



**Okaloosa County, Florida
Comprehensive Annual Financial Report
For the Year Ended September 30, 2011**



Prepared by Clerk of Circuit Court

Don W. Howard, Clerk • Gary J. Stanford, Finance Officer



Comprehensive
Annual
Financial
Report

Okaloosa County, Florida

For the year ended
September 30, 2011

Prepared by
Clerk of Circuit Court
Don W. Howard, Clerk
Gary J. Stanford
Finance Officer

INTRODUCTORY SECTION

**OKALOOSA COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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DON W. HOWARD

CLERK OF THE CIRCUIT COURT, OKALOOSA COUNTY, FLORIDA



March 16, 2012

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida for the fiscal year ended September 30, 2011, 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 firm of Warren Averett, LLC. 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, 2011, 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 unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2011, 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.

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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 2011 population was 181,679, 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 919th 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 more than \$1 billion income produced annually with the employment of 18,000+ in tourism related businesses. The Tourist Development Council Convention Visitor's Bureau (TDC / 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. An estimated 1.2 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 117,732 in 2011 and the 2011 unemployment rate at 7.5 percent. This compares favorably to the state's annual average rate of 10.6 percent and the national average of 8.9 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.

Relative property valuation strength, although declining over the last several years, continues to provide the County the opportunity to maintain one of the state's lowest millage rates while continuing to maintain a relatively high level of service to County residents. Property tax values decreased (5.0) percent. New construction activity in 2011 increased slightly to \$117 million. Due to these and some other state declining trends, some of the capital and functional initiatives of the County remained on hold for the year until these trends reverse.

MAJOR FUNCTIONAL INITIATIVES

General Government Initiatives The County completed construction of the Courthouse Annex Extension at the end of the year using the issuance of Build America Bonds to fund the construction. The estimated \$20M+ project was completed on time and under budget. The



County also acquired, formerly leased space at the Newman C. Brackin Building, formerly the First National Bank of Crestview building using loan proceeds for much needed general government space during the year. The County continues to plan and develop land for future development through the Joint Land Use grant project funding. Along with this grant funding the general government funding for housing and housing stabilization

from federal stimulus funding continued, although somewhat diminished as the federal funding winds down. About \$73,750,000 was spent on General Government initiatives, or approximately 31.5% 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 completed construction on the joint facility at Northwest Florida State College Emergency Operations Center (EOC) and training facility. The facility is a state-of-the-art joint use complex for EOC and education. The facility was dedicated at the first of the calendar year. This facility will house and relocate emergency staff for multiple offices



from several entities of the County into this modern facility to better protect the citizenry of the County in future disaster related events. The public safety function of the Emergency Medical activity always stays busy providing valuable countywide service, as does the 9-1-1 operation of the county. The Sheriff's operations were active and involved in many of these public safety initiatives throughout the year. The County funded approximately \$57,500,000 of Public Safety initiatives, or approximately 24.6% of total expenditures, in 2011.

Physical Environment Initiatives Physical environment initiatives are concentrated in the areas of water/wastewater improvements, solid waste and stormwater. The military, with its ever increasing role in our area, is utilizing the County water/wastewater countywide service to their benefit by exploring numerous partnerships for service. With the completion of the new sewer treatment plant, the decommissioning and destruction of the old plant has now begun and will soon be completed. Stormwater projects continued, as funding allowed in 2011. Solid Waste continues to place a high priority on new ideas as the County monitors and



remediates their closed landfills. The County complies with State mandates for landfill activity throughout the closed landfill facilities in the County. Grant funds enhanced physical environment activity with the assistance from Florida Department of Environmental Protection. Over \$37,750,000 was spent, plus, as always, a great deal of capital outlay, in the area of Physical Environment initiatives, or approximately 16.1% of total expenditures, for 2011.

Transportation Initiatives

Transportation needs continue to be an area of vital importance to the citizens of the County. Maintenance and enhancement of existing roadways continues to be a high priority, as funds become available. Many miles of roadway were resurfaced utilizing the “Cold Mix” and “Overlay” options that continue to be more financially feasible in 2011. The Local Option Gas Tax and the Constitutional State Shared Gas Tax were utilized to complete or begin construction on many projects and other maintenance, along with many



Emergency Watershed Projects utilizing funds from the USDA Emergency Watershed Program. 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,

continue to be funded with fees for services, including Passenger Facility and Customer Facility Fees, along with a significant portion of State and Federal funding for construction activities. Projects abound at the airport operation, including, building and roadway renovation around the Regional Airport and runway and building renovation at the Bob Sikes airport. About \$44,000,000, or approximately 18.8% of total spent, was spent on transportation expenditures in 2011.

Economic Environment Initiatives Significant recovery took place in the area of Tourist Development associated with increasing tourism activities, which was greatly needed and assisted by funds and advertising following the year of the disastrous oil spill occurring in the Gulf of Mexico. 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. The 70,000 square-foot Emerald Coast Conference Center continues to provide much needed state-of-the-art meeting space in the County. Community Redevelopment agencies in several cities within the County utilize portions of Ad Valorem Tax dollars to enhance economic development in those designated areas. Over \$9,250,000 or approximately 3.9% was spent in the area of economic environment in 2011.

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 \$4,250,000 or approximately 1.8% was spent in the area of Human Service activity in 2011.

Culture/Recreation Initiatives Several county and city parks continue to be improved this year with MSTU park funding. These park improvements along with funds used to aid in the creation of artificial reef sights for the area fishermen were enhancements to recreational activities provided for all citizens and tourists attracted to our area. Tourist Development continues to work on the process of renourishing critically eroded beaches of the County. An additional penny of Tourist Development Tax continues to be collected to renourish all beaches within the Tourist Development boundary area. 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, although funding



issues during these economic times are extremely difficult. Over \$7,750,000 or approximately 3.3% 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.

Since the Annex Extension facility has been completed, the County will now turn its attention to the renovation of the Shalimar Annex in the south end of the County, along with the renovation of the Courthouse facility in the north end of the County. The primary focus of the renovation of the Annex will be in preparation to alleviate the County of rents they pay to currently house Constitutional and County offices.



The County will continue to maintain and upgrade roads, repair and monitor 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 debated in the area of culture and recreation. Receipts from the tourist development tax will continue to

provide funding for area beautification and beach maintenance, to enhance environmental protection efforts, and to promote tourism in the area. Recreation activities will continue to flourish with funding made available through tourist development and boating improvement funds, pursuing additional grant funds and any other resource the County deems applicable to this critical area of quality of life. Beach renourishment is a topic of great significance to be addressed in the coming year.

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 assets 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

assets 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 unqualified opinion of the auditors has been included in this report.

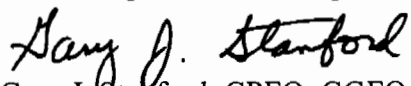
AWARDS AND ACKNOWLEDGEMENTS

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, 2010.

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Okaloosa County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



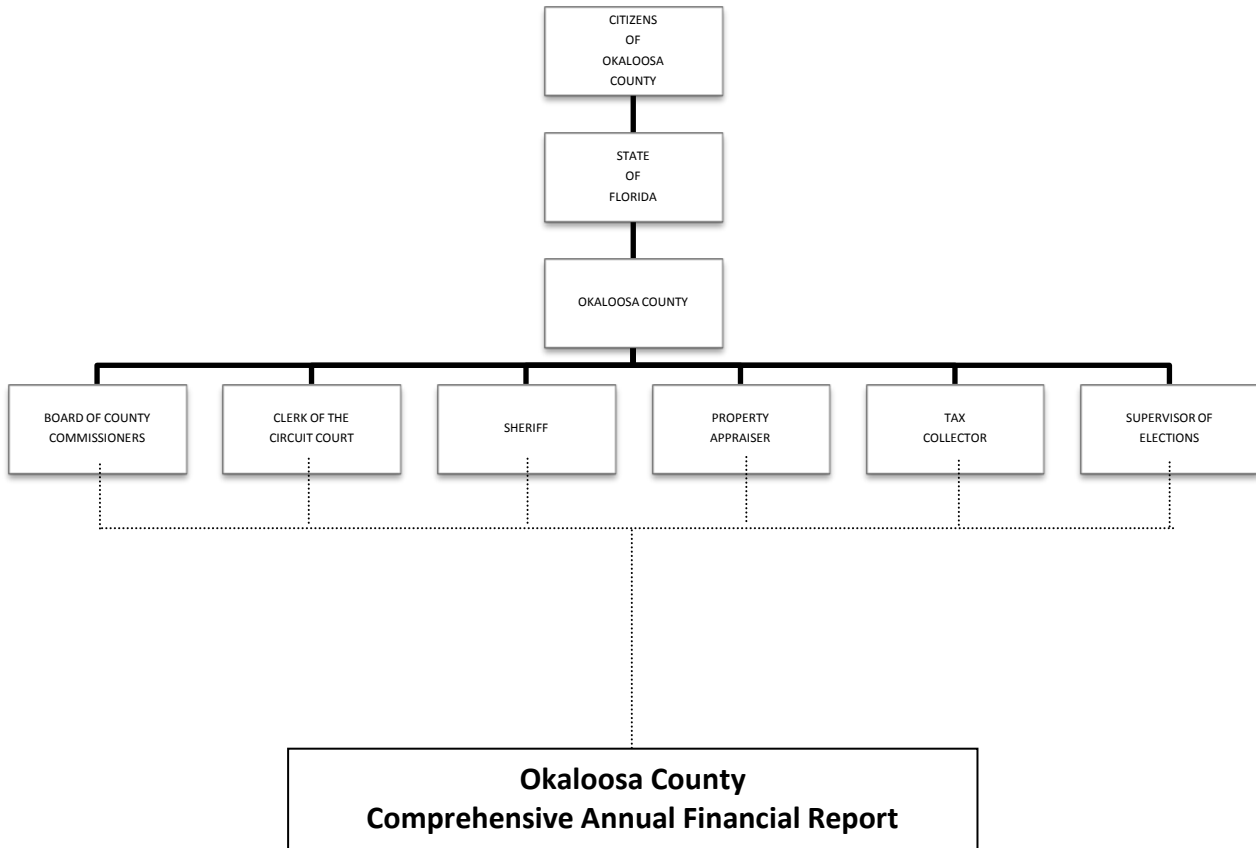
Linda C. Sandson

President

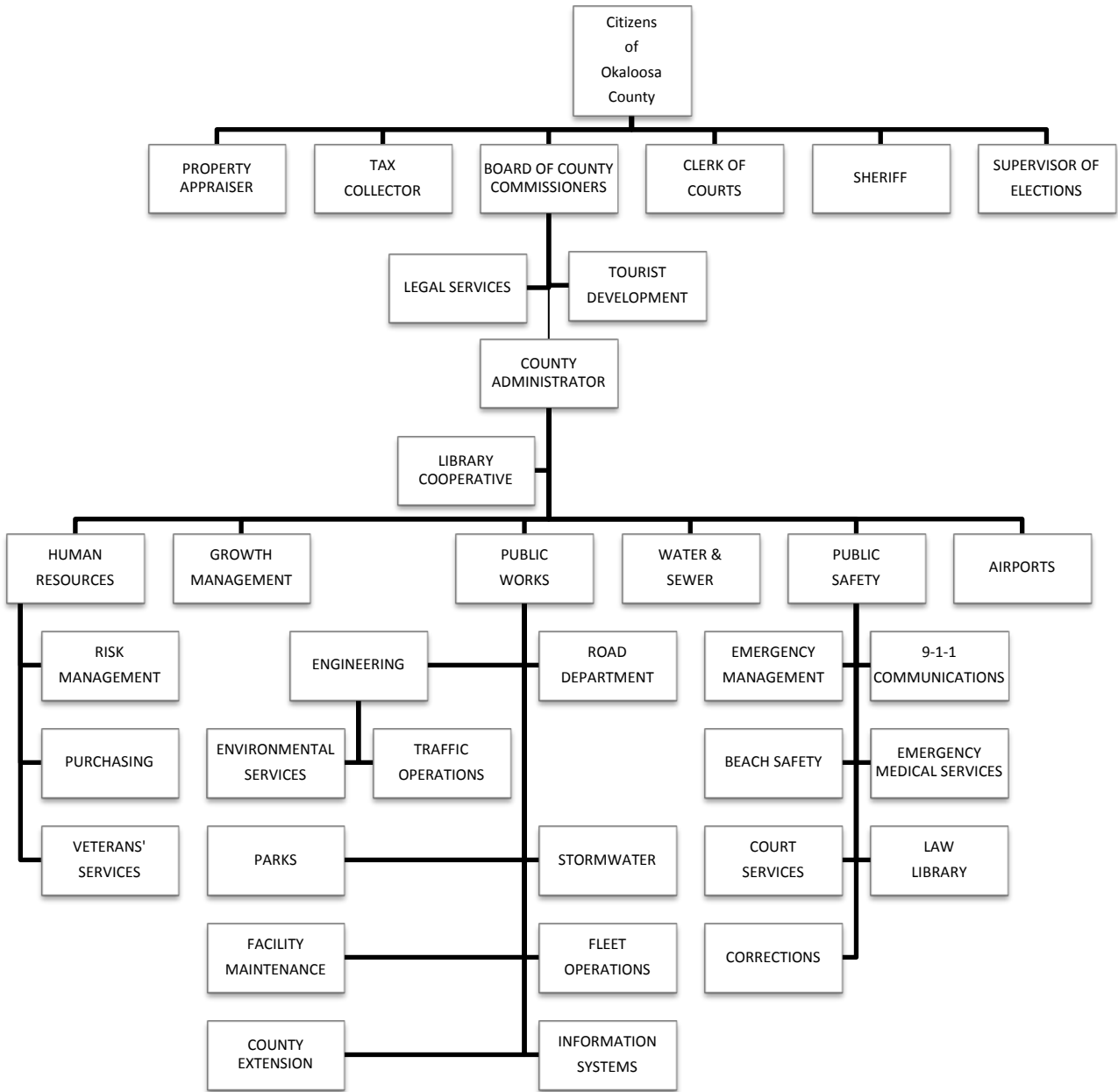
Jeffrey R. Enow

Executive Director

OKALOOSA COUNTY, FLORIDA
REPORTING ORGANIZATION



OKALOOSA COUNTY COMMISSIONERS
 OKALOOSA COUNTY, FLORIDA
 ORGANIZATION CHART



OKALOOSA COUNTY, FLORIDA

COUNTY OFFICIALS AS OF SEPTEMBER 30, 2011

COUNTY COMMISSIONERS

Wayne Harris	District I
Dave Parisot	District II
Bill Roberts	District III
Don Amunds	District IV
James Campbell	District V

OTHER ELECTED OFFICIALS

Don W. Howard	Clerk of Court
Larry R Ashley	Sheriff
Ben Anderson	Tax Collector
Timothy "Pete" Smith	Property Appraiser
Paul Lux	Supervisor of Elections

OTHER OFFICIALS

John Dowd	County Attorney
James D. Curry	County Administrator

FINANCIAL SECTION

WARREN AVERETT

O'SULLIVAN CREEL

A Business of Warren Averett, LLC | CPAs & Consultants

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

www.warrenaverett.com

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of and for the fiscal year ended September 30, 2011, which collectively comprise the Okaloosa County Florida's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Okaloosa County, Florida's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of September 30, 2011, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund, County Transportation Trust and Tourist Development Special Revenue Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the Post-Employment Benefits Plans Schedule of Funding Progress on page 90 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okaloosa County, Florida's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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. 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 it.

Warren Averett, LLC
March 16, 2012

Okaloosa County, Florida Management Discussion and Analysis

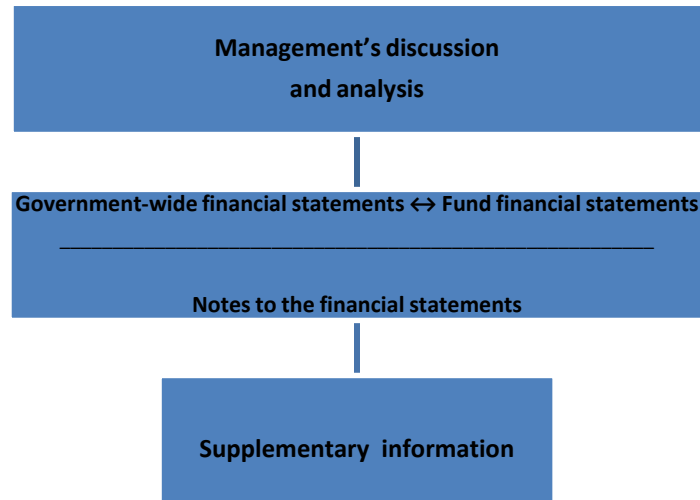
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2011. This analysis, in conjunction with additional 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 2011 the County's assets exceeded its liabilities, resulting in net assets of \$420,284. Governmental and business-type assets exceeded its liabilities by \$173,024 and \$247,260, respectively.
- The County's total net assets increased \$23,255, or 5.9 percent, in comparison to the prior year.
- The County had \$27,232 of unrestricted net assets at the close of this year compared to \$22,071 last year that can be used to meet the County's obligations.
- Total revenues increased \$13,908, or 7.3 percent, from \$190,391 to \$204,299.
- Total expenses decreased **(\$3,918)**, or **(2.1)** percent, from \$186,178 to \$182,260.
- The County's governmental activities reported total net assets of \$173,024, which is an increase of \$2,535, or 1.5 percent, in comparison to prior year. 1.1 percent of the total is unrestricted.
- The County's business-type activities reported total net assets of \$247,261, which is an increase of \$20,720, or 9.1 percent, in comparison to prior year. Approximately 10.3 percent of the total, or \$25,367, is unrestricted, and thus available for spending at the County's discretion.

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 assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, emergency medical service and conference center activities.

The government-wide financial statements include not only Okaloosa County itself (known as the primary government), but also a legally separate bridge authority for which Okaloosa County is financially accountable. Financial information for this component unit is reported discretely from the financial information presented for the primary government itself.

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, fund equity, 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.

Four of the County's governmental funds, the General Fund, County Transportation Trust Fund, Tourist Development Trust Fund and Capital Outlay Construction 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, Solid Waste and Conference Center as major funds in the proprietary fund financial statements. 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 assets may serve as the most useful indicator of a government's financial position. At September 30, 2011, the County's total net assets or total assets less liabilities, was \$420,285. A significant portion of the County's net assets, 79.7 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 assets 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 \$335,088 increased \$17,071 or 5.37 percent, in comparison to the prior year.

Another portion of the County's net assets is restricted net assets which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The restricted net asset balance of \$57,964 (13.8 percent of total net assets) increased \$1,021 or 1.8 percent, in comparison to prior year, mainly due to reduced debt service and increased economic restrictions for Tourist Development, as restated.

Unrestricted net assets are net assets that are available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers. The unrestricted net asset balance of \$27,232 (6.5 percent of total net assets), as restated, increased \$5,161, or 23.4 percent, in comparison to prior year for the first year since adoption of GASB 34 reporting, due primarily to the restatement of certain restricted balances and the increase in business type activity unrestricted balances.

As shown on the following chart, the County reported increased balances at September 30, 2011. The components of total Net Assets changed due to the further identification of restrictions, especially Grants, Capital Projects, Transportation, Economic Environment and Culture/Recreation, as modified by splitting out Other Restricted Purposes and the updated GASB 54 standard.

The following is a condensed summary of net assets for the primary government for fiscal years 2011 and 2010.

	Governmental		Business-type		Total	
	2011	2010 (Restated)	2011	2010	2011	2010 (Restated)
Current and Other Assets	\$ 69,189	\$ 78,633	\$ 61,706	\$ 60,633	\$ 130,895	\$ 139,266
Capital Assets	161,255	145,711	313,928	306,442	475,183	452,153
Total Assets	230,444	224,344	375,634	367,075	606,078	591,419
Current and Other Liabilities	16,495	15,188	18,726	19,981	35,221	35,169
Long-term Liabilities	40,925	38,666	109,647	120,554	150,572	159,220
Total Liabilities	57,420	53,854	128,373	140,535	185,793	194,389
Net Asset:						
Investment in Capital						
Assets, Net of Related Debt	131,864	133,206	203,224	184,811	335,088	318,017
Restricted for						
Debt Service	431	1,174	7,579	13,654	8,010	14,828
Grants	1,244	203	-	-	1,244	203
Capital Projects	1,008	2,167	-	-	1,008	2,167
Public Safety	1,679	2,130	-	-	1,679	2,130
Transportation	10,745	9,978	7,054	6,293	17,799	16,271
Eco Environment	16,945	10,147	4,036	3,956	20,981	14,103
Culture Recreation	4,413	4,547	-	-	4,413	4,547
Court-Related	2,830	2,694	-	-	2,830	2,694
Unrestricted	1,865	4,244	25,367	17,827	27,232	22,071
Total Net Assets	\$ 173,024	\$ 170,490	\$ 247,260	\$ 226,541	\$ 420,284	\$ 397,031

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, 2011 and 2010						
	Governmental		Business-type		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 26,754	\$ 22,775	\$ 53,428	\$ 50,194	\$ 80,182	\$ 72,969
Operating Grants and Contributions	7,675	9,867	548	797	8,223	10,664
Capital Grants and Contributions	2,611	4,287	18,035	9,027	20,646	13,314
General Revenues:						
Taxes	61,192	64,567	6,810	4,830	68,002	69,397
State Shared Revenue	16,880	15,801	-	-	16,880	15,801
Grant and Contributions not Restricted Specific Programs	6,622	1,725	-	-	6,622	1,725
Other	2,968	4,647	776	1,873	3,744	6,520
Total Revenues	124,702	123,669	79,597	66,721	204,299	190,390
Expenses:						
Program Activities:						
General Government	31,726	32,146	-	-	31,726	32,146
Public Safety	45,335	47,995	-	-	45,335	47,995
Physical Environment	2,148	2,594	-	-	2,148	2,594
Transportation	17,728	18,922	-	-	17,728	18,922
Economic Environment	9,290	8,980	-	-	9,290	8,980
Human Services	4,454	4,672	-	-	4,454	4,672
Culture and Recreation	4,007	5,031	-	-	4,007	5,031
Court-Related	7,118	7,390	-	-	7,118	7,390
Interest and Fiscal Charges	1,531	1,138	-	-	1,531	1,138
Business-type Activities:						
Water and Sewer	-	-	27,124	25,753	27,124	25,753
Airport	-	-	12,527	10,575	12,527	10,575
Solid Waste	-	-	6,874	7,758	6,874	7,758
Inspections	-	-	1,149	1,245	1,149	1,245
Emergency Medical	-	-	7,495	7,555	7,495	7,555
Conference Center	-	-	3,754	4,424	3,754	4,424
Total Expenses	123,337	128,868	58,923	57,310	182,260	186,178
Inc in Net Assets Before Trf	1,365	(5,199)	20,674	9,411	22,039	4,212
Special Item	-	-	1,216	-	1,216	-
Transfers	1,169	1,087	(1,169)	(1,087)	-	-
Inc/(Dec) in Net Assets	2,534	(4,112)	20,721	8,324	23,255	4,212
Net Assets October 1	170,490	174,602	226,540	218,216	397,030	392,818
Net Assets September 30	\$ 173,024	\$ 170,490	\$ 247,261	\$ 226,540	\$ 420,285	\$ 397,030

Revenues increased by \$1,033 or 0.83 percent in Governmental activities, due primarily to BP

recovery proceeds and increased tourism development taxes offset by decline in ad valorem taxes, operating and capital grants. Revenues in Business-type activity increased by \$12,876 or 19.3 percent from the prior year, mainly due to increased charges for services in Water & Sewer and Airports and increased capital grant funding, primarily in Airports. Expenses decreased by **(\$5,531)** or **(4.3)** percent in Governmental activities, due to decreases in almost all program activities, except in the area of Economic Environment functional expenses. Expenses in Business type expenses increased slightly \$1,613 or 2.8 percent due mainly to increased costs related to expanded activities at both Water & Sewer and Airports operations. Revenues in 2011 increased from 2010 and expenses decreased for the year which caused the net assets to increase by 5.9 percent, from \$397,030 in 2010 to \$420,285 in 2011.

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, 2011, the County governmental funds reported combined fund balances of \$52,392, a decrease of **(\$12,289)** over the prior year balances, due mainly to the use of proceeds received to complete the Courthouse Annex Extension project. The major governmental funds fund balance changed dramatically due to the implementation of GASB 54 reporting reflecting changes to amounts both decreasing due to the use of built up reserves to fund ongoing expenditures, as well as, increasing for capital projects.

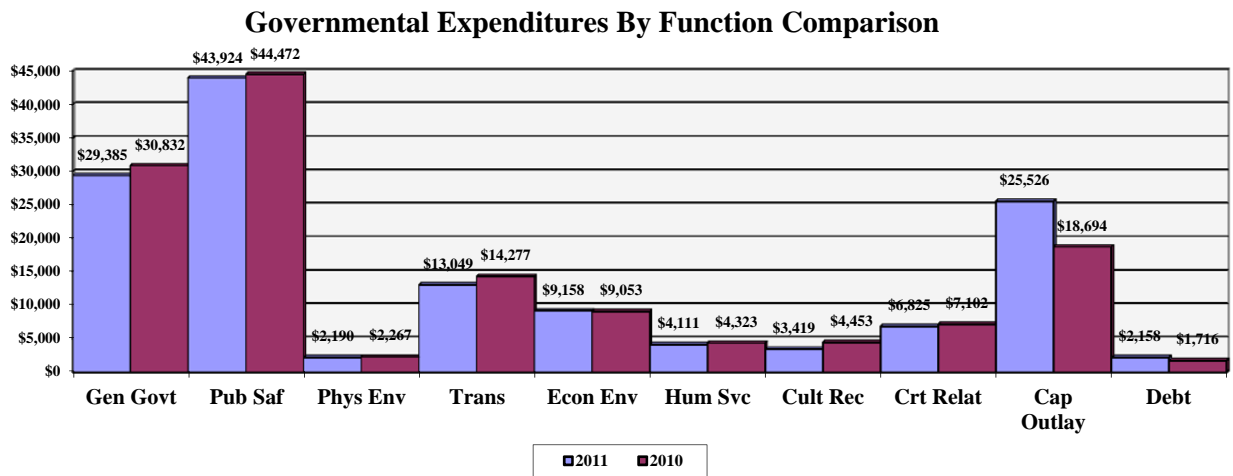
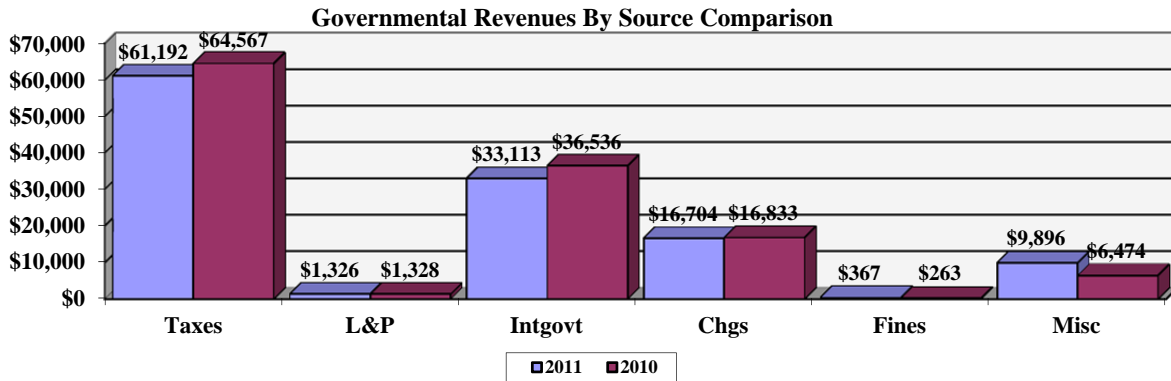
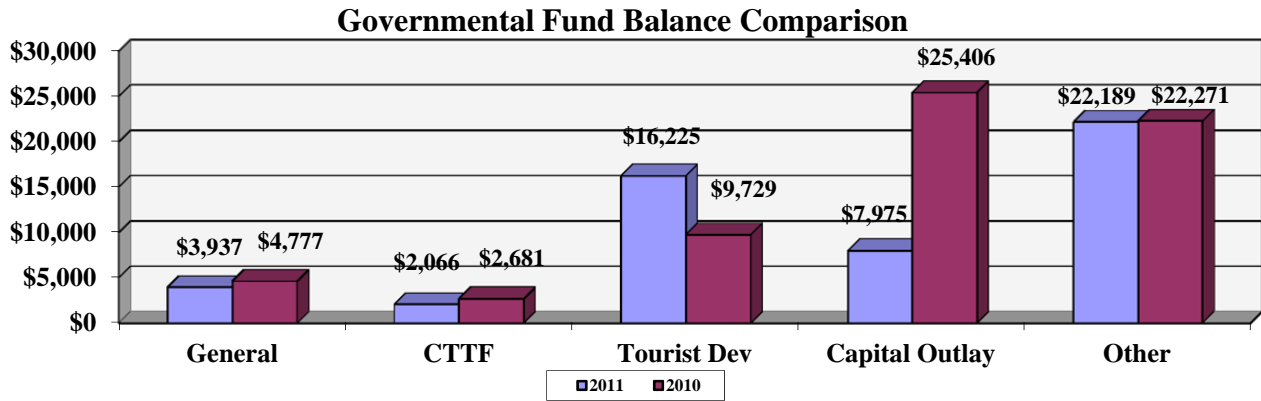
The General Fund is the chief operating fund of the County. At September 30, 2011, total fund balance in the general fund was \$3,937 of which \$3,562 was unassigned, which is a change from the prior year, due to GASB 54 implementation. The general fund expenditures for the fiscal year exceeded revenues by \$7,012, due in part to the elimination and incorporation of the Fine and Forfeiture Special Revenue to the General Fund. The Net change in Fund Balance for the General Fund for fiscal year 2011 amounted to a decrease of **(\$657)**, while the prior year showed a decrease of **(\$2,240)**. The decrease in fiscal year 2011 was mainly due to changes in the General Fund implemented related to GASB 54 and the changes in certain other funds and fund balances, along with the continued use of built up reserves to fund operating expenditures.

The County Transportation Trust Fund is a special revenue fund that is used to account for revenues and expenditures related to transportation expenditures in the County. The County Transportation Trust Fund balance decreased **(\$615)** from the prior year. The decrease in fund balance occurred primarily because of the decline in local and state shared revenue support from gas tax revenues, although transportation expenditures decreased slightly, as well.

The Tourist Development Trust Fund is a special revenue fund that is used to account for the revenues and expenditures of a portion of the Tourist Development Tax that is collected on short-term rentals in Okaloosa County. The Tourist Development Trust Fund balance increased significantly over the prior year by \$6,497. The increase in fund balance is primarily due to the increase in tax revenue responding to the recovery from the disastrous oil spill in the prior year, along with aid revenue from BP for funding additional advertising and promotions.

The Capital Outlay Construction Fund is a capital fund that contains all general government related capital projects related to government facilities, public safety facilities and culture and recreation facilities. Capital Outlay's fund balance decreased substantially by **(\$17,431)**. The fund had decreases due to completion of the Courthouse Annex Extension capital project. The Capital Outlay fund continued some fund transfers out of monies set aside for future capital projects that have been and are still suspended, due to these difficult economic times.

The following is a chart of all Governmental Fund Balances for the fiscal years 2010 and 2011.



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, 2011, total equity amounted to \$247,260 for enterprise funds as compared to \$226,541 at September 30, 2010. Equity balances are primarily the result of operations and capital contributions in the Water & Sewer and Airport Enterprise funds.

Business-type activities increased the County's total equity by \$20,720. Major components of this increase are as follows:

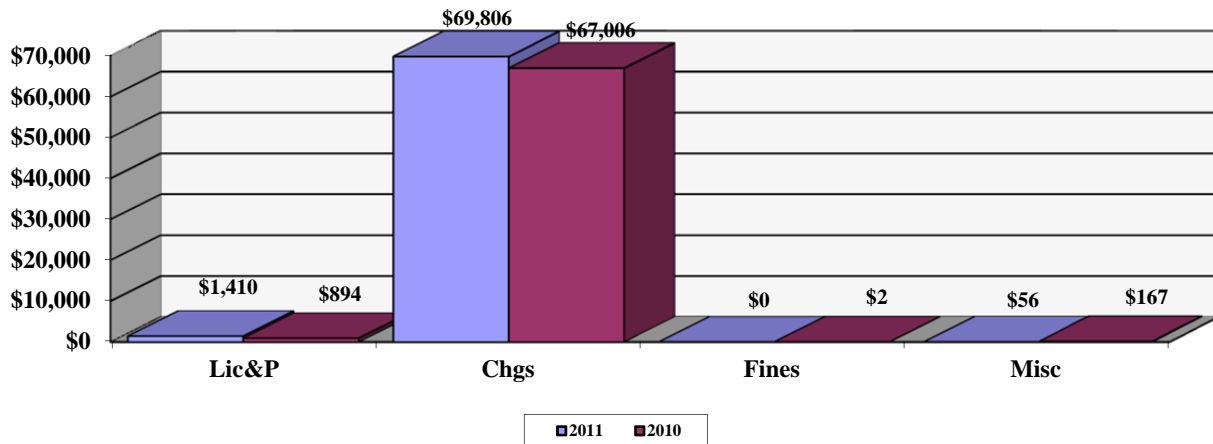
- The Water and Sewer Fund increased its equity by \$6,127. Operating income was \$2,475 during the year which was greater than last year. Operating Revenues and Operating Expenses increased due to plant expansion. Income before contributions decreased, however, due to less nonoperating revenue like interest income.
- The Airport Fund increased its equity by \$11,535. Operating income decreased from last year, although the operating revenues increased, the operating expenses, mainly due to capital assets coming online throughout the year, increased significantly.
- The Convention Center Fund increased its equity by \$1,795. Convention Center Operating Income increased slightly due to a reduction mainly in contractual service expenses. Income before contributions increased substantially due to the recovery of the tourist development tax from the oil spill crisis.

The net operating income of the enterprise funds for fiscal years 2011 and 2010, is as follows:

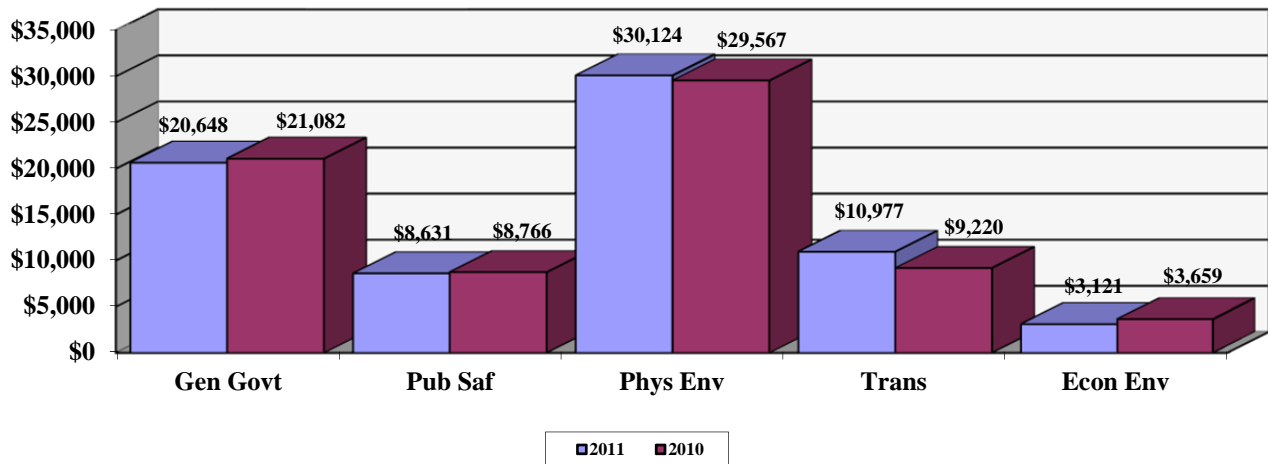
Enterprise Net Operating Income (Loss)

	2011	2010
Water and Sewer	\$2,475	\$2,214
Airport	(1,760)	(462)
Solid Waste	336	(350)
Inspections	457	(200)
Emergency Medical Services	(1,936)	(1,878)
Convention Center	(2,401)	(2,816)
	(\$2,829)	(\$3,492)

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 2011 as well as the final budget is presented.

A comparison of the General Fund revenues original to the final operating budget shows an increase of \$18,677. The main area increased was a \$17,816 rise in intergovernmental revenue funded primarily from additional state and federal grants, especially related to mass transit, public safety/9-1-1 services and economic development. A significant portion of the increase in grants was not received or expended during the fiscal year making the variance large. The expenditures incurred during the year were generally below budget, except for the services primarily impacted by the economic downturn, like human services. The major difference between actual and final budget totals in expenditures were due to grants budgeted in accordance with executed documents for these general government, public safety, especially 911, capital outlay and transportation, especially related to mass transit.

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, 2011 amounts to \$474,487 (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 \$15,545 or 10.7 percent increase, which was concentrated in increases in buildings and infrastructure, mainly related to the Courthouse Annex Extension project. The business-type activities capital assets amounted to \$313,232 or an increase of \$6,790 or 2.2 percent, mainly increasing in the areas of buildings and infrastructure related to Airport expansion.

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

Okaloosa County, Florida
 Capital Assets
 September 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 9,898	\$ 9,898	\$ 11,318	\$ 10,489	\$ 21,216	\$ 20,387
Buildings	70,529	41,579	79,492	76,411	150,021	117,990
Improvements other than buildings	29,229	28,313	309	287	29,538	28,600
Intangibles	2,819	2,717	887	846	3,706	3,563
Mach/Equipment	52,302	50,197	20,967	20,603	73,269	70,800
Const in Progress	4,846	14,161	12,698	17,893	17,544	32,054
Infrastructure	134,934	133,412	304,927	286,412	439,861	419,824
Art	-	-	87	69	87	69
Total Capital Assets	304,557	280,277	430,685	413,010	735,242	693,287
Accum Deprec	(143,302)	(134,567)	(117,453)	(106,568)	(260,755)	(241,135)
Total	<u>\$ 161,255</u>	<u>\$ 145,710</u>	<u>\$ 313,232</u>	<u>\$ 306,442</u>	<u>\$ 474,487</u>	<u>\$ 452,152</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 \$143,839. Of this amount, \$30,215 comprises governmental activities bonds payable and \$2,740 comprises a

governmental bank and individual loan while the remaining \$98,689 in revenue bonds and \$12,195 in revolving loans and an individual personal loan is secured solely by specified revenue sources in business-type activities.

