



# OKALOOSA COUNTY, FLORIDA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2013



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, 2013

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, 2013**

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# DON W. HOWARD

CLERK OF THE CIRCUIT COURT, OKALOOSA COUNTY, FLORIDA



April 23, 2014

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida for the fiscal year ended September 30, 2013, is respectfully submitted. This report was prepared by the Finance Department under the supervision of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department. This report contains four major sections: the Introductory, the Financial, the Statistical and the Compliance Sections.

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

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

The County's financial statements have been audited by the certified public accountants of the firm of Warren Averett, 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, 2013, 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, 2013, are fairly presented in conformity with

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GAAP. The report of independent accountants is presented as the first component of the financial section of this report.

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

### 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 2013 population was 188,349, concentrated most heavily near its southern boundary on the Gulf of Mexico.



Occupying a large portion of Okaloosa County is one of the world's largest military reservations.

Established in 1935, Eglin Air Force Base covers over 724 square miles in Okaloosa and two neighboring counties and contains the 919<sup>th</sup> Special Operations Wing, Duke Field. Eglin Air Force Base, the Air Armament Center, is responsible for development, acquisition, testing, deployment and sustainment of all United States Air Force air-delivered weapons. Based upon

Eglin's wide range of activities, Eglin will continue its major role in the defense of the United States and in the economy of Okaloosa County. Hurlburt Field, the headquarters of the Air Force Special Operations Command, is also located in Okaloosa County. Hurlburt Field occupies about 6,000 acres in the County. The military presence is the major income producing source for the County.



The tourism industry is the leading private income producing source for the County. The effect of the industry on the local economy is well above \$1

billion income produced annually with the employment of 20,000+ in tourism related businesses. The Tourist Development 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. More than 3.0 million visitors come to the Emerald Coast annually.



Residents and tourists in Okaloosa County have a full range of natural attractions and recreational opportunities. Mile after mile of beautiful snow-white beaches and emerald-green waters attract boating enthusiasts, swimmers, skiers, surfers, skin-divers, and scuba divers. Some of the largest concentrations of fighting game fish congregate off Destin's coast. Party and charter boats make daily runs to favorite fishing reefs. Piers

and bridges on the Gulf of Mexico, inland bays and fresh water in lakes and streams provide excellent fishing opportunities. Golfing, at numerous magnificent courses around the area, sailing, and camping are other year-round activities. The hunter may try for deer, turkey, quail, dove, duck, and wild hog in the game management areas of the northern part of the county.

The state Division of Economic Development placed the total labor force in Okaloosa County at 121,193 in 2013 and the 2013 unemployment rate at 5.2 percent. This compares favorably to the state's annual average rate of 7.2 percent and the national average of 7.4 percent. Okaloosa County's cost of living is consistently below the national average and the county has, along with its sister counties in Florida, no state income tax.



Seven industrial parks have been developed with a total of over 1,100 acres available. An industrial park near Crestview has an 8,000-foot reinforced runway, capable of handling the largest aircraft, and it has complete utilities and services. A municipal industrial park at Fort Walton Beach offers complete facilities and utility services to companies supplying space-age components to the United States Air Force.

Property valuation turned around and increased slightly this year after declining over the last several years. The increase continues to provide the County the opportunity to maintain one of the state's lowest millage rates while also continuing to maintain a relatively high level of service to County residents. Property tax values increased 1.7 percent. New construction activity in 2013 increased slightly to \$125 million.



## MAJOR FUNCTIONAL INITIATIVES

General Government Initiatives The County continues to study and renovate other facility space in order to more effectively and efficiently utilize the limited governmental space available. The immediate focus, again, is on governmental space needs now that the Annex Extension facility was completed and the Shalimar Annex reverter clause issue was resolved at the very end of fiscal year 2013. About \$55,750,000 was spent on General Government initiatives, or approximately 23.6% 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 lifeguard and beach safety units were enhanced during the year with funding derived from Tourist Development taxes. The County Corrections Department and County Jail continues to deal with

population increases and facility needs, also. 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 continued to settle into the state-of-the-art joint facility at Northwest Florida State College



Emergency Operations Center (EOC) and training facility this past Fiscal Year. The facility houses 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 County funded approximately \$87,750,000 of Public Safety initiatives, or approximately 37.1% of total expenditures, in 2013.



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. A number of water/wastewater projects and upgrades occurred throughout the year. Solid Waste continues to place a high priority on new ideas as the County monitors and remediates, as closure costs and long-term maintenance continue to be monitored. 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. About \$36,500,000 was spent, plus, as always, a great deal of capital outlay, in the area of Physical Environment initiatives, or approximately 15.4% of total expenditures, for 2013.

Transportation Initiatives Transportation needs continue to be an area of vital importance to the citizens of the County. Maintenance and enhancement of existing roadways and bridges continues to be 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 along with some bridge conversion projects in 2013. 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, taxiway and building renovation around the Regional Airport and taxiway and building renovation at the Bob Sikes airport. About \$32,000,000, or approximately 13.5% of total spent, was spent on transportation expenditures in 2013.

Economic Environment Initiatives The tourism economy continues to recover and rebound after the area suffered greatly from the devastating oil spill disaster, but with renewed effort and changes in tourism marketing leadership record visitors travel to Okaloosa County. The 70,000 square-foot Emerald Coast Conference Center continues to provide much needed state-of-the-art meeting space in the County for a number of events. Financial assistance to countywide citizens in the form of housing assistance through the Community Development Corporation and assistance related to the many veterans located in the area also are included in Economic Environmental initiatives. Community Redevelopment agencies in several cities within the County utilize portions of Ad Valorem Tax dollars to enhance economic development in those designated areas. About \$5,000,000 or approximately 2.1% was spent in the area of economic environment in 2013.

Human Service Initiatives The ongoing funding for human service activities by the County included mosquito control, animal welfare, health care, Medicaid, elder services, day care service,

mental health services and court-related child protection services expenditures. These activities, particularly state aid for Medicare and Medicaid, account for well over half of the dollars spent in this particular functional category. A portion of the operation of the Okaloosa County Health Department is another human service initiative in the County. Over \$4,000,000 or approximately 1.7% was spent in the area of Human Service activity in 2013.

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 completed one beach renourishment project this year and continues reviewing and analyzing the beach areas needing possible renourishment in the future. 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. About \$15,500,000 or approximately 6.6% 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 has turned its attention to the renovation of the Shalimar Annex in the south end of the County, along with the review 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 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.

### 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 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, 2012.

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.

A handwritten signature in blue ink that reads "Gary J. Stanford". The signature is written in a cursive style with a large initial "G".

