibilities and expectations of processing financial activity of the Water and Sewer Enterprise operations is not in place. As such the internal control framework could be enhanced.

### **Recommendation**

We recommend an accounting policy and procedure document for financial activity of the Water and Sewer operation be developed. Management may consider enlisting the help of the Clerk's internal audit function.

### **Status**

A checklist was created during FY14, however the checklist was designed primarily for day to day accounting operations. The checklist is a good start but the document should ideally be a comprehensive manual. Processes that should be documented include reconciling the prepaid taps and capacity expansion fees (tap revenue) schedule to general ledger accounts, process to determine all open project commitments are properly accrued, process of calculating the overhead allocation for self-construction projects, etc.

The Okaloosa County Water and Sewer operation is extremely complex because of the number of self performed projects along with public partnerships with the United States Air Force and other units of local government. Financial management at Water and Sewer does not necessarily understand generally accepted accounting principles, particularly related to complex transactions, and what information needs to be communicated to Clerk BCC Finance in order to ensure all necessary entries are made, particularly at year end. Additional audit entries were proposed by the auditors and accepted by management during the FY 14 audit as disclosed in the Schedule of Findings and Questioned Costs.

### **Management Response**

We agree with the auditors' comments, and the following actions will be taken to improve the situation. We will hire temporary help to start immediately to work with the Financial Manager in documenting the policies and procedures for the respective business processes related to taps and capacity expansion fees, projects, overhead allocations, etc. by the end of August 2015. We will then consolidate these documents into one user manual that will be sent to the Clerk's internal auditor and the Clerk's BCC Finance for review and suggestions. The completed documents will be available to all staff members via the Water & Sewer share drive. Revisions to the users' manual will be made as needed to ensure the manual is current at all times. The staff will be advised of all revisions

## **2014-9: ENTERPRISE RISK MANAGEMENT**

### **Prior Year Comment Summarized**

#### **Criteria**

The framework of a good internal control system includes risk assessment. Risk assessment involves identifying the areas in which the greatest threat or risk of inaccuracies or loss exist. To be most efficient, the greatest risks should receive the greatest amount of effort and level of control.

#### **Condition**

The BCC has not formally documented management's identification of strategic, operational and financial risks and the related monitoring of the risks identified.

#### **Cause**

The BCC assesses risk routinely but the risk assessment process is not documented or formalized.

## **2014-9: ENTERPRISE RISK MANAGEMENT (CONTINUED)**

### ***Effect***

As a large organization, for risk management to be effective, it should be documented. The framework of the internal control system could be enhanced with formal enterprise risk management.

### ***Recommendation***

Documenting enterprise risk assessments will provide additional assurances that key business processes have appropriate control activities in place. The assessment and documentation will help management identify control gaps, strengthen existing controls, and remove redundancies where applicable.

### ***Status***

Actions are in process in FY 14 to address the recommendation as noted below

### ***Management Response***

Management agrees with the stated finding as of September 30, 2014. The Institute for Senior Professionals is performing an enterprise-wide risk assessment designed to identify control gaps, strengthen existing controls, and remove redundancies where applicable. Their work is currently on-going.

## **2014-10 AIRPORT ACCOUNTING POLICY AND PROCEDURES**

### ***Prior Year Comment Summarized***

#### ***Criteria***

Preventative control activities in a system of internal control aim to deter the instances of errors or fraud. Preventative activities include thorough documentation and authorization of accounting practices.

#### ***Condition***

The BCC enterprise funds, including the Airport, have historically been responsible for their own billing and collection of revenues. The results are recorded in the general ledger kept by Clerk BCC finance personnel; but the activity and collection takes place in each respective enterprise function using a variety of different software. Further at the Airport, certain revenue is earned based on the financial performance of a third party. While audits of the third parties have been conducted in recent years, there is no written policy for the frequency of these audits. Although the Airport has a written policy for handling cash receipts which identifies segregation of duties, thoroughly documented accounting procedures and authorization practices, are not established in writing.

#### ***Cause***

The development of a comprehensive document is time consuming and requires a skill set that encompasses knowledge of the operation and systems, knowledge of generally accepted accounting principles and knowledge of internal control; particularly segregation of duties. Personnel at the Department of Airports do not necessarily have the staff time or the degree of accounting and financial specialization required to produce such a document.

#### ***Effect***

A clear and evident plan for communicating responsibilities and expectations of processing financial activity of the Airport operations is not in place. As such the internal control framework could be enhanced.

#### ***Recommendation***

We recommend an accounting policy and procedure document for financial activity of the Airport operation be developed. The written procedures and policies should include the process for conducting audits of outside parties to include frequency and to whom audit results should be distributed to. Management should consider the need for an additional degreed financial specialist. The Department of Airports does not have a formal transition plan for a key employee eligible for retirement in its Finance and Administration function. An additional position could provide the specialized resources for creation of the policy document in tandem with the development of a transition plan. Other resources available to the Department of Airports include enlisting the services of an external consultant and enlisting the help of the Clerk's internal audit function.