Okaloosa County, Florida
Outstanding Debt
September 30, 2011 and 2010

	Governmental Activities		Busines-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Governmental Lns	\$ 2,740	\$ 3,140	\$ -	\$ -	\$ 2,740	\$ 3,140
Revenue Bonds	30,215	26,797	98,689	110,207	128,904	137,004
Revolv & Comm Ln	-	-	12,195	11,607	12,195	11,607
Total	\$ 32,955	\$ 29,937	\$ 110,884	\$ 121,814	\$ 143,839	\$ 151,751

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, 2011

Type of Debt Issue:	S & P	Fitch/Moody's
2009 Sales Tax Rev Bonds	AAA	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
2000 Tourist Develop Tax Revenue	AAA	Aa2
2003 Airport Revenue Bonds	A	Not Rated
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 88,561 in 2010 to 90,428 in 2011, an increase of approximately 2.1 percent. Increasing labor force coupled with somewhat improving economic times led to the County's unemployment rate falling to 7.5 percent in 2011 compared to 8.2% for 2010. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 10.6 percent and 8.9 percent, respectively, for 2011.
- The assessed value of real property located in the County after exemptions shrank from \$15.380 billion in 2010 to \$13.745 billion, while the total assessed value of the County decreased from \$16.175 billion to \$14.500 billion in 2011. This represented a decrease of (\$1.675) billion or (10.4) percent in property valuation.
- Okaloosa County has a diversified property tax base. The ten largest property tax payers in the County represent approximately only 2.97 percent of the total ad valorem property tax levy.
- During 2011, total value of new residential construction in the County was valued at \$79 million and total value of new non-residential construction was valued at \$20 million for a total of just \$99 million in new construction. The total construction figure for 2011 represented a (\$174.6) million decrease from 2010.

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.

Basic Financial Statements

Okaloosa County, Florida
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emerald Coast Bridge Authority
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 12,206,178	\$ 2,976,505	\$ 15,182,683	\$ -
Investments	46,640,498	30,497,599	77,138,097	-
Receivables, Net of Allowance for Uncollectibles	4,245,889	7,927,819	12,173,708	-
Internal Balances	(393,653)	393,653	-	-
Due from Other Governments	4,428,582	7,518,980	11,947,562	-
Inventories	255,765	1,586,772	1,842,537	-
Prepaid Expenses	1,805,328	595,392	2,400,720	-
Restricted Assets				
Cash and Cash Equivalents				
Customer Deposits	-	1,476,927	1,476,927	-
Other Deposits	-	2,306,252	2,306,252	-
Investments	-	6,425,360	6,425,360	-
Total Current Assets	69,188,587	61,705,259	130,893,846	-
Noncurrent Assets				
Investment in Joint Venture, at Equity	-	695,981	695,981	-
Capital Assets (Net of Accumulated Depreciation)				
Land	9,898,076	11,317,940	21,216,016	-
Buildings	51,116,578	64,510,649	115,627,227	-
Improvements Other Than Buildings	21,782,300	163,204	21,945,504	-
Intangibles	1,676,944	405,542	2,082,486	-
Machinery and Equipment	13,018,677	3,455,999	16,474,676	-
Construction in Progress	4,845,727	12,697,752	17,543,479	-
Infrastructure	58,917,022	220,593,471	279,510,493	-
Works of Art	-	87,715	87,715	-
Total Noncurrent Assets	161,255,324	313,928,253	475,183,577	-
Total Assets	\$ 230,443,911	\$ 375,633,512	\$ 606,077,423	\$ -
LIABILITIES				
Current Liabilities				
Accounts Payable and Other Accrued Liabilities	8,170,032	7,217,499	15,387,531	-
Due to Other Governments	202,753	29,006	231,759	-
Unearned Revenue	1,510,308	2,362,031	3,872,339	-
Due to Depositors	283,741	-	283,741	-

Continued...

Okaloosa County, Florida
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emerald Coast Bridge Authority
Current Liabilities (Continued)				
Liabilities Payable from Restricted Assets				
Customer Deposits	-	1,586,118	1,586,118	-
Interest Payable	-	1,489,058	1,489,058	-
Loans and Revenue Bonds Payable	-	4,793,025	4,793,025	-
Current Portion of Long-term Obligations				
Compensated Absences	3,345,400	883,880	4,229,280	-
Closure Costs Payable	-	242,372	242,372	-
Claims and Judgments	2,272,298	-	2,272,298	-
Notes Payable	400,000	73,208	473,208	-
Leases Payable	-	-	-	-
Revenue Bonds Payable	310,000	50,027	360,027	-
Total Current Liabilities	<u>16,494,532</u>	<u>18,726,224</u>	<u>35,220,756</u>	<u>-</u>
Noncurrent Liabilities				
Noncurrent Portion of Long-term Obligations				
Compensated Absences	2,144,371	761,225	2,905,596	-
Closure Costs Payable	-	3,543,876	3,543,876	-
Claims and Judgments	3,438,498	-	3,438,498	-
Notes Payable	2,340,000	3,763,018	6,103,018	1,777,289
Loans and Bonds Payable, Net of Unamortized Loan costs	29,081,615	101,329,225	130,410,840	-
Other Post Employment Benefits	3,920,640	249,379	4,170,019	-
Total Noncurrent Liabilities	<u>40,925,124</u>	<u>109,646,723</u>	<u>150,571,847</u>	<u>1,777,289</u>
Total Liabilities	<u>57,419,656</u>	<u>128,372,947</u>	<u>185,792,603</u>	<u>1,777,289</u>

Continued...

Okaloosa County, Florida
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emerald Coast Bridge Authority
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	131,863,706	203,224,081	335,087,787	-
Restricted for				
Debt Service	430,601	7,578,971	8,009,572	-
Grants	1,244,361	-	1,244,361	-
Capital Projects	1,008,211	-	1,008,211	-
Public Safety	1,678,709	-	1,678,709	-
Transportation	10,745,328	7,053,815	17,799,143	-
Economic Environment	16,944,979	4,036,235	20,981,214	-
Culture and Recreation	4,413,418	-	4,413,418	-
Court-Related	2,830,398	-	2,830,398	-
Unrestricted	1,864,544	25,367,463	27,232,007	(1,777,289)
Total Net Assets	173,024,255	247,260,565	420,284,820	(1,777,289)
Total Liabilities and Net Assets	\$ 230,443,911	\$ 375,633,512	\$ 606,077,423	\$ -

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, 2011

	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	\$ 31,725,549	\$ 11,001,958	\$ 154,314	\$ 6,944	\$ (20,562,333)
Public Safety	45,335,148	5,079,498	1,727,883	76,882	(38,450,885)
Physical Environment	2,147,974	94,393	-	4,972	(2,048,609)
Transportation	17,727,794	3,669,710	3,432,846	1,627,892	(8,997,346)
Economic Environment	9,290,228	275,075	1,984,139	-	(7,031,014)
Human Services	4,454,274	779,920	41,769	-	(3,632,585)
Culture and Recreation	4,007,047	527,854	135,003	894,054	(2,450,136)
Court-Related	7,118,216	5,325,649	198,948	-	(1,593,619)
Interest and					
Fiscal Charges	1,531,081	-	-	-	(1,531,081)
Total Governmental					
Activities	123,337,311	26,754,057	7,674,902	2,610,744	(86,297,608)
Business-type Activities					
Water & Sewer	27,124,122	25,685,808	185,748	5,658,799	4,406,233
Airport	12,527,357	12,669,281	47,941	12,217,146	12,407,011
Solid Waste	6,873,851	7,204,817	240,468	-	571,434
Conference Center	3,754,462	720,598	-	-	(3,033,864)
Other Programs	8,644,079	7,147,496	73,582	158,363	(1,264,638)
Total Business- type					
Activities	58,923,871	53,428,000	547,739	18,034,308	13,086,176
Total Primary					
Government	\$ 182,261,182	\$ 80,182,057	\$ 8,222,641	\$ 20,645,052	\$ (73,211,432)
Component Unit					
Emerald Coast					
Bridge Authority	\$ -	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
STATEMENT OF ACTIVITIES (CONTINUED)
For the Fiscal Year Ended September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in Net Assets				
Net (Expenses) Revenue (From Exhibit II-A)	\$ (86,297,608)	\$ 13,086,176	\$ (73,211,432)	\$ -
Unrestricted General Revenues				
Taxes				
Ad Valorem Tax	45,936,444	1,476,719	47,413,163	-
Tourist Development Tax	7,855,600	5,237,067	13,092,667	-
Local Option Fuel Tax	3,262,337	-	3,262,337	-
Communication Services Tax	2,894,338	-	2,894,338	-
Ninth-Cent Voted Fuel Tax	977,680	-	977,680	-
Local Business Tax	266,863	96,502	363,365	-
State Revenue Sharing				
Miscellaneous Revenue	4,930,605	-	4,930,605	-
Local Government Sales Tax	11,949,441	-	11,949,441	-
Contributions Not Restricted to Specific Programs				
Contributions from				
Other Governments	62,209	-	62,209	-
Other Donations	6,559,675	-	6,559,675	-
Investment Earnings	736,114	346,090	1,082,204	-
Miscellaneous	2,231,762	430,476	2,662,238	-
Special Item - Loss	-	1,215,695	1,215,695	-
Transfers - Internal Activities	1,169,149	(1,169,149)	-	-
Total Unrestricted-General Revenues and Transfers	88,832,217	7,633,400	96,465,617	-
Change in Net Assets	2,534,609	20,719,576	23,254,185	-
Net Assets - Beginning	170,489,646	226,540,989	397,030,635	(1,777,289)
Net Assets - Ending	<u>\$ 173,024,255</u>	<u>\$ 247,260,565</u>	<u>\$ 420,284,820</u>	<u>\$ (1,777,289)</u>

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



Okaloosa County, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	County Transportation Trust Special Revenue Fund
ASSETS		
Cash and Cash Equivalents	\$ 3,199,480	\$ 104,454
Investments	2,126,902	1,700,092
Receivables	413,611	357
Due from Other Funds	7,993	-
Due from Other Elected Officials	1,403,938	-
Due from Other Governments	2,500,693	592,897
Prepays	347,376	1,258
Total Assets	\$ 9,999,993	\$ 2,399,058
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 630,843	\$ 77,217
Contracts Payable	765,845	12,080
Other Accrued Liabilities	1,520,495	183,336
Due to Other Funds	40,257	-
Due to Other Elected Officials	1,600,980	-
Due to Other Governments	176,392	20
Due to Depositors	58,227	60,095
Deferred Revenue	1,270,311	-
Total Liabilities	6,063,350	332,748
Fund Balances		
Nonspendable		
Nonspendable	347,376	1,258
Spendable		
Restricted	-	-
Committed	26,833	-
Assigned	-	2,066,310
Unassigned	3,562,434	(1,258)
Total Fund Balances	3,936,643	2,066,310
Total Liabilities and Fund Balances	\$ 9,999,993	\$ 2,399,058

Exhibit III-A

Tourist Development Special Revenue Fund	Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 27,352	\$ 135,237	\$ 3,351,058	\$ 6,817,581
13,922,218	8,087,401	20,551,439	46,388,052
3,220,319	600,000	892	4,235,179
-	300,000	32,264	340,257
142	113,066	119,547	1,636,693
63,521	47,059	1,107,424	4,311,594
7,386	-	1,055,424	1,411,444
<u>\$ 17,240,938</u>	<u>\$ 9,282,763</u>	<u>\$ 26,218,048</u>	<u>\$ 65,140,800</u>
\$ 10,272	\$ 143,499	\$ 611,559	\$ 1,473,390
531,518	1,161,606	1,389,636	3,860,685
18,417	2,813	87,151	1,812,212
407,906	-	300,000	748,163
21,867	-	-	1,622,847
643	-	25,698	202,753
25,000	-	140,418	283,740
-	-	1,474,286	2,744,597
<u>1,015,623</u>	<u>1,307,918</u>	<u>4,028,748</u>	<u>12,748,387</u>
7,386	-	1,055,424	1,411,444
			-
16,225,315	1,008,211	20,818,119	38,051,645
-	58,701	484,276	569,810
-	6,907,933	886,905	9,861,148
(7,386)	-	(1,055,424)	2,498,366
<u>16,225,315</u>	<u>7,974,845</u>	<u>22,189,300</u>	<u>52,392,413</u>
<u>\$ 17,240,938</u>	<u>\$ 9,282,763</u>	<u>\$ 26,218,048</u>	<u>\$ 65,140,800</u>

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 ASSETS
September 30, 2011

Fund balances - total governmental funds (Exhibit III-A)	\$	52,392,413
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:</p>		
Land	\$	9,581,215
Construction in progress		4,845,727
Buildings, net of \$18,786,006 accumulated depreciation		50,842,068
Improvements other than buildings, net of \$7,201,909 accumulated depreciation		21,769,513
Intangibles, net of \$1,143,707 accumulated amortization		1,676,943
Machinery and equipment, net of \$36,660,105 accumulated depreciation		12,986,027
Infrastructure, net of \$76,016,859 accumulated depreciation		<u>58,917,023</u>
		160,618,516
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
		1,244,361
<p>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:</p>		
		(2,715,223)
<p>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. All liabilities, both current and long-term are reported in the statement of net assets. Balances changed at September 30, 2011 are:</p>		
Accrued interest on bonds		(786,189)
Revenue bonds payable	\$	(29,627,317)
Notes payable		(2,740,000)
Deferred Charges - Debt Issuance		235,702
Claims Payable		(1,474,077)
Compensated absences		(3,561,530)
Other Post Employment Benefits		(562,401)
Total long-term liabilities		<u>(37,729,623)</u>
Net assets of governmental activities (Exhibit I)	\$	<u><u>173,024,255</u></u>

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, 2011

	General Fund	County Transportation Trust Special Revenue Fund
Revenues		
Taxes	\$ 47,121,951	\$ 2,608,924
Licenses and Permits	13,700	-
Intergovernmental	17,663,587	3,550,038
Charges for Services	13,425,696	288,592
Fines	23,056	-
Miscellaneous	1,978,390	18,295
Total Revenues	<u>80,226,380</u>	<u>6,465,849</u>
Expenditures		
Current		
General Government	28,954,612	-
Public Safety	41,988,500	-
Physical Environment	1,589,693	600,428
Transportation	2,481,252	8,724,978
Economic Environment	1,770,492	-
Human Services	3,870,955	-
Culture and Recreation	1,613,383	-
Court-Related	2,559,088	-
Capital Outlay	2,410,213	559,506
Debt Service		
Principal	-	-
Interest	-	-
Other Debt Service Costs	-	-
Total Expenditures	<u>87,238,188</u>	<u>9,884,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,011,808)</u>	<u>(3,419,063)</u>

Exhibit IV-A

Tourist Development Special Revenue Fund	Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,855,599	\$ 2,804	\$ 3,603,984	\$ 61,193,262
881,666	-	430,399	1,325,765
140,981	251,834	11,507,045	33,113,485
-	500,000	2,489,694	16,703,982
-	-	343,835	366,891
6,611,257	294,000	994,187	9,896,129
<u>15,489,503</u>	<u>1,048,638</u>	<u>19,369,144</u>	<u>122,599,514</u>
-	154,776	275,623	29,385,011
-	-	1,935,118	43,923,618
-	-	-	2,190,121
422,981	-	1,419,940	13,049,151
7,232,142	-	155,581	9,158,215
-	-	240,450	4,111,405
842,242	64,853	898,732	3,419,210
-	-	4,265,657	6,824,745
28,602	18,789,294	3,738,452	25,526,067
-	-	582,411	582,411
-	-	1,479,158	1,479,158
-	-	96,448	96,448
<u>8,525,967</u>	<u>19,008,923</u>	<u>15,087,570</u>	<u>139,745,560</u>
<u>6,963,536</u>	<u>(17,960,285)</u>	<u>4,281,574</u>	<u>(17,146,046)</u>

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2011

	General Fund	County Transportation Trust Special Revenue Fund
Other Financing Sources (Uses)		
Transfers In	6,334,752	2,804,280
Transfers Out	-	-
Transfers Among Constitutional Officers	19,274	-
Issuance of Debt	-	-
Total Other Financing Sources (Uses)	6,354,026	2,804,280
Net Change in Fund Balances	(657,782)	(614,783)
Fund Balances - Beginning as Restated	4,594,425	2,681,093
Fund Balances - Ending	<u>\$ 3,936,643</u>	<u>\$ 2,066,310</u>

Exhibit IV-A

Tourist Development Special Revenue Fund	Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
-	1,060,645	1,351,625	11,551,302
(471,877)	(4,095,107)	(5,726,686)	(10,293,670)
5,000	-	(24,274)	-
-	3,563,750	36,250	3,600,000
(466,877)	529,288	(4,363,085)	4,857,632
6,496,659	(17,430,997)	(81,511)	(12,288,414)
9,728,656	25,405,842	22,270,811	64,680,827
<u>\$ 16,225,315</u>	<u>\$ 7,974,845</u>	<u>\$ 22,189,300</u>	<u>\$ 52,392,413</u>

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, 2011

Net change in fund balances - total governmental funds (Exhibit IV-A) \$ (12,288,414)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$25,526,067) exceed depreciation/amortization (\$10,504,930) in the current period. (See Note 5.) 15,021,137

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Grant Revenue	\$	1,244,361	
Reversal of Prior Year Deferred Revenues		(489,866)	
Capital Contributions		944,268	
Gain/Loss on Disposal of Capital Assets		(368,574)	
Net adjustment		1,330,189	1,330,189

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Accrued interest on bonds	\$	(786,189)	
Reversal of prior year accrual of interest on bonds		872,411	
Deferred debt issuance costs		36,024	
Amortized deferred debt issuance costs		(77,720)	
Claims payable		(412,899)	
Compensated Absences		1,323,616	
Other Post Employment Benefits		(150,549)	
Net adjustment		804,694	804,694

Some capital additions were financed through notes. In governmental funds, note proceeds are considered a source of financing, but in the statement of net assets, note obligations are reported as liabilities. (See Note 10.) (3,600,000)

Repayment of principal on bonds and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (See Note 10.)

Bonds	\$	182,412	
Notes		400,000	
Net adjustment		582,412	582,412

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. 684,591

Change in net assets of governmental activities (Exhibit II-B) \$ 2,534,609

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 46,773,563	\$ 47,046,563	\$ 47,121,951	\$ 75,388
Licenses and Permits	10,300	13,300	13,700	400
Intergovernmental	11,574,776	29,391,114	17,663,587	(11,727,527)
Charges for Services	13,531,566	13,487,012	13,425,696	(61,316)
Fines	2,000	6,658	23,056	16,398
Miscellaneous	1,634,810	2,258,874	1,978,390	(280,484)
Total Revenues	<u>73,527,015</u>	<u>92,203,521</u>	<u>80,226,380</u>	<u>(11,977,141)</u>
Expenditures				
Current				
General Government	28,539,110	31,546,073	28,954,612	2,591,461
Public Safety	63,616,485	47,661,340	41,988,500	5,672,840
Physical Environment	1,758,662	1,758,662	1,589,693	168,969
Transportation	304,862	6,286,007	2,481,252	3,804,755
Economic Environment	2,212,522	2,145,396	1,770,492	374,904
Human Services	3,480,531	3,723,879	3,870,955	(147,076)
Culture and Recreation	598,273	1,763,943	1,613,383	150,560
Court-Related	2,232,522	2,158,054	2,559,088	(401,034)
Capital Outlay	667,691	7,746,211	2,410,213	5,335,998
Total Expenditures	<u>103,410,658</u>	<u>104,789,565</u>	<u>87,238,188</u>	<u>17,551,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,883,643)</u>	<u>(12,586,044)</u>	<u>(7,011,808)</u>	<u>5,574,236</u>
Other Financing Sources (Uses)				
Transfers In	3,003,255	6,366,847	6,334,752	(32,095)
Transfers Among Constitutional Officers	<u>19,340,888</u>	<u>337,134</u>	<u>19,274</u>	<u>(317,860)</u>
Total Other Financing Sources (Uses)	<u>22,344,143</u>	<u>6,703,981</u>	<u>6,354,026</u>	<u>(349,955)</u>
Net Change in Fund Balance	<u>(7,539,500)</u>	<u>(5,882,063)</u>	<u>(657,782)</u>	<u>5,224,281</u>
Fund Balance - Beginning as Restated	<u>7,539,500</u>	<u>5,882,063</u>	<u>4,594,425</u>	<u>(1,287,638)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,936,643</u>	<u>\$ 3,936,643</u>

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

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,605,000	\$ 2,605,000	\$ 2,608,924	\$ 3,924
Intergovernmental	3,188,728	3,968,396	3,550,038	(418,358)
Charges for Services	234,750	232,367	288,592	56,225
Miscellaneous	28,000	30,253	18,295	(11,958)
Total Revenues	6,056,478	6,836,016	6,465,849	(370,167)
Expenditures				
Current				
Public Safety	-	65,358	-	65,358
Physical Environment	1,019,219	1,067,020	600,428	466,592
Transportation	9,241,182	9,297,618	8,724,978	572,640
Capital Outlay	1,100,357	1,891,392	559,506	1,331,886
Total Expenditures	11,360,758	12,321,388	9,884,912	2,436,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,304,280)	(5,485,372)	(3,419,063)	2,066,309
Other Financing Sources (Uses)				
Transfers In	2,804,280	2,804,280	2,804,280	-
Total Other Financing Sources (Uses)	2,804,280	2,804,280	2,804,280	-
Net Change in Fund Balance	(2,500,000)	(2,681,092)	(614,783)	2,066,309
Fund Balance - Beginning	2,500,000	2,681,092	2,681,093	1
Fund Balance - Ending	\$ -	\$ -	\$ 2,066,310	\$ 2,066,310

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,246,400	\$ 7,536,632	\$ 7,855,599	\$ 318,967
Licenses and Permits	930,000	930,000	881,666	(48,334)
Intergovernmental	-	7,311,806	140,981	(7,170,825)
Miscellaneous	214,000	6,723,015	6,611,257	(111,758)
Total Revenues	6,390,400	22,501,453	15,489,503	(7,011,950)
Expenditures				
Current				
Transportation	282,000	683,623	422,981	260,642
Economic Environment	6,271,926	12,804,942	7,232,142	5,572,800
Culture and Recreation	8,779,074	18,236,243	842,242	17,394,001
Capital Outlay	39,400	34,900	28,602	6,298
Total Expenditures	15,372,400	31,759,708	8,525,967	23,233,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,982,000)	(9,258,255)	6,963,536	16,221,791
Other Financing Sources (Uses)				
Transfers Out	(268,000)	(475,400)	(471,877)	3,523
Transfers Among Constitutional Officers	-	5,000	5,000	-
Total Other Financing	(268,000)	(470,400)	(466,877)	3,523
Net Change in Fund Balance	(9,250,000)	(9,728,655)	6,496,659	16,225,314
Fund Balance - Beginning	9,250,000	9,728,655	9,728,656	1
Fund Balance - Ending	\$ -	\$ -	\$ 16,225,315	\$ 16,225,315

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



Okaloosa County, Florida
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2011

	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Business-type Solid Waste Enterprise Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 341,941	\$ 2,154,073	\$ 173,273
Investments	12,291,510	12,781,516	3,661
Receivables, Net of Allowance for Uncollectibles	2,359,465	1,497,308	588,144
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	-	-
Due from Other Governments	286,137	7,194,994	37,849
Inventory	1,459,874	126,898	-
Prepays	271,514	7,798	-
Restricted Assets			
Cash and Cash Equivalents			
Customer Deposits	1,428,372	24,375	24,180
Other Deposits	2,306,252	-	-
Investments	2,535,260	2,897,225	-
Total Restricted Assets	6,269,884	2,921,600	24,180
Total Current Assets	23,280,325	26,684,187	827,107
Noncurrent Assets			
Capital Assets			
Land	4,802,033	6,382,606	133,301
Buildings	6,059,064	55,421,521	115,363
Improvements Other Than Buildings	-	-	276,776
Intangibles	655,456	94,400	-
Machinery and Equipment	9,517,281	2,404,074	3,013,482
Construction in Progress	358,630	12,301,692	-
Infrastructure	239,498,719	65,065,256	-
Works of Art	-	69,865	-
Less Accumulated Depreciation	(82,960,045)	(22,929,787)	(3,088,353)
Total Capital Assets (Net of Accumulated Depreciation)	177,931,138	118,809,627	450,569

Exhibit VIII

Activities			Governmental Activities -- Internal Service Funds
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
\$ 245,277	\$ 61,941	\$ 2,976,505	\$ 5,388,598
5,170,953	249,959	30,497,599	252,447
-	3,482,902	7,927,819	10,709
407,906	-	407,906	-
-	325	325	407
-	-	7,518,980	116,988
-	-	1,586,772	255,765
316,020	60	595,392	393,884
-	-	1,476,927	-
-	-	2,306,252	-
992,875	-	6,425,360	-
992,875	-	10,208,539	-
7,133,031	3,795,187	61,719,837	6,418,798
-	-	11,317,940	316,861
17,895,784	-	79,491,732	900,466
31,822	-	308,598	257,345
23,840	113,695	887,391	-
1,141,578	4,890,429	20,966,844	2,655,775
37,430	-	12,697,752	-
363,670	-	304,927,645	-
17,850	-	87,715	-
(4,840,084)	(3,635,076)	(117,453,345)	(3,493,639)
14,671,890	1,369,048	313,232,272	636,808

Continued...

Okaloosa County, Florida
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2011

	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Business-type Solid Waste Enterprise Fund
Other Assets			
Investment in Joint Venture, at Equity	695,981	-	-
Total Other Assets	695,981	-	-
Total Noncurrent Assets	178,627,119	118,809,627	450,569
Total Assets	\$ 201,907,444	\$ 145,493,814	\$ 1,277,676
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 272,819	\$ 61,856	\$ 79,121
Contracts Payable	841,398	4,667,370	337,465
Accrued Liabilities			
Compensated Absences	476,646	55,079	49,157
Closure Costs Payable	-	-	242,372
Claims and Judgments	-	-	-
Other Accrued Liabilities	211,823	45,206	21,806
Due to Other Elected Officials	-	-	-
Due to Other Governments	355	15,683	-
Notes Payable	73,208	-	-
Revenue Bonds Payable	50,027	-	-
Deferred Revenue	1,846,528	422,243	-
Current Liabilities Payable from Restricted Assets			
Customer Deposits Payable	1,537,563	24,375	24,180
Interest Payable	906,245	582,813	-
Loan - State of Florida	688,025	-	-
Revenue Bonds Payable	3,270,000	520,000	-
Total Current Liabilities Payable from Restricted Assets	6,401,833	1,127,188	24,180
Total Current Liabilities	10,174,637	6,394,625	754,101

Exhibit VIII

Activities			Governmental Activities -- Internal Service Funds
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
-	-	695,981	-
-	-	695,981	-
14,671,890	1,369,048	313,928,253	636,808
\$ 21,804,921	\$ 5,164,235	\$ 375,648,090	\$ 7,055,606
\$ 22,381	\$ 324,087	\$ 760,264	\$ 123,250
5,186	85,028	5,936,447	71,927
47,121	255,877	883,880	1,835,507
-	-	242,372	-
-	-	-	2,272,298
33,947	208,006	520,788	42,380
14,578	-	14,578	-
2,624	10,344	29,006	-
-	-	73,208	-
-	-	50,027	-
68,642	24,618	2,362,031	10,073
-	-	1,586,118	-
-	-	1,489,058	-
-	-	688,025	-
315,000	-	4,105,000	-
315,000	-	7,868,201	-
509,479	907,960	18,740,802	4,355,435

Continued...

Okaloosa County, Florida
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2011

	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Business-type Solid Waste Enterprise Fund
Noncurrent Liabilities			
Compensated Absences	430,183	104,992	42,874
Closure Costs Payable	-	-	3,543,876
Claims and Judgments	-	-	-
Notes Payable	-	3,763,018	-
Loan- State of Florida (Net of Unamortized Discounts)	7,536,109	-	-
Revenue Bonds Payable (Net of Unamortized Discounts and Deferred Amount on Refunding)	73,239,753	17,378,363	-
Other Post Employment Benefits	101,890	18,736	11,233
Total Noncurrent Liabilities	81,307,935	21,265,109	3,597,983
Total Liabilities	91,482,572	27,659,734	4,352,084
Equity			
Invested in Capital Assets, Net of Related Debt	93,074,019	97,148,558	450,568
Restricted for Debt Service	2,629,709	2,096,400	-
Restricted for Other Purposes	-	7,053,815	-
Unrestricted	14,721,144	11,535,307	(3,524,976)
Total Equity	110,424,872	117,834,080	(3,074,408)
Total Liabilities and Equity	\$ 201,907,444	\$ 145,493,814	\$ 1,277,676

Exhibit VIII

Activities			Governmental Activities --
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
33,766	149,410	761,225	92,734
-	-	3,543,876	-
-	-	-	1,964,421
-	-	3,763,018	-
-	-	7,536,109	-
3,175,000	-	93,793,116	-
15,690	101,830	249,379	3,358,239
3,224,456	251,240	109,646,723	5,415,394
3,733,935	1,159,200	128,387,525	9,770,829
11,181,889	1,369,048	203,224,082	636,807
2,852,862	-	7,578,971	-
4,036,235	-	11,090,050	-
-	2,635,987	25,367,462	(3,352,030)
18,070,986	4,005,035	247,260,565	(2,715,223)
\$ 21,804,921	\$ 5,164,235	\$ 375,648,090	\$ 7,055,606

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

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Operating Revenues			
Licenses and Permits	\$ -	\$ -	\$ -
Charges for Services	25,685,807	9,451,744	7,204,817
Miscellaneous	44,652	2,393	442
Total Operating Revenues	25,730,459	9,454,137	7,205,259
Operating Expenses			
Personal Services	6,750,628	1,395,918	768,100
Contractual Services	3,753,016	1,920,115	4,874,266
Supplies	801,650	797,664	125,541
Insurance Premiums and Claims	-	-	-
Utilities	1,777,675	876,743	8,783
Other Operating Expenses	3,567,955	2,903,169	991,972
Depreciation/Amortization	6,604,054	3,320,226	100,822
Total Operating Expenses	23,254,978	11,213,835	6,869,484
Operating Income (Loss)	2,475,481	(1,759,698)	335,775
Nonoperating Revenues (Expenses)			
Taxes	-	-	-
Intergovernmental	185,748	47,941	240,468
Investment Income	98,817	148,620	(3,353)
Net Gain/(Loss) from Joint Ventures	66,433	-	-
Other Non-Operating Revenue	295,278	15,210	-
Interest Expenses	(3,669,681)	(1,172,013)	-
Other Debt Service Costs	(183,455)	(141,510)	(4,368)
Gain/(Loss) on Disposal of Capital Assets	(16,007)	558	-
Passenger and Customer Facility Charges	-	3,217,536	-
Administrative Charges	-	-	-
Total Nonoperating Revenues (Expenses)	(3,222,867)	2,116,342	232,747
Income (Loss) Before Contributions and Transfers	(747,386)	356,644	568,522

Activities			Governmental
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	Activities -- Internal Service Funds
\$ -	\$ 1,410,170	\$ 1,410,170	\$ -
720,600	5,737,325	48,800,293	21,241,913
312	5,199	52,998	3,209
<u>720,912</u>	<u>7,152,694</u>	<u>50,263,461</u>	<u>21,245,122</u>
1,013,823	6,356,710	16,285,179	1,499,907
546,138	509,342	11,602,877	356,404
118,174	655,304	2,498,333	3,281,108
-	-	-	15,219,434
308,611	30,943	3,002,755	5,293
610,918	590,446	8,664,460	222,707
523,794	488,266	11,037,162	63,521
<u>3,121,458</u>	<u>8,631,011</u>	<u>53,090,766</u>	<u>20,648,374</u>
<u>(2,400,546)</u>	<u>(1,478,317)</u>	<u>(2,827,305)</u>	<u>596,748</u>
5,237,067	1,573,221	6,810,288	-
-	73,582	547,739	-
104,166	(2,160)	346,090	13,566
-	-	66,433	-
-	-	310,488	-
(379,631)	-	(5,221,325)	-
(80,325)	-	(409,658)	-
<u>(20,183)</u>	<u>(13,066)</u>	<u>(48,698)</u>	<u>150,078</u>
-	-	3,217,536	-
<u>(152,866)</u>	<u>-</u>	<u>(152,866)</u>	<u>-</u>
<u>4,708,228</u>	<u>1,631,577</u>	<u>5,466,027</u>	<u>163,644</u>
<u>2,307,682</u>	<u>153,260</u>	<u>2,638,722</u>	<u>760,392</u>

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Capital Contributions	5,658,799	12,217,146	-
Special Item - Loss	1,215,695	-	-
Transfers In	-	-	-
Transfers Out	-	(1,039,095)	-
Change in Equity	6,127,108	11,534,695	568,522
Total Equity - Beginning	104,297,764	106,299,385	(3,642,930)
Total Equity - Ending	<u>\$ 110,424,872</u>	<u>\$ 117,834,080</u>	<u>\$ (3,074,408)</u>

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
-	158,363	18,034,308	12,682
-	-	1,215,695	-
-	383,000	383,000	-
(513,054)	-	(1,552,149)	(88,483)
1,794,628	694,623	20,719,576	684,591
16,276,358	3,310,412	226,540,989	(3,399,814)
<u>\$ 18,070,986</u>	<u>\$ 4,005,035</u>	<u>\$ 247,260,565</u>	<u>\$ (2,715,223)</u>

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, 2011

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 25,385,569	\$ 9,238,803	\$ 7,096,020
Receipts from Interfund Services Provided	321,182	-	29,597
Payments to Suppliers	(7,533,049)	(5,402,922)	(5,668,912)
Payments to Employees	(6,751,005)	(1,338,827)	(786,892)
Payments for Interfund Services Used	(2,821,801)	(935,151)	(678,709)
Net Cash Provided (Used) by Operating Activities	<u>8,600,896</u>	<u>1,561,903</u>	<u>(8,896)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Taxes	-	-	-
Operating Subsidy - Intergovernmental Revenue	276,861	70,288	349,844
Interest Expense	-	-	(2,924)
Transfers In	-	-	-
Transfers (Out)	-	(1,039,095)	-
Interest Paid on Non-Capital Debt	-	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>276,861</u>	<u>(968,807)</u>	<u>346,920</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(1,715,243)	(11,220,208)	(1,134)
Passenger Facility Charges	-	1,437,052	-
Customer Facility Charges	-	1,485,337	-
Proceeds from Disposal of Capital Assets	-	558	-
Net Borrowing (Repayments)			
Proceeds from Capital Debt	-	1,072,639	-
Principal Paid on Capital Debt	(3,858,363)	(500,000)	(157,589)
Interest Paid on Capital Debt	(3,713,289)	(1,184,694)	-
Other Debt Service Costs	(2,500)	(26,621)	-
Taxes	-	-	-
Tap Fees in Excess of Cost	367,352	-	-
Capital Contributions	2,060,860	8,046,956	-
Net cash provided (used) by capital and related Financing Activities	<u>(6,861,183)</u>	<u>(888,981)</u>	<u>(158,723)</u>

Exhibit X

- Enterprise Funds			Governmental
Convention Center	Other Enterprise Funds	Total	Activities Internal Service Funds
\$ 739,804	\$ 6,938,577	\$ 49,398,773	\$ 11,784,045
2,165	-	352,944	9,799,324
(1,261,436)	(1,272,485)	(21,138,804)	(19,710,581)
(985,510)	(6,384,573)	(16,246,807)	(1,263,502)
(347,459)	(843,359)	(5,626,479)	(127,692)
(1,852,436)	(1,561,840)	6,739,627	481,594
2,553,865	1,572,898	4,126,763	-
-	32,746	729,739	-
-	-	(2,924)	-
-	383,000	383,000	-
(513,054)	-	(1,552,149)	(84,283)
-	(560)	(560)	(3,213)
2,040,811	1,988,084	3,683,869	(87,496)
(104,300)	(115,109)	(13,155,994)	(11,169)
-	-	1,437,052	-
-	-	1,485,337	-
-	-	558	157,543
-	-	1,072,639	-
(8,550,000)	-	(13,065,952)	-
(708,150)	-	(5,606,133)	-
(227,611)	-	(256,732)	-
2,553,865	-	2,553,865	-
-	-	367,352	-
-	-	10,107,816	-
(7,036,196)	(115,109)	(15,060,192)	146,374

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	6,950,000	11,900,000	-
Interest Income	266,152	298,482	-
Purchases of Investments	(9,287,759)	(11,849,395)	(4,091)
Net Cash Provided (Used) by Investing Activities	<u>(2,071,607)</u>	<u>349,087</u>	<u>(4,091)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(55,033)	53,202	175,210
Cash and Cash Equivalents - Beginning of Year	<u>4,131,598</u>	<u>2,125,246</u>	<u>22,243</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,076,565</u>	<u>\$ 2,178,448</u>	<u>\$ 197,453</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current Assets	\$ 341,941	\$ 2,154,073	\$ 173,273
Restricted Assets	3,734,624	24,375	24,180
Total	<u>\$ 4,076,565</u>	<u>\$ 2,178,448</u>	<u>\$ 197,453</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 2,475,481	\$ (1,759,698)	\$ 335,775
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	6,604,054	3,320,226	100,822
Other revenue	295,278	15,211	-
Decrease (Increase) in Assets			
Accounts Receivable	80,985	(183,745)	(82,179)
Due from Other Funds	60	-	-
Due from Other Governments	(28,985)	-	-
Inventories	87,885	(65,302)	-
Prepaid Expenses	(159,294)	7,941	-

Exhibit X

<u>- Enterprise Funds</u>			Governmental
Convention	Other		Activities
Center	Enterprise	Total	Internal
	Funds		Service Funds
12,852,683	750,496	32,453,179	433,232
133,334	359	698,327	13,205
(5,944,018)	(1,002,414)	(28,087,677)	(131,252)
<u>7,041,999</u>	<u>(251,559)</u>	<u>5,063,829</u>	<u>315,185</u>
194,178	59,576	427,133	855,657
51,099	2,365	6,332,551	4,532,941
<u>\$ 245,277</u>	<u>\$ 61,941</u>	<u>\$ 6,759,684</u>	<u>\$ 5,388,598</u>
\$ 245,277	\$ 61,941	\$ 2,976,505	\$ 5,388,598
-	-	3,783,179	-
<u>\$ 245,277</u>	<u>\$ 61,941</u>	<u>\$ 6,759,684</u>	<u>\$ 5,388,598</u>
\$ (2,400,546)	\$ (1,478,317)	\$ (2,827,305)	\$ 596,748
523,794	488,266	11,037,162	63,521
-	-	310,489	-
-	(216,175)	(401,114)	314,596
-	-	60	346
-	-	(28,985)	30,456
-	-	22,583	(34,353)
(803)	5,387	(146,769)	(393,884)

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	(96,639)	26,303	(138,669)
Service Contracts Payable	(91,938)	(26,385)	14,169
Due to Other Funds	(4)	-	-
Due to Other Governments	(47,677)	(196)	(231)
Compensated Absences Payable	(57,141)	31,990	(33,573)
Closure Cost Payable	-	-	(202,485)
Claims and Judgments Payable	-	-	-
Other Accrued Liabilities	(12,661)	585	(7,747)
Deposits	29,768	1,000	2,537
Deferred Revenue	(504,710)	189,017	-
Other Post Employment Benefits	26,434	4,956	2,685
Total Adjustments	<u>6,125,415</u>	<u>3,321,601</u>	<u>(344,671)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,600,896</u>	<u>\$ 1,561,903</u>	<u>\$ (8,896)</u>
Noncash Investing, Capital, and Financing Activities:			
Improvements Acquired Through Contributions	\$ 131,380	\$ -	\$ -
Amortization of Loan Costs and Refunding Losses	\$ (180,955)	\$ (114,889)	\$ (4,368)
Transfer of Capital Assets From Other Funds	\$ -	\$ 70,894	\$ -
Transfer of Capital Assets to Other Funds	\$ -	\$ -	\$ -
Gain on Joint Venture	\$ 66,433	\$ -	\$ -
Loss on Disposal of Capital Assets	\$ 16,007	\$ -	\$ -
Unrealized Gain/(Loss) on Investments	\$ (165,617)	\$ (137,027)	\$ (82)

Exhibit X

<u>- Enterprise Funds</u>			Governmental
Convention	Other		Activities
Center	Enterprise	Total	Internal
	Funds		Service Funds
(14,685)	(409,113)	(632,803)	6,177
873	28,632	(74,649)	32,348
-	(130)	(134)	-
2,526	2,744	(42,834)	(227)
11,899	20,237	(26,588)	(12,068)
-	(29,780)	(232,265)	-
-	-	-	(128,838)
1,636	(231)	(18,418)	(100)
-	26,640	59,945	-
18,533	-	(297,160)	(1,530)
4,337	-	38,412	8,402
<u>548,110</u>	<u>(83,523)</u>	<u>9,566,932</u>	<u>(115,154)</u>
<u>\$ (1,852,436)</u>	<u>\$ (1,561,840)</u>	<u>\$ 6,739,627</u>	<u>\$ 481,594</u>
\$ -	\$ -	\$ 131,380	\$ -
\$ -	\$ -	\$ (300,212)	\$ -
\$ -	\$ -	\$ 70,894	\$ 12,682
\$ -	\$ (13,066)	\$ (13,066)	\$ -
\$ -	\$ -	\$ 66,433	\$ -
\$ (20,183)	\$ -	\$ (4,176)	\$ 7,465
\$ (2,909)	\$ (691)	\$ (306,326)	\$ (381)

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

Okaloosa County, Florida
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
September 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 5,844,278
Account Receivables	14,921
	5,859,199
Total Assets	5,859,199
LIABILITIES	
Liabilities	
Due to Other Governments	\$ 1,047,732
Due to Depositors	3,816,996
Taxes Collected in Advance for Other Governments	994,471
	5,859,199
Total Liabilities	5,859,199
NET ASSETS	\$ -

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, 2011

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 generally accepted accounting principles, these financial statements present Okaloosa County (the primary government) and its component units. As of September 30, 2011, the County had one component unit as defined by GASB 14, the Emerald Coast Bridge Authority (Authority). It is included in the County's reporting entity as a result of fiscal dependency upon the County and is presented as a governmental fund type. The Authority is discretely presented in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. The Authority has a September 30 year-end. The Authority does not issue separate financial statements. Following is a description.