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



Government Finance Officers Association

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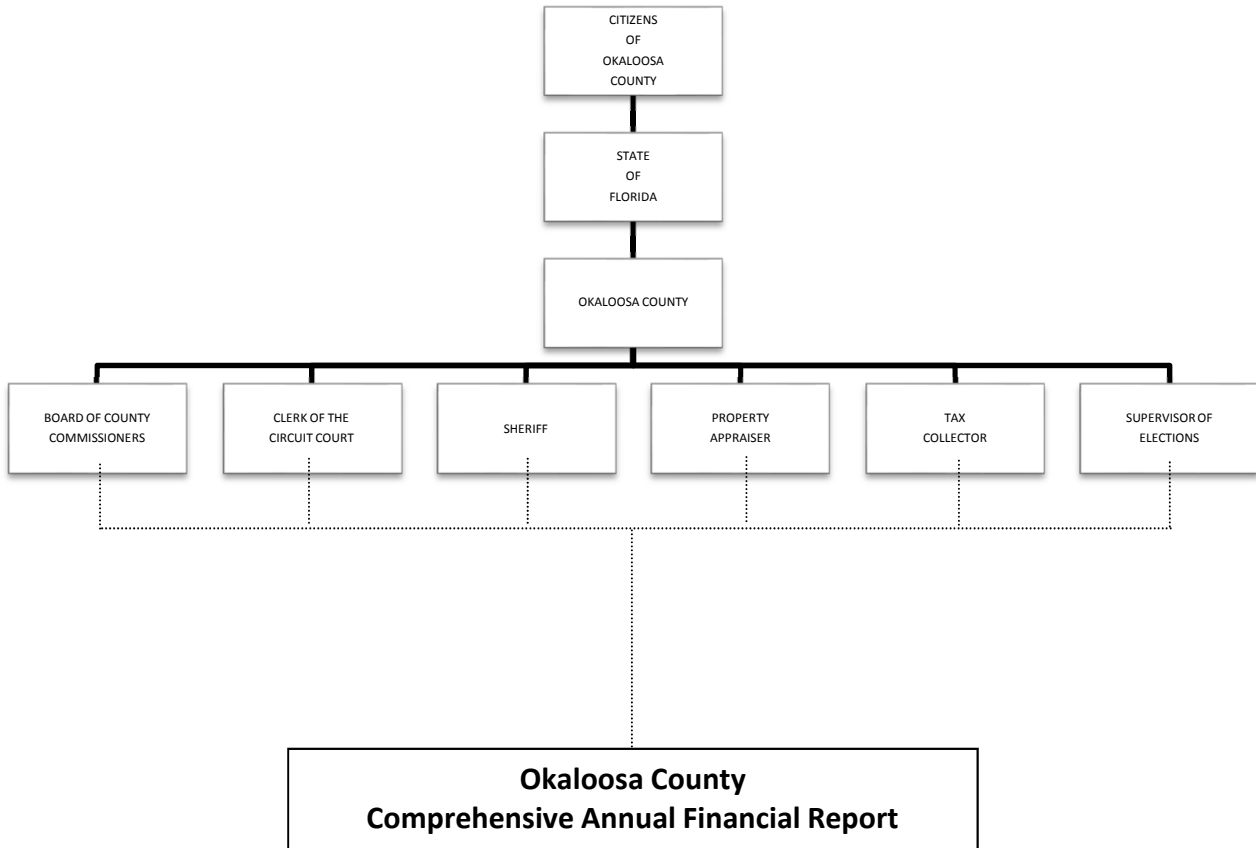
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Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

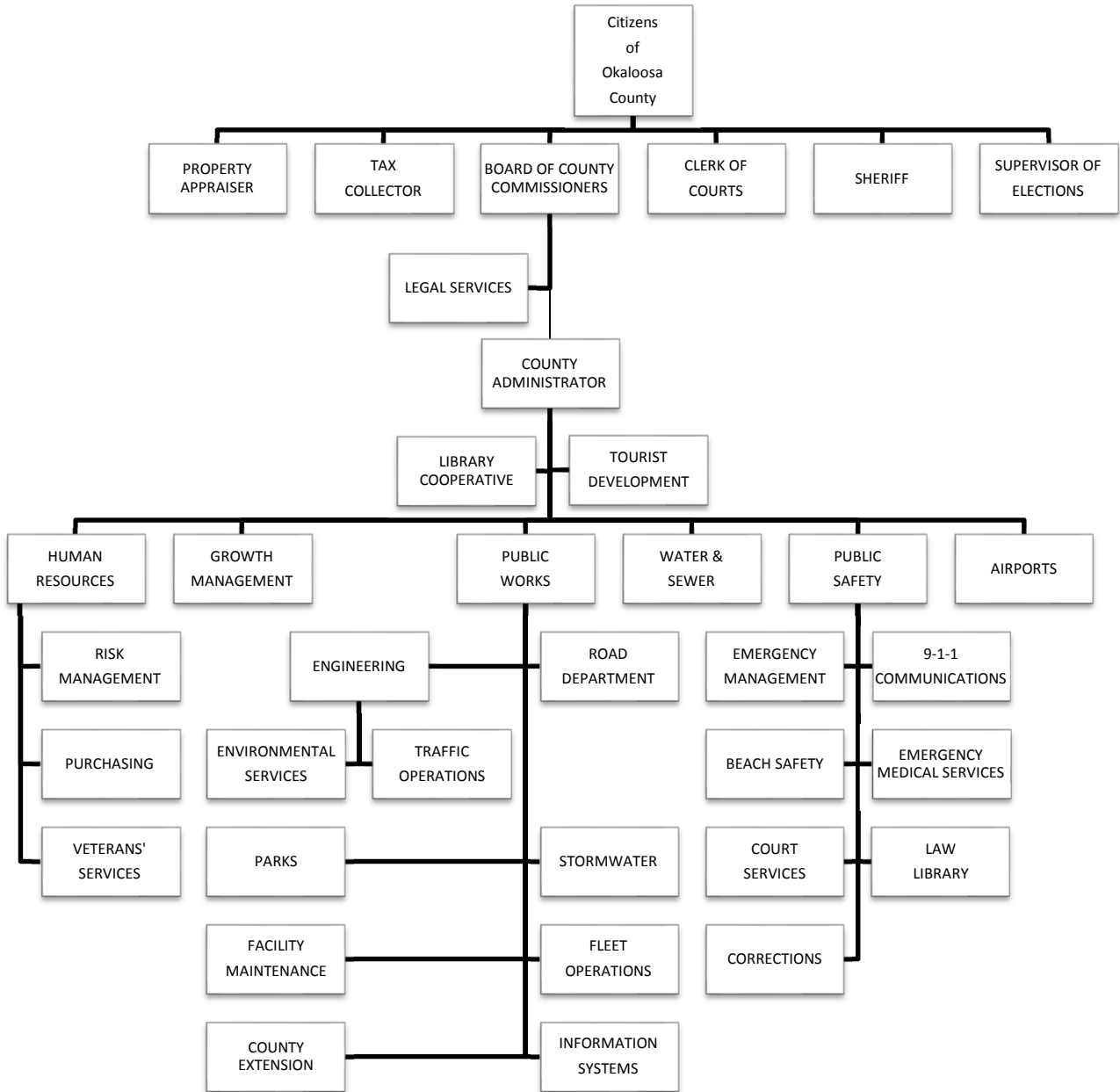
**September 30, 2012**

Executive Director/CEO

OKALOOSA COUNTY, FLORIDA  
REPORTING ORGANIZATION



OKALOOSA COUNTY COMMISSIONERS  
OKALOOSA COUNTY, FLORIDA  
ORGANIZATION CHART



# OKALOOSA COUNTY, FLORIDA

## COUNTY OFFICIALS AS OF SEPTEMBER 30, 2013

### COUNTY COMMISSIONERS

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

### OTHER ELECTED OFFICIALS

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
Earnest Padgett .....	County Administrator

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## FINANCIAL SECTION





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

## INDEPENDENT AUDITOR'S REPORT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Okaloosa County, Florida's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of September 30, 2013, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-15 and the Post-Employment Benefits Plans Schedule of Funding Progress on page 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okaloosa County, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits*, and is also not a required part of the basic financial statements of Okaloosa County, Florida. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements of Okaloosa County, Florida. The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill is presented for purposes of additional analysis as required by the Florida Auditor General Rule 10.557(3)(m) 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, the schedule of expenditures of passenger facility charges, and the schedule of receipts and expenditures of funds related to the deepwater horizon oil spill were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, the schedule of expenditures of passenger facility charges, and the schedule of receipts and expenditures of funds related to the deepwater horizon oil spill, are fairly stated in all material respects in relation to the financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Okaloosa County, Florida's internal control over financial reporting and compliance.