## **2014-10 AIRPORT ACCOUNTING POLICY AND PROCEDURES (CONTINUED)**

### **Status**

The comprehensive Airport policy manual has not been drafted as of September 30, 2014. Airport management allocated funds in the FY15 budget to continue rotational audits of its third parties concessionaires from which revenue is derived on a percentage or other financial performance basis. We continue our recommendation as noted above.

### **Management Response**

Airport Staff has identified the need for the additional financial specialist position in the budget submittal for the current year and contacted the Association of Airport Internal Auditors (AAIA) for sample products of policies and procedures on which to base this documentation. AAIA has developed various audit programs which will be used to prepare a scope of work to request letters of interest for audits related to rental car contracts that are applicable to other concessionaires. The Financial Consultant for the Department of Airports will initially be enlisted in preparing the document to expedite the process.

## **2014-11 PCARD EXCEPTION REPORTING**

### **Prior Year Comment Summarized**

#### **Criteria**

The BCC purchasing manual requires the purchasing department take corrective actions with personnel when P-Card infractions are identified.

#### **Condition**

We sampled P-Card exception reporting during May to September 2013 and observed that actions to address employee violations were not consistently addressed in a timely manner. The infractions noted in the exception reporting were minor violations. However in some instances it took greater than three months from the time of the infraction for the Purchasing Department to take corrective action as outlined in the Purchasing Manual.

#### **Cause**

Changes in the department structure and new purchasing policy resulted in delays in the required follow up.

#### **Effect**

Minor infractions may continue on unnecessarily if employees are not made aware of the cause of the infraction in a timely manner.

#### **Recommendation**

We recommend the procedures in the Purchasing Manual be followed by the Purchasing Department as it relates to P-card infractions. In order to achieve the outcome desired by the revised policy consistent and timely follow up action is required.

#### **Status**

While improvement was noted in our testing during the FY14, there are still instances of infraction follow up that took greater than 3 months to be communicated. The infractions noted in the exception reporting continued to be minor violations. We continue our recommendation as noted above.

#### **Management Response**

Management agrees with the stated finding as of September 30, 2014. The follow up of P-card infractions had been assigned to the Buyer position in an effort to provide more oversight and a greater level of scrutiny to the process. With only one Buyer for the entire county, the workload was too great. Duties have been reallocated, and timely corrective actions are being taken.



## **2014 -12 CONTRACT MONITORING**

### ***Prior Year Comment Summarized***

#### ***Criteria***

The centralized purchasing function should be responsible for administering all purchasing policies and procedures in purchasing goods and services.

#### ***Condition***

The Purchasing Department monitoring of contracts could be enhanced. The Department ensures contracts exist as required under Statute and policy but there is not active monitoring of contract terms compared to billing practices or defined timelines or processes for when contracts need to be renewed or re-bid. These responsibilities are often shifted to Departments due to the limited size of the current purchasing department.

#### ***Cause***

The Department size is limited and current processes to track contract life cycles are not automated.

#### ***Effect***

The benefits of centralized purchasing are not fully realized with the current structure.

#### ***Recommendation***

We recommended the BCC re-evaluate the goals and objectives of its centralized purchasing function and determine if either additional resources and or training is needed for the Department to fulfill its responsibility.

#### ***Status***

In October, 2013 a contract specialist position was added to the purchasing department. While improvements were evident we continue to recommend the following:

- There is no automated system to track contract expiration dates, renewal provisions, etc. The department relies on spreadsheets and other manual data to function and often is in a reactionary position rather than active management of purchasing function.
- Individuals within the purchasing function should review certification and training opportunities to enhance their knowledge. Certifications such as the Certified Public Procurement Officer (CPPO) and participation in the Florida Association of Public Procurement Officials(FAPPO) may lend itself to greater knowledge and access to best practices.

#### ***Management Response***

Management agrees with the stated finding as of September 30, 2014. More automated processes have been instituted to track contract expiration dates, and staff is evaluating other software products to enhance central purchasing services. Additional training and certification will be sought by staff. Budget appropriations will be requested for additional staff, software and training.

## **Prior Year Findings and Recommendations**

### **Clerk of the Circuit Court**

#### **2014-13: ENTERPRISE RISK MANAGEMENT**

### ***Prior Year Comment Summarized***

#### ***Criteria***

The framework of a good internal control system includes risk assessment. Risk assessment involves identifying the areas in which the greatest threat or risk of inaccuracies or loss exist. To be most efficient, the greatest risks should receive the greatest amount of effort and level of control.

**2014-13: ENTERPRISE RISK MANAGEMENT (CONTINUED)**

**Condition**

The Clerk has not formally documented management's identification of strategic, operational and financial risks and the related monitoring of the risks identified.

**Cause**

The Clerk assesses risk routinely but the risk assessment process is not documented or formalized.

**Effect**

As a large organization, for risk management to be effective, it should be documented. The framework of the internal control system could be enhanced with formal enterprise risk management.

**Recommendation**

Documenting enterprise risk assessments will provide additional assurances that key business processes have appropriate control activities in place. The assessment and documentation will help management identify control gaps, strengthen existing controls, and remove redundancies where applicable.