Emerald Coast Bridge Authority

The Emerald Coast Bridge Authority was established in May 2001 by legislative action amending Chapter 90-412, Laws of Florida. The legislative action changed the name of the Fort Walton Bridge Authority to the Emerald Coast Bridge Authority (hereinafter referred to as the Authority). The Authority consists of five members all appointed by the Governor of Florida. The purpose of the Authority is the planning, constructing, operating, and maintaining of a bridge or bridges transversing Choctawhatchee Bay or Santa Rosa Sound, or both, and access roads to the bridge or bridges. The Board of County Commissioners has the responsibility to review and change the Authority's budget. The Authority had been in the planning state of its mission statement and had conducted feasibility studies to determine the best location for a bridge. During fiscal year 2006, public meetings were held to discuss the bridge corridor options recommended by the studies. It was determined that none of the options were acceptable to the local public. In May of 2006, the Authority requested that the Okaloosa County Board of County Commissioners forward a letter to the Florida Legislature asking that they, 1) dissolve the Authority, 2) forgive the debt owed and 3) state that the bridge corridor options have no public support. No action has been taken by the Florida Legislature. The Authority is now dormant. Following are their last available fund statements as of September 30, 2011.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. The Reporting Entity – Continued

Emerald Coast Bridge Authority
Balance Sheet
September 30, 2011

ASSETS	
Cash and Cash Equivalents	\$ <u><u> -</u></u>
 LIABILITIES	
Notes Payable - Long-term	\$ 1,777,289
 FUND BALANCE	
Unrestricted	<u>(1,777,289)</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u> -</u></u>

Emerald Coast Bridge Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Fiscal Year Ended September 30, 2011

Revenues	\$ -
Expenditures	<u>-</u>
Deficiency of Revenues Under Expenditures	-
Other Financing Sources	<u>-</u>
Net Change in Fund Balance	-
 Fund Balances - Beginning	 <u>(1,777,289)</u>
Fund Balances - Ending	\$ <u><u>(1,777,289)</u></u>

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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements - Continued

1. Government-Wide Statements - Continued

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 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, 2011

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, 2011

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, 2011

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.

County Transportation Special Revenue 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 Florida.

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, and 07-58.

Capital Outlay Construction Trust Capital Projects 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.

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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

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

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

This fund is used to account for the general operation of the Convention Center. This fund also accounts for the debt service on the Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000, issued to fund construction of the Convention Center.

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, and Net Assets or Equity

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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, and Net Assets or Equity - Continued

1. Deposits and Investments - Continued

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.

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.

During 2009, the Tax Collector participated in the Florida Surplus Asset Fund Trust ("FLSAFE") that was established under authority of, and in conformity with, Florida Statutes 163-01; *et seq.* FLSAFE began operations in February 2008 and was formed by and for Florida local governmental entities as a means of investing funds. The State of Florida provides regulatory oversight over FLSAFE, and FLSAFE is not registered with the U.S. Securities and Exchange Commission. FLSAFE is an external investment pool, and may invest in U.S. government treasury securities, U.S. government agency securities, commercial paper and repurchase agreements with securities valued in excess of the repurchase agreement amount. No monies were held in the FLSAFE account during the fiscal year ended September 30, 2010 or September 30, 2011.

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 fund balance reserve 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, Solid Waste, 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, and Net Assets or Equity – Continued

2. Receivables and Payables - Continued

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 2011 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, 2011
Levy Date	November 1, 2011
Due Date	November 1, 2011
Delinquent Date	April 1, 2012

Discounts of 1% for each month taxes are paid prior to March 2012 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.

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.

4. Restricted Assets

Certain proceeds of the Water and Sewer System Enterprise Fund revenue bonds, the Airport Enterprise Fund revenue bonds and the Convention Center Enterprise Fund revenue bonds, 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, and Net Assets or Equity – Continued

5. Capital Assets - Continued

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

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 obligation 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, and Net Assets or Equity – Continued

8. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Unamortized losses on bonds are presented as a reduction of the face amount of bonds payable. The Water and Sewer Enterprise Fund is the only fund that has unamortized losses on bonds. The County has no unamortized losses on bonds as of September 30, 2011.

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. Fund Equity

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 up on 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 actions 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. The authority for assigning fund balance is expressed by the Board, County Administrator, or designee as established in the Board’s fund balance policy.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, and Net Assets or Equity – Continued

9. Fund Equity - Continued

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.

Designations of fund balance, if any, represent tentative management plans that are subject to change. 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. 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.

10. 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

A. BUDGETARY INFORMATION - CONTINUED

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 \$34,753,408 representing a 7.87 percent decrease over the original adopted budget were necessary during the fiscal year. All amendments to originally adopted amounts were made in a legally permissible manner.

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 EQUITY

The Solid Waste Enterprise Fund reported deficit fund equity of \$3,074,408 for the year ended September 30, 2011. 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 fund equity of \$2,622,204. 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 fund equity of \$771,459. 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, 2011.

NOTE 3 – DEPOSITS AND INVESTMENTS

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, 2011

NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED

As of September 30, 2011 the County had the following investments:

<u>Investment Type and Quantity</u>	<u>Par/Principal Value</u>	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreement	\$ 800,825	\$ 800,825	10/1/2013
Florida Local Government Surplus			
Funds Trust investment pool - Fund A	17,561,345	17,561,345	On Demand
Florida Local Government Surplus			
Funds Trust investment pool - Fund B	1,429,495	1,081,897	As Available*
Florida Local Government Investment			
Trust investment pool	27,839,065	27,839,065	On Demand
Florida Local Government Investment			
Trust day to day fund	5,079,866	5,079,866	On Demand
Federal Home Loan Bank (4)	2,500,000	2,534,825	5/4/2021
	1,485,000	1,487,643	7/25/2016
	2,000,000	2,022,600	6/28/2023
	2,500,000	2,487,800	12/14/2018
FannieMae Whole Loan	2,203,553	2,411,326	8/25/2037
Federal Home Loan Mortgage Corp	2,005,000	2,102,764	12/12/2022
Government National Mortgage Assoc	1,916,066	2,030,761	3/16/2041
Federal National Mortgage Assoc. (6)	246,962	246,769	11/1/2011
	107,608	107,529	7/1/2012
	2,886,355	3,036,677	9/16/2039
	3,076,294	3,263,764	11/1/2013
	960,895	1,013,148	11/1/2020
	3,005,115	3,271,729	1/1/2016
Total investments	<u>\$ 82,786,569</u>	<u>\$ 83,563,458</u>	

* Fund B cash holdings are being distributed to participants as they become available from maturities, sales and received income. The investment objective for Fund B is to maximize the present value of the distributions.

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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED

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. The repurchase agreement and instrumentalities are matched to the timing of required debt service payments.

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 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.

Credit risk. As of September 30, 2011, Standard & Poor's rated the investment in Florida Local Government Investment Trust investment pool AAAf, Florida Local Government Investment Day to Day AAAM, Florida Local Government Surplus Fund Trust AAAM, and STI Classic Institutional Cash Management AAAM. The Florida Local Government Surplus Fund Trust Fund B investment pool was not rated by any nationally recognized statistical rating agency as of September 2011. As of September 30, 2011 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, Fannie Mae Whole Loan, Federal Home Loan Mortgage Corporation, Government national Mortgage Association and the Federal National Mortgage Association. These investments are 10%, 3%, 3%, 2%, and 13% respectively, of the County's total investments.

Custodial credit risk. Okaloosa County has a perfected first security interest in the collateral underlying the repurchase agreement. 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 4 – RECEIVABLES / DEFERRED REVENUE

Receivables as of September 30, 2011 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	Due From Other Governments	Total Receivables	Less: Allowance for Doubtful Accounts	Net Total Receivables Sept. 30, 2011
General	\$ 413,611	\$ 2,500,693	\$ 2,914,304	\$ -	\$ 2,914,304
County Transportation	357	592,897	593,254	-	593,254
Tourist Development	3,220,319	63,521	3,283,840	-	3,283,840
Capital Outlay	600,000	47,059	647,059	-	647,059
Water and Sewer	2,549,465	286,137	2,835,602	(190,000)	2,645,602
Airport	2,223,851	7,194,994	9,418,845	(726,543)	8,692,302
Solid Waste	606,651	37,849	644,500	(18,507)	625,993
Conference Center	-	-	-	-	-
Nonmajor and Other Funds	7,220,267	1,224,412	8,444,679	(3,725,764)	4,718,915
Total	\$ 16,834,521	\$ 11,947,562	\$ 28,782,083	\$ (4,660,814)	\$ 24,121,269

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows.

	Unavailable	Unearned
General Fund		
Grant Revenue	\$ -	\$ 76,512
Rent Received in Advance	-	895,202
Tax Revenue Received in Advance	-	298,597
Nonmajor Funds		
Grant Revenue	-	1,211,933
Federal Forfeitures		262,353
Total deferred/unearned revenue for governmental funds	\$ -	\$ 2,744,597

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 9,898,076	\$ -	\$ -	\$ 9,898,076
Intangibles	1,146,905	-	-	1,146,905
Construction in progress	14,161,295	2,528,353	(11,843,921)	4,845,727
Total capital assets, not being depreciated/amortized	<u>25,206,276</u>	<u>2,528,353</u>	<u>(11,843,921)</u>	<u>15,890,708</u>
Capital assets, being depreciated/amortized:				
Buildings	41,578,557	29,184,045	(234,065)	70,528,537
Improvements other than buildings	28,313,144	915,623	-	29,228,767
Intangibles	1,570,440	103,305	-	1,673,745
Machinery and equipment	50,196,829	4,188,393	(2,083,313)	52,301,909
Infrastructure	133,411,943	1,521,939	-	134,933,882
Total capital assets being depreciated/amortized	<u>255,070,913</u>	<u>35,913,305</u>	<u>(2,317,378)</u>	<u>288,666,840</u>
Less accumulated depreciation/amortization for:				
Buildings	(18,032,104)	(1,447,149)	67,294	(19,411,959)
Improvements other than buildings	(6,727,173)	(719,294)	-	(7,446,467)
Intangibles	(912,346)	(231,360)	-	(1,143,706)
Machinery and equipment	(36,216,925)	(5,069,365)	2,003,058	(39,283,232)
Infrastructure	(72,678,808)	(3,338,052)	-	(76,016,860)
Total accumulated depreciation/amortization	<u>(134,567,356)</u>	<u>(10,805,220)</u>	<u>2,070,352</u>	<u>(143,302,224)</u>
Total capital assets, being depreciated/amortized, net	<u>120,503,557</u>	<u>25,108,085</u>	<u>(247,026)</u>	<u>145,364,616</u>
Governmental activities capital assets, net	<u>\$ 145,709,833</u>	<u>\$ 27,636,438</u>	<u>\$ (12,090,947)</u>	<u>\$ 161,255,324</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 or total depreciation expense by major capital asset class in the governmental funds.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 5 – CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 10,488,917	\$ 829,023	\$ -	\$ 11,317,940
Construction in progress	17,892,924	12,004,082	(17,199,254)	12,697,752
Works of art	69,865	17,850	-	87,715
Total capital assets, not being depreciated/amortized	<u>28,451,706</u>	<u>12,850,955</u>	<u>(17,199,254)</u>	<u>24,103,407</u>
Capital assets, being depreciated/amortized:				
Buildings	76,410,896	3,080,836	-	79,491,732
Improvements other than buildings	286,691	21,907	-	308,598
Intangibles	846,271	41,120	-	887,391
Machinery and equipment	20,602,461	396,443	(32,060)	20,966,844
Infrastructure	286,412,162	18,523,514	(8,031)	304,927,645
Total capital assets being depreciated/amortized	<u>384,558,481</u>	<u>22,063,820</u>	<u>(40,091)</u>	<u>406,582,210</u>
Less accumulated depreciation/amortization for:				
Buildings	(13,004,485)	(1,976,598)	-	(14,981,083)
Improvements other than buildings	(134,081)	(11,313)	-	(145,394)
Intangibles	(320,500)	(161,349)	-	(481,849)
Machinery and equipment	(16,203,640)	(1,539,450)	232,245	(17,510,845)
Infrastructure	(76,905,031)	(7,429,343)	200	(84,334,174)
Total accumulated depreciation/amortization	<u>(106,567,737)</u>	<u>(11,118,053)</u>	<u>232,445</u>	<u>(117,453,345)</u>
Total capital assets, being depreciated/amortized, net	<u>277,990,744</u>	<u>10,945,767</u>	<u>192,354</u>	<u>289,128,865</u>
Business-type activities capital assets, net	<u>\$ 306,442,450</u>	<u>\$ 23,796,722</u>	<u>\$ (17,006,900)</u>	<u>\$ 313,232,272</u>

Depreciation expense was charged to functions/programs as follows.

	<u>Depreciation</u>	<u>Amortization</u>
Governmental activities:		
General government	\$ 1,481,990	\$ 110,417
Public safety	2,954,145	7,101
Physical environment	59,264	-
Transportation, including depreciation of general infrastructure assets	4,667,252	9,800
Economic environment	30,877	-
Human services	335,720	-
Culture and recreation	582,843	-
Court related	161,477	104,042
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>63,521</u>	<u>-</u>
Total depreciation expense - governmental activities	<u>\$10,337,089</u>	<u>\$ 231,360</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 5 – CAPITAL ASSETS - CONTINUED

	<u>Depreciation</u>	<u>Amortization</u>
Business-type activities:		
Water and sewer	\$ 6,475,523	\$ 128,531
Airport	3,301,346	18,880
Solid waste	100,822	-
Convention center	519,026	4,768
Other enterprise funds	479,096	9,170
Total depreciation expense - business-type activities	<u>\$ 10,875,813</u>	<u>\$ 161,349</u>

Construction Commitments

Judicial/Governmental Center

The Board of County Commissioners is nearing completion on contracts for the design and construction of a new judicial/governmental center. The total of the two contracts is \$25,768,263. Expenditures to date total \$22,593,956, and the remaining balance is \$3,359,853 including owner direct purchase savings of \$1,911,688 and contingencies of \$1,262,619. The project was closed and reported in buildings at September 30, 2011.

Road and Other Infrastructure Improvements

The Board has also entered into contracts to improve roads and other infrastructure at various locations throughout the County. The contracts total \$889,491. Cumulative expenditures total \$406,769, with \$482,722 remaining liability outstanding at September 30, 2011.

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 2012 capital budget, total expenditures will approximate \$6,000,000 on contracted projects, plus an additional \$4,000,000 for in-house construction.

Construction at Northwest Florida Regional Airport

The Airport is continuing construction of upgrades to the main terminal building. The contract total amount for Phase II of the project is \$5,357,137 and expenditures to date are \$4,399,006 leaving a balance of \$958,131. The Airport is also involved in building a hangar to support the operations of Qwest, Inc. at the Bob Sikes Industrial Park in Crestview. The total amount of the contract is \$1,795,000, and expenditures to date are \$1,142,354, leaving a balance of \$652,646. The Airport has also entered into contracts to rehabilitate taxiways and aprons at Bob Sikes Airport. The total of the two contracts is \$11,465,405. Expenditures to date total \$3,796,225 leaving a balance of \$7,669,180.

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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 6 – COMPENSATED ABSENCES – CONTINUED

Board of County Commissioners and Supervisor of Elections - Continued

	Years of Service	Group A 40 hours/ week	Group B 45 hours/ week	Group C 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		
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).

- 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 6 – COMPENSATED ABSENCES - CONTINUED

Sheriff

The Sheriff maintains a policy providing for annual leave and sick 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 leave is calculated as follows:

<u>Years of Service</u>	<u>Accrual Rate</u>
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. An employee who meets eligibility requirements receives a minimum of 12 weeks of leave, paid and/or unpaid in accordance with federal guidelines.

Tax Collector

The policy of the Tax Collector for annual and sick leave is that employees are entitled to two (2) weeks annual leave and 12 days sick leave. Annual leave increases by one (1) week for each five (5) years of service in the Florida Retirement System (FRS) up to 20 years and six (6) weeks. Employees may accumulate between 160-500 hours of annual leave based on FRS years of service and 240 hours of sick leave. Upon termination, unused sick leave is forfeited.

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, 2011 follow:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 6 – COMPENSATED ABSENCES - CONTINUED

Elected Official	Current Portion	Long-Term Portion	Totals
Board of County Commissioners	\$ 2,455,905	\$ 1,962,404	\$ 4,418,309
Clerk of the Circuit Court	361,747	462,812	824,559
Sheriff	1,374,543	142,637	1,517,180
Tax Collector	-	176,775	176,775
Property Appraiser	-	144,669	144,669
Supervisor of Elections	37,085	16,299	53,384
Totals	<u>\$ 4,229,280</u>	<u>\$ 2,905,596</u>	<u>\$ 7,134,876</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.

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 Florida Department of Environmental Protection approved termination of long-term care at the permanently closed Laurel Hill Landfill effective September 25, 2006.

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 \$202,485. The estimated liability for landfill closure and post closure care costs has a balance of \$3,786,248 as of September 30, 2011.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Tourist Development	\$ 21,867	Administrative Fees
General	Convention Center	14,578	Administrative Fees
Tourist Development	General	142	Interest
Capital Outlay	General	113,065	Retained Vessel Commissions
Capital Outlay	General	1	Interest
Capital Outlay	Nonmajor Governmental	300,000	Information Technology Funding
Nonmajor Governmental	General	766	Unused Revenue
Nonmajor Governmental	General	479	Interest
Nonmajor Governmental	General	118,302	Fees
Nonmajor Governmental	General	32,264	Restricted fees
Convention Center	Tourist Development	407,906	Allocation of Taxes
Nonmajor Enterprise	General	325	Interest
Internal Service Fund	General	407	Interfund Services
Total		<u>\$ 973,515</u>	

Interfund transfers:

Transfer In	Transfer Out	Amount	Purpose
General	Capital Outlay	\$ 504,285	Courthouse Annex
General	Capital Outlay	2,955,776	Allocation of tax revenues
General	Nonmajor Governmental	535,000	Allocation of state revenue sharing pro
General	Nonmajor Governmental	671,059	Allocation of tax revenues
General	Nonmajor Governmental	28,000	Allocation of racing monies
General	Nonmajor Governmental	(86,676)	Law Enforcement Trust
General	Airport	1,039,095	Sheriff Appropriations
General	Convention Center	513,054	Allocation of tax revenues
General	Internal Service Fund	84,283	Allocation of tax revenues
General	Internal Service Fund	4,200	Transfer equipment
County Transportaion	Capital Outlay	500,000	Allocation of tax revenues
County Transportaion	Nonmajor Governmental	2,304,280	Allocation of state revenue sharing pro
Tourist Development	General	5,000	Transfer of equipment
Capital Outlay	Tourist Development	4,400	Grant Match
Capital Outlay	Nonmajor Governmental	756,245	Health department reserve for capital o
Capital Outlay	Nonmajor Governmental	300,000	Transfer Information Technology fundi
Nonmajor Governmental	General	765	Excess Appropriations
Nonmajor Governmental	General	4,101	Appropriations - Grants
Nonmajor Governmental	General	57,536	Appropriations - Federal Law Enfocem
Nonmajor Governmental	Capital Outlay	135,046	Allocation of tax revenues
Nonmajor Governmental	Nonmajor Governmental	745,102	Debt Service Transfer
Nonmajor Governmental	Nonmajor Governmental	4,000	Allocation of racing monies
Nonmajor Governmental	Tourist Development	467,477	Debt Service Transfer
Nonmajor Enterprise	Nonmajor Governmental	350,000	Transfer additional funding
Nonmajor Enterprise	Nonmajor Governmental	33,000	Allocation of racing monies
		<u>\$ 11,915,028</u>	

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 9 - LEASES

Operating Leases – Lessor

Okaloosa County leases four 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 \$1,822,827 has been recorded as of September 30, 2011. 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 2 to 19 years.

Okaloosa County leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$41,402 has been recorded as of September 30, 2011. 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.

Okaloosa County leases space in a building to six (6) leasees. Capitalized investment in the building is \$546,688. The one year leases may have two (2) one year renewals through 2011. Rental fees total \$3,499 monthly.

Okaloosa County 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 2034. Monthly rental fees begin at \$1,667 and increase at each renewal to \$3,352 in the final renewal period. There is no capitalized investment related to this lease.

Okaloosa County has leased space on a telecommunications tower and the parcel of land on which it is located to a wireless communication company. The five year lease can be renewed for four five-year periods through 2031. Monthly rental fees begin at \$1,900 and increase at each renewal period by 15% to \$3,324 in the final renewal period. There is no capitalized investment related to this lease.

Okaloosa County has leased space on a telecommunications tower and the parcel of land on which it is located to a wireless communication company. The five year lease can be renewed for five five-year periods through 2035. Monthly rental fees begin at \$1,900 and increase at each renewal period by 15% to \$3,824 in the final renewal period. There is no capitalized investment related to this lease.

Okaloosa County 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 2048. Capitalized investment in assets associated with these leases is \$37,132,419. Accumulated depreciation of \$5,184,348 has been recorded as of September 30, 2011.

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 9 – LEASES - CONTINUED

Operating Leases – Lessor - Continued

<u>Fiscal Year Ended September 30</u>	
2012	\$ 1,940,290
2013	1,623,844
2014	792,025
2015	766,954
2016	796,862
Thereafter	<u>7,758,827</u>
	<u>\$ 13,678,802</u>

Operating Leases – Lessee

- Okaloosa County 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 \$10,263,656 over the life time of the lease. Lease expense for fiscal year 2011 was \$481,247.
- Okaloosa County 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 \$12,433,796 over the life time of the lease. Lease expense for fiscal year 2011 was \$344,893.
- Okaloosa County 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 five year lease has three one year renewals beginning in 2012. Based on assumed increases of 3%, future minimum lease payments total \$2,533,808. Lease expenditure for fiscal year 2011 was \$497,028.
- Okaloosa County leases office space used by public safety and veterans' affairs departments of the Board through March 2011. All offices were relocated to County buildings and the lease was terminated December 2010. Monthly payments under the lease are \$4,495. Lease expenditure for fiscal year 2011 was \$6,613.
- Okaloosa County leases office space used by the Commissioners, County Administrator, Law Library, and Information System departments of the Board as well as various other elected officials and State Agencies through November 2009. The first renewal of three (3) three year renewals was exercised December 2009. Monthly payments under the increased to \$22,275 for the three (3) year renewal. In June 2011, the County opted to purchase the property. Lease expenditure for fiscal year 2011 was \$260,497.
- Okaloosa County leases four (4) Volvo G930 Motor Graders used by public works department through May 2013. The three (3) year lease is based on monthly payments of \$6,790 at 4.31% interest with a balloon payment of \$480,000 in June 2013. Future lease payments total \$135,806 for the remaining term of the lease. Lease expenditures for fiscal year 2011 were \$137,179.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 9 – LEASES – CONTINUED

Operating Leases – Lessee - Continued

7. 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 \$119,178 through December 2014. Lease expenditure for the fiscal year ended September 30, 2011 was \$52,968.
8. 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 \$16,092 through December 2014. Total lease expenditure for fiscal year ended September 30, 2011 was \$7,152.
9. The Clerk of Circuit Court leases postal equipment for the Shalimar office under a non-cancelable operating lease effective for 60 months. Monthly payments under the lease are \$410. Future minimum lease payments for the equipment lease totals \$19,680 through December 2015. Total lease expenditure for fiscal year ended September 30, 2011 was \$4,920.
10. The Sheriff rents office space under an operating lease which expires in December, 2012. Monthly lease payments are \$10,500 with total minimum lease payments for years 2012 through 2013 of \$157,500. Total lease expenditure for fiscal year ended September 30, 2011 was \$133,800.
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, 2011, the yearly rental is \$227,194 with minimum lease payments for years 2012 through 2025 of \$3,180,716. Total lease expenditure for fiscal year ended September 30, 2011 was \$222,520.

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2011 amounted to \$2,148,817. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ended September 30</u>	
2012	\$ 1,607,189
2013	1,515,234
2014	1,414,850
2015	1,418,531
2016	1,445,470
2017-2021	5,807,794
2022-2026	5,694,142
2027-2031	5,424,378
2032-2036	3,366,800
2037-2038	1,165,844
	<u>\$ 28,860,232</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT

Component Unit

The following is a summary of long-term debt transactions of the Emerald Coast Bridge Authority for the fiscal year ended September 30, 2011.

	Note <u>Payable</u>
Long-term debt payable October 1, 2010	\$ 1,777,289
Increase/Decrease in long-term debt	<u>-</u>
Long-term debt payable September 30, 2011	<u><u>\$ 1,777,289</u></u>

NOTES PAYABLE

\$1,033,391 loan advances, 1991-1992, due in annual payments (payments have not been made) through 2005, including interest.	\$ 1,033,391
\$298,000 loan advance, 2003 zero interest, repayable from future toll revenue. No payment date or amount.	\$ 298,000
\$500,000 loan advance, 2005, zero interest, repayable from future toll revenue. No payment date or amount.	\$ <u>445,898</u>
Total Notes Payable	\$ <u><u>1,777,289</u></u>

Primary Government

The following debt issues are outstanding for September 30, 2011:

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 semiannually 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 are being used to finance the construction of a new judicial center complex in the County. This issue is subject to federal arbitrage regulations.

\$ 26,615,000

\$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 denomination so \$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.

3,600,000

Total Governmental Activities Revenue Bonds \$ 30,215,000

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government

LOANS AND NOTES

\$2,740,000 Commercial Paper Loan from the Florida Local government Finance Commission Pooled Commercial Paper Loan Program; interest and fee payments are made monthly beginning July 1, 2011; three principal payments of \$400,000 each are due on June 5, 2012, June 4, 2013, and June 2, 2014, with the remaining \$1,540,000 due on June 2, 2015. The loan finances the County’s portion of a joint beach renourishment project with the City of Destin and is payable solely from Tourist Development taxes.

\$ 2,740,000

Total Governmental Activities Loans and Notes

\$ 2,740,000

Business-type Activities

REVENUE BONDS

Airport

\$10,860,000 Airport Revenue Bonds, Series 2003, serial and term bonds with stated interest rates ranging from 2.4 percent to 6.0 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$225,000 to \$750,000 from October 1, 2003 through October 1, 2030. Net revenues derived from the operation of the Airport System and the Passenger Facility Charges imposed per enplaned passenger 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 Terminal Development Program and to repay a commercial paper loan that provided partial temporary financing for the project.

\$ 9,405,000

\$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.

9,525,000

Convention Center

\$13,450,000 Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000, serial and term bonds with stated interest rates ranging from 4.6 percent to 5.75 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$215,000 to \$940,000 from October 1, 2003 through October 1, 2030. The bonds are subject to special mandatory redemption on October 1 of each year, commencing October 1, 2010, in inverse order of maturities and by lot within a maturity at the redemption price of par plus accrued interest to the redemption date plus applicable redemption premiums. Fourth Cent Tourist Development Tax monies are pledged for payment of these special obligation revenue bonds. Proceeds from the bonds were used to finance the costs of acquisition and construction of the Okaloosa County Convention Center. This issue is subject to federal arbitrage regulations.

3,490,000

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT - 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. 198,694

\$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 15,195,000

\$65,150,000 Water and Sewer Revenue Bonds, Series 2006, 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 regulations. 60,875,000

Total Business-type Revenue Bonds \$ 98,688,694

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

\$1,458,000 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments of \$46,776 including interest at 2.59% and 3.24% beginning December 30, 1994 through June 30, 2014. \$ 267,834

\$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. 167,904

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

Business-type Activities – Continued:

LOANS – STATE OF FLORIDA

\$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.	583,705
\$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.	570,759
\$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.	155,347
\$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.	<u>6,613,250</u>
Total Loans – State of Florida	<u>8,358,799</u>

OTHER LOANS

\$440,000 loan from individual; annual payments of \$101,629 including interest at 5% beginning November 1, 2007 through November 1, 2011. Loan finances property purchased for future expansion of Water and Sewer Administration parking facilities.	73,208
\$2,000,000 Commercial Paper Loan from the Florida Local Government Finance Commission Pooled Commercial Paper Loan Program; interest and fee payments are made monthly beginning July 1, 2008; the entire principal balance of the loan is due on December 4, 2012. The loan finances construction at Northwest Florida Regional Airport and Bob Sikes Airport and is payable from net revenues of the Airport.	2,000,000
\$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 of the loan is payable from net revenues of the Airport.	819,000
\$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.	<u>944,018</u>
Total Business-type Loans and Notes	<u>\$ 12,195,025</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

The following is a summary of the changes in long-term debt of the County for the fiscal year ended September 30, 2011.

	Balance Due October 1, 2010	Increases	Decreases	Balance Due September 30, 2011	Due Within One Year
Governmental Activities:					
Revenue Bonds					
Capital Improvement Revenue					
Bonds, Series 1991	\$ 182,412	\$ -	* \$ (182,412)	\$ -	\$ -
Sales Tax Revenue Bonds,					
Series 2009	26,615,000	-	-	26,615,000	310,000
Series 2011	-	3,600,000	-	3,600,000	-
Less deferred amounts					
For issuance discounts/premiums	(865,081)	(36,024)	77,720	(823,385)	-
Total Revenue Bonds	25,932,331	3,563,976	(104,692)	29,391,615	310,000
Loans and Notes					
Commercial Paper loan	3,140,000	-	(400,000)	2,740,000	400,000
Accrued compensated absences	6,825,454	408,954	(1,744,637)	5,489,771	3,345,400
Estimated claims payable	5,534,299	3,710,674	(3,534,177)	5,710,796	2,272,298
Other post employment benefits	3,654,134	375,338	(108,832)	3,920,640	-
Total Governmental Activities	\$ 45,086,218	\$ 8,058,942	\$ (5,892,338)	\$ 47,252,822	\$ 6,327,698
Business-type Activities:					
Revenue Bonds					
Capital Improvement Revenue					
Bonds, Series 1991	\$ 157,589	\$ -	* \$ (157,589)	\$ -	\$ -
Airport Revenue Bonds,					
Series 2003	9,670,000	-	(265,000)	9,405,000	275,000
Airport Taxable Revenue					
Bonds, Series 2007	9,760,000	-	(235,000)	9,525,000	245,000
Fourth Cent Tourist Development					
Tax Revenue Bonds, Series 2000	11,725,000	-	(8,235,000)	3,490,000	315,000
Subordination Revenue Series 1985	244,070	-	(45,376)	198,694	50,027
Refunding Revenue Series 2004	15,685,000	-	(490,000)	15,195,000	3,270,000
Refunding Revenue Series 2006	62,965,000	-	(2,090,000)	60,875,000	-
Less deferred amounts					
For issuance discounts	(975,885)	(104,766)	340,100	(740,551)	-
On refunding	(50,090)	-	50,090	-	-
Total Revenue Bonds	109,180,684	(104,766)	(11,127,775)	97,948,143	4,155,027

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

	Balance Due October 1, 2010	Increases	Decreases	Balance Due September 30, 2011	Due Within One Year
Business-type Activities - Continued					
Loans and Notes					
State of Florida Revolving Loan Fund, April 11, 1992 through April 1, 2011	412,473	-	(412,473)	-	-
State of Florida Revolving Loan Fund, December 30, 1994 through June 30, 2014	352,413	-	(84,579)	267,834	86,884
State of Florida Revolving Loan Fund, October 10, 1995 through April 10, 2015	207,249	-	(39,345)	167,904	40,370
State of Florida Revolving Loan Fund, April 1, 2001 through October 1, 2016	679,854	-	(96,149)	583,705	99,080
State of Florida Revolving Loan Fund, September 15, 1999 through March 15, 2017	665,722	-	(94,963)	570,759	97,564
State of Florida Revolving Loan Fund, February 15, 2001 through August 15, 2019	172,151	-	(16,804)	155,347	17,343
State of Florida Revolving Loan Fund, beginning June 15, 2007 through December 15, 2023	6,950,613	-	(337,363)	6,613,250	346,784
Personal Loan	166,511	-	(93,303)	73,208	73,208
Commercial Paper Loan	2,000,000	-	-	2,000,000	-
State Infrastructure Bank Loan	-	819,000	-	819,000	-
State Infrastructure Bank Loan	-	944,018	-	944,018	-
Less deferred amounts					
For issuance discounts	(149,455)	-	14,790	(134,665)	-
Total Loans and Notes	<u>11,457,531</u>	<u>1,763,018</u>	<u>(1,160,189)</u>	<u>12,060,360</u>	<u>761,233</u>
Accrued compensated absences	1,671,693	72,643	(99,231)	1,645,105	883,880
Estimated closure costs payable	3,988,733	-	(202,485)	3,786,248	242,372
Other post employment benefits	184,327	118,890	(53,838)	249,379	-
Total Business-type Activities	<u>\$ 126,482,968</u>	<u>\$ 1,849,785</u>	<u>\$ (12,643,518)</u>	<u>\$ 115,689,235</u>	<u>\$ 6,042,512</u>

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 \$1,928,241 of internal service funds compensated absences, \$4,236,719 of claims liabilities, and \$3,358,239 of internal service funds other post employment benefits are included in the above governmental activities amounts.