  
Fort Walton Beach, Florida  
April 23, 2014

# **Okaloosa County, Florida**

## **Management Discussion and Analysis**

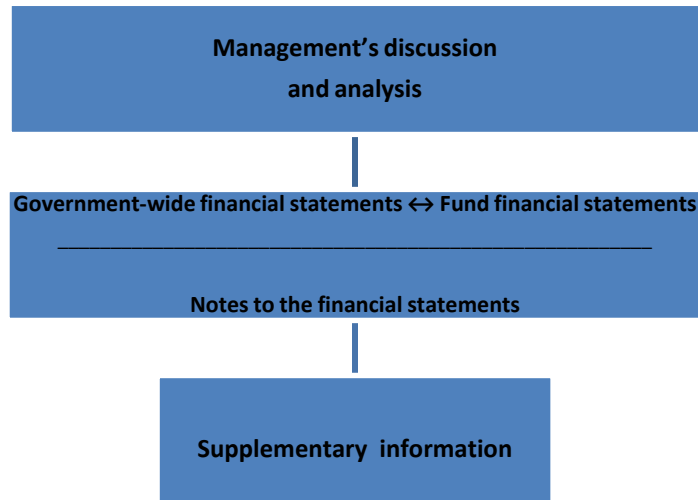
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2013. This analysis, in conjunction with additional 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 2013 the County's assets exceeded its liabilities, resulting in net position of \$434,618. Governmental and business-type assets exceeded its liabilities by \$167,804 and \$266,814, respectively.
- The County's total net position increased \$755, or 0.2 percent, in comparison to the prior year.
- The County had \$25,651 of unrestricted net position at the close of this year compared to \$24,147 last year that can be used to meet the County's obligations.
- Total revenues decreased **(\$14,145)**, or **(7.2)** percent, from \$195,625 to \$181,480.
- Total expenses increased \$3,143, or 1.8 percent, from \$177,582 to \$180,725.
- The County's governmental activities reported total net position of \$167,804, which is a decrease of **(\$7,677)**, or **(4.4)** percent, in comparison to prior year. A deficit unrestricted net asset position of less than 1 percent exists in the governmental activities.
- The County's business-type activities reported total net position of \$266,814, which is an increase of \$8,432, or 3.3 percent, in comparison to prior year. Approximately 9.7 percent of the total, or \$25,916, 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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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

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

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

### **Fund Financial Statements**

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of

self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

#### *Governmental Fund Financial Statements*

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

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. The County Transportation Trust and Capital Outlay Construction funds have been presented as major funds at management's discretion. 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 Convention Center as major funds in the proprietary fund financial statements. The Solid Waste and Convention Center funds have been presented as major proprietary funds at management's discretion. These enterprise funds are used to present the same functions that are presented in the government-wide financial statements. The other enterprise funds are grouped together and

reported in a separate column entitled, "Other Enterprise Funds". The internal service funds are combined into a single column on the proprietary fund financial statements. Individual fund data is presented in combining statements as supplemental financial data.

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

#### *Fiduciary Fund Financial Statement*

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

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

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

#### **Other information**

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

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

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

Over time, net position may serve as the most useful indicator of a government's financial position. At September 30, 2013, the County's total net position or total assets less liabilities, was \$434,618. A significant portion of the County's net position, 80.4 percent, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those assets. Since the County uses capital assets to provide services to its residents, the net position represented by "investment in capital assets, net of related debt" are not available for future spending. In fact, the payment of maintenance and debt service costs on those capital assets will themselves require governmental resources. The invested in capital assets, net of related debt balance of \$349,249 decreased **(\$1,112)** or **(0.3)** percent, in comparison to the prior year.

Another portion of the County's net position is restricted net assets which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The

restricted net position balance of \$59,718 (13.7 percent of total net position) increased \$363 or 0.6 percent, in comparison to prior year, mainly due to decreased debt restrictions and increased Economic Environment and increased Culture/Recreation restrictions for Tourist Development and Convention Center activities.

Unrestricted net position is net position that is available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers. The unrestricted net position balance of \$25,651 (5.9 percent of total net position) increased \$1,504, or 6.2 percent, in comparison to prior year although governmental unrestricted balance decreased due to increased actuarial claim liabilities in the Self Insurance Internal Service Fund and more restrictions, business-type activities increased due to increased activity and reduced liabilities, especially related to debt. The deficit in unrestricted net position in the Self Insurance Fund will be reduced significantly by approximately \$3.7 million of insurance refunds received in Fiscal Year 2014 as disclosed in Note 20 of the financial statements.

As shown on the following chart, the County reported increased balances at September 30, 2013. The components of total Net Position increased mainly due to the significant improvement in economic activity in the business-type function related to Convention Center early repayment of debt and overall general improvement of all business-type activities.

The following is a condensed summary of net position for the primary government for fiscal years 2013 and 2012.

	Governmental		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 61,348	\$ 64,911	\$ 77,060	\$ 78,336	\$ 138,408	\$ 143,247
Capital Assets	163,245	164,780	318,754	318,252	481,999	483,032
Total Assets	224,593	229,691	395,814	396,588	620,407	626,279
Current and Other Liabilities	15,200	15,669	15,929	18,413	31,129	34,082
Long-term Liabilities	41,589	38,541	113,071	119,793	154,660	158,334
Total Liabilities	56,789	54,210	129,000	138,206	185,789	192,416
Net Position:						
Investment in Capital						
Assets, Net of Related Debt	134,735	135,627	214,514	214,734	349,249	350,361
Restricted for						
Debt Service	463	994	9,496	10,262	9,959	11,256
Grants	630	587	-	-	630	587
Capital Projects	590	569	-	-	590	569
Public Safety	2,207	2,315	-	-	2,207	2,315
Transportation	11,039	11,202	9,214	9,007	20,253	20,209
Eco Environment	10,182	13,804	7,674	2,766	17,856	16,570
Culture Recreation	4,771	4,675	-	-	4,771	4,675
Court-Related	3,452	3,174	-	-	3,452	3,174
Unrestricted	(265)	2,534	25,916	21,613	25,651	24,147
Total Net Position	\$ 167,804	\$ 175,481	\$ 266,814	\$ 258,382	\$ 434,618	\$ 433,863

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, 2013 and 2012						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 25,468	\$ 25,696	\$ 55,954	\$ 54,211	\$ 81,422	\$ 79,907
Operating Grants and Contributions	5,845	8,354	528	338	6,373	8,692
Capital Grants and Contributions	1,249	6,240	4,720	10,292	5,969	16,532
<b>General Revenues:</b>						
Taxes	58,010	58,759	6,709	6,780	64,719	65,539
State Shared Revenue	17,801	17,041	-	-	17,801	17,041
Grant and Contributions not Restricted Specific Programs	124	360	-	-	124	360
Other	4,390	5,584	682	1,970	5,072	7,554
<b>Total Revenues</b>	<b>112,887</b>	<b>122,034</b>	<b>68,593</b>	<b>73,591</b>	<b>181,480</b>	<b>195,625</b>
<b>Expenses:</b>						
<b>Program Activities:</b>						
General Government	28,715	30,552	-	-	28,715	30,552
Public Safety	45,296	46,360	-	-	45,296	46,360
Physical Environment	1,502	933	-	-	1,502	933
Transportation	14,632	16,245	-	-	14,632	16,245
Economic Environment	4,983	5,563	-	-	4,983	5,563
Human Services	4,500	4,352	-	-	4,500	4,352
Culture and Recreation	11,997	5,902	-	-	11,997	5,902
Court-Related	7,589	6,634	-	-	7,589	6,634
Interest and Fiscal Charges	1,745	1,692	-	-	1,745	1,692
<b>Business-type Activities:</b>						
Water and Sewer	-	-	27,657	26,149	27,657	26,149
Airport	-	-	12,450	12,928	12,450	12,928
Solid Waste	-	-	7,684	7,438	7,684	7,438
Inspections	-	-	1,588	1,600	1,588	1,600
Emergency Medical	-	-	7,234	6,933	7,234	6,933
Convention Center	-	-	3,153	4,301	3,153	4,301
<b>Total Expenses</b>	<b>120,959</b>	<b>118,233</b>	<b>59,766</b>	<b>59,349</b>	<b>180,725</b>	<b>177,582</b>
Inc in Net Position Before Trf	(8,072)	3,801	8,827	14,242	755	18,043
Special Item	-	(2,007)	-	(2,458)	-	(4,465)
Transfers	395	663	(395)	(663)	-	-
<b>Inc/(Dec) in Net Position</b>	<b>(7,677)</b>	<b>2,457</b>	<b>8,432</b>	<b>11,121</b>	<b>755</b>	<b>13,578</b>
Net Position October 1	175,481	173,024	258,382	247,261	433,863	420,285
<b>Net Position September 30</b>	<b>\$ 167,804</b>	<b>\$ 175,481</b>	<b>\$ 266,814</b>	<b>\$ 258,382</b>	<b>\$ 434,618</b>	<b>\$ 433,863</b>

Revenues decreased by (\$9,147) or (7.5) percent in Governmental activities, due primarily to



the reduction of Operating and Capital grant activities related to housing assistance in General Government and mass transit in Transportation. Revenues in business-type activity decreased by **(\$4,998)** or **(6.8)** percent from the prior year, mainly due to reduced capital grants and contributions from the prior year associated with the Airport. Expenses increased by \$2,726 or 2.3 percent in Governmental activities, due primarily to increased Culture/Recreation activity for Tourist Development activity related to contributions to the City of Destin for beach renourishment. Expenses in business-type expenses increased slightly \$417 or 0.7 percent due mainly to increased costs related to expanded activities for Emergency Medical Services operations. Revenues in 2013 decreased from 2012 and expenses increased for the year which caused the net position to increase slightly by 0.2 percent, from \$433,863 in 2012 to \$434,618 in 2013.