**Status**

Actions are in process in FY 14 to address the recommendation as noted below

**Management Response**

Clerk staff has undertaken a Control and Fraud Risk Assessment to include all departments under the Clerk of Courts using guidance provided by the COSO Enterprise Risk Management (ERM) model. The concept being used seeks to engage senior management and the Clerk in identifying the Clerk's Key Business Functions. Phase one involved meeting with all the department directors involved to explain the process and provide them with guidance and the proper forms to be used. The office developed a mission statement and then the key business objectives and processes were defined. Phase two is currently underway identifying risks and related controls. The project continues and is expected to be completed in August 2015. It will become an annual process.

**Purpose of this Letter**

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

We greatly appreciate the assistance and cooperation extended us during our audit.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 30, 2015

## SINGLE AUDIT SECTION

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL AND COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM**

**Report on Compliance for Each Major Program and/or Project**

We have audited Okaloosa County, Florida's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*; the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that are could have a direct and material effect on each of Okaloosa County, Florida's major federal programs, state projects and passenger facility charge program for the year ended September 30, 2014. Okaloosa County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs, state projects and passenger facility charge program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Okaloosa County, Florida's major federal programs, state projects, and passenger facility charge program based on 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 10.550, Rules of the Auditor General, and the Federal Aviation Administration. Those standards, OMB Circular A-133 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 Okaloosa County, Florida'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 program, state project, and passenger facility charge program. However, our audit does not provide a legal determination on Okaloosa County, Florida's compliance.

***Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program***

In our opinion, Okaloosa County, Florida complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects and passenger facility charge program for the fiscal year ended September 30, 2014.

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

Management of Okaloosa County, Florida 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 Okaloosa County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, state project or the passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, state project, or passenger facility charge program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, 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 Okaloosa County, Florida'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, state project or the passenger facility charge program 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, state project or the passenger facility charge program 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 for a federal program, state project or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 30, 2015

**Okaloosa County, Florida**  
**Airport Enterprise Fund**  
**SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES**  
**For the Fiscal Year Ended September 30, 2014**

Grantor/Program: Passenger Facility Charges

Application Approval Number: 00-01-C-00-VPS

Latest ROD 07-03-C-00-VPS

<u>Amended Amount of Approval</u>	<u>Cumulative Earned Amount at September 30, 2013</u>	<u>Current Year Earned Amount</u>	<u>Cumulative Earned Amount at September 30, 2014</u>	<u>Current Year Expenditures</u>	<u>Unliquidated Passenger Facility Charges</u>	
					at September 30, 2013	at September 30, 2014
\$ 39,922,121	\$ 19,172,864	\$ 1,570,593	\$ 20,743,457	\$ 316,272	\$ 7,186,461	\$ 8,440,782

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2014**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures
<b><u>FEDERAL AWARDS</u></b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed Through Florida Department of Agriculture &amp; Consumer Services</b>			
Food Distribution Program	10.550	82002	363
School Breakfast Program	10.553	01-0303	3,239
National School Lunch Program	10.555	01-0303	5,066
<b>Passed Through Florida Department of Financial Services</b>			
Shared Receipts from National Forests located in Okaloosa County	10.665	N/A	135
<b>Total U.S. Department of Agriculture</b>			<b>8,803</b>
<b><u>U.S. Department of Defense</u></b>			
<b><u>Department of the Army</u></b>			
Planning Assistance to States	12.110	N/A	105,000
<b><u>Defense Human Resources Activity</u></b>			
Electronic Absentee Systems for Elections (EASE)	12.217	H98210-12-1-0007	80,000
Electronic Absentee Systems for Elections (EASE)	12.219	H98210-13-1-0007	569,520
<b><u>Office of Economic Adjustment</u></b>			
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Study	12.610	EN06107-13-03	18,465
<b>Total U.S. Department of Defense</b>			<b>772,985</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Passed Through Florida Department of Economic Opportunity</b>			
Community Development Block Grants	14.228	10DB-4X-01-56-01-F18	5,058
Community Development Block Grants	14.228	12DB-P5-01-56-01-K 55	71,836
<b>Total U.S. Department of Housing and Urban Development</b>			<b>76,894</b>
<b><u>U.S. Department of the Interior</u></b>			
Payments in Lieu of Taxes -Federally Owned Lands in County	15.226	N/A	10,228
<b>Total U.S. Department of the Interior</b>			<b>10,228</b>
<b><u>U.S. Department of Justice</u></b>			
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0197	5,333
"ARRA" Public Safety Partnership and Community Policing Grants	16.710	2013-DJ-BX-0013	450,881
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-1067	23,515
Equitable Sharing Program	16.922	N/A	457,837