Compensated absences and most other post employment benefits are liquidated in the general and other governmental funds. Claims liabilities typically have been liquidated in the internal service funds. Other post employment benefit obligations of the Sheriff are liquidated from the Self-Insurance Internal Service Fund.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government – Continued

Debt service requirements to maturity on long-term debt at September 30, 2011 are as follows:

<u>Year Ending September 30,</u>	Governmental Activities			
	Revenue Bonds		Loans and Notes	
	Principal	Interest	Principal	Interest
2012	310,000	1,580,562	400,000	8,768
2013	713,000	1,577,773	400,000	7,488
2014	738,000	1,554,662	400,000	6,208
2015	758,000	1,530,913	1,540,000	4,928
2016	784,000	1,506,671	-	-
2017-2021	4,301,000	6,978,599	-	-
2022-2026	5,056,000	5,853,120	-	-
2027-2031	6,040,000	4,369,391	-	-
2032-2036	5,880,000	2,566,256	-	-
2037-2040	5,635,000	556,856	-	-
	\$ 30,215,000	\$ 28,074,803	\$ 2,740,000	\$ 27,392

<u>Year Ending September 30,</u>	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	4,155,027	4,653,815	761,233	269,062	242,372	-
2013	4,335,155	4,503,750	3,047,258	362,706	242,372	-
2014	4,520,809	4,346,598	1,107,115	293,577	242,372	-
2015	4,692,703	4,172,239	1,044,778	262,350	242,372	-
2016	2,885,000	3,986,568	904,971	232,423	242,372	-
2017-2021	15,960,000	17,747,684	2,654,214	562,939	1,211,860	-
2022-2026	18,260,000	13,477,550	2,415,131	224,248	981,278	-
2027-2031	23,400,000	8,213,575	260,325	3,613	381,250	-
2032-2036	20,480,000	3,141,025	-	-	-	-
	\$ 98,688,694	\$ 64,242,804	\$ 12,195,025	\$ 2,210,918	\$ 3,786,248	\$ -

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, 2011, \$33,994,025 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, 2011

NOTE 12 - FUND BALANCES/RESTRICTED EQUITY

A schedule of the governmental fund balances for September 30, 2011 is provided below.

	Major Funds					Total
	General Fund	County Transportation	Tourist Development	Capital Outlay	Other	
Fund Balances:						
Nonspendable:						
Prepays	\$ 347,376	\$ 1,258	\$ 7,386	-	\$ 1,055,424	\$ 1,411,444
Spendable:						
Restricted for:						
Tourist Development Projects	-	-	13,923,957	-	-	13,923,957
Beach Restoration Project	-	-	2,301,358	-	-	2,301,358
Florida Boating Improvements	-	-	-	657,269	-	657,269
Court Facilities Projects	-	-	-	350,942	-	350,942
Emergency and Disaster Relief	-	-	-	-	325,389	325,389
Housing and Urban Development	-	-	-	-	394,275	394,275
E-911 Operations	-	-	-	-	1,085,587	1,085,587
Radio Communications	-	-	-	-	52,175	52,175
Law Enforcement Trust Fund	-	-	-	-	176,688	176,688
Police Academy	-	-	-	-	91,540	91,540
Park Projects	-	-	-	-	4,413,418	4,413,418
Prisoner Benefit Fund	-	-	-	-	267,464	267,464
Judicial Innovations	-	-	-	-	632,835	632,835
Law Library	-	-	-	-	14,322	14,322
Teen Court	-	-	-	-	85,981	85,981
Drug Abuse Trust Fund	-	-	-	-	80,988	80,988
Domestic Violence Trust Fund	-	-	-	-	251,231	251,231
Family Mediation	-	-	-	-	5,255	5,255
Public Records	-	-	-	-	1,765,042	1,765,042
Debt Service	-	-	-	-	430,601	430,601
Transportation Projects	-	-	-	-	10,745,328	10,745,328
Committed to:						
Planning Projects	26,833	-	-	-	-	26,833
Park Development Projects	-	-	-	58,701	-	58,701
Municipal Benefits Service Units	-	-	-	-	484,276	484,276
Assigned to:						
Capital Projects	-	-	-	6,907,933	-	6,907,933
Transportation Projects	-	2,066,310	-	-	-	2,066,310
Emergency and Disaster Relief	-	-	-	-	880,633	880,633
Health Department	-	-	-	-	6,272	6,272
Unassigned:						
Unassigned	3,562,434	(1,258)	(7,386)	-	(1,055,424)	2,498,366
Total Fund Balances	<u>\$ 3,936,643</u>	<u>\$ 2,066,310</u>	<u>\$ 16,225,315</u>	<u>\$ 7,974,845</u>	<u>\$ 22,189,300</u>	<u>\$ 52,392,413</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 12 - FUND BALANCES/RESTRICTED EQUITY - CONTINUED

The proprietary fund balance sheet contains the line item "Equity Restricted for Other Purposes". Following is a list of the detail balances contained in that line item for September 30, 2011.

Fund	Amount	Purpose
Airport Enterprise Fund	\$ 7,053,815	Passenger Facility Charges Program
Convention Center Enterprise Fund	4,036,235	Tourist Development Tax
Total Equity Restricted for Other Purposes	<u>\$ 11,090,050</u>	

NOTE 13 – SPECIAL ITEM

In 2009, the County Water and Sewer reported \$7,551,164 in total disposal costs for the Impairment Loss of the Garniers Wastewater Treatment Plant. The total disposal costs included \$1,500,000 of estimated demolition costs which were recorded in contracts payable. Utilizing in-house labor and equipment, the department spent \$388,201. Costs of the demolition were offset with \$103,896 of revenues received from recycling materials such as aluminum, scrap iron, steel, and rebar. Demolition costs were overstated by \$1,215,695 in 2009 resulting in a special item of this amount being recorded in the September 30, 2011 Water and Sewer financial statements.

NOTE 14 – FUND BALANCES DUE TO GASB 54

The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions which resulted in previously reported Special Revenue funds to be rolled up into the General Fund as well as creating several new funds. As a result of the implementation, the following restatement was made to beginning Fund Balances.

	General Fund	Fine and Forfeiture	Other Governmental	Total
Fund Balance as of September 30, 2010	\$ 4,776,994	\$ 3,338,516	\$ 56,565,317	\$ 64,680,827
Fine and Forfeiture	1,598,542	(1,598,542)	-	-
Liabrary Cooperative	99,838	-	(99,838)	-
State Housing Initiatives E-911	(418,601)	-	418,601	-
	(1,462,348)	-	1,462,348	-
Radio Communications	-	(194,058)	194,058	-
Law Enforcement Trust	-	(88,982)	88,982	-
Police Academy	-	(127,524)	127,524	-
Prisoner Benefit	-	(244,540)	244,540	-
Additional Court Costs	-	(740,228)	740,228	-
Drug Abuse Trust	-	(98,135)	98,135	-
Domsetic Violence	-	(246,507)	246,507	-
Fund Balance, restated, as of October 1, 2010	<u>\$ 4,594,425</u>	<u>\$ -</u>	<u>\$ 60,086,402</u>	<u>\$ 64,680,827</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

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.

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, 2011

NOTE 15 - PENSION PLAN - CONTINUED

Florida Retirement System – 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 actuarially determined contribution rates for each class of employee expressed as a percentage of covered pre and post Senate Bill 2100 are listed below.

Class	Contribution Rates (6/30/11)	Contribution Rates (7/1/11)
Regular	9.66%	6.80%
Special Risk – Regular	22.14%	15.99%
Special Risk - Administrative Support	12.13%	7.93%
Elected Judges	20.68%	13.58%
Elected County Officers	17.53%	10.93%
Senior Management Service Class	13.46%	8.16%
Deferred Retirement Option Plan (DROP)	11.14%	3.31%

The County’s contributions to the plan for the years ended September 30, 2011, 2010, and 2009, listed below were equal to the required contributions for the year.

Elected Officials	Years Ended September 30,		
	2011	2010	2009
Board of County Commissioners	\$ 3,898,716	\$ 4,348,214	\$ 4,278,096
Clerk of the Circuit Court	401,700	453,451	437,659
Sheriff	2,887,232	3,091,965	3,180,160
Tax Collector	351,338	324,608	307,137
Property Appraiser	161,656	192,717	178,287
Supervisor of Elections	72,291	78,414	77,590
Total Contributions	\$ 7,772,933	\$ 8,489,369	\$ 8,458,929

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED

Board of County Commissioners – Continued

Plan Description – Continued

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.

Membership

At September 30, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	39
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	872
Total	911
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 OPBE 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 2011 was \$482,116. 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:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED

Board of County Commissioners – Continued

Annual OPEB Costs and Net OPEB Obligation – Continued

Annual Required Contribution	\$	412,815
Interest on Prior Year Net OPEB Obligation		24,345
Adjustment to Annual Required Contribution		(35,197)
Annual OPEB Costs		401,963
Estimated Employer Contributions made		(182,026)
Increase (Decrease) in Net OPEB Obligation		219,937
Net OPEB Obligation , Beginning of Year		608,632
Estimated Net OPEB Obligation, End of Year	\$	828,569

The County first had an actuarial valuation performed for the plan as of September 30, 2011 to determine the employer’s ARC for the fiscal year ended September 30, 2011. The County’s annual OPEB cost (expense) of \$290,143 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 2011 and the prior three (3) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$ 290,143	32.06%	\$ 197,135
9/30/2009	\$ 300,610	32.56%	\$ 399,860
9/30/2010	\$ 388,725	46.29%	\$ 608,632
9/30/2011	\$ 401,963	45.28%	\$ 828,569

Funded Status and Funding Progress

As of September 30, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$3,487,969 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,487,969. 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 16 – POST EMPLOYMENT BENEFITS – CONTINUED

Board of County Commissioners – Continued

Actuarial methods and Assumptions - Continued

In the September 30, 2011, 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 7.2% initially, reduced by decrements to an ultimate rate of 4.2% in 2080. 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, 2011, was 26 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 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED

Sheriff - Continued

Membership

At September 30, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	21
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	308
Total	329
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 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 27 years. The following shows the components of the Sheriff's net OPEB obligation as of September 30, 2011:

Annual Required Contribution	\$ 320,232
Interest on Prior Year Net OPEB Obligation	129,193
Adjustment to Annual Required Contribution	(115,351)
Annual OPEB Costs	334,074
Estimated Employer Contributions made	222,453
Increase (Decrease) in Net OPEB Obligation	111,621
Net OPEB Obligation , Beginning of Year	3,229,829
Estimated Net OPEB Obligation, End of Year	\$ 3,341,450

The Sheriff's annual OPEB cost (expense) of \$334,074 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 31, 2007. The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 and the prior three (3) years were as follows:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED

Sheriff – Continued

Annual OPEB Costs and Net OPEB Obligation - Continued

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	\$1,476,435	14.70%	\$1,259,328
9/30/2009	\$1,543,888	17.15%	\$2,538,436
9/30/2010	\$898,155	23.02%	\$3,229,829
9/30/2011	\$334,074	66.59%	\$3,341,450

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$3,372,085 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.

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, 2011, 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 10.0% initially, reduced by decrements to an ultimate rate of 5.0% in 2020. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2011, was 27 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 17 - RISK MANAGEMENT - CONTINUED

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, \$1,000 for physical damage) of each claim or incident. Stop Loss Aggregate insurance purchased to cover losses over \$2,200,000 (\$50,000 for automobile liability, \$1,000 for physical damage) self-insured retention.

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. The self-insurance retention increases to a maximum of \$100,000 if the damage is the result of a named storm. Excess insurance is purchased to cover the physical damage exposure over the self-insured retention amount.

All Lines Aggregate Policy

The County purchased an All Lines Aggregate insurance policy that limits the County's risk for deductible and self-insured retention expenses to \$1,245,131 for the fiscal year ended September 30, 2011.

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 employee per accident. 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 17 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management - Continued

Employee Medical Benefits - Continued

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 \$125,000. 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, 2011, the amount of these liabilities was \$654,793. 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, 2011. 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.

Reconciliation of Claims Liabilities for Medical Benefits Okaloosa County Sheriff	As of <u>September 30, 2011</u>	As of <u>September 30, 2010</u>
Unpaid claims and adjustment expenses at beginning of year	\$ 650,727	\$ 508,339
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	2,166,657	2,427,915
B) Increases (decreases) in provision for insured events of prior fiscal years	-	-
Total incurred claims and claim adjustment expenses	<u>2,817,384</u>	<u>2,936,254</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	2,162,591	2,285,527
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	-	-
Total payments	<u>2,162,591</u>	<u>2,285,527</u>
Unpaid claims and claim adjustment at end of year	<u>\$ 654,793</u>	<u>\$ 650,727</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 17 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management - Continued

Special Risk Policies

The Board of County Commissioners purchases commercial crime coverage against theft of money and securities. All of the other elected officials, except the Sheriff, are covered under the policy. Florida Statute requires certain classes of employees 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.

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, 2011. 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, 2011 were as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Workers' compensation	\$ 1,377,929	\$ 1,474,882	\$ 2,852,811
General liability	219,804	460,376	680,180
Auto liability	19,772	29,163	48,935
Total claims liability recognized	<u>\$ 1,617,505</u>	<u>\$ 1,964,421</u>	<u>\$ 3,581,926</u>

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, 2011

NOTE 17 - RISK MANAGEMENT - CONTINUED

C. Reconciliation of Claims Liabilities

	As of September 30, 2011				As of September 30, 2010			
	Workers' Compensation	Liability	Property	Total	Workers' Compensation	Liability	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 2,734,991	\$ 1,087,394	\$ -	\$ 3,822,385	\$ 2,569,062	\$ 856,375	\$ -	\$ 3,425,437
Incurred claims and claim adjustment expenses								
A) Provision for insured events of current fiscal year	1,301,047	265,412	-	1,566,459	643,794	382,430	-	1,026,224
B) Increases (decreases) in provision for insured events of prior fiscal years	(160,853)	(275,479)	1,000	(435,332)	269,284	71,521	(1,000)	339,805
Total incurred claims and claim adjustment expenses	1,140,194	(10,067)	1,000	1,131,127	913,078	453,951	(1,000)	1,366,029
Payments								
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	308,928	74,452	-	383,380	161,270	53,213	-	214,483
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	713,446	273,760	1,000	988,206	585,879	169,719	(1,000)	754,598
Total payments	1,022,374	348,212	1,000	1,371,586	747,149	222,932	(1,000)	969,081
Unpaid claims and claim adjustment expenses at end of year	\$ 2,852,811	\$ 729,115	\$ -	\$ 3,581,926	\$ 2,734,991	\$ 1,087,394	\$ -	\$ 3,822,385

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Reclaimed Water System

The Board has entered into an agreement to share equally in the costs to expand a reclaimed water system with the City of Niceville. Prior capital expenditures by the County of approximately \$1,300,000 have been matched by the City to achieve an equitable basis for in the agreement. Additional capital expenditure by the County totaled \$1,071,102 through September 30, 2011. The County agreed to perform minor maintenance services, equally share with the City of Niceville the future costs of capital expenditures, operations, major maintenance and billing and collection services. The agreement, signed in October 2002, has an initial term of 20 years which may be continued for additional ten-year increments by mutual written consent of both parties. The system began preliminary operations in November, 2006. Rate studies were conducted to determine charges. The County’s investment capital assets are carried in the Water and Sewer Enterprise Fund.

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 \$1,725,839 paid by the City during 2011 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,	<u>Payment</u>
2012	45,675
2013	47,045
2014	48,456
2015	49,910
2016	51,408
2017-2021	281,118
2022-2026	325,893
2027-2031	377,799
2032-2036	437,973
2037-2039	400,094
Total	<u>\$ 2,065,371</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 18 – COMMITMENTS AND CONTINGENCIES – CONTINUED

7th Special Forces Group Complex

In May 2009, the Okaloosa County Water and Sewer System (OCWS) executed agreements with the United States Army Corp of Engineers to design and build approximately 17 miles of force main and a lift station to transmit wastewater from the 7th Special Forces Complex being constructed on Eglin Air Force Base property in North Okaloosa County, to the new OCWS wastewater treatment plant in Fort Walton Beach.

An agreement was also signed with Eglin Air Force Base (AFB) increasing the diameter of the original force main to accommodate future Eglin AFB wastewater flow.

The agreements totaled \$5,232,000 and a significant portion of the agreement amount (\$3,973,000) has been paid in cash or through the recognition of the value of in-kind services. In-kind agreement payments are equal to the rent due from OCWS for the land on which the new wastewater treatment facility was constructed. These amounts have been or will be recognized as rent expense and contributed capital based on the following schedule:

Rent Due Date	Amount
October 15, 2009	\$ 338,130
October 15, 2010	\$ 344,893
October 15, 2011	\$ 108,377 *
	\$ 791,400

*partial credit for \$351,790 rent due

OCWS has also received prepayment of \$3,155,200 for sewer capacity expansion charges (tap fees) to effectively reserve wastewater treatment and disposal capacity of 345,100 gallons per day for use by the 7th Special Forces Group. Billing for wastewater treatment and disposal commenced in May 2011; this resulted in the recognition of \$3,066,810 of contributed capital and \$88,390 of tap fee revenue based on the costs to install the taps.

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 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, 2011 were \$1,485,337 and will be used for debt service on the Series 2007 taxable airport revenue bonds.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 18 – COMMITMENTS AND CONTINGENCIES – CONTINUED

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 construction on the College's Niceville, Florida campus. The joint use facility was completed and operations began in December 2010.

Deepwater Horizon Oil Spill

April 2010, the Deepwater Horizon drilling platform and well exploded resulting in a sea-floor oil gusher into the Gulf of Mexico for three months. The spill resulted in extensive damage to the tourism industry and caused additional financial burden on local Gulf Coast governments to protect their coast against oil, oil sheen, and tar balls. BP was identified as the responsible party and being held accountable for all cleanup costs and other damages. To aide with the tourism industry, BP gave Florida's Coastal Northwest Communications Council \$30,000,000 which was distributed among seven panhandle counties. In 2011, Okaloosa County Tourist Development Council received \$6,506,015 to assist in mitigating impacts to Florida's tourism industry as a result of the oil spill.

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 County expects such amount, if any, to be immaterial.

Lawsuits

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

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 years thereafter, computations must be made annually to show financial position at fiscal year-end. Okaloosa County has six bond issues 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; \$13,450,000 Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000; \$10,860,000 Airport Revenue Bonds, Series 2003; \$31,170,000 Water and Sewer Revenue Bonds, Series 2004; and \$65,150,000 Water and Sewer Revenue Bond, Series 2006.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 18 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Arbitrage Rebate - Continued

According to the calculations, the County has no rebate liability with respect to the bonds at September 30, 2011. 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

In accordance with Section 985.686, Florida Statutes, Okaloosa County is billed monthly, in accordance with the State of Florida Detention Cost Share allocation for all counties, based upon an estimated number of “pre-disposition” days utilized by Okaloosa detainees. The State Detention Cost Share program is required each fiscal year to adjust the allocated costs based upon the reconciliation of the actual costs and “pre-disposition” days for the State fiscal year and that bill is generally available six months following the fiscal year end. That reconciled cost, in the past, has been adjusted nominally and included in the current fiscal year expenditures. The reconciled invoices received in January 2011 and October 2011 by the County for the reconciliation of FY09-10 and FY10-11 allocations totaled \$1,061,187 and \$412,899, respectively. The County has challenged the reconciliation for FY09-10 allocation and has joined the challenge previously filed by a number of counties for FY08-09. The disputed amounts have been recorded as part of claims payable in the Statement of Net Assets at September 30, 2011.

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 October 1, 2010 and ended on September 30, 2011 and is subject to renewal or revision October 2011. The Okaloosa County Board of County Commissioners’ contribution to the library cooperative for the year ended September 30, 2011 was \$535,000. In addition approximately \$426,955 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, 2011. The future commitment to the library cooperative in 2012 is \$535,000.

NOTE 20 - JOINT VENTURE

Okaloosa County, in alliance with the City of Valparaiso and City of Niceville, began implementation, in 1975, of initial steps leading to the eventual construction of a comprehensive regional sanitary sewer system designed to provide service to residents of Niceville and Valparaiso as well as County residents within the general area. The project was funded 75% by U.S. Environmental Protection Agency (EPA) Grants under provisions of Public Law 92-500 and 25% by the local government applicants.

The system was completed and placed in service during the fiscal year ended September 30, 1982. During the fiscal year ended September 30, 1990, a one-million gallon-per-day expansion was completed. The Board of County Commissioners presently owns 36% of the operating capacity of the total system. The City of Niceville is a 44% owner and the City of Valparaiso is a 20% owner. The in-service cost of the property, plant and equipment paid for through the combined funding of the participants and the EPA is recorded pro-rata on the accounting records of the individual participants.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 20 - JOINT VENTURE – CONTINUED

The Board of County Commissioners' portion of assets (at original cost) accounted for in its water and sewer enterprise fund are as follows.

Land	\$	33,496
Building and plant		877,641
Infrastructure		
Plant improvements	\$	978,577
Lift stations, force mains and sprayfields		<u>3,460,547</u>
		4,439,124
Machinery and equipment		<u>14,978</u>
Total	\$	<u><u>5,365,239</u></u>

The system is managed and operated by a separate governing body (Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc.) consisting of six members; two appointed by each of the three participants. The Sewer Board is responsible for preparing and approving its own budget. The cost of operations, including additional equipment, inventory purchases, etc., are funded by water and sewer user fees and are accounted for, in total, on the books and financial statements of the Sewer Board. The County's share of the operating results of the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc. is reported in the Board of County Commissioner's water and sewer enterprise fund. The Board of County Commissioners' portion of the equity in the joint venture is \$695,981 as of September 30, 2011. Complete financial statements for the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc. can be obtained from the Sewer Board's administrative office at 507 Crestview Avenue, Niceville, Florida or from the County Clerk's office at the Okaloosa County Courthouse in Crestview, Florida.

NOTE 21 – SUBSEQUENT EVENTS

Water and Sewer Financing

In February 2012, the Water & Sewer department received approval from the Board of County Commissioners to fund several major projects on the five years Capital Improvement Plan and debt service reserves for the 2004 and 2006 Revenue Bonds with proceeds from a non-bank qualified loan. Loan proceeds are not to exceed \$15,605,000. The loan was closed on February 24, 2012.

Emergency Management Services New Fee Schedule

The Board of County Commissioners approved a new Emergency Management Services (EMS) fee schedule in January 2012 to provide non-emergency EMS transportation within the County at a fee of \$175 plus the current mileage rate, and adopted a new fee schedule based on recently adjusted Medicare allowable rates. Medicare does not reimburse for non-emergency EMS transportation resulting in loss of revenues. The creation of the non-emergency transport fee will allow EMS to provide basic life support and inter-facility transports within Okaloosa County for a lower transport rate and potentially recoup a portion of the lost revenues.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2011

NOTE 21 – SUBSEQUENT EVENTS - CONTINUED

Refund Beach Renourishment Tax

The Board adopted Ordinance No. 07-1 on December 4, 2007, establishing the Okaloosa Beach Restoration Municipal Service Benefit Unit (MSBU), to partially fund its beach restoration within the Okaloosa Island Assessment Area and the Western Destin Assessment Area through a special assessment on real property located within each Assessment Area within the MSBU which would be specially benefited by these projects. In January 2012, the Board felt it in the best interest to defer construction of the beach restoration project from within Okaloosa Island Project Area until a later date, and refund all years special assessments to those properties that have paid the special assessment imposed within the MSBU for the Okaloosa Island Beach Restoration Project and the Western Destin Beach Restoration Project. Such refunds, estimated at \$1,993,997, shall be paid with the interest actually earned upon that money by the County during the time it was held and refunded to owners of the properties by June 1, 2012. The refund will be made from the Tourist Development Special Revenue Fund in which the funds are held.

Special Mandatory Redemption

The Okaloosa County Tourist Development Tax 4th Cent Bonds, series 2000 which funded the construction of the Okaloosa County Convention Center included a Special Mandatory Redemption bond resolution provision scheduled for October 1, 2011. The Special Mandatory Redemption Account, in accordance with the bond resolution cash flow, contains surplus monies set aside from the pledged 4th Cent TDT less several priority expenditures related to debt service costs and renewal and replacement costs. In October 2011, \$1,497,043 in principal and interest was exercised with the redemption provision.

Rehabilitation of Public Parking Facilities at Northwest Florida Regional Airport

February 2012, Okaloosa County approved a construction contract to construct the rehabilitation of the public parking facilities at the Northwest Florida Regional Airport. The project includes mill-and-overlay of the existing asphalt north parking lot, construction of new concrete sidewalks and replacement of damaged concrete curbs, pavement markings, security and electrical improvements, and minor architectural improvements to the Airport Operations Center. The contract was awarded for the base bid of \$2,057,250 and additive alternate No. 2 of \$293,000. Funding for the project will be provided as by Federal Aviation Administration, Florida Department of Transportation, and PFC.

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Required Supplementary Information

Okaloosa County, Florida
Post Employment Benefits Plans Schedule of Funding Progress
September 30, 2011

Board of County Commissioners

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)⁽¹⁾	Unfunded Actuarial Liabilities (UAAL)⁽²⁾	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2008	-	\$ 2,814,101	\$ 2,814,101	0.0%	N/A	N/A
October 1, 2009	-	\$ 3,335,096	\$ 3,335,096	0.0%	N/A	N/A
October 1, 2010	-	\$ 3,487,969	\$ 3,487,969	0.0%	N/A	N/A

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

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

Sheriff

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liabilities (AAL) (b)	Unfunded Actuarial Liabilities (UAAL)⁽³⁾ (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
October 1, 2007	-	\$ 14,238,273	\$ 14,238,273	0.0%	\$ 14,250,824	99.91%
October 1, 2008	-	\$ 14,238,273	\$ 14,238,273	0.0%	\$ 14,250,824	99.91%
October 1, 2009	-	\$ 7,977,525	\$ 7,977,525	0.0%	\$ 14,201,995	56.17%

(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 Florida.

Natural Disaster Fund

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

State Housing Initiatives Partnership Fund

This fund is used to account for funds received from the State Housing Initiatives Partnership Program for implementing and administering 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.

Nonmajor Governmental Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

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.

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 revenue received as a result of criminal, administrative, or civil forfeitures proceedings.

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

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, 2011

	Natural Disaster Special Revenue Fund	State Housing Initiatives Partnership Special Revenue Fund	E-911 Operation Special Revenue Fund	Radio Communications Special Revenue Fund	Law Enforcement Special Revenue Fund
ASSETS					
Cash and Cash Equivalents	\$ 46,028	\$ 36,865	\$ 239,499	\$ 43,674	\$ 26,688
Investments	964,477	650,000	1,595,677	-	150,000
Accounts Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Elected Officials	-	-	-	8,771	-
Due from Other Governments	195,517	-	-	-	-
Prepays	-	-	-	-	-
Total Assets	\$ 1,206,022	\$ 686,865	\$ 1,835,176	\$ 52,445	\$ 176,688
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ 129,527	\$ -	\$ -
Contracts Payable	-	-	-	270	-
Other Accrued Liabilities	-	-	7,123	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	34	-	-
Due to Depositors	-	-	-	-	-
Deferred Revenue	-	292,590	612,905	-	-
Total Liabilities	-	292,590	749,589	270	-
Fund Balances					
Nonspendable					
Nonspendable	-	-	-	-	-
Spendable:					
Restricted	325,389	394,275	1,085,587	52,175	176,688
Committed	-	-	-	-	-
Assigned	880,633	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	1,206,022	394,275	1,085,587	52,175	176,688
Total Liabilities and Fund Balances	\$ 1,206,022	\$ 686,865	\$ 1,835,176	\$ 52,445	\$ 176,688

Statement A-1

Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Costs Special Revenue Fund
\$ 14,485	\$ 4,844	\$ 95,081	\$ 133,344	\$ 10,076	\$ 16,763
75,000	5,137	402,269	4,304,836	379,000	675,000
-	377	-	465	50	-
-	-	-	-	-	-
2,182	179	147	919	-	103,367
-	-	1,300	-	-	300,000
179	-	-	9,176	-	303
<u>\$ 91,846</u>	<u>\$ 10,537</u>	<u>\$ 498,797</u>	<u>\$ 4,448,740</u>	<u>\$ 389,126</u>	<u>\$ 1,095,433</u>
\$ 306	\$ -	\$ 14,379	\$ 16,680	\$ 1,200	\$ 733
-	4,265	-	704	4,017	28,511
-	-	-	17,938	3,524	7,529
-	-	-	-	-	300,000
-	-	142	-	-	25,522
-	-	-	-	112,921	-
-	-	-	-	-	-
<u>306</u>	<u>4,265</u>	<u>14,521</u>	<u>35,322</u>	<u>121,662</u>	<u>362,295</u>
179	-	-	9,176	-	303
91,540	-	-	4,413,418	267,464	733,138
-	-	484,276	-	-	-
-	6,272	-	-	-	-
(179)	-	-	(9,176)	-	(303)
<u>91,540</u>	<u>6,272</u>	<u>484,276</u>	<u>4,413,418</u>	<u>267,464</u>	<u>733,138</u>
<u>\$ 91,846</u>	<u>\$ 10,537</u>	<u>\$ 498,797</u>	<u>\$ 4,448,740</u>	<u>\$ 389,126</u>	<u>\$ 1,095,433</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2011

	Drug Abuse Trust Special Revenue Fund	Domestic Violence Trust Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
ASSETS					
Cash and Cash Equivalents	\$ 79,973	\$ 153,833	\$ 148,761	\$ 911,804	\$ 729,846
Investments	-	100,000	-	-	-
Accounts Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	8,018	24,246
Due from Other Elected Officials	1,754	2,228	-	-	-
Due from Other Governments	-	807	-	-	-
Prepays	-	-	169	-	-
Total Assets	\$ 81,727	\$ 256,868	\$ 148,930	\$ 919,822	\$ 754,092
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 167	\$ -	\$ 10,486	\$ -	\$ -
Contracts Payable	-	-	-	-	-
Accrued Liabilities	572	382	50,083	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Depositors	-	-	24,997	-	-
Deferred Revenue	-	-	63,364	-	-
Total Liabilities	739	382	148,930	-	-
Fund Balances					
Nonspendable					
Nonspendable	-	-	169	-	-
Spendable:					
Restricted	80,988	256,486	-	919,822	754,092
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(169)	-	-
Total Fund Balances	80,988	256,486	-	919,822	754,092
Total Liabilities and Fund Balances	\$ 81,727	\$ 256,868	\$ 148,930	\$ 919,822	\$ 754,092

Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Okaloosa Debt Service Fund	Road and Bridge Constructions Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
\$ 91,128	\$ 262,353	\$ 57,249	\$ 248,764	\$ 3,351,058
-	-	7,673	11,242,370	20,551,439
-	-	-	-	892
-	-	-	-	32,264
-	-	-	-	119,547
-	-	-	609,800	1,107,424
-	-	1,045,597	-	1,055,424
<u>\$ 91,128</u>	<u>\$ 262,353</u>	<u>\$ 1,110,519</u>	<u>\$ 12,100,934</u>	<u>\$ 26,218,048</u>
\$ -	\$ -	\$ 436,844	\$ 1,237	\$ 611,559
-	-	-	1,351,869	1,389,636
-	-	-	-	87,151
-	-	-	-	300,000
-	-	-	-	25,698
-	-	-	2,500	140,418
-	262,353	243,074	-	1,474,286
-	262,353	679,918	1,355,606	4,028,748
-	-	1,045,597	-	1,055,424
91,128	-	430,601	10,745,328	20,818,119
-	-	-	-	484,276
-	-	-	-	886,905
-	-	(1,045,597)	-	(1,055,424)
<u>91,128</u>	<u>-</u>	<u>430,601</u>	<u>10,745,328</u>	<u>22,189,300</u>
<u>\$ 91,128</u>	<u>\$ 262,353</u>	<u>\$ 1,110,519</u>	<u>\$ 12,100,934</u>	<u>\$ 26,218,048</u>

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2011

	Natural Disaster Special Revenue Fund	State Housing Initiatives Partnership Special Revenue Fund	E-911 Operation Special Revenue Fund	Radio Communications Special Revenue Fund	Law Enforcement Special Revenue Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	21,927	58,784	1,040,343	-	-
Charges for Services	-	(25,460)	5,013	-	-
Fines	-	-	-	129,484	174,058
Miscellaneous	156,130	1,134	28,025	-	324
Total Revenues	178,057	34,458	1,073,381	129,484	174,382
Expenditures					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	1,242,641	172,822	-
Transportation	-	-	-	-	-
Economic Environment	96,797	58,784	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Court-Related	-	-	-	-	-
Capital Outlay	94,350	-	207,501	98,545	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other Debt Service Costs	-	-	-	-	-
Total Expenditures	191,147	58,784	1,450,142	271,367	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,090)	(24,326)	(376,761)	(141,883)	174,382
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	(350,000)	-	-	-	-
Transfers Among Constitutional Officers	4,101	-	-	-	(86,676)
Issuance of Debt	-	-	-	-	-
Total Other Financing Sources (Uses)	(345,899)	-	-	-	(86,676)
Net Change in Fund Balances	(358,989)	(24,326)	(376,761)	(141,883)	87,706
Fund Balances - Beginning as Restated	1,565,011	418,601	1,462,348	194,058	88,982
Fund Balances - Ending	\$ 1,206,022	\$ 394,275	\$ 1,085,587	\$ 52,175	\$ 176,688

Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Costs Special Revenue Fund
\$ -	\$ 799,907	\$ -	\$ 1,172,983	\$ -	\$ -
-	-	430,399	-	-	-
-	-	-	12,389	-	-
33,486	-	-	3,450	395,446	1,458,832
-	-	-	-	75	-
-	215,167	3,265	39,522	-	17,116
<u>33,486</u>	<u>1,015,074</u>	<u>433,664</u>	<u>1,228,344</u>	<u>395,521</u>	<u>1,475,948</u>
-	-	-	-	-	-
69,470	-	-	-	372,597	-
-	-	403,635	-	-	-
-	-	-	-	-	-
-	240,450	-	-	-	-
-	-	-	898,732	-	-
-	-	-	-	-	436,429
-	206,346	-	463,359	-	1,507
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>69,470</u>	<u>446,796</u>	<u>403,635</u>	<u>1,362,091</u>	<u>372,597</u>	<u>437,936</u>
(35,984)	568,278	30,029	(133,747)	22,924	1,038,012
-	4,000	-	-	-	-
-	(756,245)	-	-	-	(1,045,102)
-	-	91	674	-	-
-	-	-	-	-	-
-	(752,245)	91	674	-	(1,045,102)
(35,984)	(183,967)	30,120	(133,073)	22,924	(7,090)
<u>127,524</u>	<u>190,239</u>	<u>454,156</u>	<u>4,546,491</u>	<u>244,540</u>	<u>740,228</u>
<u>\$ 91,540</u>	<u>\$ 6,272</u>	<u>\$ 484,276</u>	<u>\$ 4,413,418</u>	<u>\$ 267,464</u>	<u>\$ 733,138</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, 2011

	Drug Abuse Trust Special Revenue Fund	Domestic Violence Trust Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	3,426,070	-	-
Charges for Services	-	-	-	99,559	300,029
Fines	16,261	23,957	-	-	-
Miscellaneous	-	-	-	5,936	3,808
Total Revenues	16,261	23,957	3,426,070	105,495	303,837
Expenditures					
Current					
General Government	-	-	-	84,873	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Court-Related	30,394	13,978	3,426,070	-	95,143
Capital Outlay	3,014	-	-	-	34,655
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other Debt Service Costs	-	-	-	-	-
Total Expenditures	33,408	13,978	3,426,070	84,873	129,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,147)	9,979	-	20,622	174,039
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Transfers Among Constitutional Officers	-	-	-	-	-
Issuance of Debt	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(17,147)	9,979	-	20,622	174,039
Fund Balances - Beginning as Restated	98,135	246,507	-	899,200	580,053
Fund Balances - Ending	\$ 80,988	\$ 256,486	\$ -	\$ 919,822	\$ 754,092

Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Okaloosa Debt Service Fund	Road and Bridge Constructions Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
\$ -	\$ -	\$ -	\$ 1,631,094	\$ 3,603,984
-	-	-	-	430,399
-	38,795	4,187,834	2,720,903	11,507,045
219,339	-	-	-	2,489,694
-	-	-	-	343,835
-	-	482,202	41,558	994,187
<u>219,339</u>	<u>38,795</u>	<u>4,670,036</u>	<u>4,393,555</u>	<u>19,369,144</u>
-	-	190,750	-	275,623
-	77,588	-	-	1,935,118
-	-	-	1,016,305	1,419,940
-	-	-	-	155,581
-	-	-	-	240,450
-	-	-	-	898,732
263,643	-	-	-	4,265,657
-	18,743	-	2,610,432	3,738,452
-	-	582,411	-	582,411
-	-	1,479,158	-	1,479,158
-	-	96,448	-	96,448
<u>263,643</u>	<u>96,331</u>	<u>2,348,767</u>	<u>3,626,737</u>	<u>15,087,570</u>
<u>(44,304)</u>	<u>(57,536)</u>	<u>2,321,269</u>	<u>766,818</u>	<u>4,281,574</u>
-	-	1,347,625	-	1,351,625
-	-	(3,575,339)	-	(5,726,686)
-	57,536	-	-	(24,274)
-	-	36,250	-	36,250
<u>-</u>	<u>57,536</u>	<u>(2,191,464)</u>	<u>-</u>	<u>(4,363,085)</u>
(44,304)	-	129,805	766,818	(81,511)
<u>135,432</u>	<u>-</u>	<u>300,796</u>	<u>9,978,510</u>	<u>22,270,811</u>
<u>\$ 91,128</u>	<u>\$ -</u>	<u>\$ 430,601</u>	<u>\$ 10,745,328</u>	<u>\$ 22,189,300</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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 2,804	\$ 2,804
Intergovernmental	95,000	1,237,383	251,834	(985,549)
Charges for Services	-	-	500,000	500,000
Miscellaneous	475,000	475,000	294,000	(181,000)
Total Revenues	570,000	1,712,383	1,048,638	(663,745)
Expenditures				
Current				
General Government	5,517,354	3,210,269	154,776	3,055,493
Culture and Recreation	511,201	630,257	64,853	565,404
Capital Outlay	15,436,494	23,806,986	18,789,294	5,017,692
Total Expenditures	21,465,049	27,647,512	19,008,923	8,638,589
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,895,049)	(25,935,129)	(17,960,285)	7,974,844
Other Financing Sources (Uses)				
Transfers In	300,000	1,060,645	1,060,645	-
Transfers Out	(4,095,107)	(4,095,107)	(4,095,107)	-
Issuance of Debt	-	3,563,750	3,563,750	-
Total Other Financing Sources (Uses)	(3,795,107)	529,288	529,288	-
Net Change in Fund Balance	(24,690,156)	(25,405,841)	(17,430,997)	7,974,844
Fund Balance - Beginning	24,690,156	25,405,841	25,405,842	1
Fund Balance - Ending	\$ -	\$ -	\$ 7,974,845	\$ 7,974,845