### **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, 2013, the County governmental funds reported combined fund balances of \$48,333, a decrease of **(\$1,611)** over the prior year balances, due mainly to the use of one-time balances in the General Fund for much needed capital, operating needs and certain unfunded mandates utilized in order to fund those needs in the annual budget along with the continued use of certain transportation funds for much needed capital projects.

The General Fund is the chief operating fund of the County. At September 30, 2013, total fund balance in the general fund was \$6,968 of which \$6,595 was unassigned. The general fund expenditures for the fiscal year exceeded revenues by \$3,478, due to the continued decline in ad valorem tax revenue and the one-time sale of property in the prior year. The Net change in Fund Balance for the General Fund for fiscal year 2013 amounted to a decrease of **(\$1,455)**, while the prior year showed an increase of \$4,487. The decrease in fiscal year 2013 was mainly due to the slight reduction in recurring revenue and the slight uptick in most all of the expenditure functional categories spending pattern from the prior year.

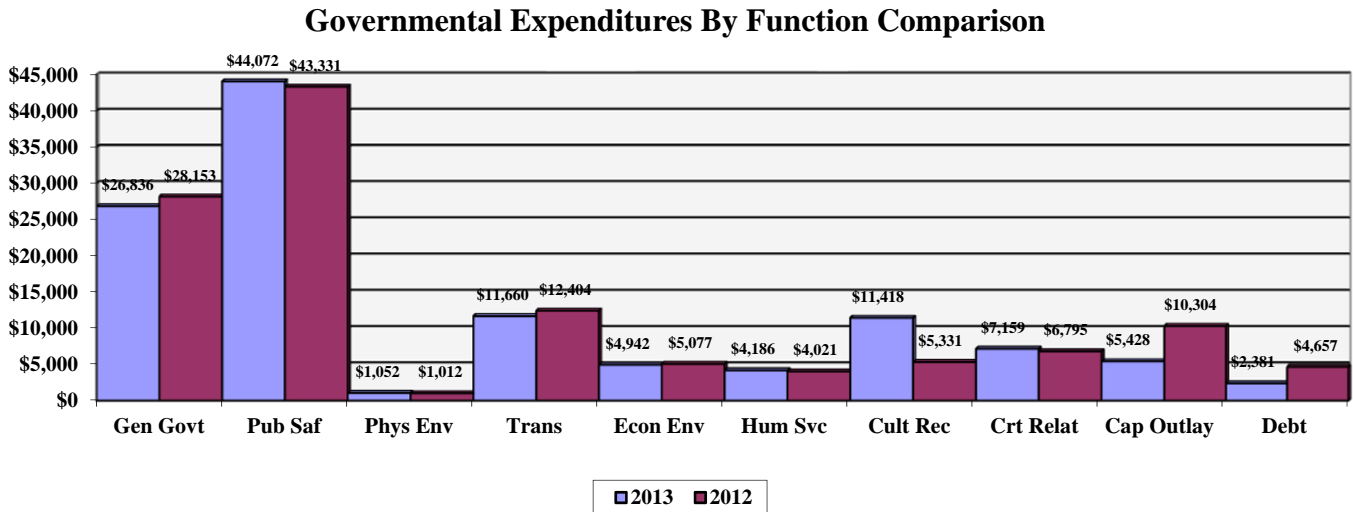
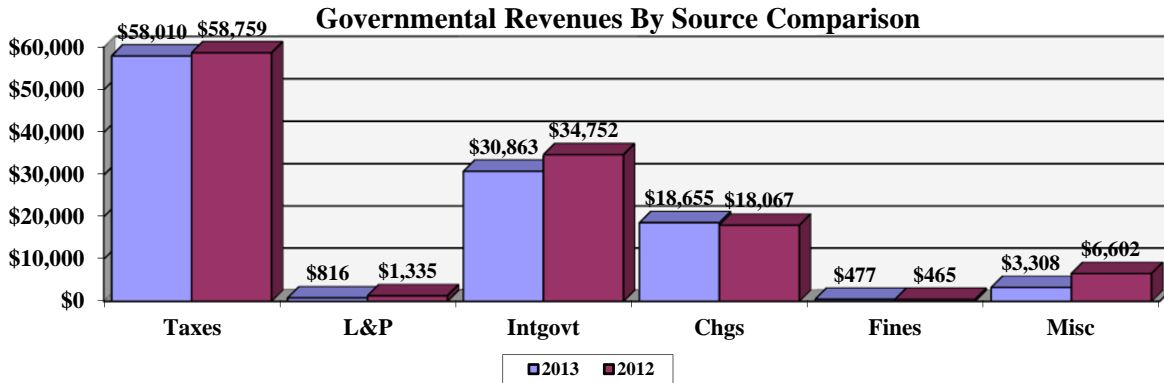
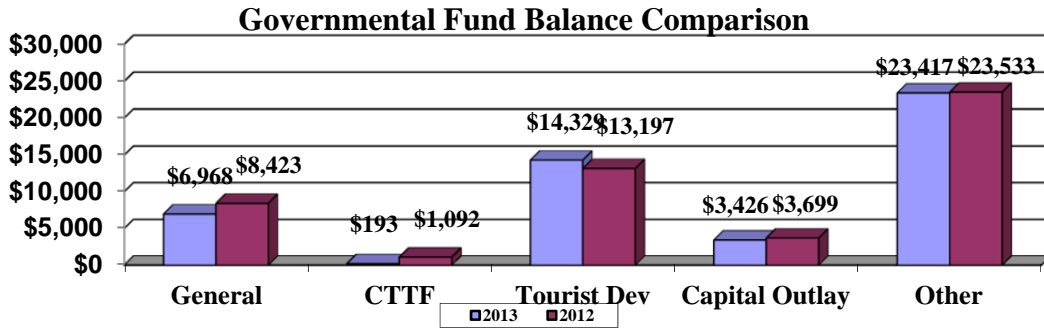
The County Transportation Trust Fund is a special revenue fund that is used to account for revenues and expenditures related to transportation expenditures in the County. The County Transportation Trust Fund balance decreased **(\$899)** from the prior year. The decrease in fund balance occurred primarily because of the decline in local and state shared revenue support along with an increase in transportation expenditures for reactionary capital items.

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 over the prior year by \$1,132. The increase in fund balance is primarily due to borrowing funds for beach restoration along with a slight uptick in tax revenue and marketing and advertising activity somewhat returning to normal trends and patterns.

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 by **(\$273)**. The fund had a slight

decrease due to the recurring revenue for the fund diminishing to very little although the project activity for the year decreased after many years of increased activity.

The following is a chart of all Governmental Fund Balances for the fiscal years 2012 and 2013.