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2014**

<b>Federal/State Agency, Pass-through Entity, Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Contract or Grant Number</b>	<b>Expenditures</b>
<b>Passed Through Florida Department of Law Enforcement</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-OKAL-6-E5-082	10,097
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-OKAL-7-E5-167	8,543
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-OKAL-5-E5-086	12,566
<b>Passed Through Florida Coalition Against Domestic Violence</b>			
"ARRA" Violence Against Women Grants	16.588	14-8019-LE-ENH	49,863
"ARRA" Violence Against Women Grants	16.588	15-8019-LE-ENH	16,621
<b>Total U.S. Department of Justice</b>			<b>1,035,256</b>
<b><u>U.S. Department of Transportation</u></b>			
<b><u>Direct Programs</u></b>			
<b><u>Federal Aviation Administration</u></b>			
Airport Improvement Program	20.106	3-12-0020-017-2014	383,648
Airport Improvement Program	20.106	312-0081-024-2012	19,408
Airport Improvement Program	20.106	312-0081-025-2013	5,818
Airport Improvement Program	20.106	3-12-0081-026-2014	41,521
<b><u>Federal Transit Administration</u></b>			
Federal Transit Capital Improvement Grants	20.507	FL-90-X642-00	836
Federal Transit Capital Improvement Grants	20.507	FL-90-X680-00	11,272
Federal Transit Capital Improvement Grants	20.507	FL-90-X716-00	484,335
Federal Transit Capital Improvement Grants	20.507	FL-90-X761-00	603,405
Federal Transit Capital Improvement Grants	20.507	FL-90-X795-00	594,427
<b><u>Indirect Programs</u></b>			
<b><u>Passed Through Florida Department of Transportation</u></b>			
Highway Planning and Construction	20.205	ANZ38, 409797-1-88-01 AR197, 428115-1-58-01/	243,387
Highway Planning and Construction	20.205	428115-1-68-01	198,736
Formula Grants for Rural Areas	20.509	AQD91, 421365-2-84-31	174,067
National Priority Safety Programs	20.616	ARA80, M5HVE-14-06-33	48,237
<b>Total U.S. Department of Transportation</b>			<b>2,809,098</b>
<b><u>Election Assistance Commission</u></b>			
<b><u>Passed Through Florida Department of State</u></b>			
Help America Vote Act Requirements Payments	90.401	MOA # 2012-2013-0001	23,018
<b>Total Election Assistance Commission</b>			<b>23,018</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
<b><u>Passed Through Florida Department of Revenue</u></b>			
Child Support Enforcement	93.563	CSS46	10,098
Child Support Enforcement	93.563	CST46	3,267
Child Support Enforcement	93.563	CD346	768,608
Child Support Enforcement	93.563	COC46	80,838
Child Support Enforcement	93.563	N/A	2,780
<b><u>Passed Through Florida Department of State</u></b>			
Voting Access for Individuals with Disabilities-Grants to States	93.617	MOA #2013-2014-0003	6,333



**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2014**

<b>Federal/State Agency, Pass-through Entity, Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Contract or Grant Number</b>	<b>Expenditures</b>
<b>Passed Through Florida Department of Transportation</b>			
Medical Assistance Program	93.778	BDN10, 41604318201	243,791
<b>Passed Through Florida Department of Children and Families</b>			
Block Grants for Community Mental Health Services	93.958	AH105	9,499
	Matching		124,001
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AH105	16,174
	Matching		10,782
<b>Total U.S. Department of Health &amp; Human Services</b>			<b>1,141,388</b>
<b>Sub-Total Florida Matching</b>			<b>134,783</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Checked Baggage Screening Design Services Project - (OTA)	N/A	HSTS04-12-H-CT1247	58,710
Law Enforcement Officer Reimbursement Agreement Program - (OTA)	97.090	HSTS02-13-H-SLR205	113,150
<b>Passed Through Florida Division of Emergency Management</b>			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	15-SP-8Z-01-56-02-530	993,088
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	Matching	15-SP-8Z-01-56-02-530	165,162
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	15-SP-8Z-01-56-15-531	19,825
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	Matching	15-SP-8Z-01-56-15-531	3,304
Emergency Management Performance Grants	97.042	13-FG-86-01-56-01-113	68,373
Emergency Management Performance Grants	97.042	14-FG-1M-01-56-01-113	12,707
Interoperable Emergency Communications	97.055	N/A	8,486
Homeland Security Grant Program	97.067	12-DS-20-01-56-01-355	1,881
Homeland Security Grant Program	97.067	12-DS-20-01-56-01-419	173,071
Homeland Security Grant Program	97.067	14-DS-L5-01-56-01-419	9,063
Homeland Security Grant Program	97.067	14-DS-L3-01-56-01-494	8,705
<b>Total U.S. Department of Homeland Security</b>			<b>1,467,057</b>
<b>Subtotal Florida Matching Funds</b>			<b>168,466</b>
<b>TOTAL FLORIDA MATCHING FUNDS</b>			<b>303,249</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>7,647,976</b>

**STATE FINANCIAL ASSISTANCE**

Executive Office of the Governor

**Passed Through Florida Division of Emergency Management**

Emergency Management Programs	31.063	14-BG-83-01-56-01-046	93,370
Emergency Management Programs	31.063	15-BG-83-01-56-01-046	16,232
Emergency Management Projects	31.067	14-CP-11-01-56-01-218	10,420