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 433,217	\$ 21,927	\$ (411,290)
Miscellaneous	-	146,802	156,130	9,328
Total Revenues	-	580,019	178,057	(401,962)
Expenditures				
Current				
Economic Environment	-	381,860	96,797	285,063
Capital Outlay	-	475,217	94,350	380,867
Total Expenditures	-	857,077	191,147	665,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(277,058)	(13,090)	263,968
Other Financing Sources (Uses)				
Transfers Out	-	(350,000)	(350,000)	-
Transfers Among Constitutional Officers	-	-	4,101	(4,101)
Total Other Financing Sources (Uses)	-	(350,000)	(345,899)	(4,101)
Net Change in Fund Balance	-	(627,058)	(358,989)	259,867
Fund Balance - Beginning	-	627,058	1,565,011	937,953
Fund Balance - Ending	\$ -	\$ -	\$ 1,206,022	\$ 1,197,820

Okaloosa County, Florida
STATE HOUSING INITIATIVES PARTNERSHIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 58,784	\$ 58,784
Charges for Services	-	-	(25,460)	(25,460)
Miscellaneous	-	-	1,134	1,134
Total Revenues	-	-	34,458	34,458
Expenditures				
Current				
Economic Environment	418,500	418,601	58,784	359,817
Total Expenditures	418,500	418,601	58,784	359,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	(418,500)	(418,601)	(24,326)	394,275
Net Change in Fund Balance	(418,500)	(418,601)	(24,326)	394,275
Fund Balance - Beginning as Restated	418,500	418,601	418,601	-
Fund Balance - Ending	\$ -	\$ -	\$ 394,275	\$ 394,275

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,025,000	\$ 1,025,000	\$ 1,040,343	\$ 15,343
Charges for Services	3,200	4,000	5,013	1,013
Miscellaneous	-	10,000	28,025	18,025
Total Revenues	1,028,200	1,039,000	1,073,381	34,381
Expenditures				
Current				
Public Safety	2,278,200	2,304,602	1,242,641	1,061,961
Capital Outlay	-	196,745	207,501	(10,756)
Total Expenditures	2,278,200	2,501,347	1,450,142	1,051,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,250,000)	(1,462,347)	(376,761)	1,085,586
Net Change in Fund Balance	(1,250,000)	(1,462,347)	(376,761)	1,085,586
Fund Balance - Beginning as Restated	1,250,000	1,462,347	1,462,348	1
Fund Balance - Ending	\$ -	\$ -	\$ 1,085,587	\$ 1,085,587

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 120,000	\$ 120,000	\$ 129,484	\$ 9,484
Total Revenues	120,000	120,000	129,484	9,484
Expenditures				
Current				
Public Safety	-	215,506	172,822	42,684
Capital Outlay	120,000	98,552	98,545	7
Total Expenditures	120,000	314,058	271,367	42,691
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(194,058)	(141,883)	52,175
Net Change in Fund Balance	-	(194,058)	(141,883)	52,175
Fund Balance - Beginning as Restated	-	194,058	194,058	-
Fund Balance - Ending	\$ -	\$ -	\$ 52,175	\$ 52,175

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ -	\$ 105,223	\$ 174,058	\$ 68,835
Miscellaneous	-	-	324	324
Total Revenues	-	105,223	174,382	69,159
Expenditures				
Current				
Public Safety	25,000	-	-	-
Total Expenditures	25,000	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	105,223	174,382	69,159
Other Financing Sources (Uses)				
Transfers Among				
Constitutional Officers	-	(194,205)	(86,676)	107,529
Total Other Financing Sources (Uses)	-	(194,205)	(86,676)	107,529
Net Change in Fund Balance	(25,000)	(88,982)	87,706	176,688
Fund Balance - Beginning as Restated	25,000	88,982	88,982	-
Fund Balance - Ending	\$ -	\$ -	\$ 176,688	\$ 176,688

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 35,000	\$ 35,000	\$ 33,486	\$ (1,514)
Total Revenues	35,000	35,000	33,486	(1,514)
Expenditures				
Current				
Public Safety	135,000	162,524	69,470	93,054
Total Expenditures	135,000	162,524	69,470	93,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(127,524)	(35,984)	91,540
Net Change in Fund Balance	(100,000)	(127,524)	(35,984)	91,540
Fund Balance - Beginning as Restated	100,000	127,524	127,524	-
Fund Balance - Ending	\$ -	\$ -	\$ 91,540	\$ 91,540

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 799,457	\$ 799,457	\$ 799,907	\$ 450
Miscellaneous	3,000	209,346	215,167	5,821
Total Revenues	802,457	1,008,803	1,015,074	6,271
Expenditures				
Current				
Human Services	240,450	240,450	240,450	-
Capital Outlay	568,507	206,346	206,346	-
Total Expenditures	808,957	446,796	446,796	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,500)	562,007	568,278	6,271
Other Financing Sources (Uses)				
Transfers In	4,000	4,000	4,000	-
Transfers Out	-	(756,245)	(756,245)	-
Total Other Financing Sources (Uses)	4,000	(752,245)	(752,245)	-
Net Change in Fund Balance	(2,500)	(190,238)	(183,967)	6,271
Fund Balance - Beginning	2,500	190,238	190,239	1
Fund Balance - Ending	\$ -	\$ -	\$ 6,272	\$ 6,272

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$ 354,003	\$ 420,863	\$ 430,399	9,536
Miscellaneous	-	-	3,265	3,265
Total Revenues	354,003	420,863	433,664	12,801
Expenditures				
Current				
Transportation	742,136	802,219	403,635	398,584
Capital Outlay	61,200	72,799	-	72,799
Total Expenditures	803,336	875,018	403,635	471,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	(449,333)	(454,155)	30,029	484,184
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	91	91
Total Other Financing Sources (Uses)	-	-	91	91
Net Change in Fund Balance	(449,333)	(454,155)	30,120	484,275
Fund Balance - Beginning	449,333	454,155	454,156	1
Fund Balance - Ending	\$ -	\$ -	\$ 484,276	\$ 484,276

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,156,270	\$ 1,156,270	\$ 1,172,983	\$ 16,713
Intergovernmental	-	12,389	12,389	-
Charges for Services	-	-	3,450	3,450
Miscellaneous	80,000	80,000	39,522	(40,478)
Total Revenues	1,236,270	1,248,659	1,228,344	(20,315)
Expenditures				
Current				
Culture and Recreation	4,499,186	4,529,847	898,732	3,631,115
Capital Outlay	1,237,084	1,265,303	463,359	801,944
Total Expenditures	5,736,270	5,795,150	1,362,091	4,433,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500,000)	(4,546,491)	(133,747)	4,412,744
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	674	674
Total Other Financing Sources (Uses)	-	-	674	674
Net Change in Fund Balance	(4,500,000)	(4,546,491)	(133,073)	4,413,418
Fund Balance - Beginning	4,500,000	4,546,491	4,546,491	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,413,418</u>	<u>\$ 4,413,418</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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 365,000	\$ 396,000	\$ 395,446	\$ (554)
Fines	-	-	75	75
Total Revenues	365,000	396,000	395,521	(479)
Expenditures				
Current				
Public Safety	515,000	647,861	372,597	275,264
Total Expenditures	515,000	647,861	372,597	275,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	(251,861)	22,924	274,785
Net Change in Fund Balance	(150,000)	(251,861)	22,924	274,785
Fund Balance - Beginning as Restated	150,000	251,861	244,540	(7,321)
Fund Balance - Ending	\$ -	\$ -	\$ 267,464	\$ 267,464

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 1,545,250	\$ 1,545,250	\$ 1,458,832	\$ (86,418)
Miscellaneous	-	-	17,116	17,116
Total Revenues	1,545,250	1,545,250	1,475,948	(69,302)
Expenditures				
Current				
Court-Related	1,450,673	1,464,420	436,429	1,027,991
Capital Outlay	-	2,000	1,507	493
Total Expenditures	1,450,673	1,466,420	437,936	1,028,484
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,577	78,830	1,038,012	959,182
Other Financing Sources (Uses)				
Transfers Out	(1,150,000)	(1,150,000)	(1,045,102)	(104,898)
Total Other Financing Sources (Uses)	(1,150,000)	(1,150,000)	(1,045,102)	(104,898)
Net Change in Fund Balance	(1,055,423)	(1,071,170)	(7,090)	1,064,080
Fund Balance - Beginning as Restated	1,055,423	1,071,170	740,228	(330,942)
Fund Balance - Ending	\$ -	\$ -	\$ 733,138	\$ 733,138

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	17,000	17,000	16,261	(739)
Total Revenues	17,000	17,000	16,261	(739)
Expenditures				
Current				
Court-Related	132,000	111,332	30,394	80,938
Capital Outlay	-	3,802	3,014	788
Total Expenditures	132,000	115,134	33,408	81,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,000)	(98,134)	(17,147)	80,987
Net Change in Fund Balance	(115,000)	(98,134)	(17,147)	80,987
Fund Balance - Beginning as Restated	115,000	98,134	98,135	1
Fund Balance - Ending	\$ -	\$ -	\$ 80,988	\$ 80,988

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	\$ 25,000	\$ 25,000	\$ 23,957	\$ (1,043)
Total Revenues	25,000	25,000	23,957	(1,043)
Expenditures				
Current				
Court-Related	260,500	271,506	13,978	257,528
Total Expenditures	260,500	271,506	13,978	257,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(235,500)	(246,506)	9,979	256,485
Net Change in Fund Balance	(235,500)	(246,506)	9,979	256,485
Fund Balance - Beginning as Restated	235,500	246,506	246,507	1
Fund Balance - Ending	\$ -	\$ -	\$ 256,486	\$ 256,486

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,480,631	\$ 3,449,804	\$ 3,426,070	\$ (23,734)
Total Revenues	3,480,631	3,449,804	3,426,070	(23,734)
Expenditures				
Current				
Court-Related	3,480,631	3,449,804	3,426,070	23,734
Total Expenditures	3,480,631	3,449,804	3,426,070	23,734
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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 120,000	\$ 120,000	\$ 99,559	\$ (20,441)
Miscellaneous	915,000	915,000	5,936	(909,064)
Total Revenues	<u>1,035,000</u>	<u>1,035,000</u>	<u>105,495</u>	<u>(929,505)</u>
Expenditures				
Current				
General Government	-	85,000	84,873	127
Capital Outlay	1,035,000	950,000	-	950,000
Total Expenditures	<u>1,035,000</u>	<u>1,035,000</u>	<u>84,873</u>	<u>950,127</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>20,622</u>	<u>20,622</u>
Net Change in Fund Balance	-	-	20,622	20,622
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>899,200</u>	<u>899,200</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919,822</u>	<u>\$ 919,822</u>

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 275,000	\$ 275,000	\$ 300,029	\$ 25,029
Miscellaneous	590,000	590,000	3,808	(586,192)
	865,000	865,000	303,837	(561,163)
Total Revenues				
Expenditures				
Current				
Court-Related	-	95,150	95,143	7
Capital Outlay	865,000	769,850	34,655	735,195
	865,000	865,000	129,798	735,202
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	174,039	174,039
Net Change in Fund Balance	-	-	174,039	174,039
Fund Balance - Beginning	-	-	580,053	580,053
Fund Balance - Ending	\$ -	\$ -	\$ 754,092	\$ 754,092

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 275,000	\$ 275,000	\$ 219,339	\$ (55,661)
Fines	129,700	129,700	-	(129,700)
Total Revenues	404,700	404,700	219,339	(185,361)
Expenditures				
Current				
Court-Related	-	275,920	263,643	12,277
Capital Outlay	404,700	128,780	-	128,780
Total Expenditures	404,700	404,700	263,643	141,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(44,304)	(44,304)
Net Change in Fund Balance	-	-	(44,304)	(44,304)
Fund Balance - Beginning	-	-	135,432	135,432
Fund Balance - Ending	\$ -	\$ -	\$ 91,128	\$ 91,128

Okaloosa County, Florida
FEDERAL 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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 38,795	\$ (1,205)
Total Revenues	40,000	40,000	38,795	(1,205)
Expenditures				
Current				
Public Safety	80,000	80,000	77,588	2,412
Capital Outlay	20,000	20,000	18,743	1,257
Total Expenditures	100,000	100,000	96,331	3,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(60,000)	(57,536)	2,464
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	60,000	60,000	57,536	2,464
Total Other Financing Sources (Uses)	60,000	60,000	57,536	2,464
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning as Restated	-	-	-	-
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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,946,500	\$ 3,946,500	\$ 4,187,834	\$ 241,334
Miscellaneous	489,148	489,148	482,202	(6,946)
Total Revenues	4,435,648	4,435,648	4,670,036	234,388
Expenditures				
Current				
General Government	395,750	491,545	190,750	300,795
Debt Service				
Principal	560,000	740,000	582,411	157,589
Interest	1,495,194	1,479,166	1,479,158	8
Other Debt Service Costs	25,000	100,278	96,448	3,830
Total Expenditures	2,475,944	2,810,989	2,348,767	462,222
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,959,704	1,624,659	2,321,269	696,610
Other Financing Sources (Uses)				
Transfers In	1,410,635	1,613,635	1,347,625	266,010
Transfers Out	(3,575,339)	(3,575,339)	(3,575,339)	-
Issuance of Debt	-	36,250	36,250	-
Total Other Financing Sources (Uses)	(2,164,704)	(1,925,454)	(2,191,464)	266,010
Net Change in Fund Balance	(205,000)	(300,795)	129,805	430,600
Fund Balance - Beginning	205,000	300,795	300,796	1
Fund Balance - Ending	\$ -	\$ -	\$ 430,601	\$ 430,601

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,625,000	\$ 1,625,000	\$ 1,631,094	\$ 6,094
Intergovernmental	1,825,000	3,432,410	2,720,903	(711,507)
Miscellaneous	690,238	690,238	41,558	(648,680)
Total Revenues	4,140,238	5,747,648	4,393,555	(1,354,093)
Expenditures				
Current				
Transportation	1,485,530	3,325,764	1,016,305	2,309,459
Capital Outlay	11,354,708	12,400,394	2,610,432	9,789,962
Total Expenditures	12,840,238	15,726,158	3,626,737	12,099,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,700,000)	(9,978,510)	766,818	10,745,328
Net Change in Fund Balance	(8,700,000)	(9,978,510)	766,818	10,745,328
Fund Balance - Beginning	8,700,000	9,978,510	9,978,510	-
Fund Balance - Ending	\$ -	\$ -	\$ 10,745,328	\$ 10,745,328

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 BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
September 30, 2011

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VIII)
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 61,334	\$ 607	\$ 61,941
Investments	248,476	1,483	249,959
Receivables, Net of Allowance for Uncollectibles	43,025	3,439,877	3,482,902
Due from Other Elected Officials	-	325	325
Prepays	-	60	60
Total Current Assets	352,835	3,442,352	3,795,187
Noncurrent Assets			
Capital Assets			
Intangible	83,545	30,150	113,695
Machinery and Equipment	332,138	4,558,291	4,890,429
Less Accumulated Depreciation	(366,349)	(3,268,727)	(3,635,076)
Total Capital Assets (Net of Accumulated Depreciation)	49,334	1,319,714	1,369,048
Total Noncurrent Assets	49,334	1,319,714	1,369,048
Total Assets	\$ 402,169	\$ 4,762,066	\$ 5,164,235

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
September 30, 2011

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VIII)
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 6,540	\$ 317,547	\$ 324,087
Contracts Payable	-	85,028	85,028
Accrued Liabilities			
Compensated Absences	68,778	187,099	255,877
Other Accrued Liabilities	34,216	173,790	208,006
Due to Other Governments	5,796	4,548	10,344
Deferred Revenue	24,215	403	24,618
Total Current Liabilities	139,545	768,415	907,960
Noncurrent Liabilities			
Compensated Absences	49,096	100,314	149,410
Other Post Employment Benefits	11,317	90,513	101,830
Total Noncurrent Liabilities	60,413	190,827	251,240
Total Liabilities	199,958	959,242	1,159,200
Equity			
Invested in Capital Assets, Net of Related Debt	49,334	1,319,714	1,369,048
Unrestricted	152,877	2,483,110	2,635,987
Total Equity	202,211	3,802,824	4,005,035
Total Liabilities and Equity	\$ 402,169	\$ 4,762,066	\$ 5,164,235

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGE IN EQUITY
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit IX)
Operating Revenues			
Licenses and Permits	\$ 1,410,170	\$ -	\$ 1,410,170
Charges for Services	191,329	5,545,996	5,737,325
Miscellaneous	5,183	16	5,199
Total Operating Revenues	1,606,682	5,546,012	7,152,694
Operating Expenses			
Personal Services	1,013,415	5,343,295	6,356,710
Contractual Services	16,030	493,312	509,342
Supplies	40,905	614,399	655,304
Utilities	-	30,943	30,943
Other Operating Expenses	66,198	524,248	590,446
Depreciation/Amortization	12,815	475,451	488,266
Total Operating Expenses	1,149,363	7,481,648	8,631,011
Operating Income (Loss)	457,319	(1,935,636)	(1,478,317)
Nonoperating Revenues (Expenses)			
Taxes	96,502	1,476,719	1,573,221
Intergovernmental	-	73,582	73,582
Investment Income	(4,497)	2,337	(2,160)
Gain/Loss on Disposal of Capital Assets	-	(13,066)	(13,066)
Total Nonoperating Revenues (Expenses)	92,005	1,539,572	1,631,577
Income (Loss) Before			
Contributions and Transfers	549,324	(396,064)	153,260
Capital Contributions	-	158,363	158,363
Transfers In	-	383,000	383,000
Change in Equity	549,324	145,299	694,623
Total Equity - Beginning as Restated	(347,113)	3,657,525	3,310,412
Total Equity - Ending	\$ 202,211	\$ 3,802,824	\$ 4,005,035

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit X)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,590,658	\$ 5,347,919	\$ 6,938,577
Payments to Suppliers	(41,504)	(1,230,981)	(1,272,485)
Payments to Employees	(1,199,626)	(5,184,947)	(6,384,573)
Payments for Interfund Services Used	(92,337)	(751,022)	(843,359)
Net Cash Provided (Used) by Operating Activities	<u>257,191</u>	<u>(1,819,031)</u>	<u>(1,561,840)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Taxes	96,502	1,476,396	1,572,898
Operating Subsidy - Intergovernmental Revenue	-	32,746	32,746
Transfers In	-	383,000	383,000
Interest Paid on non-Capital Debt	(560)	-	(560)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>95,942</u>	<u>1,892,142</u>	<u>1,988,084</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(41,120)	(73,989)	(115,109)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(41,120)</u>	<u>(73,989)</u>	<u>(115,109)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	750,000	496	750,496
Interest Income	-	359	359
Purchases of Investments	(1,002,414)	-	(1,002,414)
Net Cash Provided (Used) by Investing Activities	<u>(252,414)</u>	<u>855</u>	<u>(251,559)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	59,599	(23)	59,576
Cash and Cash Equivalents - Beginning of Year	<u>1,735</u>	<u>630</u>	<u>2,365</u>
Cash and Cash Equivalents - End of Year	<u>\$ 61,334</u>	<u>\$ 607</u>	<u>\$ 61,941</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2011

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit X)
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 61,334	\$ 607	\$ 61,941
Total	<u>\$ 61,334</u>	<u>\$ 607</u>	<u>\$ 61,941</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 457,319	\$ (1,935,636)	\$ (1,478,317)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	12,815	475,451	488,266
Decrease (Increase) in Assets			
Accounts Receivable	(18,082)	(198,093)	(216,175)
Prepaid Expenses	3,370	2,017	5,387
Increase (Decrease) in Liabilities			
Accounts Payable	(212,347)	(196,766)	(409,113)
Service Contracts Payable	(3,704)	32,336	28,632
Due to Other Funds	-	(130)	(130)
Due to Other Governments	2,289	455	2,744
Compensated Absences Payable	20,478	(241)	20,237
Other Accrued Liabilities	(7,194)	(22,586)	(29,780)
Deferred Revenue	(231)	-	(231)
Other Post Employment Benefits	2,478	24,162	26,640
Total Adjustments	<u>(200,128)</u>	<u>116,605</u>	<u>(83,523)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 257,191</u>	<u>\$ (1,819,031)</u>	<u>\$ (1,561,840)</u>
Noncash Investing, Capital, and Financing Activities			
Transfer of Capital Assets to Other Funds	\$ -	\$ (13,066)	(13,066)
Unrealized Gain/(Loss) on Investments	\$ (2,550)	\$ 1,859	\$ (691)

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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 BALANCE SHEET
INTERNAL SERVICE FUNDS
September 30, 2011

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 397,355	\$ 30,442	\$ 361,747
Investments	250,895	1,552	-
Receivables, Net of Allowance for Uncollectibles	8,218	2,491	-
Due from Other Elected Officials	-	407	-
Due from Other Governments	-	116,715	-
Inventory	-	255,765	-
Prepays	393,884	-	-
Total Current Assets	1,050,352	407,372	361,747
Noncurrent Assets			
Capital Assets			
Land	-	316,861	-
Buildings	-	900,466	-
Improvements Other Than Buildings	-	257,345	-
Machinery and Equipment	37,054	2,618,721	-
Less Accumulated Depreciation	(36,907)	(3,456,732)	-
Total Capital Assets (Net of Accumulated Depreciation)	147	636,661	-
Total Noncurrent Assets	147	636,661	-
Total Assets	\$ 1,050,499	\$ 1,044,033	\$ 361,747

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ 1,374,543	\$ 3,224,511	\$ 5,388,598
-	-	252,447
-	-	10,709
-	-	407
-	273	116,988
-	-	255,765
-	-	393,884
<u>1,374,543</u>	<u>3,224,784</u>	<u>6,418,798</u>
-	-	316,861
-	-	900,466
-	-	257,345
-	-	2,655,775
-	-	<u>(3,493,639)</u>
-	-	<u>636,808</u>
-	-	<u>636,808</u>
<u>\$ 1,374,543</u>	<u>\$ 3,224,784</u>	<u>\$ 7,055,606</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
September 30, 2011

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 6,499	\$ 116,751	\$ -
Contracts Payable	29,582	42,345	-
Accrued Liabilities			
Compensated Absences	17,054	82,163	361,747
Claims and Judgments	1,617,505	-	-
Other Accrued Liabilities	6,894	35,486	-
Deferred Revenue	10,073	-	-
Total Current Liabilities	1,687,607	276,745	361,747
Noncurrent Liabilities			
Compensated Absences	18,382	74,352	-
Claims and Judgments	1,964,421	-	-
Other Post Employment Benefits	2,293	14,496	-
Total Noncurrent Liabilities	1,985,096	88,848	-
Total Liabilities	3,672,703	365,593	361,747
Equity			
Invested in Capital Assets, Net of Related Debt	146	636,661	-
Unrestricted	(2,622,350)	41,779	-
Total Equity	(2,622,204)	678,440	-
Total Liabilities and Equity	\$ 1,050,499	\$ 1,044,033	\$ 361,747

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ -	\$ -	\$ 123,250
-	-	71,927
1,374,543	-	1,835,507
-	654,793	2,272,298
-	-	42,380
-	-	10,073
<u>1,374,543</u>	<u>654,793</u>	<u>4,355,435</u>
-	-	92,734
-	-	1,964,421
-	3,341,450	3,358,239
<u>-</u>	<u>3,341,450</u>	<u>5,415,394</u>
<u>1,374,543</u>	<u>3,996,243</u>	<u>9,770,829</u>
-	-	636,807
-	(771,459)	(3,352,030)
<u>-</u>	<u>(771,459)</u>	<u>(2,715,223)</u>
<u>\$ 1,374,543</u>	<u>\$ 3,224,784</u>	<u>\$ 7,055,606</u>

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2011

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
Operating Revenues			
Charges for Services	\$ 13,725,450	\$ 4,335,943	\$ 97,909
Miscellaneous	1,254	1,955	-
Total Operating Revenues	13,726,704	4,337,898	97,909
Operating Expenses			
Personal Services	213,154	1,077,223	97,909
Contractual Services	113,799	-	-
Supplies	2,414	3,278,694	-
Insurance Premiums and Claims	12,872,870	-	-
Utilities	-	5,293	-
Other Operating Expenses	5,406	217,301	-
Depreciation/Amortization	558	62,963	-
Total Operating Expenses	13,208,201	4,641,474	97,909
Operating Income (Loss)	518,503	(303,576)	-
Nonoperating Revenues (Expenses)			
Investment Income	10,166	547	-
Gain/Loss on Disposal of Capital Assets	-	150,078	-
Total Nonoperating Revenues (Expenses)	10,166	150,625	-
Income (Loss) Before Contributions and Transfers	528,669	(152,951)	-
Capital Contributions	-	12,682	-
Transfers Out	(84,283)	(4,200)	-
Change in Equity	444,386	(144,469)	-
Total Equity - Beginning	(3,066,590)	822,909	-
Total Equity - Ending	\$ (2,622,204)	\$ 678,440	\$ -

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IX)
\$ -	\$ 3,082,611	\$ 21,241,913
-	-	3,209
-	3,082,611	21,245,122
-	111,621	1,499,907
-	242,605	356,404
-	-	3,281,108
-	2,346,564	15,219,434
-	-	5,293
-	-	222,707
-	-	63,521
-	2,700,790	20,648,374
-	381,821	596,748
-	2,853	13,566
-	-	150,078
-	2,853	163,644
-	384,674	760,392
-	-	12,682
-	-	(88,483)
-	384,674	684,591
-	(1,156,133)	(3,399,814)
\$ -	\$ (771,459)	\$ (2,715,223)

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2011

	Governmental		
	Self Insurance	Garage Services	Clerk of Court Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 10,714,703	\$ 1,069,342	\$ -
Receipts from Interfund Services Provided	3,011,065	3,297,283	92,288
Payments to Suppliers	(13,567,063)	(3,450,125)	-
Payments to Employees	(212,133)	(1,051,369)	-
Payments for Interfund Services Used	(40,526)	(87,166)	-
Net Cash Provided (Used) by Operating Activities	<u>(93,954)</u>	<u>(222,035)</u>	<u>92,288</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interest Expense	-	(3,213)	-
Transfers (Out)	(84,283)	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(84,283)</u>	<u>(3,213)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-	(11,169)	-
Proceeds from Disposal of Capital Assets	-	157,543	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>146,374</u>	<u>-</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	430,000	3,232	-
Interest Income	10,352	-	-
Purchases of Investments	(131,252)	-	-
Net Cash Provided (Used) by Investing Activities	<u>309,100</u>	<u>3,232</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	130,863	(75,642)	92,288
Cash and Cash Equivalents - Beginning of Year	<u>266,492</u>	<u>106,084</u>	<u>269,459</u>
Cash and Cash Equivalents - End of Year	<u>\$ 397,355</u>	<u>\$ 30,442</u>	<u>\$ 361,747</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	<u>\$ 397,355</u>	<u>\$ 30,442</u>	<u>\$ 361,747</u>
Total	<u>\$ 397,355</u>	<u>\$ 30,442</u>	<u>\$ 361,747</u>

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit X)
\$ -	\$ -	\$ 11,784,045
217,429	3,181,259	9,799,324
(108,290)	(2,585,103)	(19,710,581)
-	-	(1,263,502)
-	-	(127,692)
<u>109,139</u>	<u>596,156</u>	<u>481,594</u>
-	-	(3,213)
-	-	(84,283)
-	-	(87,496)
-	-	(11,169)
-	-	157,543
-	-	146,374
-	-	433,232
-	2,853	13,205
-	-	(131,252)
-	2,853	315,185
109,139	599,009	855,657
<u>1,265,404</u>	<u>2,625,502</u>	<u>4,532,941</u>
<u>\$ 1,374,543</u>	<u>\$ 3,224,511</u>	<u>\$ 5,388,598</u>
<u>\$ 1,374,543</u>	<u>\$ 3,224,511</u>	<u>\$ 5,388,598</u>
<u>\$ 1,374,543</u>	<u>\$ 3,224,511</u>	<u>\$ 5,388,598</u>

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2011

	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)	\$ 518,503	\$ (303,576)	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	558	62,963	-
Decrease (Increase) in Assets			
Accounts Receivable	(59)	(1,422)	-
Due from Other Funds	653	(307)	-
Due from Other Governments	-	30,456	-
Inventories	-	(34,353)	-
Prepaid Expenses	(393,884)	-	-
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	5,286	891	-
Service Contracts Payable	16,584	15,764	-
Due to Other Governments	(227)	-	-
Compensated Absences Payable	215	3,719	92,288
Claims and Judgments Payable	(240,459)	-	-
Other Accrued Liabilities	(213)	113	-
Deferred Revenue	(1,530)	-	-
Other Post Employment Benefits	619	3,717	-
Total Adjustments	(612,457)	81,541	92,288
Net Cash Provided (Used) by Operating Activities	<u>\$ (93,954)</u>	<u>\$ (222,035)</u>	<u>\$ 92,288</u>
Noncash Investing, Capital, and Financing Activities:			
Transfer of Capital Assets From Other Funds	\$ -	\$ 12,682	\$ -
Loss on Disposal of Capital Assets	\$ -	\$ 7,465	\$ -
Unrealized Gain/(Loss) on Investments	\$ (2,909)	\$ 2,528	\$ -

Statement C-3

Activities			Total
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance		Internal Service Funds (Exhibit X)
\$ -	\$ 381,821		\$ 596,748
-	-		63,521
217,429	98,648		314,596
-	-		346
-	-		30,456
-	-		(34,353)
-	-		(393,884)
-	-		6,177
-	-		32,348
-	-		(227)
(108,290)	-		(12,068)
-	111,621		(128,838)
-	-		(100)
-	-		(1,530)
-	4,066		8,402
<u>109,139</u>	<u>214,335</u>		<u>(115,154)</u>
<u>\$ 109,139</u>	<u>\$ 596,156</u>		<u>\$ 481,594</u>
\$ -	\$ -		\$ 12,682
\$ -	\$ -		\$ 7,465
\$ -	\$ -		\$ (381)

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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.

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.

Bridgeway Center Incorporated Trust Fund

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

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 as well as licenses and fees collected on behalf of Okaloosa County, municipalities and other taxing districts.

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2011

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	State Trust	Bridgeway Center Inc. Trust
ASSETS							
Cash and Cash Equivalents	\$ 667,417	\$ 34,852	\$ 159,414	\$ 66,303	\$ 2,761,890	\$ 354,776	\$ 431
Accounts Receivable	2,099	-	-	4,415	-	-	-
Total Assets	<u>\$ 669,516</u>	<u>\$ 34,852</u>	<u>\$ 159,414</u>	<u>\$ 70,718</u>	<u>\$ 2,761,890</u>	<u>\$ 354,776</u>	<u>\$ 431</u>
LIABILITIES							
Due to Other Governments	\$ 669,516	\$ -	\$ -	\$ 460	\$ -	\$ 354,776	\$ -
Due to Depositors	-	34,852	159,414	70,258	2,761,890	-	431
Taxes Collected in Advance	-	-	-	-	-	-	-
Total Liabilities	<u>669,516</u>	<u>34,852</u>	<u>159,414</u>	<u>70,718</u>	<u>2,761,890</u>	<u>354,776</u>	<u>431</u>
NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2011

	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Suspense (Levies)	Disbursements	Total Agency Funds (Exhibit XI)
ASSETS							
Cash and Cash Equivalents	\$ 164,986	\$ 667	\$ 323,495	\$ 145,403	\$ 8,037	\$ 1,156,607	\$ 5,844,278
Accounts Receivable	-	-	-	-	-	8,407	14,921
Total Assets	<u>\$ 164,986</u>	<u>\$ 667</u>	<u>\$ 323,495</u>	<u>\$ 145,403</u>	<u>\$ 8,037</u>	<u>\$ 1,165,014</u>	<u>\$ 5,859,199</u>
LIABILITIES							
Due to Other Governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,980	\$ 1,047,732
Due to Depositors	164,986	667	323,495	145,403	8,037	147,563	3,816,996
Taxes Collected in Advance	-	-	-	-	-	994,471	994,471
Total Liabilities	<u>164,986</u>	<u>667</u>	<u>323,495</u>	<u>145,403</u>	<u>8,037</u>	<u>1,165,014</u>	<u>5,859,199</u>
NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2011

	Balances September 30, 2010	Additions	Deletions	Balances September 30, 2011
FINE AND FORFEITURE AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 893,641	\$ 10,275,344	\$ 10,501,568	\$ 667,417
Accounts Receivable	3,243	10,435	11,579	2,099
Total Assets	<u>\$ 896,884</u>	<u>\$ 10,285,779</u>	<u>\$ 10,513,147</u>	<u>\$ 669,516</u>
LIABILITIES				
Due to Other Governments	<u>\$ 896,884</u>	<u>\$ 8,538,884</u>	<u>\$ 8,766,252</u>	<u>\$ 669,516</u>
JURY AND WITNESS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 34,360</u>	<u>\$ 27,236</u>	<u>\$ 26,744</u>	<u>\$ 34,852</u>
LIABILITIES				
Due to Depositors	<u>\$ 34,360</u>	<u>\$ 27,236</u>	<u>\$ 26,744</u>	<u>\$ 34,852</u>
TAX DEED AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 461,387</u>	<u>\$ 371,914</u>	<u>\$ 673,887</u>	<u>\$ 159,414</u>
LIABILITIES				
Due to Depositors	<u>\$ 461,387</u>	<u>\$ 371,914</u>	<u>\$ 673,887</u>	<u>\$ 159,414</u>
SUPPORT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 64,317	\$ 4,492,640	\$ 4,490,654	\$ 66,303
Accounts Receivable	6,389	12,759	14,733	4,415
Total Assets	<u>\$ 70,706</u>	<u>\$ 4,505,399</u>	<u>\$ 4,505,387</u>	<u>\$ 70,718</u>
LIABILITIES				
Due to Other Governments	\$ 448	\$ 5,327	\$ 5,315	\$ 460
Due to Depositors	70,258	4,486,318	4,486,318	70,258
Total Liabilities	<u>\$ 70,706</u>	<u>\$ 4,491,645</u>	<u>\$ 4,491,633</u>	<u>\$ 70,718</u>
REGISTRY OF COURT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 1,663,168</u>	<u>\$ 13,356,288</u>	<u>\$ 12,257,566</u>	<u>\$ 2,761,890</u>
LIABILITIES				
Due to Depositors	<u>\$ 1,663,168</u>	<u>\$ 13,128,499</u>	<u>\$ 12,029,777</u>	<u>\$ 2,761,890</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2011

	Balances September 30, 2010	Additions	Deletions	Balances September 30, 2011
STATE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 320,368	\$ 16,005,764	\$ 15,971,356	\$ 354,776
LIABILITIES				
Due to Other Governments	\$ 320,368	\$ 16,005,764	\$ 15,971,356	\$ 354,776
BRIDGEWAY CENTER, INC. TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 518	\$ 87	\$ 431
LIABILITIES				
Due to Depositors	\$ -	\$ 518	\$ 87	\$ 431
ESCROW AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 143,128	\$ 525,801	\$ 503,943	\$ 164,986
LIABILITIES				
Due to Depositors	\$ 143,128	\$ 525,801	\$ 503,943	\$ 164,986
JUVENILE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 466	\$ 17,749	\$ 17,548	\$ 667
LIABILITIES				
Due to Depositors	\$ 466	\$ 17,749	\$ 17,548	\$ 667
FORECLOSURE ESCROW AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 597,717	\$ 11,050,136	\$ 11,324,358	\$ 323,495
LIABILITIES				
Due to Depositors	\$ 597,717	\$ 11,015,260	\$ 11,289,482	\$ 323,495
CASH BOND TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 343,246	\$ 818,366	\$ 1,016,209	\$ 145,403
LIABILITIES				
Due to Depositors	\$ 343,246	\$ 615,787	\$ 813,630	\$ 145,403

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2011

	Balances September 30, 2010	Additions	Deletions	Balances September 30, 2011
SUSPENSE (LEVIES) AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 12,705	\$ -	\$ 4,668	\$ 8,037
LIABILITIES				
Due to Depositors	\$ 12,705	\$ -	\$ 4,668	\$ 8,037
DISBURSEMENTS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,202,631	\$ 230,600,627	\$ 230,646,651	\$ 1,156,607
Accounts Receivable	11,990	8,407	11,990	8,407
Total Assets	<u>\$ 1,214,621</u>	<u>\$ 230,609,034</u>	<u>\$ 230,658,641</u>	<u>\$ 1,165,014</u>
LIABILITIES				
Due to Other Governments	\$ 15,795	\$ 48,186,026	\$ 48,178,841	\$ 22,980
Due to Depositors	198,519	147,563	198,519	147,563
Taxes Collected in Advance	1,000,307	2,676,870	2,682,706	994,471
Total Liabilities	<u>\$ 1,214,621</u>	<u>\$ 51,010,459</u>	<u>\$ 51,060,066</u>	<u>\$ 1,165,014</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 5,737,134	\$ 287,542,383	\$ 287,435,239	\$ 5,844,278
Accounts Receivable	21,622	31,601	38,302	14,921
Total Assets	<u>\$ 5,758,756</u>	<u>\$ 287,573,984</u>	<u>\$ 287,473,541</u>	<u>\$ 5,859,199</u>
LIABILITIES				
Due to Other Governments	\$ 1,233,495	\$ 72,736,001	\$ 72,921,764	\$ 1,047,732
Due to Depositors	3,524,954	30,336,645	30,044,603	3,816,996
Taxes Collected in Advance	1,000,307	2,676,870	2,682,706	994,471
Total Liabilities	<u>\$ 5,758,756</u>	<u>\$ 105,749,516</u>	<u>\$ 105,649,073</u>	<u>\$ 5,859,199</u>

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.