### 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, 2013, total net position amounted to \$266,814 for enterprise funds as compared to \$258,382 at September 30, 2012. Net Position 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 net position by \$8,432. Major components of this increase are as follows:

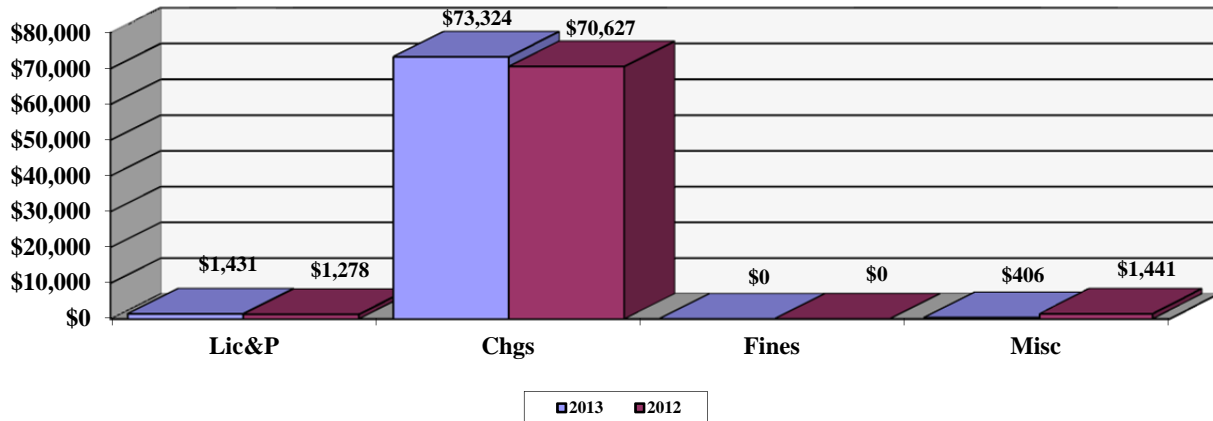
- The Water and Sewer Fund increased its net position by \$711. Operating income was \$4,958 during the year which was greater than last year. Operating revenues increased during the year, mainly related to the increased partnerships developed with the military and other governmental agencies, while operating expenses, excluding depreciation declined.
- The Airport Fund increased its net position by \$3,580. The Airport again had a significant amount of capital contributions from grant and financing capital activities, while operating income decreased slightly due mainly to operating revenues increasing from the prior year and operating expenses decreasing significantly.
- The Convention Center Fund increased its net position by \$2,677. Convention Center Operating Income increased due to slight increase in operating revenues and tourist development tax collections increased over the prior year producing net income.

The net operating income of the enterprise funds for fiscal years 2013 and 2012, is as follows:

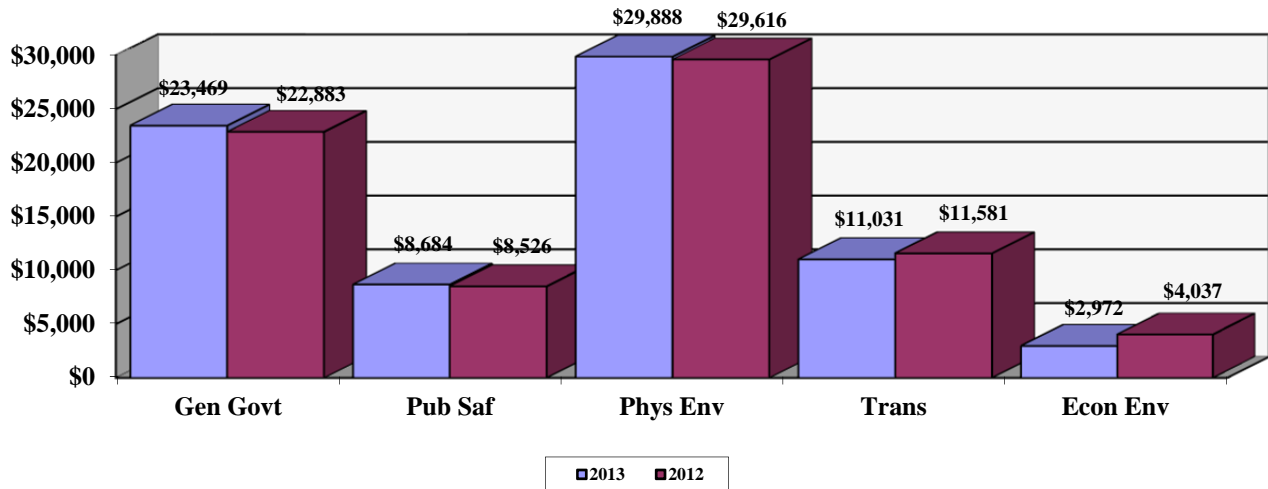
### Enterprise Net Operating Income (Loss)

	2013	2012
Water and Sewer	\$4,598	\$3,936
Airport	(1,613)	(2,372)
Solid Waste	481	618
Inspections	41	(133)
Emergency Medical Services	(596)	(955)
Convention Center	(2,167)	(3,282)
	\$744	(\$2,188)

### 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 2013 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 \$17,118. The main area increased was a \$10,332 rise in intergovernmental revenue funded primarily from additional state and federal grants, especially related to housing assistance, mass transit and recovery efforts assistance in 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 need for citizen services, like physical and economic environment. 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, capital outlay for recovery assistance 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, 2013 amounts to \$482,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges and other improvements, machinery and equipment and park facilities. The decrease in Okaloosa County's governmental activities investment in capital assets for the current fiscal year amounted to **(\$1,535)** or **(1.0)** percent decrease, which was mainly due to increased accumulated depreciation related to new infrastructure improvements. The business-type activities capital assets amounted to \$318,755 or an increase of \$503 or 0.2 percent, mainly increasing in the area of infrastructure related to Water and Sewer and Airport rehabilitation 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, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 11,558	\$ 9,958	\$ 11,318	\$ 11,318	\$ 22,876	\$ 21,276
Buildings	72,332	70,862	88,401	88,224	160,733	159,086
Improvements other than buildings	32,840	32,500	308	309	33,148	32,809
Intangibles	2,933	2,877	867	887	3,800	3,764
Mach/Equipment	52,277	54,496	20,771	21,004	73,048	75,500
Const in Progress	2,083	2,884	7,415	16,596	9,498	19,480
Infrastructure	147,485	144,436	329,386	309,343	476,871	453,779
Art	-	-	99	99	99	99
Total Capital Assets	321,508	318,013	458,565	447,780	780,073	765,793
Accum Deprec	(158,263)	(153,233)	(139,810)	(129,528)	(298,073)	(282,761)
Total	<u>\$ 163,245</u>	<u>\$ 164,780</u>	<u>\$ 318,755</u>	<u>\$ 318,252</u>	<u>\$ 482,000</u>	<u>\$ 483,032</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 \$149,237. Of this amount, \$34,192 comprises governmental activities bonds payable while the remaining

\$87,514 in revenue bonds and \$27,531 in revolving loans and a revenue note is secured solely by specified revenue sources in business-type activities.

Okaloosa County, Florida  
 Outstanding Debt  
 September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Governmental Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	29,192	29,905	87,514	93,044	116,706	122,949
Revolv & Comm Loan	5,000	-	27,531	28,621	32,531	28,621
<b>Total</b>	<b>\$ 34,192</b>	<b>\$ 29,905</b>	<b>\$ 115,045</b>	<b>\$ 121,665</b>	<b>\$ 149,237</b>	<b>\$ 151,570</b>

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

Okaloosa County, Florida, Debt Ratings at September 30, 2013

Type of Debt Issue:	S & P	Fitch/Moody's
2009 Sales Tax Rev Bonds	AA	AA-
Cap Imprv Rev Bonds, Ser 2011	Not rated	Not rated
Water and Sewer System Enterprise revenue bonds:		
1985 Subordinated	Not rated	Not rated
2004 Series	AAA	Aaa
2006 Series	AAA	Aaa
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 93,597 in 2012 to 94,042 in 2013, an increase of approximately 0.5 percent. Increasing labor force coupled with somewhat improving economic times led to the County's unemployment rate falling to 5.2 percent in 2013 compared to 6.1% for 2012. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 7.2 percent and 7.4 percent, respectively, for 2013.
- The assessed value of real property located in the County after exemptions shrank from \$13.067 billion in 2012 to \$12.805 billion, while the total assessed value of the County decreased from \$13.781 billion to \$13.566 billion in 2013. This represented a decrease of **(\$.215)** billion or **(1.6)** percent in property valuation.
- Okaloosa County has a diversified property tax base. The ten largest property tax payers in the County represent approximately only 3.82 percent of the total ad valorem property tax levy.
- During 2013, total value of new residential construction in the County was valued at \$121 million and total value of new non-residential construction was valued at \$30 million for a total of just \$151 million in new construction. The total construction figure for 2013 represented a \$34 million increase from 2012.