**Total Executive Office of the Governor**

**120,022**

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2014**

<b>Federal/State Agency, Pass-through Entity, Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Contract or Grant Number</b>	<b>Expenditures</b>
<b><u>Florida Dept. of Environmental Protection</u></b>			
Cooperative Collection Center Grant	37.007	S0662	1,028
Cooperative Collection Center Grant	37.007	S0662	9,708
Cooperative Collection Center Grant	37.007	S0662	5,823
Cooperative Collection Center Grant	37.007	S0662	10,000
Cooperative Collection Center Grant	37.007	S0662	6,312
Cooperative Collection Center Grant	37.007	S0662	1,682
Cooperative Collection Center Grant	37.007	S0662	6,931
Cooperative Collection Center Grant	37.007	S0662	2,225
Cooperative Collection Center Grant	37.007	S0662	19,070
Cooperative Collection Center Grant	37.007	S0662	8,037
Cooperative Collection Center Grant	37.007	S0662	10,017
Cooperative Collection Center Grant	37.007	S0662	9,480
Cooperative Collection Center Grant	37.007	S0662	25,000
Cooperative Collection Center Grant	37.007	S0662	4,740
Cooperative Collection Center Grant	37.007	S0662	(101)
Cooperative Collection Center Grant	37.007	S0662	8,991
Cooperative Collection Center Grant	37.007	S0662	10,000
Cooperative Collection Center Grant	37.007	S0662	4,882
Cooperative Collection Center Grant	37.007	S0662	872
<b>Total Florida Department of Environmental Protection</b>			<b>144,698</b>
<b><u>Florida Department of Economic Opportunity</u></b>			
<b><u>Enterprise Florida</u></b>			
Enterprise Florida, Inc.	40.003	DIG 13-04	85,700
Military Base Protection	40.014	MBP 13-01	4,124
<b>Total Florida Department of Economic Opportunity</b>			<b>89,824</b>
<b><u>Florida Department of Agriculture &amp; Consumer Services</u></b>			
Mosquito Control	42.003	018774	2,281
Mosquito Control - FY 13	42.003	020313	29,456
<b>Total Florida Department of Agriculture &amp; Consumer Services</b>			<b>31,736</b>
<b><u>Florida Department of State</u></b>			
State Aid to Libraries	45.030	13-ST-45	38,650
<b>Total Florida Department of State</b>			<b>38,650</b>
<b><u>Florida Housing Finance Corporation</u></b>			
State Housing Initiatives Partnership (SHIP) Program	52.901	2011/2012	28,585
State Housing Initiatives Partnership (SHIP) Program	52.901	2012/2013	7,443
State Housing Initiatives Partnership (SHIP) Program	52.901	2013/2014	149,440
<b>Total Florida Housing Finance Corporation</b>			<b>185,468</b>

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2014**

<b>Federal/State Agency, Pass-through Entity, Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Contract or Grant Number</b>	<b>Expenditures</b>
<b><u>Florida Department of Transportation</u></b>			
Commission For the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	AR203, 43202718401/43202818401	244,192
Commission For the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	ARG20, 43202718401/43202818401	83,165
Aviation Development Grants	55.004	AQ498, 42390619401	2,361
Aviation Development Grants	55.004	AQG05, 42230219401	212,749
Aviation Development Grants	55.004	APC83, 41579919401	196,430
Aviation Development Grants	55.004	APT92, 41819329401	15,502
Aviation Development Grants	55.004	AR859, 42561729401	55,424
Aviation Development Grants	55.004	AQW81, 42390629401	169
Aviation Development Grants	55.004	AR741, 42561619401	243
Aviation Development Grants	55.004	AR742, 42561819401	311,377
Aviation Development Grants	55.004	ARC12, 42561519401	30,805
Commuter Assistance/Rideshare Grants	55.007	AQH83, 420315-2-84-01	9,104
Public Transit Block Grant Program Block Grant	55.010	AQH65, 422253-1-84-01	429,846
Transit Corridor Program	55.013	AQH66, 422256-1-84-01	289,486
<b>Total Florida Department of Transportation</b>			<b>1,880,853</b>
<b><u>Florida Department of Health</u></b>			
County Grant Awards	64.005	C2046	8,866
<b>Total Florida Department of Health</b>			<b>8,866</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b>2,500,117</b>
<b>TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE</b>			<b>10,148,093</b>

**Okaloosa County, Florida**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2014**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal funded programs and state funded projects of Okaloosa County, Florida for the year ended September 30, 2014. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Funds received and expended as state financial assistance reported on the schedule include only those state funds provided from state resources to carry out state projects. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Okaloosa County, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Okaloosa County, Florida.

**NOTE 2- BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for all governmental fund grants and the accrual basis of accounting for all proprietary fund grants. The basis of accounting is described in Note 1 C to the County's financial statements.

**NOTE 3- SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, Okaloosa County, Florida provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.228	Community Development Block Grants	\$ 1,064
16.738	Edward Bryne Memorial Justice Assistance Grant Program	\$ 18,640
20.507	Federal Transit Formula Grants	\$364,617
20.509	Formula Grants for Rural Areas	\$173,474
93.778	Medical Assistance Program	\$243,791

CSFA Number	Program Name	Amount Provided to Subrecipients
52.901	State Housing Initiatives Partnership (SHIP)	\$185,468
55.001	Commission For the Transportation of the Disadvantaged Trip and Equipment Grant	\$327,357
55.010	Public Transit Block Grant Program	\$429,028
55.013	Transit Corridor Program	\$289,062

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**1. Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No
- Significant deficiencies identified that are not considered to be material weakness? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No
- Non-compliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

***Federal Awards and State Projects***

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No
- Significant deficiency identified that is/ not considered to be material weakness? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Type of auditor's report issues on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Identification of Major Programs