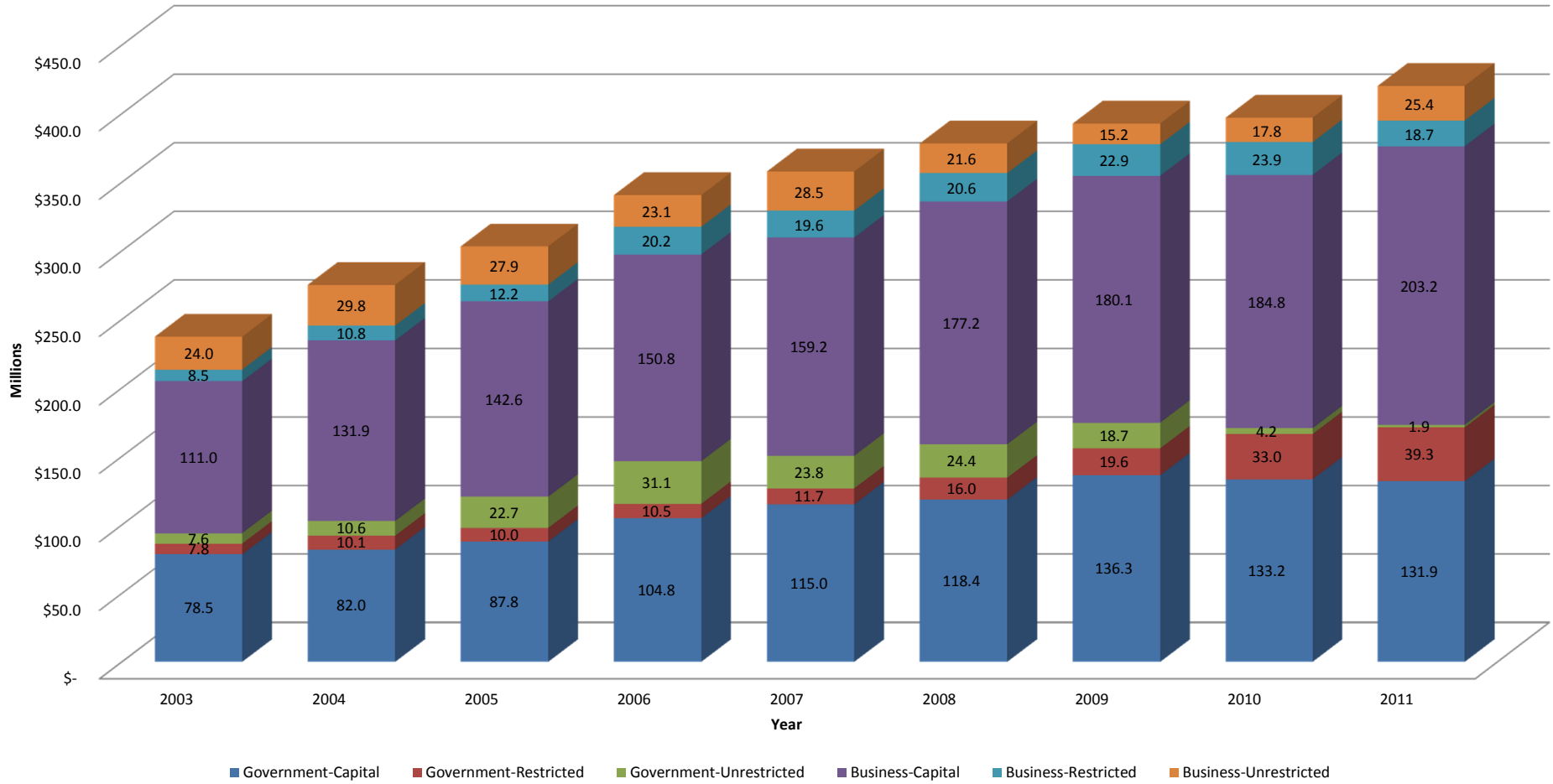


NET ASSETS BY CATEGORY - LAST NINE FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	FISCAL YEAR								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES:									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$78,471	\$82,040	\$87,817	\$104,807	\$114,990	\$118,399	\$136,255	\$133,206	\$131,864
RESTRICTED:									
DEBT SERVICE	\$1,182	\$1,359	\$1,165	\$810	\$491	\$467	\$485	\$1,174	\$431
OTHER PURPOSES	\$6,656	\$8,730	\$8,793	\$9,707	\$11,190	\$15,537	\$19,153	\$31,866	\$38,864
UNRESTRICTED	\$7,583	\$10,634	\$22,725	\$31,083	\$23,766	\$24,418	\$18,709	\$4,244	\$1,865
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$93,892	\$102,763	\$120,500	\$146,407	\$150,437	\$158,821	\$174,602	\$170,490	\$173,024
BUSINESS-TYPE ACTIVITIES									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$110,983	\$131,884	\$142,566	\$150,847	\$159,248	\$177,168	\$180,105	\$184,811	\$203,224
RESTRICTED:									
DEBT SERVICE	\$1,288	\$2,307	\$3,409	\$10,075	\$8,388	\$10,068	\$12,650	\$13,654	\$7,579
OTHER PURPOSES	\$7,203	\$8,509	\$8,818	\$10,092	\$11,167	\$10,570	\$10,262	\$10,249	\$11,090
UNRESTRICTED	\$23,992	\$29,752	\$27,942	\$23,140	\$28,517	\$21,632	\$15,200	\$17,827	\$25,367
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	\$143,466	\$172,452	\$182,735	\$194,154	\$207,320	\$219,438	\$218,217	\$226,541	\$247,260
PRIMARY GOVERNMENT									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$189,454	\$213,924	\$230,383	\$255,654	\$274,238	\$295,567	\$316,360	\$318,017	\$335,088
RESTRICTED:									
DEBT SERVICE	\$2,470	\$3,666	\$4,574	\$10,885	\$8,879	\$10,535	\$13,135	\$14,828	\$8,010
OTHER PURPOSES	\$13,859	\$17,239	\$17,611	\$19,799	\$22,357	\$26,107	\$29,415	\$42,115	\$49,954
UNRESTRICTED	\$31,575	\$40,386	\$50,667	\$54,223	\$52,283	\$46,050	\$33,909	\$22,071	\$27,232
TOTAL PRIMARY GOVERNMENT NET ASSETS	\$237,358	\$275,215	\$303,235	\$340,561	\$357,757	\$378,259	\$392,819	\$397,031	\$420,284

*Only eight years are available due to initial GASB 34 implementation in fiscal year 2002.

Net Assets by Category Last Nine Fiscal Years

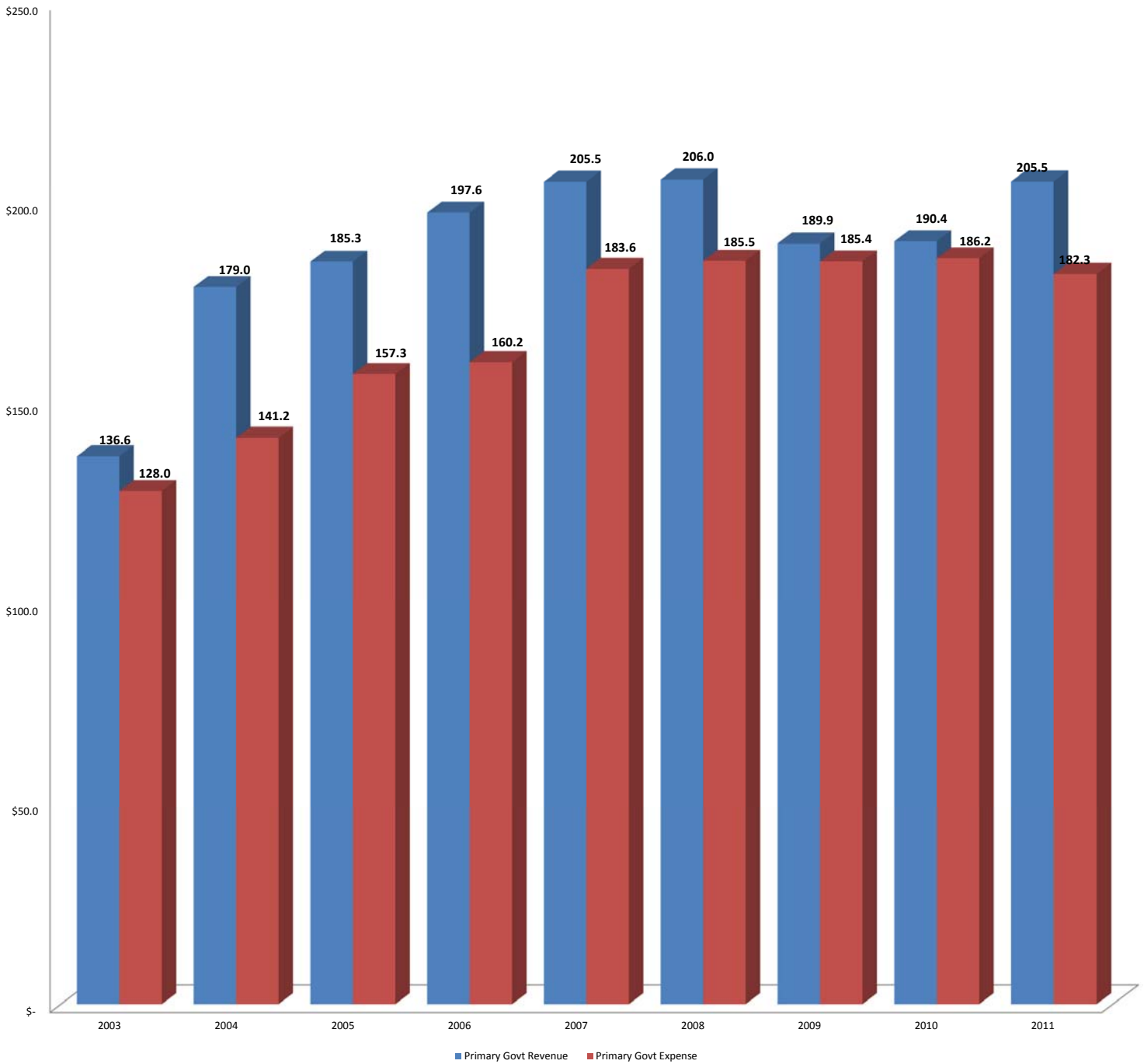


CHANGES IN NET ASSETS - LAST NINE FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	FISCAL YEAR								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES									
GOVERNMENTAL ACTIVITIES:									
GENERAL GOVERNMENT	\$22,324	\$23,079	\$25,088	\$27,579	\$31,202	\$34,777	\$31,008	\$32,146	\$31,726
PUBLIC SAFETY	32,501	35,416	38,476	41,752	47,315	49,963	53,499	47,995	45,335
PHYSICAL ENVIRONMENT	1,204	558	599	928	897	1,138	867	2,594	2,148
TRANSPORTATION	13,727	13,935	14,955	16,736	16,809	17,229	18,901	18,922	17,728
ECONOMIC ENVIRONMENT	5,510	12,240	14,182	7,966	6,581	6,471	7,456	8,980	9,290
HUMAN SERVICES	3,669	3,997	4,061	4,651	4,851	4,964	5,110	4,672	4,454
CULTURE AND RECREATION	2,550	2,870	3,426	3,695	8,496	5,069	4,500	5,031	4,007
COURT-RELATED	6,770	6,849	7,593	8,256	11,661	9,088	8,082	7,390	7,118
INTEREST AND FISCAL CHARGES	168	191	185	302	264	181	116	1,138	1,531
TOTAL GOVERNMENTAL EXPENSES	\$88,423	\$99,135	\$108,565	\$111,865	\$128,076	\$128,880	\$129,539	\$128,868	\$123,337
BUSINESS-TYPE ACTIVITIES:									
WATER AND SEWER	\$17,601	\$19,179	\$19,391	\$20,892	\$25,078	\$25,057	\$24,067	\$25,752	\$27,124
AIRPORT	3,367	3,871	8,632	6,832	7,649	8,363	9,804	10,575	12,527
SOLID WASTE	9,578	8,378	9,069	8,577	9,517	9,757	8,404	7,757	6,874
INSPECTIONS	1,371	1,915	2,206	2,398	2,207	1,582	1,245	7,561	1,149
EMERGENCY MEDICAL SERVICES	5,080	5,318	5,704	5,872	6,770	7,326	7,504	1,241	7,495
CONFERENCE CENTER	2,538	3,418	3,725	3,811	4,258	4,556	4,817	4,424	3,754
TOTAL BUSINESS-TYPE EXPENSES	\$39,535	\$42,079	\$48,727	\$48,382	\$55,479	\$56,641	\$55,841	\$57,310	\$58,923
TOTAL PRIMARY GOVERNMENT EXPENSES	\$127,958	\$141,214	\$157,292	\$160,247	\$183,555	\$185,521	\$185,380	\$186,178	\$182,260
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:									
CHARGES FOR SERVICES									
GENERAL GOVERNMENTAL	\$8,281	\$9,020	\$11,708	\$11,757	\$12,503	\$11,996	\$10,590	\$10,488	\$11,002
OTHER	9,035	11,888	13,213	15,818	14,433	17,218	17,359	12,287	15,752
OPERATING GRANTS AND CONTRIBUTIONS	9,895	18,505	22,627	13,854	10,986	6,167	10,843	9,867	7,675
CAPITAL GRANTS AND CONTRIBUTIONS	566	789	2,271	3,323	526	579	7,611	4,287	2,611
TOTAL GOVERNMENTAL PROGRAM REVENUE	\$27,777	\$40,202	\$49,819	\$44,752	\$38,448	\$35,960	\$46,403	\$36,929	\$37,040
BUSINESS-TYPE ACTIVITIES:									
CHARGES FOR SERVICES									
WATER & SEWER	\$19,777	\$21,179	\$21,206	\$22,387	\$22,403	\$24,207	\$22,662	\$24,107	\$25,686
OTHER	18,440	18,210	21,791	21,915	23,750	25,857	25,613	26,086	27,742
OPERATING GRANTS AND CONTRIBUTIONS	1,007	340	980	868	1,081	771	584	797	548
CAPITAL GRANTS AND CONTRIBUTIONS	4,967	25,018	8,897	5,716	9,927	9,204	6,226	9,027	18,035
TOTAL BUSINESS-TYPE PROGRAM REVENUE	\$44,191	\$64,747	\$52,874	\$50,886	\$57,161	\$60,039	\$55,085	\$60,017	\$72,011
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$71,968	\$104,949	\$102,693	\$95,638	\$95,609	\$95,999	\$101,488	\$96,946	\$109,051
NET (EXPENSE)/REVENUE									
GOVERNMENTAL ACTIVITIES	(\$60,646)	(\$58,933)	(\$58,746)	(\$67,113)	(\$89,628)	(\$92,920)	(\$83,136)	(\$91,939)	(\$86,297)
BUSINESS-TYPE ACTIVITIES	\$4,656	\$22,668	\$4,147	\$2,504	\$1,682	\$3,398	(\$756)	\$2,707	\$13,088
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(\$55,990)	(\$36,265)	(\$54,599)	(\$64,609)	(\$87,946)	(\$89,522)	(\$83,892)	(\$89,232)	(\$73,209)
GENERAL REVENUES									
GOVERNMENTAL ACTIVITIES:									
TAXES	\$44,101	\$48,617	\$54,145	\$66,042	\$73,868	\$76,704	\$68,952	\$64,567	\$61,192
STATE SHARED REVENUE	15,355	17,317	18,586	19,823	19,004	17,573	16,130	15,801	16,880
GRANT AND CONTRIBUTIONS NOT RESTRICTED	162	100	1,137	2,591	782	2,033	256	1,725	6,622
OTHER	(2,361)	1,771	2,615	4,563	4,725	3,710	3,783	5,734	4,137
TOTAL GOVERNMENTAL ACTIVITIES	\$57,257	\$67,805	\$76,483	\$93,019	\$98,379	\$100,020	\$89,121	\$87,827	\$88,831
BUSINESS-TYPE ACTIVITIES:									
TAXES	\$5,261	\$5,479	\$5,638	\$6,497	\$6,746	\$6,869	\$5,825	\$4,830	\$6,810
STATE SHARED REVENUE	0	0	0	0	0	0	0	0	0
GRANT AND CONTRIBUTIONS NOT RESTRICTED	705	0	8	674	(300)	96	25	0	0
OTHER	1,438	739	498	1,745	5,037	3,039	(6,594)	786	823
TOTAL BUSINESS-TYPE ACTIVITIES	\$7,404	\$6,218	\$6,144	\$8,916	\$11,483	\$10,004	(\$744)	\$5,616	\$7,633
CHANGES IN NET ASSETS									
GOVERNMENTAL ACTIVITIES	(\$3,389)	\$8,872	\$17,737	\$25,906	\$8,751	\$7,100	\$5,985	(\$4,112)	\$2,534
BUSINESS-TYPE ACTIVITIES	\$12,060	\$28,886	\$10,291	\$11,420	\$13,165	\$13,402	(\$1,500)	\$8,323	\$20,721
TOTAL PRIMARY GOVERNMENT	\$8,671	\$37,758	\$28,028	\$37,326	\$21,916	\$20,502	\$4,485	\$4,211	\$23,255

*Only eight years are available due to initial GASB 34 implementation in fiscal year 2002.

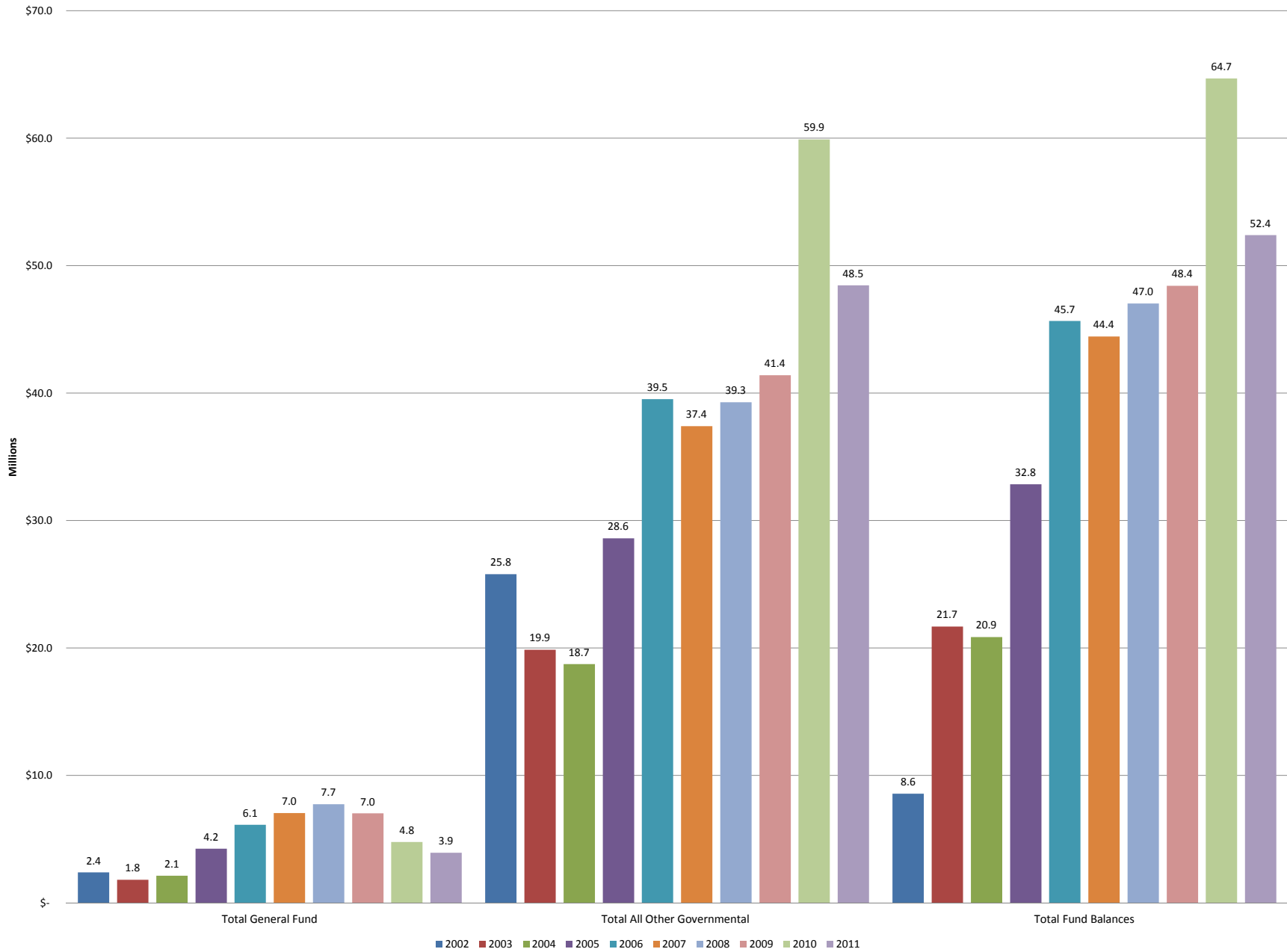
Changes in Net Assets - Primary Government Last Nine Fiscal Years



FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	FISCAL YEAR								
	PRE-GASB 54								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
(modified accrual basis of accounting)									
GENERAL FUND									
RESERVED	\$979,234	\$1,223,759	\$1,097,214	\$1,938,678	\$1,369,275	\$1,812,954	\$2,797,024	\$4,150,682	\$2,897,805
UNRESERVED	1,401,793	589,918	1,029,675	2,298,682	4,748,244	5,220,535	4,937,348	2,866,210	1,879,189
TOTAL GENERAL FUND	2,381,027	1,813,677	2,126,889	4,237,360	6,117,519	7,033,489	7,734,372	7,016,892	4,776,994
ALL OTHER GOVERNMENTAL FUNDS									
RESERVED	8,570,380	6,598,434	9,008,718	8,853,686	8,926,974	10,205,357	12,946,707	15,218,909	35,273,294
UNRESERVED, REPORTED IN:									
SPECIAL REVENUE FUNDS	2,728,442	1,073,163	(4,122,276)	3,062,924	11,623,002	7,136,986	6,561,536	8,143,049	10,305,647
CAPITAL OUTLAY FUNDS	14,488,019	12,191,043	13,841,110	16,694,319	18,982,709	20,060,394	19,778,366	18,039,439	14,324,892
TOTAL ALL OTHER GOVERNMENTAL FUNDS	25,786,841	19,862,640	18,727,552	28,610,929	39,532,685	37,402,737	39,286,609	41,401,397	59,903,833
TOTAL FUND BALANCES	\$28,167,868	\$21,676,317	\$20,854,441	\$32,848,289	\$45,650,204	\$44,436,226	\$47,020,981	\$48,418,289	\$64,680,827
	POST-GASB 54								
	2011								
GENERAL FUND									
NONSPENDABLE:									
NONSPENDABLE	\$347,376								
SPENDABLE:									
RESTRICTED	-								
COMMITTED	26,833								
ASSIGNED	-								
UNASSIGNED	3,562,434								
TOTAL GENERAL FUND	3,936,643								
ALL OTHER GOVERNMENTAL FUNDS									
NONSPENDABLE:									
NONSPENDABLE	1,064,068								
SPENDABLE:									
RESTRICTED	38,051,645								
COMMITTED	542,977								
ASSIGNED	9,861,148								
UNASSIGNED	(1,064,068)								
TOTAL ALL OTHER GOVERNMENTAL FUNDS	48,455,770								
TOTAL FUND BALANCES	\$52,392,413								

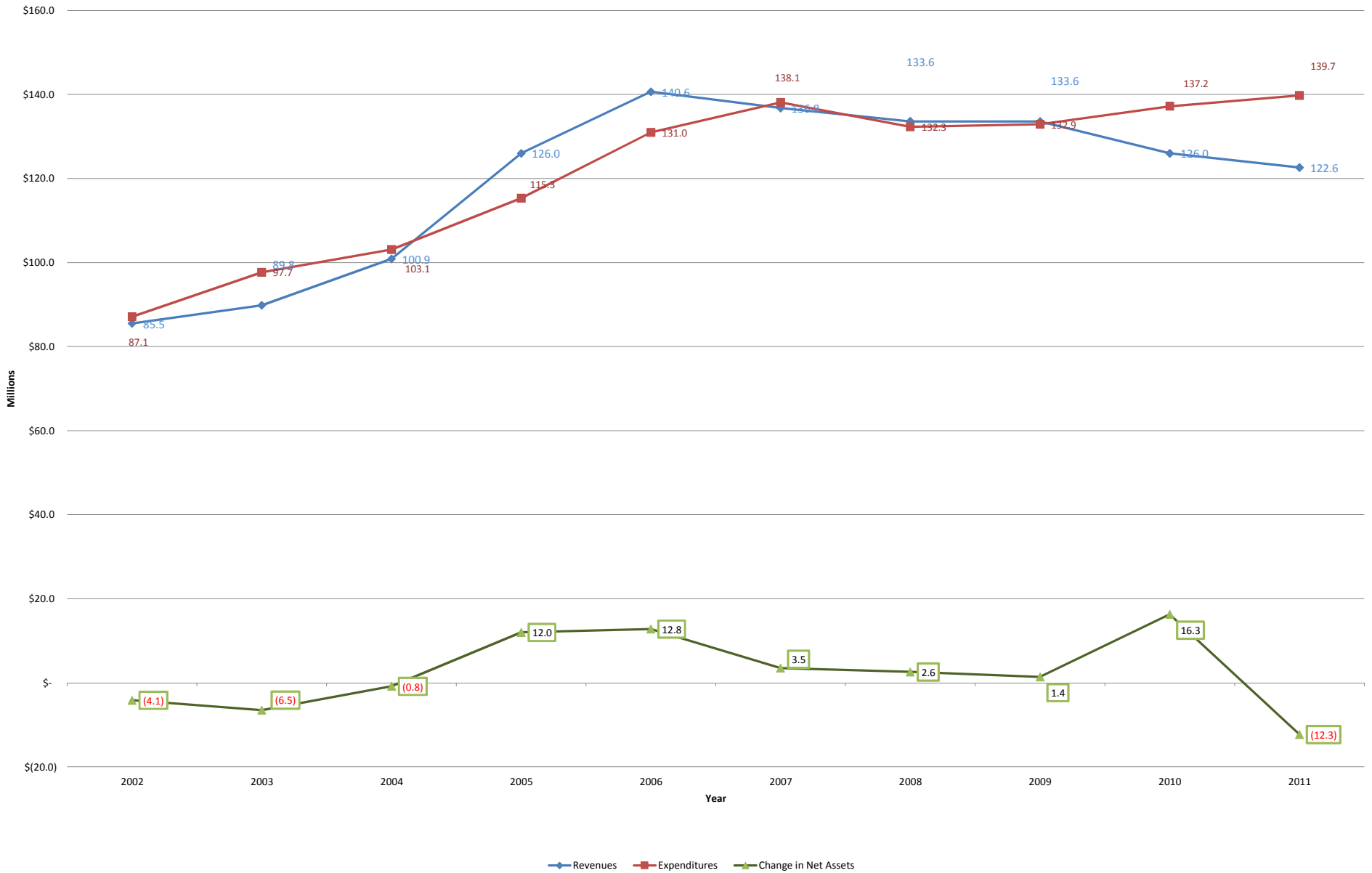
Fund Balances - Governmental Funds Last Ten Fiscal Years



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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
TAXES	\$40,520,854	\$44,079,158	\$48,610,746	\$54,145,087	\$66,042,747	\$73,867,055	\$73,373,458	\$72,281,816	\$64,566,859	\$61,193,262
LICENSES & PERMITS	\$277,960	\$211,365	\$307,090	\$313,921	\$284,662	\$214,234	\$9,100	\$1,380,759	\$1,327,905	\$1,325,765
INTERGOVERNMENTAL	\$25,550,457	\$25,736,508	\$29,948,522	\$44,050,979	\$42,539,492	\$31,531,631	\$30,009,477	\$35,475,825	\$36,535,915	\$33,113,485
CHARGES FOR SERVICES	\$15,404,032	\$16,763,572	\$19,859,820	\$23,363,924	\$24,735,690	\$23,289,780	\$22,131,456	\$20,050,104	\$16,832,903	\$16,703,982
FINES & FORFEITURES	\$243,741	\$340,185	\$253,841	\$493,912	\$719,436	\$2,522,536	\$1,611,445	\$311,933	\$263,008	\$366,891
MISCELLANEOUS	\$3,492,621	\$2,698,607	\$1,908,070	\$3,603,462	\$6,305,145	\$5,359,597	\$6,452,039	\$4,053,181	\$6,474,468	\$9,896,129
TOTAL REVENUES	\$85,489,665	\$89,829,395	\$100,888,089	\$125,971,285	\$140,627,172	\$136,784,833	\$133,586,975	\$133,553,618	\$126,001,058	\$122,599,514
EXPENDITURES										
GENERAL GOVERNMENT SERVICES	\$19,260,964	\$21,570,112	\$22,138,458	\$24,124,802	\$26,533,691	\$29,818,265	\$33,527,359	\$31,564,827	\$30,831,739	\$29,385,011
PUBLIC SAFETY	\$27,551,754	\$30,967,864	\$33,702,978	\$36,640,308	\$39,715,240	\$45,003,091	\$47,406,613	\$48,819,375	\$44,472,469	\$43,923,618
PHYSICAL ENVIRONMENT	\$784,080	\$984,816	\$539,630	\$582,092	\$769,308	\$869,499	\$952,412	\$822,003	\$2,267,404	\$2,190,121
TRANSPORTATION	\$11,215,465	\$10,585,261	\$10,757,562	\$11,595,450	\$13,126,158	\$12,859,021	\$13,124,250	\$14,177,430	\$14,276,604	\$13,049,151
ECONOMIC ENVIRONMENT	\$5,690,974	\$5,465,572	\$12,205,205	\$14,145,616	\$7,793,104	\$6,387,789	\$6,297,322	\$7,415,472	\$9,052,837	\$9,158,215
HUMAN SERVICES	\$3,618,738	\$3,385,124	\$3,736,433	\$3,806,130	\$4,372,186	\$4,538,445	\$4,654,542	\$4,803,243	\$4,323,033	\$4,111,405
CULTURE AND RECREATION	\$2,071,854	\$2,116,443	\$2,464,105	\$3,003,389	\$3,355,917	\$8,137,562	\$4,494,534	\$3,887,890	\$4,452,522	\$3,419,210
COURT RELATED	\$6,260,577	\$6,633,646	\$6,733,490	\$7,489,743	\$7,947,657	\$11,448,620	\$8,752,790	\$8,114,665	\$7,102,441	\$6,824,745
CAPITAL OUTLAY	\$10,010,816	\$14,274,768	\$9,943,885	\$13,283,171	\$26,494,998	\$16,993,757	\$11,226,400	\$12,625,889	\$18,693,921	\$25,526,067
PRINCIPAL RETIREMENT	\$560,971	\$1,683,484	\$809,166	\$629,345	\$818,774	\$1,934,681	\$1,737,530	\$587,575	\$587,505	\$582,411
INTEREST	\$82,547	\$29,792	\$46,392	\$36,382	\$48,794	\$66,319	\$85,381	\$45,532	\$435,901	\$1,479,158
OTHER CHARGES	\$1,015	\$1,587	\$1,500	\$1,000	\$2,000	\$23,699	\$24,187	\$22,836	\$692,498	\$96,448
TOTAL EXPENDITURES	\$87,109,755	\$97,698,469	\$103,078,804	\$115,337,428	\$130,977,827	\$138,080,748	\$132,283,320	\$132,886,737	\$137,188,874	\$139,745,560
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	(\$1,620,090)	(\$7,869,074)	(\$2,190,715)	\$10,633,857	\$9,649,345	(\$1,295,915)	\$1,303,655	\$666,881	(\$11,187,816)	(\$17,146,046)
OTHER FINANCING SOURCES (USES)										
OPERATING TRANSFERS IN	\$8,430,164	\$5,021,377	\$6,648,881	\$7,706,649	\$7,908,387	\$9,898,053	\$9,066,308	\$8,965,209	\$7,963,351	\$11,551,302
OPERATING TRANSFERS OUT	(\$11,422,313)	(\$4,478,111)	(\$6,223,181)	(\$6,796,666)	(\$7,305,817)	(\$8,895,030)	(\$7,782,208)	(\$8,234,782)	(\$6,876,756)	(\$10,293,670)
BUDGET TRANSFERS AMONG										
CONSTITUTIONAL OFFICERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEEDS FROM CAPITAL LEASES	\$0	\$0	\$0	\$450,009	\$0	\$0	\$0	\$0	\$0	\$0
EXCESS FEES DUE TO OTHER GOVERNMENTS	(\$34,214)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEED FROM LONG-TERM-DEBT	\$500,000	\$834,257	\$943,138	\$0	\$2,550,000	\$3,800,000	\$0	\$0	\$26,363,759	\$3,600,000
TOTAL OTHER FINANCING SOURCES(USES)	(\$2,526,363)	\$1,377,523	\$1,368,838	\$1,359,992	\$3,152,570	\$4,803,023	\$1,284,100	\$730,427	\$27,450,354	\$4,857,632
NET CHANGE IN FUND BALANCES	(\$4,146,453)	(\$6,491,551)	(\$821,877)	\$11,993,849	\$12,801,915	\$3,507,108	\$2,587,755	\$1,397,308	\$16,262,538	(\$12,288,414)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.84%	2.06%	0.92%	0.65%	0.83%	1.67%	1.53%	0.55%	1.45%	1.89%

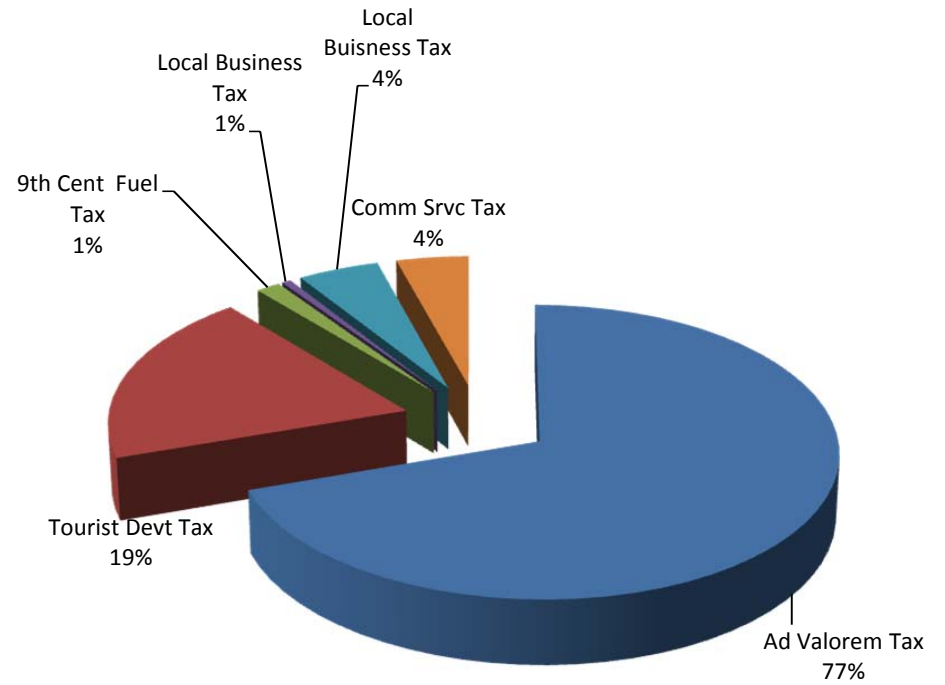
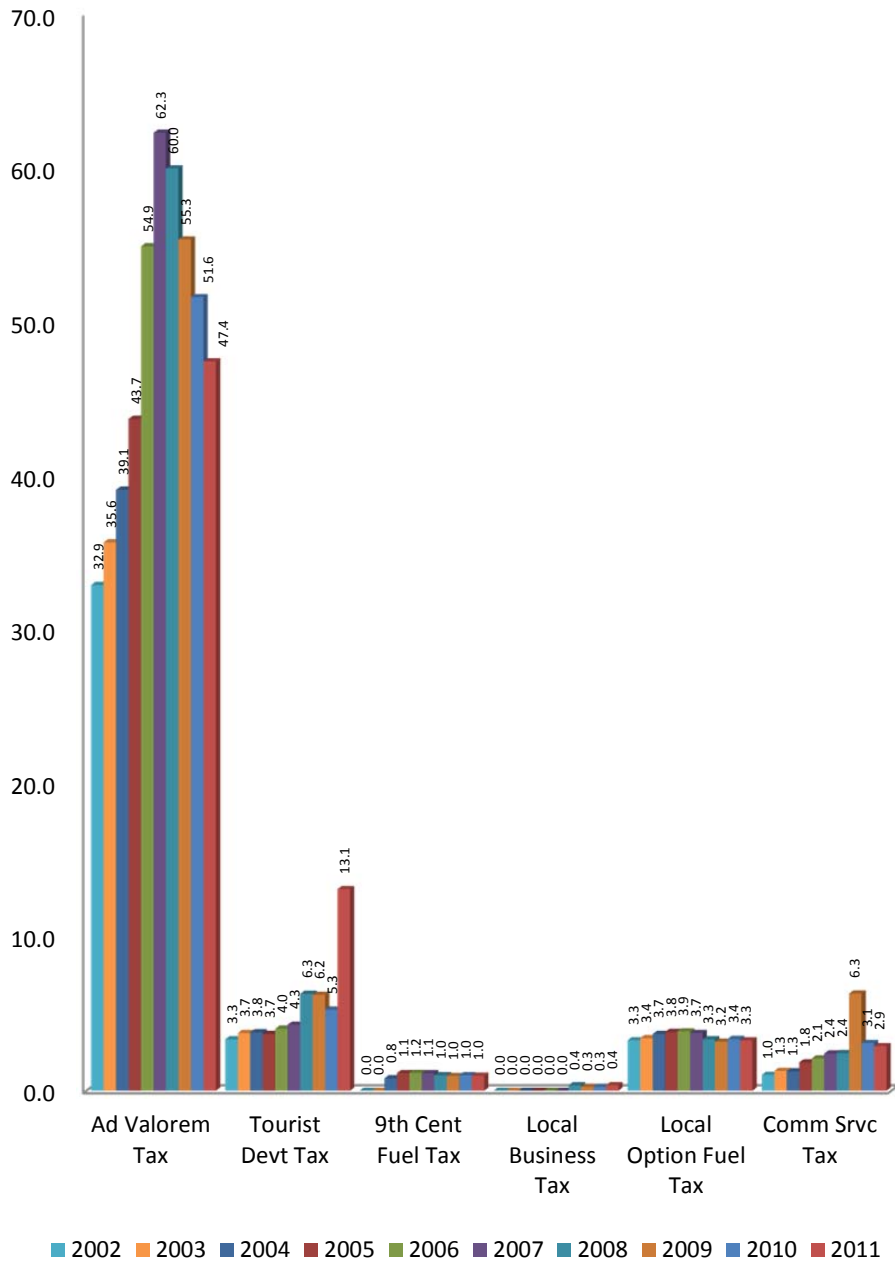
Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years