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.

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# Basic Financial Statements



**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 29,243,043	\$ 23,610,150	\$ 52,853,193
Investments	25,084,962	9,317,723	34,402,685
Receivables, Net of Allowance for Uncollectibles	1,379,800	8,406,481	9,786,281
Internal Balances	(187,841)	187,841	-
Due from Other Governments	5,089,918	1,986,774	7,076,692
Inventories	297,228	1,701,785	1,999,013
Prepaid Expenses	441,755	132,584	574,339
<b>Restricted Assets</b>			
Cash and Cash Equivalents			
Customer Deposits	-	1,396,154	1,396,154
Other Deposits	-	11,327,466	11,327,466
Investments	-	18,992,708	18,992,708
<b>Total Current Assets</b>	<b>61,348,865</b>	<b>77,059,666</b>	<b>138,408,531</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets (Net of Accumulated Depreciation)</b>			
Land	11,558,076	11,317,940	22,876,016
Buildings	49,247,391	69,030,835	118,278,226
Improvements Other Than Buildings	23,695,092	138,389	23,833,481
Intangibles	1,365,248	131,171	1,496,419
Machinery and Equipment	8,483,694	3,381,094	11,864,788
Construction in Progress	2,082,658	7,414,812	9,497,470
Infrastructure	66,812,907	227,241,336	294,054,243
Works of Art	-	99,060	99,060
<b>Total Noncurrent Assets</b>	<b>163,245,066</b>	<b>318,754,637</b>	<b>481,999,703</b>
<b>Total Assets</b>	<b>\$ 224,593,931</b>	<b>\$ 395,814,303</b>	<b>\$ 620,408,234</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable and Other Accrued Liabilities	6,213,204	3,141,902	9,355,106
Due to Other Governments	302,119	26,802	328,921
Unearned Revenue	1,343,027	2,921,838	4,264,865
Due to Depositors	160,075	-	160,075

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current Liabilities (Continued)			
Liabilities Payable from Restricted Assets			
Customer Deposits	-	1,508,893	1,508,893
Interest Payable	-	1,622,336	1,622,336
Loans and Revenue Bonds Payable	-	4,992,295	4,992,295
Current Portion of Long-term Obligations			
Compensated Absences	3,312,560	972,808	4,285,368
Closure Costs Payable	-	249,692	249,692
Claims and Judgments	2,540,030	-	2,540,030
Notes Payable	591,000	432,190	1,023,190
Revenue Bonds Payable	738,000	60,809	798,809
Total Current Liabilities	<u>15,200,015</u>	<u>15,929,565</u>	<u>31,129,580</u>
Noncurrent Liabilities			
Noncurrent Portion of Long-term Obligations			
Compensated Absences	2,330,532	739,441	3,069,973
Closure Costs Payable	-	3,151,516	3,151,516
Claims and Judgments	2,613,782	-	2,613,782
Notes Payable	4,382,393	20,096,841	24,479,234
Loans and Bonds Payable, Net of Unamortized Loan costs	27,772,203	88,798,188	116,570,391
Other Post Employment Benefits	4,490,462	284,986	4,775,448
Total Noncurrent Liabilities	<u>41,589,372</u>	<u>113,070,972</u>	<u>154,660,344</u>
Total Liabilities	<u>56,789,387</u>	<u>129,000,537</u>	<u>185,789,924</u>

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Investment in Capital Assets, Net of Related Debt	134,734,863	214,514,009	349,248,872
Restricted for			
Debt Service	463,354	9,496,296	9,959,650
Grants	630,254	-	630,254
Capital Projects	589,960	-	589,960
Public Safety	2,207,053	-	2,207,053
Transportation	11,039,403	9,213,893	20,253,296
Economic Environment	10,181,564	7,673,873	17,855,437
Culture and Recreation	4,770,768	-	4,770,768
Court-Related	3,452,041	-	3,452,041
Unrestricted (Deficit)	(264,716)	25,915,695	25,650,979
Total Net Position	167,804,544	266,813,766	434,618,310
Total Liabilities and Net Position	\$ 224,593,931	\$ 395,814,303	\$ 620,408,234

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, 2013**

	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	\$ 28,714,989	\$ 11,377,533	\$ 607,295	\$ -	\$ (16,730,161)
Public Safety	45,295,768	4,208,921	1,295,877	5,386	(39,785,584)
Physical Environment	1,502,535	12,038	-	80,703	(1,409,794)
Transportation	14,632,387	3,305,390	3,127,221	801,460	(7,398,316)
Economic Environment	4,982,830	314,697	310,166	-	(4,357,967)
Human Services	4,500,022	562,185	41,802	-	(3,896,035)
Culture and Recreation	11,996,659	557,754	184,308	361,478	(10,893,119)
Court-Related	7,589,522	5,129,921	277,869	-	(2,181,732)
Interest and Fiscal Charges	1,744,767	-	-	-	(1,744,767)
<b>Total Governmental Activities</b>	<b>120,959,479</b>	<b>25,468,439</b>	<b>5,844,538</b>	<b>1,249,027</b>	<b>(88,397,475)</b>
Business-type Activities					
Water & Sewer	27,657,376	26,777,786	95,279	1,220,124	435,813
Airport	12,449,533	12,083,562	228,100	3,498,413	3,360,542
Solid Waste	7,684,184	8,164,966	174,506	-	655,288
Conference Center	3,153,064	804,314	-	-	(2,348,750)
Other Programs	8,823,294	8,123,476	30,940	1,175	(667,703)
<b>Total Business- type Activities</b>	<b>59,767,451</b>	<b>55,954,104</b>	<b>528,825</b>	<b>4,719,712</b>	<b>1,435,190</b>
<b>Total Primary Government</b>	<b>\$ 180,726,930</b>	<b>\$ 81,422,543</b>	<b>\$ 6,373,363</b>	<b>\$ 5,968,739</b>	<b>\$ (86,962,285)</b>

**Okaloosa County, Florida**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**For the Fiscal Year Ended September 30, 2013**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Changes in Net Position			
Net (Expenses) Revenue (From Exhibit II-A)	\$ (88,397,475)	\$ 1,435,190	\$ (86,962,285)
Unrestricted General Revenues			
Taxes			
Ad Valorem Tax	43,046,678	1,301,342	44,348,020
Tourist Development Tax	8,112,010	5,408,007	13,520,017
Local Option Fuel Tax	3,559,220	-	3,559,220
Communication Services Tax	1,956,905	-	1,956,905
Ninth-Cent Voted Fuel Tax	1,066,902	-	1,066,902
Local Business Tax	268,190	-	268,190
State Revenue Sharing			
Miscellaneous Revenue	5,163,568	-	5,163,568
Local Government Sales Tax	12,637,597	-	12,637,597
Contributions Not Restricted to Specific Programs			
Contributions from			
Other Governments	3,398	-	3,398
Other Donations	121,131	-	121,131
Investment Earnings (Loss)	(92,680)	(139,198)	(231,878)
Miscellaneous	4,482,298	821,794	5,304,092
Transfers - Internal Activities	395,126	(395,126)	-
<b>Total Unrestricted-General Revenues and Transfers</b>	<b>80,720,343</b>	<b>6,996,819</b>	<b>87,717,162</b>
Change in Net Position	(7,677,132)	8,432,009	754,877
Net Position - Beginning	175,481,676	258,381,757	433,863,433
Net Position - Ending	<u>\$ 167,804,544</u>	<u>\$ 266,813,766</u>	<u>\$ 434,618,310</u>

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

**Okaloosa County, Florida**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2013**

	General Fund	County Transportation Trust Special Revenue Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,725,331	\$ 3,383
Investments	3,956,755	752
Receivables	213,936	275
Due from Other Funds	733,640	50,000
Due from Other Elected Officials	2,057,991	-
Due from Other Governments	2,785,454	430,707
Prepays	346,136	21,380
Total Assets	\$ 12,819,243	\$ 506,497
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$ 523,170	\$ 29,789
Contracts Payable	679,046	10,770
Other Accrued Liabilities	1,866,736	212,945
Due to Other Funds	82,725	-
Due to Other Elected Officials	2,109,642	-
Due to Other Governments	139,121	-
Due to Depositors	40,415	60,095
Deferred Revenue	410,401	-
Total Liabilities	5,851,256	313,599
Fund Balances		
Nonspendable	346,136	21,380
Restricted	-	-
Committed	26,808	-
Assigned	-	171,518
Unassigned	6,595,043	-
Total Fund Balances	6,967,987	192,898
Total Liabilities and Fund Balances	\$ 12,819,243	\$ 506,497