Federal

CFDA #	Name of Federal Program or Cluster
16.710	Public Safety Partnership and Community Policing Grants
16.922	Equitable Sharing Program
20.507	Federal Transit Formula Grants-Capital and Operating
93.778	Medical Assistance Program
97.036	Disaster Grants-Public Assistance (Presidentially Declared Emergencies)

State

CSFA #	Name of State Project
31.063	Emergency Management
52.901	State Housing Initiatives Partnership (SHIP) Program
55.001	Commission For the Transportation Disadvantaged Trip and Equipment Grant
55.004	Aviation Development Grants
55.010	Public Transit Block Grant Program

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**1. Summary of Auditor's Results – Continued**

Dollar threshold used to distinguish between Type A and B programs for federal awards	\$	300,000
Dollar threshold used to distinguish between Type A and B programs for state awards	\$	300,000
Auditee qualified as low-risk auditee?	_____ X _____	Yes _____ No

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS)**

**Finding 2014-1 CAPITAL ASSET ACCOUNTING (CLERK)**

***Criteria***

Per Florida Statute, the Clerk provides financial reporting to the Board of County Commissioners. Duties include providing accounting services to all BCC Departments. Per Florida Statute, the BCC is custodian of all County fixed assets, with the exception of assets of the Sheriff, and as such responsibility for fixed asset recordkeeping for the BCC and all elected officials with the exception of the Sheriff, becomes the responsibility of the Clerk's office.

***Condition***

Accounting for capital asset activity of the Board of County Commissioners and other elected officials was not performed timely throughout the fiscal year ending September 30, 2014. Capital assets are material to the financial position of Okaloosa County, Florida.

***Cause***

The Clerk Finance team was understaffed for the majority of the fiscal year ended September 30, 2014.

***Effect***

Closing of the year end was delayed significantly due to the volume of fixed asset accounting that had to be accomplished and reconciled to custody records. The system of internal control did not function as intended. As a result, unintentional errors or fraud may not be detected on a timely basis due to the delay in recordkeeping and review.

***Recommendation***

Reconciling fixed assets to custody records should be done on at least a quarterly basis. Based upon the volume of activity we would suggest monthly reconciliation and review of activity.

***Views of responsible officials and planned corrective action:***

Two replacement positions were hired as a part of the Finance Team after fiscal year end. Training and accounting for fixed assets has begun in the current fiscal year in order to reconcile the capital assets on a timely basis. The Finance Team is coordinating with the County Property Custodian to update the fixed asset records and will be performing the accounting and reconciliation on a timely basis in the future. Reconciliation will be done on a monthly basis. A statistical report will be generated for review by the Clerk and County administration on a quarterly basis.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

***FINDING 2014-2 REVENUE RECOGNITION IN THE WATER AND SEWER ENTERPRISE FUND (BCC)***

***Criteria***

Generally accepted accounting principles relative to the enterprise funds require that revenue is recognized when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place.

***Condition***

Journal entries were proposed by the auditors and accepted by management to recognize \$1,478,000 of revenue related to the Eglin Wastewater Treatment project. The self-performed construction services generating the revenue had been performed as of September 30, 2014; however the revenue was not recognized until billing to the United States Air Force took place after year end.

***Cause***

The billing was generated to the United States Air Force in accordance with contract terms. However, a lack of understanding of the accounting concepts relating to the period in which the revenue should have been recognized in the Water and Sewer Enterprise financial statements resulted in the revenue being recognized in the incorrect fiscal year.

***Effect***

The financial statements of the Water and Sewer fund at September 30, 2014 were misstated until corrected via audit adjustment.

***Recommendation***

Documented accounting procedures, including year-end procedures, should be established at the Water and Sewer enterprise fund by the Financial Manager and reviewed by Water and Sewer management and Clerk Finance management to ensure proper segregation of duties exist, monitoring controls are in place, and roles and responsibilities of Water and Sewer personnel and Clerk of Courts Finance personnel are clearly defined.

A year end meeting between the Water and Sewer Financial Manager and Clerk Finance management to discuss open projects or unusual transactions at year end may be beneficial to ensure the trial balance is properly stated.

***Views of responsible officials and planned corrective action:***

Documented accounting procedures, including year-end procedures, will be established at the Water and Sewer Enterprise Fund by the Financial Manager and reviewed by Water and Sewer management and Clerk Finance management to ensure proper segregation of duties exist, monitoring controls are in place, and roles and responsibilities of Water and Sewer personnel and Clerk of Courts Finance personnel are clearly defined. We will have this documentation completed by August 30. We will schedule a year end meeting between the Water and Sewer Financial Manager and Clerk Finance management to discuss open projects or unusual transactions at year end and to ensure that the trial balance is properly stated.