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	COMMUNICATION SERVICE TAX	TOTAL TAXES
2002	\$32,870,420	\$3,339,205		\$0	\$3,278,258	\$1,032,971	\$40,520,854
2003	\$35,639,550	\$3,739,558		\$0	\$3,411,982	\$1,288,068	\$44,079,158
2004	\$39,068,982	\$3,797,314	\$803,205	\$0	\$3,682,774	\$1,258,471	\$48,610,746
2005	\$43,674,282	\$3,680,706	\$1,139,965	\$0	\$3,807,944	\$1,842,188	\$54,145,086
2006	\$54,897,396	\$4,023,127	\$1,160,768	\$0	\$3,858,003	\$2,103,453	\$66,042,748
2007	\$62,280,020	\$4,293,620	\$1,128,995	\$0	\$3,749,553	\$2,414,866	\$73,867,054
2008	\$59,958,051	\$6,285,864	\$1,003,998	\$350,931	\$3,337,538	\$2,437,077	\$73,373,458
2009	\$55,342,840	\$6,226,986	\$957,813	\$252,511	\$3,188,176	\$6,313,490	\$72,281,816
2010	\$51,591,467	\$5,260,031	\$1,007,578	\$251,035	\$3,360,644	\$3,096,105	\$64,566,860
2011	\$47,413,163	\$13,092,667	\$977,680	\$363,365	\$3,262,337	\$2,894,338	\$68,003,550

Governmental Tax Revenues by Source Fiscal Year 2011 (\$68,003,550)



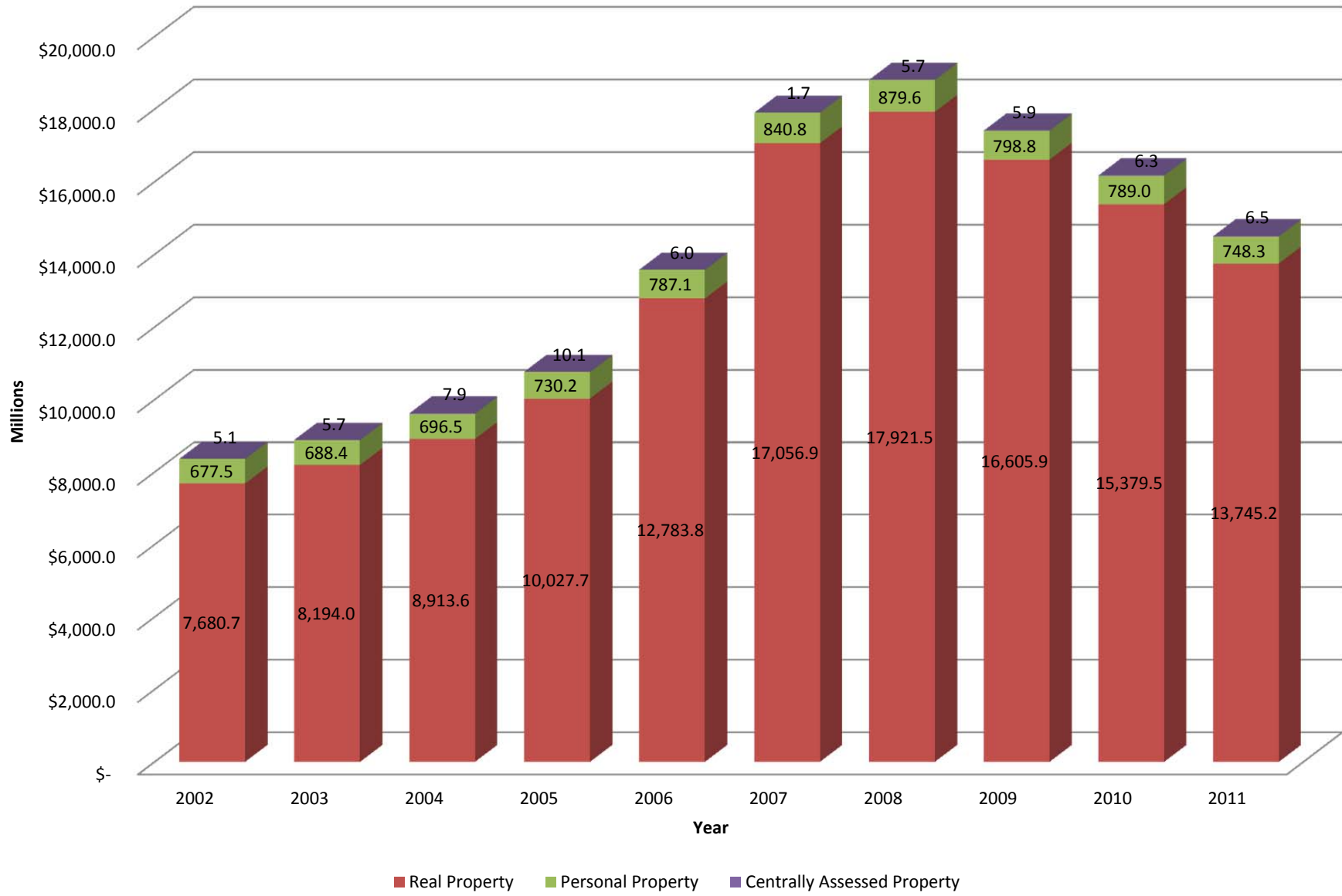
TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY - LAST TEN FISCAL YEARS

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				
2002	7,680,697,180	677,541,625	5,110,044	8,363,348,849	12.6007	9,839,233,940	85.00%
2003	8,193,996,199	688,433,422	5,742,536	8,888,172,157	12.7927	10,456,673,126	85.00%
2004	8,913,575,789	696,513,719	7,934,493	9,618,024,001	12.8094	11,315,322,354	85.00%
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%

(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

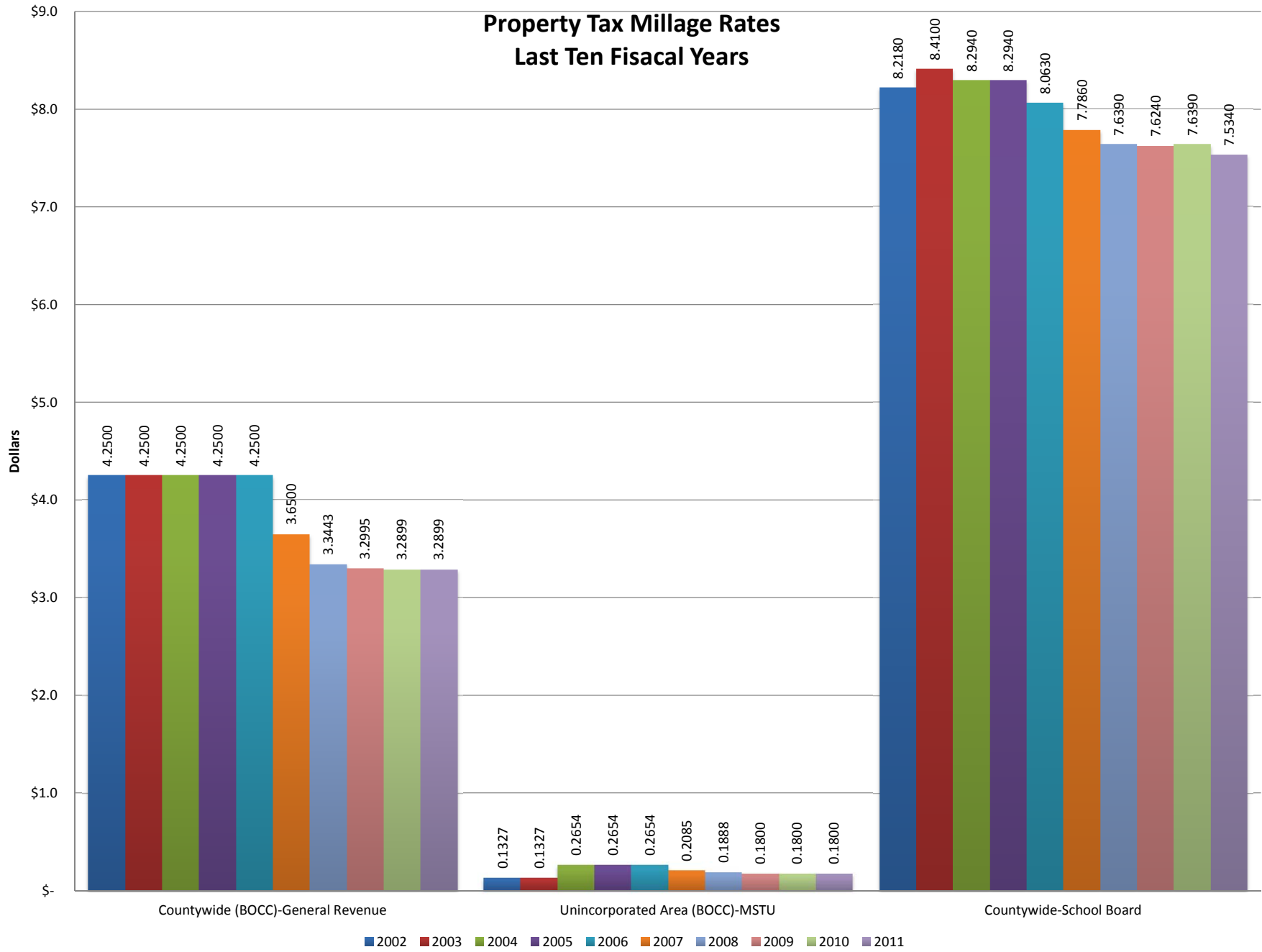


PROPERTY TAX MILLAGE RATES FOR DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
COUNTYWIDE (BOCC)										
GENERAL REVENUE	4.2500	4.2500	4.2500	4.2500	4.2500	3.6500	3.3443	3.2995	3.2899	3.2899
UNINCORPORATED AREA (BOCC)										
MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.1327	0.1327	0.2654	0.2654	0.2654	0.2085	0.1888	0.1800	0.1800	0.1800
COUNTYWIDE (OTHER)										
SCHOOL BOARD	8.2180	8.4100	8.2940	8.2940	8.0630	7.7860	7.6390	7.6240	7.6390	7.5340
TOTAL MILLAGES	<u>12.6007</u>	<u>12.7927</u>	<u>12.8094</u>	<u>12.8094</u>	<u>12.5784</u>	<u>11.6445</u>	<u>11.1721</u>	<u>11.1035</u>	<u>11.1089</u>	<u>11.0039</u>
MUNICIPALITIES										
CINCO BAYOU	2.3000	2.3000	2.3000	2.3000	2.3000	2.3000	2.0639	2.0639	2.0639	2.1000
CRESTVIEW	6.9990	6.9990	6.9000	6.9000	6.9990	6.4989	5.8466	5.8466	5.8466	5.8466
DESTIN	1.8000	1.8000	1.8000	1.8000	1.8000	1.5000	1.4550	1.4550	1.4550	1.4550
FORT WALTON BEACH	4.9700	4.9700	4.9700	4.9700	4.9700	4.6400	4.1986	4.1986	4.1986	4.5383
LAUREL HILL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	5.0000	4.8400	3.5000	3.5000
MARY ESTHER	3.5000	3.5000	3.5000	3.5000	3.5000	3.4000	3.0125	2.6996	2.6996	2.6435
NICEVILLE	3.0000	3.3000	3.3000	3.5000	3.5000	3.5000	3.2669	3.2000	3.4500	3.6301
SHALIMAR	2.8000	2.8000	2.8000	2.7000	2.4000	2.2000	2.0000	2.0000	2.0000	2.0000
VALPARAISO	3.9900	3.9900	3.9900	3.9900	3.9900	3.1200	2.8754	3.7500	4.1591	3.9330
SPECIAL DISTRICTS										
NW FLORIDA WATER MANAGEMENT	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0450	0.0450	0.0450	0.0450
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	0.7386	0.8600	0.8600	0.8600	0.8300	0.7700	0.8004	0.9009	1.0000	1.0000
EAST NICEVILLE FIRE	1.0000	1.0000	1.0000	1.0000	2.0000	2.0000	1.9200	2.0000	2.3500	2.3500
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	1.7500	1.8500	1.8500	1.8750	2.0700	1.8000	1.6819	1.7827	2.0500	2.2500
OCEAN CITY-WRIGHT FIRE	1.6900	1.8000	1.8000	1.8000	1.8300	1.7800	1.6460	1.8144	1.8144	2.0000
OKALOOSA ISLAND FIRE	3.3042	2.9500	2.9950	2.6461	2.4305	1.9855	2.0250	1.9998	2.1900	2.7949
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 Fiscal Years

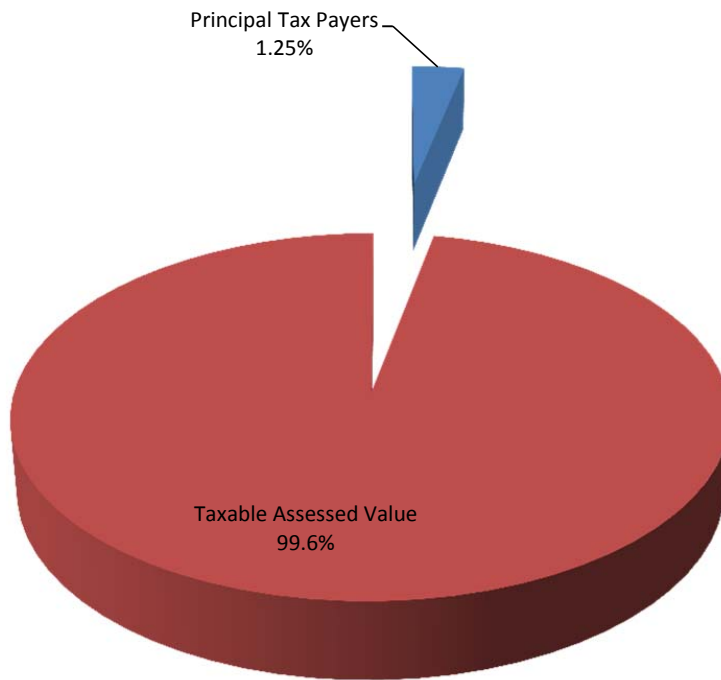


PRINCIPAL PROPERTY TAX PAYERS - LAST FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER

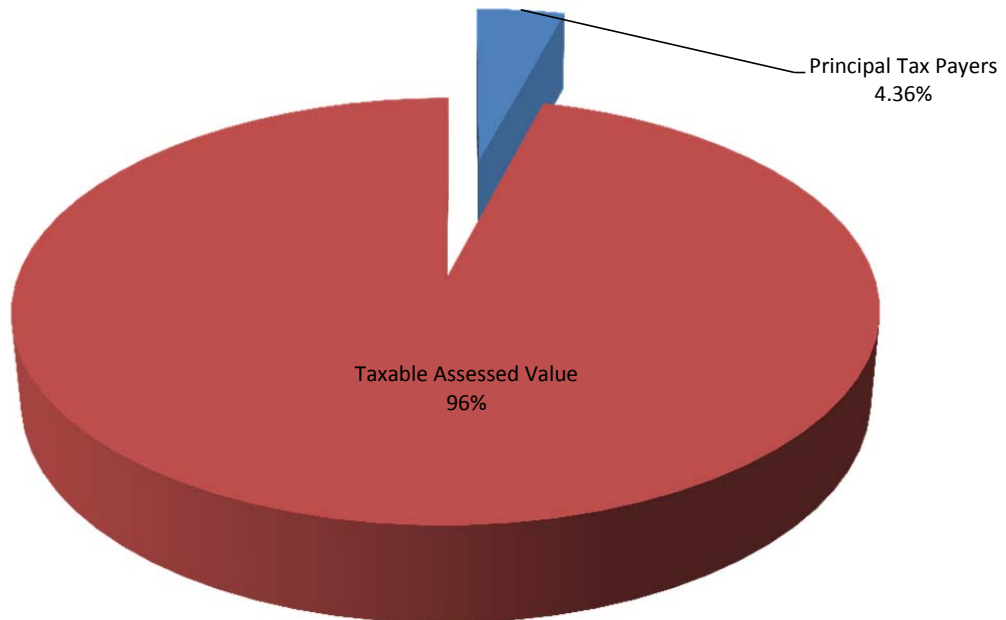
TAXPAYER	2011		2002	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
GULF POWER COMPANY	\$135,742,468	0.94%	\$91,963,246	1.10%
EMERALD GRANDE INC	\$56,198,960	0.39%		
EMBARQ CORP	\$55,165,355	0.38%		
DESTIN COMMONS LTD	\$36,706,672	0.25%		
SRM-SPE LLC	\$35,144,665	0.24%		
COXCOM INC	\$34,098,100	0.24%		
CHOCTAWHATCHEE ELECTRIC CO	\$30,798,644	0.21%	\$17,145,821	0.21%
WAL-MART STORES, INC	\$27,357,363	0.19%	\$32,072,765	0.38%
USO NORGE WATERSCAPE LLC	\$24,632,484	0.17%		
VALPARAISO REALTY	\$21,819,672	0.15%	\$19,652,271	0.23%
SPRINT FLORIDA INC			\$92,005,986	1.10%
SANTA ROSA MALL LLC			\$35,297,348	0.42%
FLORIDA GAS TRANS CO			\$26,635,462	0.32%
TOLBERT ENTERPRISES			\$16,055,856	0.19%
RESORT DEV OF DESTIN, INC			\$14,126,000	0.17%
FRENCH QUARTER II LLC			\$13,529,716	0.16%
TOTAL PRINCIPAL TAXPAYER VALUE	\$457,664,383	3.16%	\$358,484,471	4.29%
TOTAL TAXABLE ASSESSED VALUE	\$14,499,871,635	100.0%	\$8,363,348,849	100.0%

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Principal Property Tax Payers Current Year 2011



Principal Property Tax Payers Year 2002

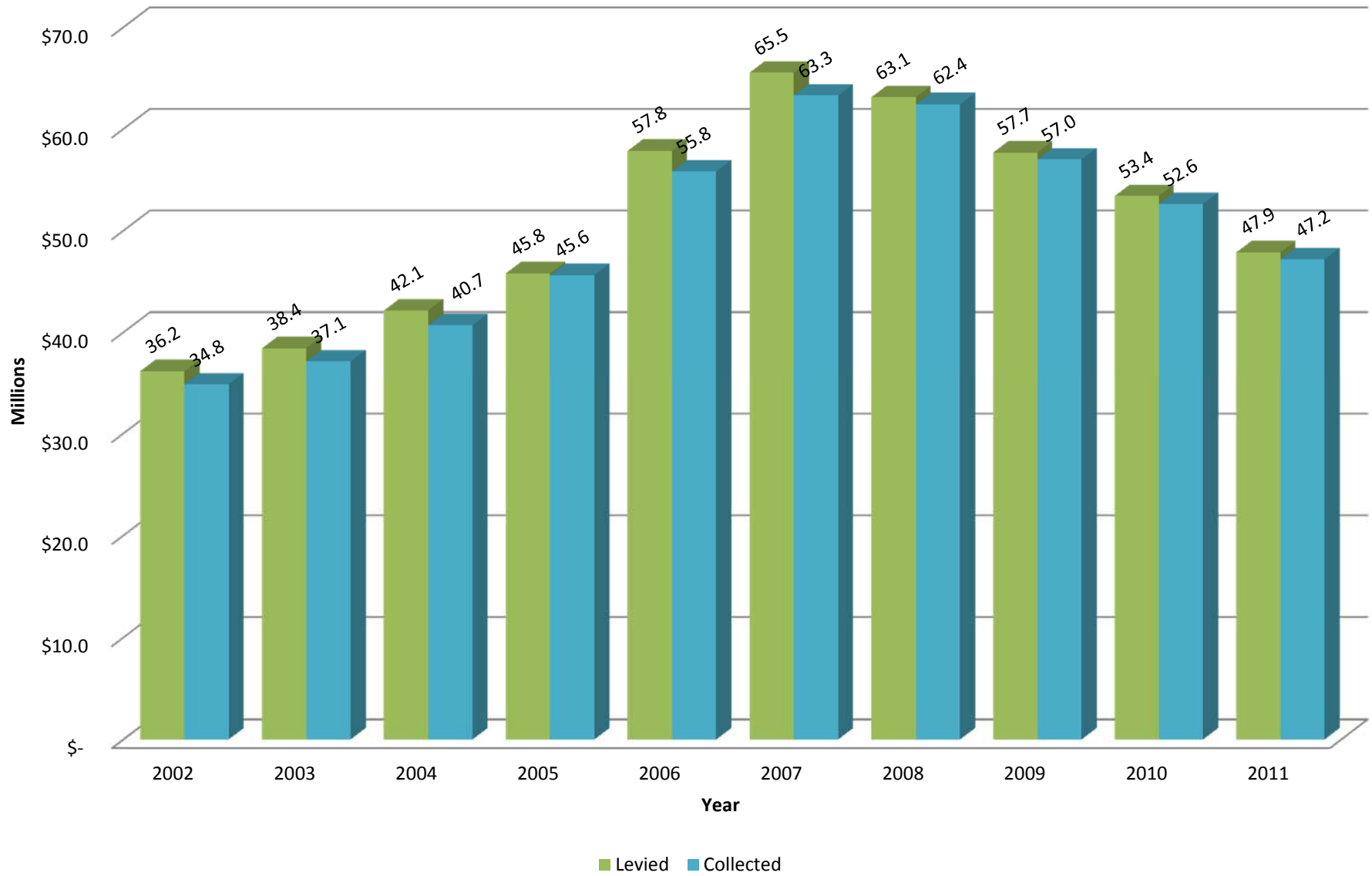


PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

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
2002	\$36,174,693	\$34,743,059	96.0%	\$91,122	\$34,834,181	96.3%
2003	\$38,431,441	\$36,971,496	96.2%	\$174,458	\$37,145,955	96.7%
2004	\$42,144,165	\$40,556,384	96.2%	\$150,954	\$40,707,338	96.6%
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%

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 LOAN (4)	WATER BONDS (5)	AIRPORT BONDS (6)	SOLID WASTE BONDS (7)	CONFERENCE CENTER BONDS (8)	CAPITAL LEASES			
2002	\$2,629,483	\$0	\$491,543	\$0	\$27,671,420	\$4,300,000	\$1,602,123	\$13,450,000	\$47,878	\$50,192,447	0.97%	\$289
2003	\$1,731,175	\$0	\$599,787	\$0	\$25,169,712	\$10,860,000	\$1,495,595	\$13,450,000	\$24,679	\$53,330,948	0.97%	\$301
2004	\$1,599,772	\$0	\$566,446	\$0	\$39,098,543	\$10,860,000	\$1,382,074	\$13,235,000	\$0	\$66,741,835	1.12%	\$369
2005	\$1,462,338	\$0	\$430,218	\$0	\$36,832,336	\$10,635,000	\$1,263,342	\$12,780,000	\$0	\$63,403,234	0.99%	\$341
2006	\$1,321,071	\$0	\$294,832	\$0	\$40,196,034	\$10,635,000	\$1,141,298	\$12,235,000	\$0	\$65,823,235	0.97%	\$348
2007	\$1,161,258	\$0	\$151,578	\$0	\$98,789,222	\$10,405,000	\$1,003,232	\$12,280,000	\$0	\$123,790,290	1.73%	\$642
2008	\$857,792	\$0	\$0	\$3,580,000	\$95,688,762	\$22,150,000	\$741,063	\$12,010,000	\$0	\$135,027,617	1.81%	\$687
2009	\$530,526	\$0	\$0	\$3,360,000	\$92,162,708	\$21,905,000	\$458,332	\$12,010,000	\$0	\$130,426,566	1.75%	\$663
2010	\$182,412	\$26,615,000	\$0	\$3,140,000	\$88,501,056	\$21,430,000	\$157,589	\$11,725,000	\$0	\$151,751,057	2.03%	\$772
2011	\$0	\$30,215,000	\$0	\$2,740,000	\$84,700,701	\$22,693,018	\$0	\$3,490,000	\$0	\$143,838,719	1.92%	\$732

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

(2) Includes Sales Tax Revenue Bonds, Series 2009 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

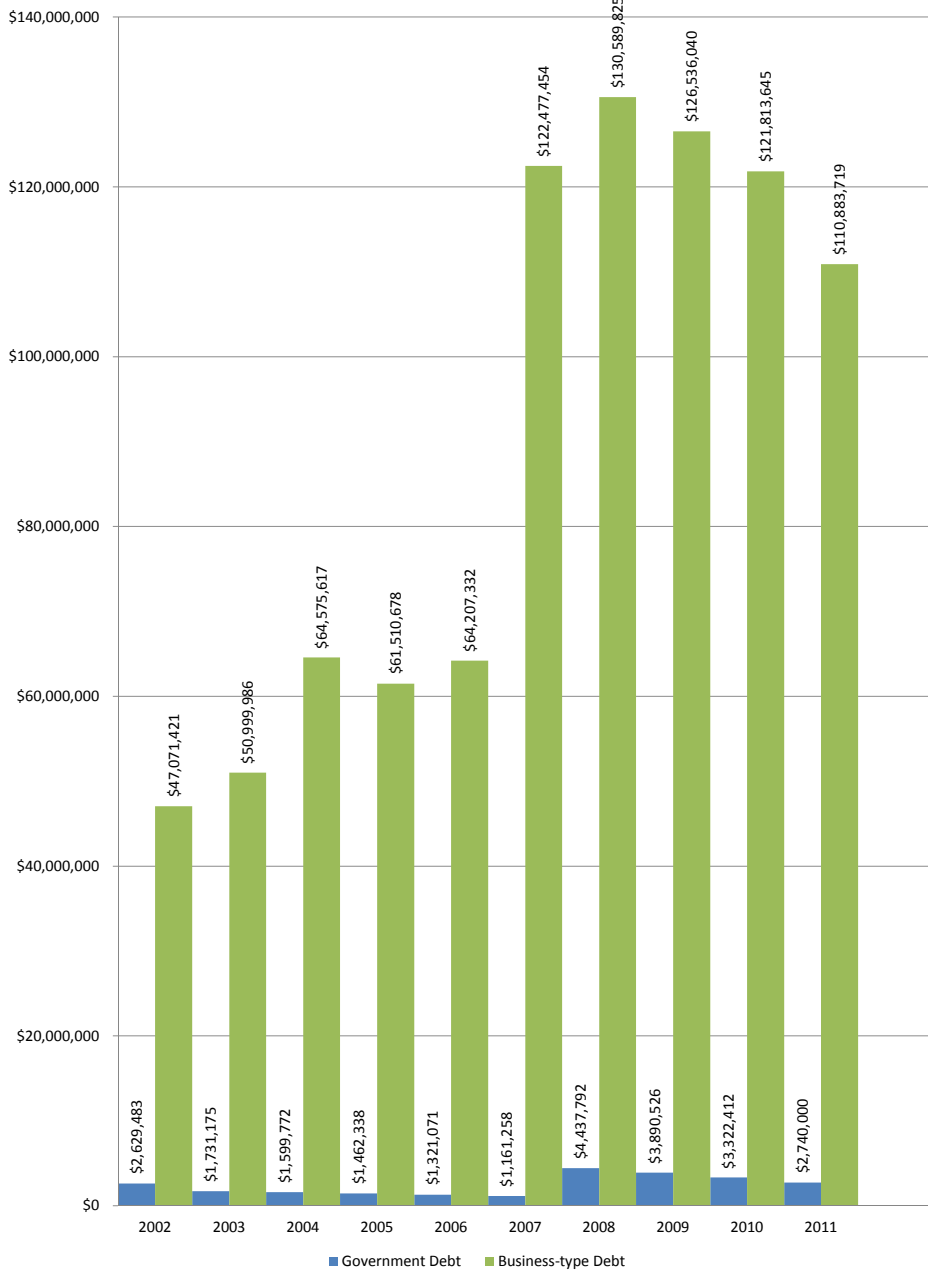
(5) Includes State Pollution Control Bonds, Subordinated Revenue, 1985, Refunding, Revenue, 2004, 2006, State Revolving, and Personal Loans

(6) Includes Revenue Bonds 2003 and 2007, Florida Local Government Finance Commission Pooled Paper Loan, and State Infrastructure Bank Loans

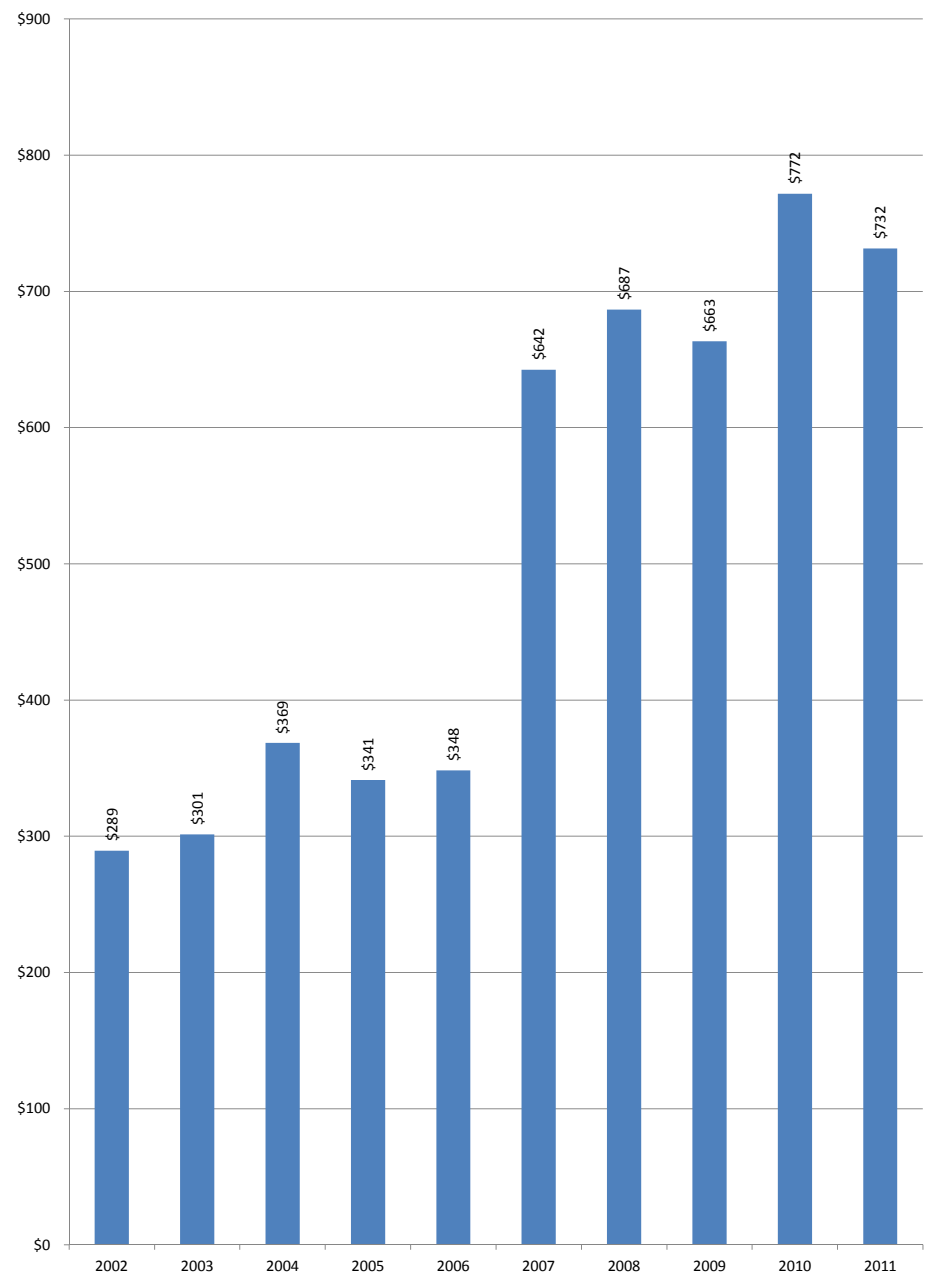
(7) Includes Capital Improvement Bonds, 1991

(8) Includes Fourth Cent Tourist Development Tax Revenue Bonds, 2000

**Debt by Type
Last Ten Fiscal Years**



**Per Capita Debt
Last Ten Fiscal Years**



PLEGGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	WATER REVENUE BONDS (PRINCIPAL + INTEREST)						TOTAL	COVERAGE
				1985	1992	1993	1998	2004	2006		
2002	\$20,366,019	\$11,453,629	\$8,912,390	\$68,205	\$331,440	\$2,011,633	\$830,682	\$0	\$0	\$3,241,960	2.75
2003	\$20,347,258	\$12,630,511	\$7,716,747	\$72,087	\$334,790	\$2,033,675	\$845,202	\$0	\$0	\$3,285,754	2.35
2004	\$21,830,902	\$13,870,719	\$7,960,183	\$68,677	\$332,293	\$7,293,005	\$7,333,152	\$2,902,268	\$0	\$17,929,395	0.44
2005	\$21,917,622	\$14,246,469	\$7,671,153	\$68,680	\$337,060	\$0	\$0	\$3,390,070	\$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	\$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	\$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	\$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	\$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	\$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	\$6,040,380	1.53

PLEDGED-REVENUE BOND COVERAGE

PLEDGED-REVENUE BOND COVERAGE							
FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	AIRPORT REVENUE BONDS (PRINCIPAL + INTEREST)			COVERAGE
				2003	2007	TOTAL	
2004	\$4,716,535	\$2,696,158	\$2,020,377	\$157,772	\$0	\$157,772	12.81
2005	\$6,017,008	\$3,768,649	\$2,248,359	\$719,499	\$0	\$719,499	3.12
2006	\$7,462,550	\$4,221,206	\$3,241,344	\$797,195	\$0	\$797,195	4.07
2007	\$8,302,612	\$4,851,237	\$3,451,375	\$796,109	\$0	\$796,109	4.34
2008	\$8,039,113	\$5,132,705	\$2,906,408	\$788,232	\$263,413	\$1,051,645	2.76
2009	\$8,557,210	\$5,674,469	\$2,882,741	\$789,413	\$208,221	\$997,634	2.89
2010	\$9,118,672	\$6,036,864	\$3,081,808	\$799,213	\$891,775	\$1,690,988	1.82
2011	\$9,602,757	\$7,893,609	\$1,709,148	\$797,950	\$887,675	\$1,685,625	1.01

PLEDGED-REVENUE BOND COVERAGE

PLEDGED-REVENUE BOND COVERAGE						
FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)		
				Bond	TOTAL	COVERAGE
2004	\$4,361,084	\$1,977,740	\$2,383,344	\$946,320	\$946,320	2.52
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

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	\$75,815,000	100%	\$75,815,000

(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

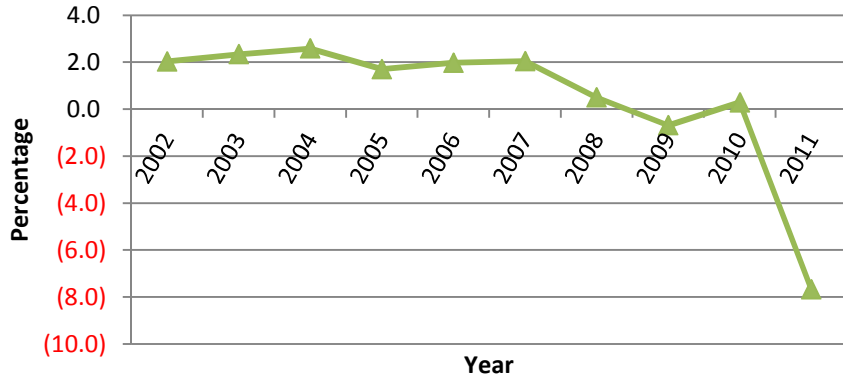
DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

YEAR	POPULATION	PERCENT +/-	PERSONAL INCOME IN THOUSANDS	PERCENT +/-	PER CAPITA PERSONAL INCOME	PERCENT +/-	UNEMPLOYMENT RATE
2002	176,971	2.0%	\$5,166,167	8.6%	\$29,481	4.0%	4.41%
2003	181,102	2.3%	\$5,506,510	6.6%	\$30,969	5.0%	3.83%
2004	185,778	2.6%	\$5,982,411	8.6%	\$33,068	6.8%	3.47%
2005	188,939	1.7%	\$6,392,599	6.9%	\$35,275	6.7%	2.80%
2006	192,672	2.0%	\$6,861,716	7.3%	\$37,497	6.3%	2.40%
2007	196,617	2.0%	\$7,090,979	3.3%	\$39,158	4.4%	2.55%
2008	197,597	0.5%	\$7,369,683	3.9%	\$41,050	4.8%	5.10%
2009	196,234	-0.7%	\$7,497,082	1.7%	\$42,007	2.3%	7.40%
2010	196,800	0.3%	\$7,667,418 (1)	2.0%	\$42,708 (1)	2.0%	8.20%
2011	181,679	-7.7%	\$7,820,767 (1)	2.0%	\$43,563 (1)	2.0%	8.20%

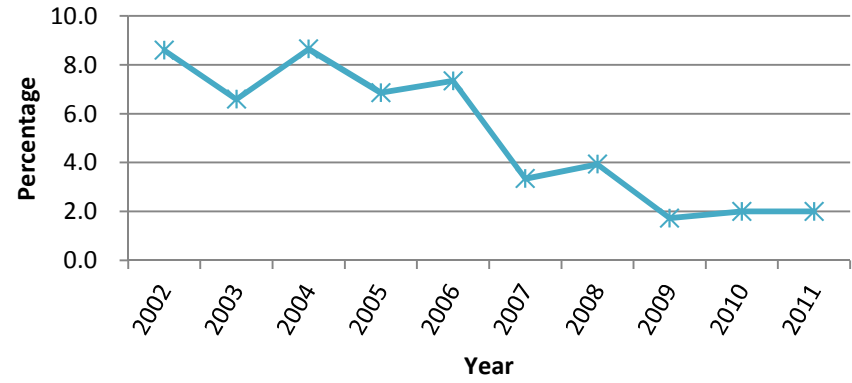
(1) Estimated income figures based upon average percent in prior years.