**Exhibit III-A**

Tourist Development Special Revenue Fund	Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 6,169,095	\$ 2,981,572	\$ 11,922,785	\$ 23,802,166
8,656,586	313,867	12,133,167	25,061,127
1,076,463	24	10,984	1,301,682
-	40,000	314,621	1,138,261
431	119,180	119,189	2,296,791
211,263	-	1,143,153	4,570,577
8,798	-	59,316	435,630
<u>\$ 16,122,636</u>	<u>\$ 3,454,643</u>	<u>\$ 25,703,215</u>	<u>\$ 58,606,234</u>
\$ 14,948	\$ 519	\$ 126,543	\$ 694,969
1,204,687	27,914	312,027	2,234,444
24,779	-	107,253	2,211,713
426,307	-	62,983	572,015
28,000	-	27	2,137,669
69,578	-	93,245	301,944
25,000	-	34,565	160,075
-	-	1,549,522	1,959,923
<u>1,793,299</u>	<u>28,433</u>	<u>2,286,165</u>	<u>10,272,752</u>
8,798	-	59,316	435,630
14,329,337	589,960	22,758,238	37,677,535
-	71,660	490,939	589,407
-	2,764,590	167,873	3,103,981
(8,798)	-	(59,316)	6,526,929
<u>14,329,337</u>	<u>3,426,210</u>	<u>23,417,050</u>	<u>48,333,482</u>
<u>\$ 16,122,636</u>	<u>\$ 3,454,643</u>	<u>\$ 25,703,215</u>	<u>\$ 58,606,234</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 POSITION**  
**September 30, 2013**

Fund balances - total governmental funds (Exhibit III-A)	\$	48,333,482
<p>Amounts reported for governmental activities in the statement of net position 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	\$	11,241,215
Construction in progress		2,082,658
Buildings, net of \$22,398,522 accumulated depreciation		49,032,908
Improvements other than buildings, net of \$8,888,061 accumulated depreciation		23,695,092
Intangibles, net of \$1,567,756 accumulated amortization		1,365,248
Machinery and equipment, net of \$40,985,079 accumulated depreciation		8,473,636
Infrastructure, net of \$80,672,237 accumulated depreciation		<u>66,812,907</u>
		162,703,664
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
		630,254
<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>		
		(5,082,244)
<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 position. Balances changed at September 30, 2013 are:</p>		
Accrued interest on bonds		(832,558)
Revenue bonds payable	\$	(29,192,000)
Notes payable		(5,000,000)
Deferred Charges - Debt Issuance		708,404
Compensated absences		(3,821,005)
Other Post Employment Benefits		(643,453)
Total long-term liabilities		<u>(37,948,054)</u>
Net position of governmental activities (Exhibit I)	\$	<u><u>167,804,544</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, 2013**

	General Fund	County Transportation Trust Special Revenue Fund
Revenues		
Taxes	\$ 43,495,408	\$ 2,846,512
Licenses and Permits	13,400	-
Intergovernmental	17,571,645	1,902,565
Charges for Services	14,686,409	248,947
Fines	7,944	-
Miscellaneous	1,671,241	794
<b>Total Revenues</b>	<b>77,446,047</b>	<b>4,998,818</b>
Expenditures		
Current		
General Government	26,593,508	-
Public Safety	41,995,485	-
Physical Environment	354,555	697,773
Transportation	2,356,103	7,525,894
Economic Environment	1,396,976	-
Human Services	3,546,449	-
Culture and Recreation	1,153,861	-
Court-Related	1,981,845	-
Capital Outlay	1,545,644	369,415
Debt Service		
Principal	-	-
Interest	-	-
Other Debt Service Costs	-	-
<b>Total Expenditures</b>	<b>80,924,426</b>	<b>8,593,082</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(3,478,379)</b>	<b>(3,594,264)</b>

**Exhibit IV-A**

Tourist Development Special Revenue Fund	Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 8,112,010	\$ 1,481	\$ 3,554,493	\$ 58,009,904
361,478	-	441,416	816,294
436,429	199,881	10,752,644	30,863,164
-	-	3,719,910	18,655,266
-	-	468,617	476,561
915,946	36,744	683,007	3,307,732
<u>9,825,863</u>	<u>238,106</u>	<u>19,620,087</u>	<u>112,128,921</u>
-	-	242,982	26,836,490
-	-	2,076,571	44,072,056
-	-	-	1,052,328
299,996	-	1,478,292	11,660,285
3,434,195	-	110,587	4,941,758
-	-	639,169	4,185,618
9,308,253	111,320	845,029	11,418,463
-	-	5,176,993	7,158,838
53,313	839,536	2,619,987	5,427,895
-	-	713,000	713,000
-	-	1,626,624	1,626,624
-	-	41,210	41,210
<u>13,095,757</u>	<u>950,856</u>	<u>15,570,444</u>	<u>119,134,565</u>
<u>(3,269,894)</u>	<u>(712,750)</u>	<u>4,049,643</u>	<u>(7,005,644)</u>

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	General Fund	County Transportation Trust Special Revenue Fund
Other Financing Sources (Uses)		
Transfers In	2,165,162	2,695,383
Transfers Out	(140,000)	-
Transfers Among Constitutional Officers	(2,107)	-
Issuance of Debt	-	-
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	2,023,055	2,695,383
	<hr/>	<hr/>
Net Change in Fund Balances	(1,455,324)	(898,881)
	<hr/>	<hr/>
Fund Balances - Beginning	8,423,311	1,091,779
	<hr/>	<hr/>
Fund Balances - Ending	<u>\$ 6,967,987</u>	<u>\$ 192,898</u>

**Exhibit IV-A**

Tourist Development Special Revenue Fund	Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
-	749,200	724,217	6,333,962
(598,118)	(309,500)	(4,891,218)	(5,938,836)
431	-	1,676	-
5,000,000	-	-	5,000,000
4,402,313	439,700	(4,165,325)	5,395,126
1,132,419	(273,050)	(115,682)	(1,610,518)
13,196,918	3,699,260	23,532,732	49,944,000
<u>\$ 14,329,337</u>	<u>\$ 3,426,210</u>	<u>\$ 23,417,050</u>	<u>\$ 48,333,482</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, 2013**

Net change in fund balances - total governmental funds (Exhibit IV-A) \$ (1,610,518)

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 (\$5,427,895) exceed depreciation/amortization (\$8,875,916) in the current period. (See Note 5.) (3,448,021)

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

Grant Revenue	\$	630,254	
Reversal of Prior Year Deferred Revenues		(691,336)	
Capital Contributions		2,346,776	
Gain/Loss on Disposal of Capital Assets		(367,946)	
Net adjustment		1,917,748	1,917,748

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	\$	(832,558)	
Reversal of prior year accrual of interest on bonds		799,023	
Deferred debt issuance costs		39,038	
Amortized deferred debt issuance costs		(82,436)	
Claims payable		1,474,077	
Compensated Absences		(67,401)	
Other Post Employment Benefits		(46,774)	
Net adjustment		1,282,969	1,282,969

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.) (5,000,000)

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.) 713,000

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. (1,532,310)

Change in net position of governmental activities (Exhibit II-B) \$ (7,677,132)