***FINDING 2014-3 SEGREGATION OF DUTIES IN THE INVENTORY CYCLE (BCC)***

***Criteria***

In a properly designed system of internal controls the responsibilities for custody of assets should be separate from record keeping. In addition due to the nature of inventory, physical controls should exist.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS) (Continued)**

***FINDING 2014-3 SEGREGATION OF DUTIES IN THE INVENTORY CYCLE (BCC) (CONTINUED)***

***Condition***

The Clerk's Internal Auditor has identified instances in which custody and recordkeeping responsibilities are not properly segregated and physical controls could be enhanced with a centralized shopkeeper as follows:

- In the Water and Sewer operation certain personnel with custody to inventory can also post inventory additions for orders received and reductions for items issued. Further, due to limited personnel, there is no central shop keeper at either inventory location so inventory is pulled by employees performing the work who are required to provide item numbers and quantities to warehouse staff along with a work order for billing thus relying on an honor system for pulling parts for use.
- In the Fleet operation due to limited personnel, there is no central shop keeper at either location so inventory is pulled from the shelves by employees repairing vehicles. They give the item numbers and quantities pulled from the shelves to office staff along with a work order for billing thus relying on an honor system for pulling parts for use.
- Annual inventories are ineffective when controls are lacking in other aspects of the inventory system.

***Cause***

Due to limited personnel the system of internal control is not properly designed.

***Effect***

The current system of internal control is not properly designed, which could allow errors or fraud to occur and not be detected in a timely manner

***Recommendation***

Management should evaluate the current design of the system of internal control and personnel available to determine if segregation of duties is possible in these functions. There are compensating controls that can be instituted if the ideal segregation of duties cannot be achieved.

***Views of responsible officials and planned corrective action***

Management agrees with the stated finding as of September 30, 2014. Water & Sewer has changed their inventory process so the end users are not pulling their own inventory from the warehouse. The Fleet Operations Director, in consultation with the County's Internal Auditor, will be instituting a system within the next few weeks to segregate custody of the parts inventory from recordkeeping. Representatives from both departments of Water & Sewer and Fleet Operations are also actively evaluating more appropriate and comprehensive systems of controls and segregation of duties, and affirmative steps will be taken to correct stated deficiencies.



**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS) (Continued)**

***FINDING 2014-4 BANK RECONCILIATIONS AND SEGREGATION OF DUTIES IN THE CASH DISBURSEMENT TRANSACTION CYCLE (CLERK)***

***Criteria***

Clerk financial policies for both the Clerk function and the Board of County Commissioners function require the bank reconciliation to be prepared and reviewed as part of the monthly closing process. In addition segregation of duties in significant transaction cycles is one of the key concepts of internal controls.

***Condition***

During the year ended September 30, 2014:

- Bank reconciliations, related to Clerk of Courts Operations, were not consistently reviewed on a timely basis. Bank reconciliations, related to Board of County Commissioners Operations, were also not prepared or reviewed on a timely basis.
- Recordkeeping, authorization, and reconciliation responsibilities in payroll and cash disbursement processes performed by Clerk Finance Function employees were not always properly segregated.

***Cause***

To accomplish segregation of duties for Court Finance functions, bank reconciliations of the Clerk of Courts' operation are prepared and reviewed by personnel in the Clerk Finance Function. Bank reconciliations for the Board of County Commissioners function are prepared and reviewed by different members of Clerk Finance personnel. The Clerk Finance team was understaffed the majority of the year ended September 30, 2014 and as a result delays in bank reconciliation preparation and review were experienced. During the year ended September 30, 2014, there were instances in which responsibilities for both recordkeeping and reconciliation related to cash disbursements were performed by one individual. Management did institute compensating controls in instances where payroll and cash disbursement duties could not be properly segregated.

***Effect***

The system of internal control did not function as intended. As a result, unintentional errors or fraud may not be detected on a timely basis.

***Recommendation***

- The bank reconciliations should be prepared and reviewed in the time frame established in Clerk financial policies.
- The system of internal controls should be designed to separate custody of assets, record keeping, authorization and reconciliation in each significant business process. The size and scope of the accounting function for the Board of County Commissioners is too voluminous and complex to rely on compensating controls. Additional personnel and or cross training may need to be implemented to ensure the system is both designed and functioning appropriately.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS) (Continued)**

***FINDING 2014-4 BANK RECONCILIATIONS AND SEGREGATION OF DUTIES IN THE CASH DISBURSEMENT TRANSACTION CYCLE (CLERK) (CONTINUED)***

***Views of responsible officials and planned corrective action:***

Due to the additional work devoted to contract activity during the year, along with staffing issues, certain duties were reassigned during the year. Two replacement positions were hired as a part of the Finance Team after fiscal year end. The bank reconciliations have been assigned and performed by the replacement personnel. The duty to review the bank reconciliation is being performed in conjunction with the additional duties related to BCC contract activity and is being performed timely in conjunction with the financial policies. Segregation of duties, compensating controls and/or additional personnel will be evaluated going forward in order to accomplish all duties and responsibilities in the future.

***FINDING 2014-5 VENDOR MASTER FILE MAINTENANCE (CLERK)***

***Criteria***

Proper segregation of duties does not allow the accounts payable clerk, who records vendor invoices, to also be responsible for vendor master file maintenance (e.g. adding, deleting or modifying vendor accounts).

***Condition***

Accounts payable clerks at the Clerk Finance function also have responsibility for vendor master file maintenance. Clerk Finance management has instituted compensating controls by having the purchasing manager review systems reports outlining the Vendor Master File changes. However the format of reports used in the review process do not provide an efficient platform and as a result the review may not be robust enough to compensate for the lack of segregation of duties.