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

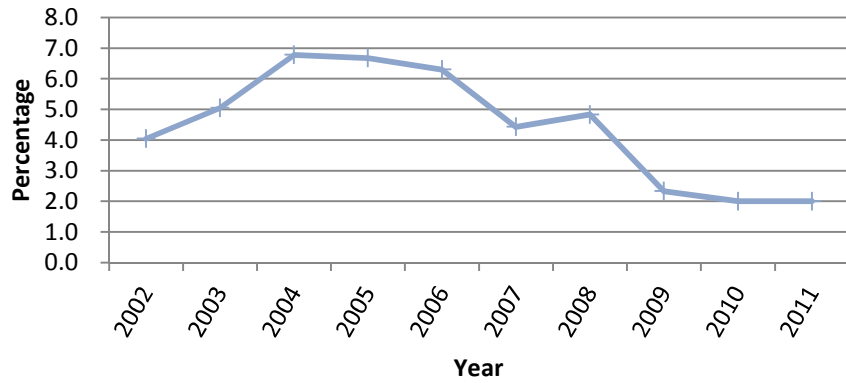
**Population
Last Ten Fiscal Years**



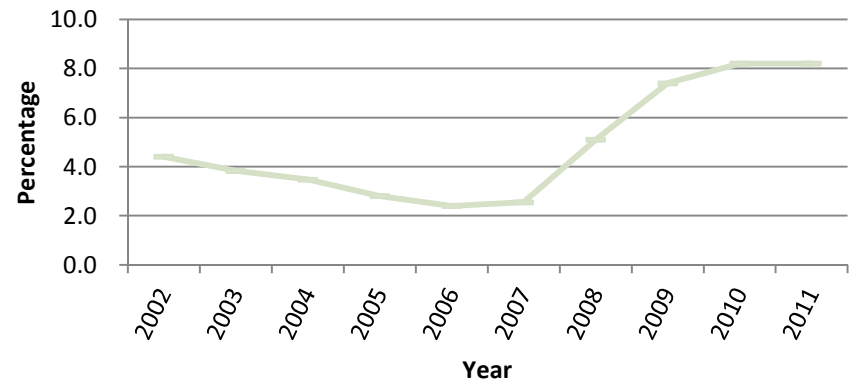
**Personal Income
Last Ten Fiscal Years**



**Per Capita Income
Last Ten Fiscal Years**



**Unemployment Rate
Last Ten Fiscal Years**

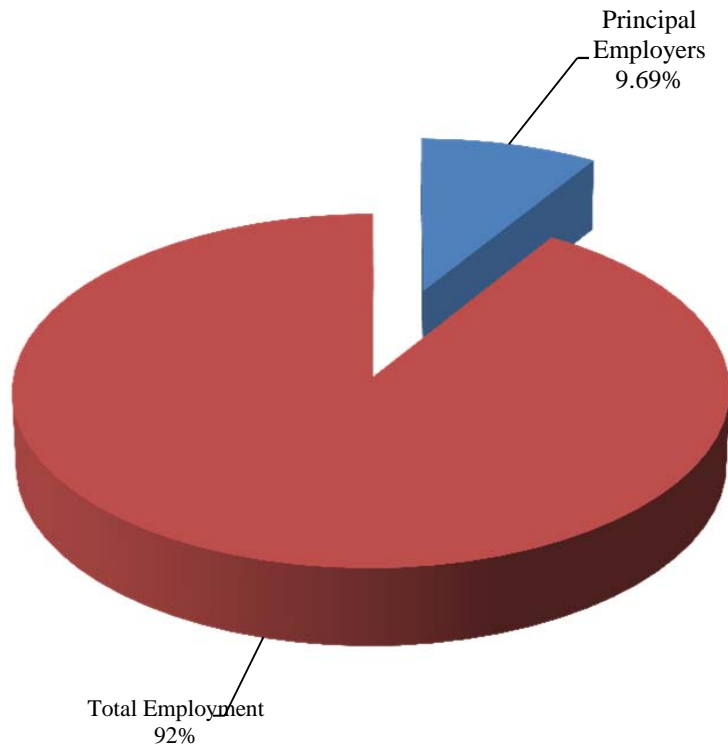


PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

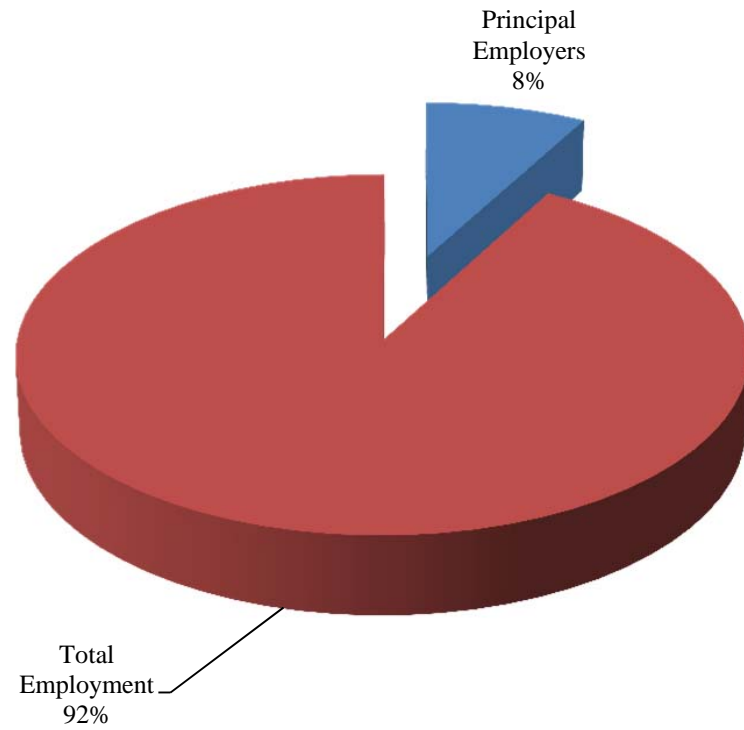
EMPLOYER	2011		2002	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
FT WALTON BEACH MEDICAL CENTER	1,305	1.63%	850	1.01%
L-3/CRESTVIEW AEROSPACE CORP	930	1.17%	370	0.44%
DRS TRAINING & CONTROL SYSTEMS	875	1.10%		
INDYNE, INC	786	0.98%		
RESORTQUEST	750	0.94%		
JACOBS TEAS	700	0.88%		
BAE SYSTEMS TECHNICAL SERVICES	700	0.88%	1,000	1.18%
LOCKHEED MARTIN	680	0.85%		
TYBRIN CORPORATION	535	0.67%	600	0.71%
BOEING	530	0.66%		
ABBOT RESORTS/RESORT QUEST			1,500	1.78%
METRIC SYSTEMS CORPORATION			600	0.71%
NORTH OKALOOSA MEDICAL CENTER			552	0.65%
SVERDRUP TECHNOLOGY			520	0.62%
METRIC SYSTEMS CORPORATION			600	0.71%
WHITE-WILSON MEDICAL CENTER			370	0.44%
SPRINT			360	0.43%
TOTAL	7,791	9.76%	7,322	8.67%
TOTAL COUNTY EMPLOYMENT	79,825		84,481	

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

**Principal Employers
Current Year
2011**



**Principal Employers
Nine Years Ago
2002**

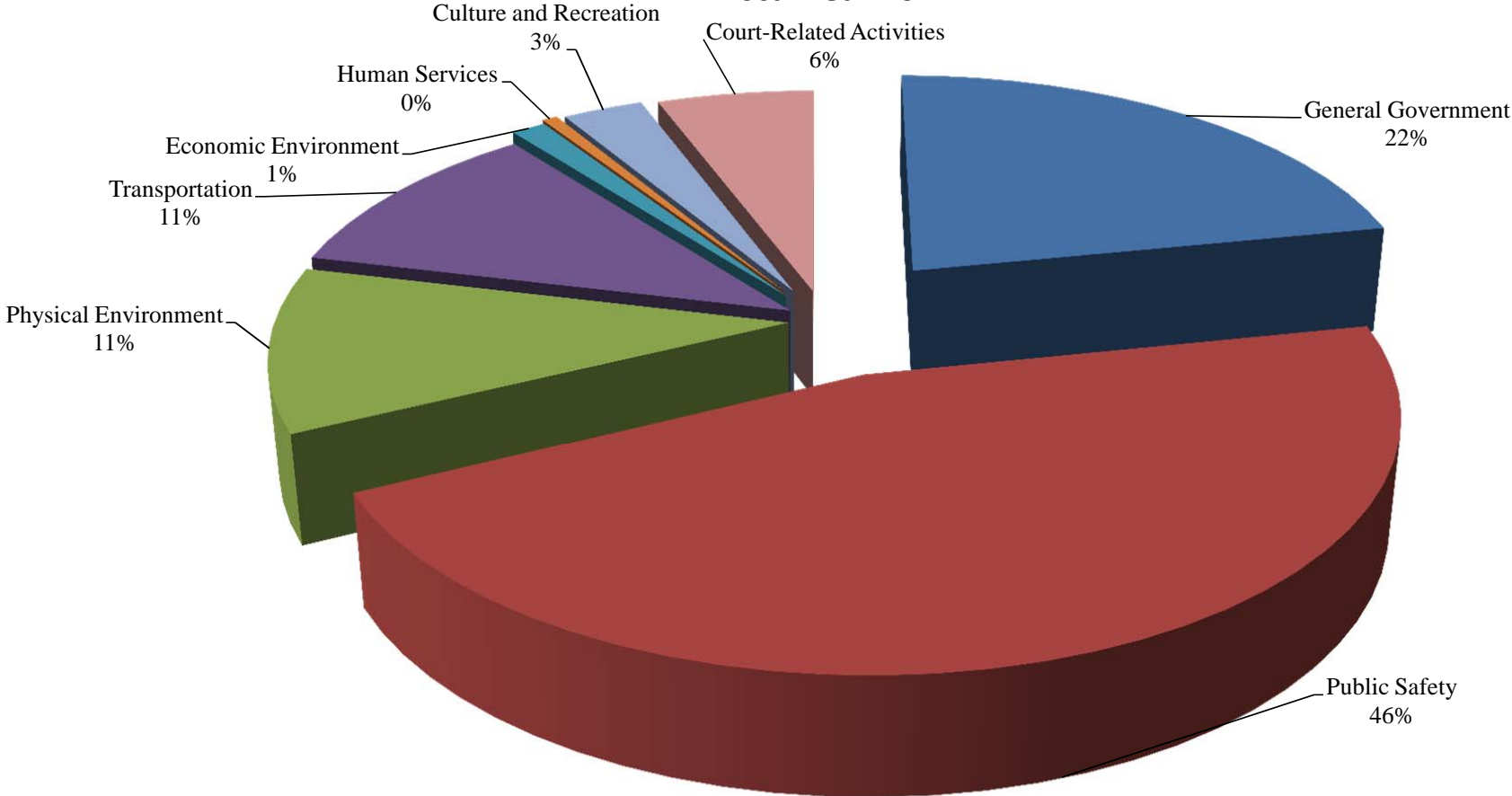


FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION - LAST TEN YEARS

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF OCTOBER 1									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL GOVERNMENT	276	279	280	285	249	305	299	308	316	313
PUBLIC SAFETY	506	520	534	543	625	609	661	641	635	657
PHYSICAL ENVIRONMENT	158	160	161	163	161	169	169	157	161	156
TRANSPORTATION	161	161	163	172	177	158	175	168	166	154
ECONOMIC ENVIRONMENT	12	12	13	13	16	13	14	18	17	18
HUMAN SERVICES	8	9	9	9	13	11	13	9	8	8
CULTURE AND RECREATION	14	30	31	35	38	41	43	42	43	42
COURT-RELATED ACTIVITIES	92	94	92	87	128	102	109	78	82	82
TOTAL	1,227	1,265	1,283	1,307	1,407	1,408	1,483	1,420	1,427	1,430

SOURCE: BUDGET OFFICE

FTE by Function Fiscal Year 2011



OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TRANSIT										
TOTAL ROUTE MILES	102	114	129	129	182	163	163	163	163	168
PASSENGERS	64,870	96,795	92,181	71,193	138,491	169,389	211,330	171,967	162,820	175,595
LIBRARY										
CIRCULATION	447,552	508,292	519,496	542,039	572,074	608,803	679,720	750,643	751,432	713,416
REGISTERED BORROWERS	81,061	80,311	78,646	88,793	98,100	100,335	92,629	96,474	94,493	77,616
PUBLIC WORKS										
ASPHALT OVERLAY (SQUARE YARDS)	306,482	204,342	143,386	82,564	48,700	71,832	126,312	52,000	61,778	58,809
BRIDGES REPAIRED/REPLACED	10	6	11	27	11	14	6	12	14	8
WATER										
NEW CONNECTIONS	665	568	575	554	594	404	128	496	134	320
WATER MAINS REPAIRS	1,152	1,743	1,943	2,419	990	1,344	425	476	52	74
ANNUAL WATER UNITS BILLED	402,198	405,109	426,503	428,058	428,601	429,081	430,692	429,412	434,148	437,682
SEWER										
ANNUAL SEWER UNITS BILLED	375,462	483,058	393,856	400,975	403,138	403,631	406,807	398,541	399,660	402,977
AIRPORTS										
ENPLANEMENTS	329,481	355,367	388,958	407,052	365,045	396,045	400,105	332,556	369,230	448,870
DEPLANEMENTS	323,290	347,520	382,688	401,747	366,111	393,800	400,866	332,325	364,118	424,908
GROWTH MANAGEMENT										
DEVELOPMENT PERMITS ISSUED	2,289	2,365	2,446	2,524	2,031	1,536	975	771	817	986
HOME OCCUPATIONS	527	608	671	795	635	547	405	347	359	369
REFUSE COLLECTION										
TRANSFER STATION TONNAGE	135,991	126,228	128,953	144,253	148,694	173,655	168,224	141,633	128,360	109,099
RECYCLING TONNAGE	6,623	5,647	5,512	5,422	5,889	4,823	4,181	5,286	5,898	6,584
PUBLIC SAFETY										
EMERGENCY CALLS (EMS)	14,775	15,834	21,256	27,507	34,908	35,184	41,446	21,018	21,997	23,782
SYSTEM CALLS (9-1-1)	57,714	64,870	90,854	97,576	110,851	106,684	100,547	102,199	111,065	117,530

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

CAPITAL INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PARKS AND RECREATION										
COUNTY PARKS	17	17	17	17	16	17	18	19	18	18
UNINCORPORATED PARKS	33	33	34	35	34	34	32	31	32	33
TRANSIT										
BUSES/PASSENGER VAN	12	14	15	15	17	17	17	17	17	17
LIBRARY										
COLLECTION	240,931	255,619	249,753	267,011	272,936	286,500	295,721	309,859	312,747	321,797
PUBLIC WORKS										
PAVED ROADS MAINTAINED (MILES)	568	568	568	568	640	621	652	703	652	652
DIRT ROADS MAINTAINED (MILES)	291	290	291	291	238	264	280	122	207	207
COLD MIX ROADS MAINTAINED (MILES)	----	----	----	----	----	----	----	74	74	74
TRAFFIC SIGNALS	6	7	7	7	7	8	9	11	11	13
WATER										
WATER MAINS (MILES)	406	412	415	437	445	447	448	455	455	422
FIRE HYDRANTS	1,632	1,718	1,808	1,903	2,004	2,109	2,220	2,267	2,267	4,038
MAXIMUM DAILY CAPACITY (THOUSANDS OF GALLONS)	18,330	18,330	18,330	18,730	18,300	18,300	17,300	17,300	17,200	15,800
SEWER										
SANITARY SEWERS (MILES)	395	396	396	396	398	398	399	400	400	340
MAXIMUM DAILY TREATMENT CAPACITY (THOUSANDS OF GALLONS)	9,006	9,006	9,006	9,006	9,006	9,006	9,006	12,506	13,206	13,206

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

SINGLE AUDIT SECTION

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
<u>U.S. Department of Agriculture</u>				
Indirect Programs				
Passed through <u>Florida Department of Agriculture & Consumer Services</u>				
Cooperative Forestry Assistance	10.664	15886	2,998	0
Passed through <u>Florida Department of Education</u>				
School Breakfast Program	10.553	01-0303	3,201	0
National School Lunch Program	10.555	01-0303	4,421	0
Passed through <u>Florida Department of Financial Services</u>				
Schools and Roads - Grants to States	10.665	N/A	5,128	0
Passed through <u>Natural Resources Conservation Service</u>				
Emergency Watershed Protection Program - 2009	10.923	69-4209-10-1743	257,204	
Emergency Watershed Protection Program - 2010	10.923	69-4209-10-1764	125,436	
Total U.S. Department of Agriculture			398,388	0
<u>U.S. Department of Commerce</u>				
Indirect Programs				
Passed through <u>Florida Department of Community Affairs</u>				
Public Safety Interoperable Communications Grant	11.555	09-DS-31-01-56-01-240	700,926	0
<u>U. S. Department of Defense</u>				
Direct Program				
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	RA0692-10-03	66,678	
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	EN06107-11-02	53,398	
Total U. S. Department of Defense			120,076	0
<u>U.S. Department of Housing and Urban Development</u>				
Indirect Programs				
Passed through <u>Florida Department of Community Affairs</u>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10DB-4X-01-56-01-F18	1,899,327	0
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10DB-K4-01-56-01-K26	205,493	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11DB-L4-01-56-01-N36	1,445	

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Total U.S. Department of Housing and Urban Development			2,106,265	0
<u>U.S. Department of the Interior</u>				
Direct Program				
Payments in Lieu of Taxes	15.226	N/A	8,696	0
Indirect Program				
Passed through <u>Florida Fish and Wildlife Conservation Commission</u>				
Sport Fish Restoration Program	15.605	FWC-10163	44,000	
Total U.S. Department of the Interior			52,696	0
<u>U.S. Department of Justice</u>				
Direct Programs				
State Criminal Alien Assistance Program (SCAAP)	16.606	2010-AP-BX-0793	28,939	0
Supervised Visitation, Save Havens for Children	16.527	2006-CW-AX-0006	0	48,079
Public Safety Partnership and Community Policing Grants	16.710	2009-CK-WX-0493	46,708	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1140	28,032	
"ARRA" Recovery Act - Edward Byrne Memorial Justice				
Assistance Grant (JAG) Program /Grants to Units of Local Government	16.804	2009-SB-B9-1544	139,725	
Indirect Programs				
Passed through <u>Florida Department of Law Enforcement</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-JAGC-OKAL-1-B2-004	20,000	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-JAGC-OKAL-5-B2-014	14,579	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-JAGC-OKAL-7-B2-031	20,000	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-JAGC-OKAL-6-B2-005	13,775	
Passed through <u>Florida Department of Children and Families</u>				
Violence Against Women Formula Grants	16.588	LN921	56,542	0
Violence Against Women Formula Grants	16.588	12-8019-LE	24,389	
Total U.S. Department of Justice			392,689	48,079
<u>U.S. Department of Transportation</u>				
Direct Programs				
<u>Federal Aviation Administration</u>				

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Airport Improvement Program	20.106	312-0020-015-2008	4,562	0
Purchase and Install Nav aids (PAPI) at Destin Airport	Matching	API85,40738519401	120	0
Airport Improvement Program	20.106	312-0081-022-2009	164,682	0
Purchase and Install Two Backup Emergency Generators at ORA	Matching	AP309, 40747129401	1,196	0
Terminal Expansion - Phase I, Terminal Access Road, Baldwin Building	Matching	APC83, 41579919401	1,095	0
Airport Improvement Program	20.106	312-0014-022-2010	1,604,053	0
Airport Improvement Program	20.106	N/A	198,302	0
Airport Improvement Program	20.106	312-0081-023-2010	2,460,953	0
Airport Improvement Program	20.106	312-0081-023-2010	4,833,741	0
Terminal Expansion Phase II-A- Construct Second Level Cone	Matching	APT92, 4181939401	127,204	0
Federal Transit Administration				
Federal Transit Formula Grants	20.507	FL 90-X583-00	29,840	90,063
Federal Transit Formula Grants	20.507	FL 90-X642-00	14,628	399,804
Federal Transit Formula Grants	20.507	FL 90-X680-00	5,940	400,143
Federal Transit Formula Grants	20.507	FL 90-X715-00	24,882	131,213
Federal Transit Formula Grants	20.507	FL 96-X014-00	102,941	0
Federal Transit Formula Grants	20.507	FL 96-X716-00	225	0
<u>U.S. Department of Transportation -Cont'd</u>				
Indirect Programs				
Passed through <u>Florida Department of Transportation</u>				
Highway Planning and Construction	20.205	ANZ38, FY 10	210,877	0
Highway Planning and Construction	20.205	APX43, 220239,4-88-01	119,289	0
Highway Planning and Construction	20.205	AOV73	335,554	0
Highway Planning and Construction	20.205	APT85,426797-1-58-01	78,757	0
"ARRA" Highway Planning and Construction	20.205	AQC63	944,018	0
Formula Grants for Other than Urbanized Areas	20.509	AOI-19,421365184	2,992	182,074
Total U.S. Department of Transportation			11,136,236	1,203,297
Sub-Total Florida Matching			129,615	
<u>Election Assistance Commission</u>				
Indirect Programs				
Passed through <u>Florida Department of State</u>				
Help America Vote Act Requirement Payments	90.401	N/A	(1,856)	0
Help America Vote Act Requirement Payments	90.401	N/A	1,427	0
Help America Vote Act Requirement Payments	90.401	N/A	587	0
Total Election Assistance Commission			158	0
<u>U.S. Department of Health and Human Services</u>				
Indirect Programs				
Passed through <u>Florida Department of Revenue</u>				
Child Support Enforcement	93.563	CSP46	18,942	0
Child Support Enforcement	93.563	CSS46	5,749	0
Child Support Enforcement	93.563	CD346	779,058	0
Child Support Enforcement	93.563	N/A	7,630	0
Passed through <u>Florida Department of State</u>				
	93.617	N/A	5,542	0
Passed through the <u>Florida Department of Transportation</u>				

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures Expenditures	Disbursements to Subrecipients
Medical Assistance Program, Medicaid; Title XIX	93.778	BDN10,41604318201	0	182,340
Total U.S. Department of Health and Human Services			816,921	182,340
<u>U.S. Department of Homeland Security</u>				
Indirect Programs				
Passed through <u>Florida Department of Community Affairs</u>				
Disaster Grants-Public Assistance-Ivan	97.036	05-PA-G=-01-56-02-513	(270,709)	0
Disaster Grants-Public Assistance-Ivan	52600308	05-PA-G=-01-56-02-513	(9,760)	
Disaster Grants-Public Assistance-2009 N. Florida Flooding	97.036	09-SS-E8-01-56-02-502	22,310	0
Disaster Grants-2009 N. Florida Flooding	Matching	09-SS-E8-01-56-02-502	3,719	0
Hazard Mitigation Grant	97.039	07-EC-33-01-56-01-493	5,972	0
Emergency Management Performance Grants	97.042	11-FG-7W-01-56-01-065	76,882	0
Homeland Security Grant Program	97.067	10-CC-43-01-56-01-278	2,492	0
Homeland Security Grant Program	97.067	09-DS-51-01-56-01-276	45,000	0
Homeland Security Grant Program	97.067	11-DS-29-01-56-01-255	110,670	0
Homeland Security Grant Program	97.067	10-CC-43-01-56-01-281	3,529	0
Homeland Security Grant Program	97.067	10-DS-39-01-56-01-388	51,123	0
Homeland Security Grant Program	97.067	09-DS-51-01-056-01-332	23,675	0
Passed Through <u>Florida Department of Law Enforcement</u>				
Homeland Security Grant Program	97.067	2007-SHSP-OKAL-2-Q5-010	6,184	0
Homeland Security Grant Program	97.067	2008-LETP-OKAL-2-S3-013	11,531	0
Homeland Security Grant Program	97.067	2008-SHSP-OKAL-4-S3-057	79,461	0
Homeland Security Grant Program	97.067	2009-LETP-OKAL-3-S3-070	27,908	0
Homeland Security Grant Program	97.067	2010-SHSP-OKAL-1-V3-075	37,180	0
Homeland Security Grant Program	97.067	2010-SHSP-OKAL-5-V3-076	43,809	0
Homeland Security Grant Program	97.067	2010-SHSP-OKAL-5-V3-073	87,316	0
Passed Through <u>Florida Department of Health</u>				
Homeland Security Grant Program	97.067	none	15,100	
Total U.S. Department of Homeland Security			379,433	0
Sub-Total Florida Matching			(6,041)	0
TOTAL FEDERAL AWARDS			16,103,788	1,433,716
Total Florida Matching Funds			123,574	0
STATE FINANCIAL ASSISTANCE				
<u>Executive Office of the Governor</u>				
Direct Program				
Economic Development Transportation Fund	31.002	OT10-066,EDTF ID # 09-00249	39,209	
Economic Development Transportation Fund	31.002	OT11-028, EDTF ID # 11-00010	808,086	
Indirect Programs				
Passed through <u>Enterprise Florida, Inc.</u>				
Enterprise Florida, Inc.	31.003	DIG 05-07	90,990	0
Enterprise Florida, Inc.	31.003	DIG 10-04	6,944	
Military Base Protection	31.044	DIG 08-04	0	8,500
Total Executive Office of the Governor			945,229	8,500
<u>Florida Department of Environmental Protection</u>				
Direct Programs				
Cooperative Collection Center Grant	37.007	SO496	49,606	0

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Cooperative Collection Center Grant - Washington	37.007	SO508	16,737	0
Cooperative Collection Center Grant - Walton	37.007	SO509	8,298	0
Cooperative Collection Center Grant - Santa Rosa	37.007	SO510	6,232	0
Cooperative Collection Center Grant - Liberty	37.007	SO511	15,358	0
Cooperative Collection Center Grant - Jackson	37.007	SO512	13,416	0
Cooperative Collection Center Grant - Holmes	37.007	SO513	21,037	0
Cooperative Collection Center Grant - Gulf	37.007	SO514	13,605	0
Cooperative Collection Center Grant - Gadsden	37.007	SO515	23,682	0
Cooperative Collection Center Grant - Franklin	37.007	SO516	17,156	0
Cooperative Collection Center Grant - Calhoun	37.007	SO517	17,494	0
Cooperative Collection Center Grant - Holmes	37.007	SO559	8,848	0
Cooperative Collection Center Grant - Jackson	37.007	SO560	10,485	0
Cooperative Collection Center Grant - Walton	37.007	SO563	10,011	0
Cooperative Collection Center Grant - Franklin	37.007	SO565	3,278	0
Cooperative Collection Center Grant - Gadsden	37.007	SO566	5,226	0
Florida Recreation Development Assistance Statewide Surface Water Restoration and Wastewater Projects	37.017 37.039	A9115 LP8957	12,389 0	0 177,514
Total Florida Department of Environmental Protection			252,858	177,514
<u>Florida Department of Agriculture and Consumer Services</u>				
Mosquito Control	42.003	14969	28,110	0
Mosquito Control	42.003	16065	2,314	
New Agricultural Center/City of Crestview Multi-Purpose Facility	N/A	13227	4,972	
Total Florida Department of Agriculture and Consumer Services			35,396	0
<u>Florida Department of State</u>				
State Aid to Libraries	45.030	08-ST-48	4,648	0
State Aid to Libraries	45.030	10-ST-47	10,784	0
State Aid to Libraries	45.030	11-ST-46	75,571	
Total Florida Department of State			91,003	0
<u>Florida Department of Community Affairs</u>				
Emergency Management Programs	52.008	10-BG-05-01-56-01-165	77,043	0
Emergency Management Programs	52.008	12-BG-05-01-56-01-046	10,780	
Growth Management Projects	52.023	09CP-04-01-56-01-117	120	0
Growth Management Projects	52.023	10-CP-04-01-56-01-181	6,729	
Growth Management Projects	52.023	11-CP-03-01-56-01-196	9,983	
Total Florida Department of Community Affairs			104,655	0
<u>Florida Housing Finance Corporation</u>				
State Housing Initiatives Partnership (SHIP)	52.901	2010/2013	0	58,784
<u>Florida Department of Transportation</u>				
Commission for the Transportation of Disadvantaged Trip and Equipment Grant	55.001	APZ86	0	243,208
Commission for the Transportation of Disadvantaged Trip and Equipment Grant	55.001	AQB62	0	87,400
Aviation Development Grant	55.004	AP523, 42164715401	643,226	0
Aviation Development Grant	55.004	APY60,41819319401	69,980	0

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Aviation Development Grant	55.004	AOK17,41818139401	13,937	0
Aviation Development Grant	55.004	AQ522,42037519401	1,181,777	0
Aviation Development Grant	55.004	AQ497,42390719401	21,909	0
Aviation Development Grant	55.004	AQ500,40738719401	26,032	
Commuter Assistance/Rideshare Grant	55.007	AP967, 42031518401	11,507	
Public Transit Block Grant Program	55.010	AOL06, 41409818401	19,589	401,989
Transit Corridor Program	55.013	AOJ56,42027518401	1,250	139,731
Transportation Regional Incentive Program	55.026	AQC61,430324-1-48-01	819,000	0
Total Florida Department of Transportation			2,808,207	872,328
<u>Florida Department of Children and Families</u>				
Baker Act	60.053	AH402	50,988	0
Substance Abuse Treatment and Aftercare Service for Adults	60.006	AH402	87,686	0
Adult Community Mental Health - Community Support Services	60.033	AH402	35,583	0
Total Florida Department of Children and Families			174,257	0
<u>Florida Department of Health</u>				
County Grant Awards	64.005	C9046	41,269	0
County Grant Awards	64.005	C0046	18,567	0
Total Florida Department of Health			59,836	0
<u>Florida Department of Law Enforcement</u>				
Matching Drug Control & Money Laundering - Operation Block Boyz	71.005	Drug Net Case#06-1256	1,801	0
<u>Florida Department of Management Services</u>				
E911 State Grant Program	72.002	S3-10-11-13	17,550	0
Total Florida Matching Funds			123,574	0
TOTAL STATE FINANCIAL ASSISTANCE			4,490,792	1,117,126
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			20,718,154	2,550,842

Okaloosa County, Florida
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2011

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal funded programs and state funded projects of Okaloosa County, Florida. 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.

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. These basis of accounting are described in Note 1 C to the County's financial statements.

Okaloosa County, Florida
Airport Enterprise Fund
SCHEDULE OF PASSENGER FACILITY CHARGES
For the Fiscal Year Ended September 30, 2011

Grantor/Program: Passenger Facility Charges

Application Approval Number: 00-01-C-00-VPS
 Latest ROD 08-04-C-00-VPS

Amended Amount of Approval	Cumulative Earned Amount at September 30, 2010	Current Year Earned Amount	Cumulative Earned Amount at September 30, 2011	Current Year Expenditures	Unliquidated Passenger Facility Charges	
					at September 30, 2010	at September 30, 2011
\$ 39,922,121	\$ 14,375,598	\$ 1,785,879	\$ 16,161,477	\$ 1,024,983	\$ 6,493,126	\$ 7,254,022

Board of County Commissioners and Other Elected Officials
Okaloosa County Courthouse
Okaloosa County, Florida

www.warrenaverett.com

**INDEPENDENT AUDITOR'S 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 the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida as of and for the year ended September 30, 2011, which collectively comprise Okaloosa County, Florida's basic financial statements and have issued our report thereon dated March 16, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Okaloosa County, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Okaloosa County, Florida's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Board of County Commissioners
Okaloosa County Courthouse
Independent Auditor's 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* (Continued)

We noted certain matters that we reported to management of Okaloosa County, Florida, in a separate letter dated March 16, 2012.

This report is intended solely for the information and use of the Okaloosa County Board of County Commissioners and other elected officials, management, others within the organization, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC
March 16, 2012

Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida

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INDEPENDENT AUDITOR'S 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

Compliance

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, 2011. 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. 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 is the responsibility of Okaloosa County, Florida's management. Our responsibility is to express an opinion on Okaloosa County, Florida's compliance based on our audit.

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*; and Chapter 10.550, Rules of the Auditor General. 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. Our audit does not provide a legal determination on Okaloosa County, Florida's compliance with those requirements.

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, 2011.

Board of County Commissioners
Okaloosa County, Florida
Independent Auditor's 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 (Continued)

Internal Control over Compliance

The management of Okaloosa County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs, state projects and the passenger facility charge program. In planning and performing our audit, we considered Okaloosa County, Florida's internal control over compliance with the requirements that could have a direct and material effect on a major federal program, state project or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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, 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Okaloosa County Board of County Commissioners and other elected officials, management, the Auditor General of the State of Florida, the Federal Aviation Administration and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC
March 16, 2012

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2011

1. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)? _____ Yes X No
- Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards and State Projects

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)? _____ 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 federal programs:

U.S. Department of Justice

	CFDA #	Expenditures
Recovery Act Juvenile Assistance Grant (JAG) Program	16.804	\$ 139,725

U.S. Department of Transportation

	CFDA #	Expenditures
Airport Improvement Program ARRA	20.106	\$ 9,266,294
Federal Transit Formula Grant	20.507	\$ 1,199,679
Highway Planning and Construction ARRA	20.205	\$ 1,168,495
Formula Grants for Other Than Urbanized Areas	20.509	\$ 185,066

U.S. Department of Homeland Security

	CFDA #	Expenditures
Homeland Security Grant Program	97.067	\$ 544,978

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2011

1. Summary of Auditors' Results – Continued

Identification of major state projects:

Florida Executive Office of the Governor

	<u>CFSA#</u>	<u>Expenditures</u>
Economic Development Transportation Grant	31.002	\$ 847,607

Florida Department of Transportation

	<u>CFSA#</u>	<u>Expenditures</u>
Aviation Development Grants	55.004	\$ 1,886,881
Public Transit Block Grant Program	55.010	\$ 421,578
State Infrastructure Bank	55.020	\$ 819,000

- The threshold for distinguishing Type A and B programs was \$300,000 for federal programs and \$300,000 for state projects.
- Okaloosa County, Florida qualified as a low risk auditee pursuant to OMB Circular A-133.

2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS)

The results of our audit of Okaloosa County, Florida did not disclose any findings required to be reported under GAGAS

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.

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

www.warrenaverett.com

MANAGEMENT LETTER

We have audited the financial statements of Okaloosa County, Florida as of and for the fiscal year ended September 30, 2011 and have issued our report thereon dated March 16, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control over Compliance and Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance, and Schedule of Finding and Questioned Costs. Disclosures in those reports and schedule that are dated March 16, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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 report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554 (1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Okaloosa County, Florida complied with Section 218.415, Florida Statutes.
- Section 10.544(1)(i) 3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the financial management of Okaloosa County, Florida. In connection with our audit, we did not have any such recommendations.
- Section 10.544(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

To the Honorable Chairman and Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida
Management Letter (Continued)

- Section 10.544(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

BOARD OF COUNTY COMMISSIONERS

No management comments necessary.

CLERK OF THE CIRCUIT COURT

No management comments necessary.

SHERIFF

No management comments necessary

TAX COLLECTOR

No management comments necessary.

PROPERTY APPRAISER

No management comments necessary.

SUPERVISOR OF ELECTIONS

No management comments necessary.

- Section 10.554(1)(i)6., *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, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections. As of September 30, 2011, Okaloosa County had one component unit, as defined by GASB 14, with a significant operational or financial relationship with the County. The Emerald Coast Bridge Authority is reported as a discretely presented component unit in the financial statements of Okaloosa County. The Authority was established in May 2001 by legislative action amending Chapter 90-412, Laws of Florida.
- Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of any such 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.

To the Honorable Chairman and Members of the
Board of County Commissioners and Other Elected Officials
Okaloosa County, Florida
Management Letter (Continued)

- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for Okaloosa County, Florida for the fiscal year ended September 30, 2011, filed with the 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, 2011. In connection with our audit we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor Okaloosa County'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 the same.
- Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Board of County Commissioners and Other Elected Officials of Okaloosa County, Florida, and the Florida Auditor General 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
March 16, 2012

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