***Cause***

Due to the limited number of positions in the cash disbursements cycle, some critical duties are combined.

***Effect***

The current system of internal control is not properly designed, which could allow errors or fraud to occur and not be detected in a timely manner.

***Recommendation***

We believe based on the volume of cash disbursement transactions that are processed, that the system of internal controls should be designed to provide for proper segregation of duties. We recommend that vendor master file maintenance responsibilities be moved to an employee who does not have the ability to record vendor invoices, approve vendor invoices, print checks, sign checks or execute or authorize wire transfers.

If Management determines the best alternative is to rely on compensating controls, then the reporting used in the process needs to be improved to ensure that review is robust enough to meet the objectives.

***Views of responsible officials and planned corrective action:***

In addition to the ongoing compensating controls, personnel duties and positions are currently being evaluated in order to reassign duties and segregate these duties in a sufficient manner to perform vendor file maintenance with existing personnel in the future.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS) (Continued)**

***FINDING 2014-6 SOLE SOURCE PURCHASING (BCC)***

***Criteria***

The Okaloosa County purchasing manual stipulates in instances where competitive bids cannot be obtained a sole source purchase sheet must be accompanied and attached to the requisition and meet certain criteria.

***Condition***

In our testing of sole source contracts we identified exceptions to County policy. The exceptions generally related to the sole source form not initially being found with the contract or the form did not properly document or evidence the criteria to support sole source. The purchasing department ultimately located the forms that were not initially available for inspection.

***Cause***

Several members of the Purchasing Department are relatively new in their function and the requirements under the Okaloosa County purchasing manual were significantly revised in April of 2013. Compliance with the requirements for sole source awards is not consistently monitored. Further the Department has to track sole source awards on a manual basis as no automated solution for contract tracking exists.

***Effect***

Okaloosa County is not in compliance with its Purchasing Manual in certain instances as it relates to sole source awards.

***Recommendation***

We recommend the Purchasing Department ensure the required documentation for sole source awards is contained in the contract file and adheres to the requirements of the Purchasing Manual. In addition an automated solution for contract tracking may need to be considered based on the volume and complexity of contracts.

***Views of responsible officials and planned corrective action:***

Management agrees with the stated finding as of September 30, 2014. Sole source forms were kept in a binder as opposed to being filed with the contracts, and some forms did not properly document or evidence the criteria to support sole source. Since that time, the following actions have been taken: Staff now records sole source forms electronically and files sole source forms with contracts or other applicable documentation (i.e. purchase requisitions). Further, staff has taken affirmative steps to ensure sole source criteria are properly documented and supporting evidence is included.

***FINDING 2014-7 ACCOUNTING FOR FUEL TAXES (BCC)***

***Criteria***

As noted in the Florida Auditor General Operational Audit dated December, 2013, the County receives several types of fuel taxes primarily accounted for in the County Transportation Revenue Trust Fund. Certain taxes received have distinct legal requirements for how they can be used as it relates to transportation expenditures. There is no system in place to ensure the related expenditures in each revenue stream are allowable per Florida Statutes.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2014**

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS) (Continued)**

***FINDING 2014-7 ACCOUNTING FOR FUEL TAXES (BCC) (CONTINUED)***

***Condition***

Okaloosa County is not separately accounting for each type of tax. All expenditures incurred in the County Transportation Trust Fund are for transportation related expenditures; but not all expenditures may be expressly allowable in each tax bucket. The taxes and the related expenditures are not accounted as four separate revenue and expenditure streams; instead the revenues and expenditures are pooled as one transportation stream.

***Cause***

The County does not have a mechanism in place to distinctly identify the transportation expenditures incurred by revenue stream and believed the special revenue fund demonstrated compliance that all expenditures incurred relate to transportation.

***Effect***

The County may be out of compliance with Florida Statute at the individual fuel tax level. There is an increased risk fuel taxes could be used for unauthorized purposes.

***Recommendation***

We recommend the BCC and Clerk Finance work together to implement a mechanism to track expenditures by type of fuel tax so allowability of each expenditure can be reviewed by BCC and Clerk Finance personnel prior to payment.

***Views of responsible officials and planned corrective action:***

Management agrees with the stated finding as of September 30, 2014. Representatives from the BCC and Clerk Finance have worked together to implement a mechanism to track expenditures by type of fuel tax. Staff is working to ensure that control measures are in place to track fuel tax revenues (CGT and LOGT pennies) against expenditures in accordance with the acceptable uses of these funds.

**3. Findings and Questioned Costs for Major Federal Awards and State Projects**

The results of our audit of Okaloosa County, Florida disclosed no findings required to be reported under the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations or Chapter 10.550, Rules of the Auditor General.

**4. Summary Schedule of Prior Audit Findings**

No Corrective Action Plan is required for the current year because there were no findings required to be reported under Federal or Florida Single Audit Acts.

FINANCIAL STATEMENTS  
AND  
AUDIT REPORTS

PRESENTED TO DEMONSTRATE COMPLIANCE  
WITH FLORIDA STATUTES SECTION 218.39(8)  
AND  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.557