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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 42,748,660	\$ 43,438,660	\$ 43,495,408	\$ 56,748
Licenses and Permits	17,500	17,500	13,400	(4,100)
Intergovernmental	13,397,586	27,903,848	17,571,645	(10,332,203)
Charges for Services	13,177,627	14,227,675	14,686,409	458,734
Fines	1,500	5,518	7,944	2,426
Miscellaneous	1,305,488	2,173,506	1,671,241	(502,265)
Total Revenues	<u>70,648,361</u>	<u>87,766,707</u>	<u>77,446,047</u>	<u>(10,320,660)</u>
Expenditures				
Current				
General Government	27,949,706	30,099,319	26,593,508	3,505,811
Public Safety	44,648,941	47,187,250	41,995,485	5,191,765
Physical Environment	351,932	351,932	354,555	(2,623)
Transportation	315,775	5,750,026	2,356,103	3,393,923
Economic Environment	1,394,601	1,394,601	1,396,976	(2,375)
Human Services	3,749,168	4,025,685	3,546,449	479,236
Culture and Recreation	1,228,676	1,341,475	1,153,861	187,614
Court-Related	1,894,676	2,342,932	1,981,845	361,087
Capital Outlay	725,095	5,733,880	1,545,644	4,188,236
Total Expenditures	<u>82,258,570</u>	<u>98,227,100</u>	<u>80,924,426</u>	<u>17,302,674</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,610,209)</u>	<u>(10,460,393)</u>	<u>(3,478,379)</u>	<u>6,982,014</u>
Other Financing Sources (Uses)				
Transfers In	2,150,257	2,193,897	2,165,162	(28,735)
Transfers Out	-	(140,000)	(140,000)	-
Transfers Among Constitutional Officers	733,348	(320,108)	(2,107)	318,001
Total Other Financing Sources (Uses)	<u>2,883,605</u>	<u>1,733,789</u>	<u>2,023,055</u>	<u>289,266</u>
Net Change in Fund Balance	<u>(8,726,604)</u>	<u>(8,726,604)</u>	<u>(1,455,324)</u>	<u>7,271,280</u>
Fund Balance - Beginning	<u>8,726,604</u>	<u>8,726,604</u>	<u>8,423,311</u>	<u>(303,293)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,967,987</u>	<u>\$ 6,967,987</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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,900,000	\$ 2,900,000	\$ 2,846,512	\$ (53,488)
Intergovernmental	1,594,685	2,781,374	1,902,565	(878,809)
Charges for Services	227,744	227,744	248,947	21,203
Miscellaneous	31,000	31,000	794	(30,206)
Total Revenues	<u>4,753,429</u>	<u>5,940,118</u>	<u>4,998,818</u>	<u>(941,300)</u>
Expenditures				
Current				
Physical Environment	736,564	736,910	697,773	39,137
Transportation	7,897,163	7,995,208	7,525,894	469,314
Capital Outlay	401,400	1,489,698	369,415	1,120,283
Total Expenditures	<u>9,035,127</u>	<u>10,221,816</u>	<u>8,593,082</u>	<u>1,628,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,281,698)</u>	<u>(4,281,698)</u>	<u>(3,594,264)</u>	<u>687,434</u>
Other Financing Sources (Uses)				
Transfers In	1,895,383	1,895,383	2,695,383	(800,000)
Total Other Financing Sources (Uses)	<u>1,895,383</u>	<u>1,895,383</u>	<u>2,695,383</u>	<u>(800,000)</u>
Net Change in Fund Balance	(2,386,315)	(2,386,315)	(898,881)	1,487,434
Fund Balance - Beginning	<u>2,386,315</u>	<u>2,386,315</u>	<u>1,091,779</u>	<u>(1,294,536)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,898</u>	<u>\$ 192,898</u>

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 6,300,000	\$ 7,902,780	\$ 8,112,010	\$ 209,230
Licenses and Permits	390,473	390,473	361,478	(28,995)
Intergovernmental	-	963,560	436,429	(527,131)
Miscellaneous	255,000	1,858,127	915,946	(942,181)
	6,945,473	11,114,940	9,825,863	(1,289,077)
Total Revenues				
Expenditures				
Current				
Transportation	-	413,560	299,996	113,564
Economic Environment	5,489,055	9,263,354	3,434,195	5,829,159
Culture and Recreation	11,497,792	17,614,201	9,308,253	8,305,948
Capital Outlay	530,500	1,418,500	53,313	1,365,187
	17,517,347	28,709,615	13,095,757	15,613,858
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,571,874)	(17,594,675)	(3,269,894)	14,324,781
Other Financing Sources (Uses)				
Transfers Out	(428,126)	(602,243)	(598,118)	4,125
Transfers Among Constitutional Officers	-	-	431	431
Issuance of Debt	-	5,000,000	5,000,000	-
	(428,126)	4,397,757	4,402,313	4,556
Total Other Financing				
Net Change in Fund Balance	(11,000,000)	(13,196,918)	1,132,419	14,329,337
Fund Balance - Beginning	11,000,000	13,196,918	13,196,918	-
Fund Balance - Ending	\$ -	\$ -	\$ 14,329,337	\$ 14,329,337

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

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2013**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 8,580,151	\$ 10,167,422	\$ 987,566
Investments	5,075,613	284,403	511,058
Receivables, Net of Allowance for Uncollectibles	2,120,432	930,137	677,277
Due from Other Funds	50,000	-	-
Due from Other Elected Officials	-	-	-
Due from Other Governments	543,439	1,411,463	31,872
Inventory	1,580,386	121,399	-
Prepays	112,692	13,751	-
<b>Restricted Assets</b>			
Cash and Cash Equivalents			
Customer Deposits	1,374,146	-	22,008
Other Deposits	8,111,737	2,222,854	-
Investments	8,977,990	10,014,718	-
<b>Total Restricted Assets</b>	<b>18,463,873</b>	<b>12,237,572</b>	<b>22,008</b>
<b>Total Current Assets</b>	<b>36,526,586</b>	<b>25,166,147</b>	<b>2,229,781</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	4,802,033	6,382,606	133,301
Buildings	6,069,770	63,888,724	115,363
Improvements Other Than Buildings	-	-	276,776
Intangibles	675,860	94,400	-
Machinery and Equipment	10,109,562	2,459,826	2,196,088
Construction in Progress	6,744,894	396,489	-
Infrastructure	243,811,284	85,210,888	-
Works of Art	-	69,865	-
Less Accumulated Depreciation/Amortization	(97,735,079)	(30,199,560)	(2,423,005)
<b>Total Capital Assets (Net of Accumulated Depreciation/Amortization)</b>	<b>174,478,324</b>	<b>128,303,238</b>	<b>298,523</b>
<b>Total Noncurrent Assets</b>	<b>174,478,324</b>	<b>128,303,238</b>	<b>298,523</b>
<b>Total Assets</b>	<b>\$ 211,004,910</b>	<b>\$ 153,469,385</b>	<b>\$ 2,528,304</b>

Exhibit VIII

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ 3,647,873	\$ 227,138	\$ 23,610,150	\$ 5,293,488
3,275,086	171,563	9,317,723	23,834
707	4,677,928	8,406,481	78,118
426,307	81,918	558,225	-
-	8	8	79
-	-	1,986,774	519,341
-	-	1,701,785	297,228
3,789	2,352	132,584	6,126
-	-	1,396,154	-
992,875	-	11,327,466	-
-	-	18,992,708	-
992,875	-	31,716,328	-
8,346,637	5,160,907	77,430,058	6,218,214
-	-	11,317,940	316,861
18,327,812	-	88,401,669	900,466
31,822	-	308,598	257,345
23,840	72,575	866,675	-
1,126,220	4,878,877	20,770,573	2,817,880
273,429	-	7,414,812	-
363,670	-	329,385,842	-
29,195	-	99,060	-
(5,803,490)	(3,649,398)	(139,810,532)	(3,751,150)
14,372,498	1,302,054	318,754,637	541,402
14,372,498	1,302,054	318,754,637	541,402
\$ 22,719,135	\$ 6,462,961	\$ 396,184,695	\$ 6,759,616

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2013**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 734,509	\$ 134,148	\$ 71,883
Contracts Payable	499,835	263,134	375,620
<b>Accrued Liabilities</b>			
Compensated Absences	475,553	102,837	48,032
Closure Costs Payable	-	-	249,692
Claims and Judgments	-	-	-
Other Accrued Liabilities	249,112	78,524	24,848
Due to Other Funds	-	-	-
Due to Other Elected Officials	44	219	-
Due to Other Governments	154	18,218	-
Notes Payable	50,000	382,190	-
Revenue Bonds Payable	60,809	-	-
Deferred Revenue	2,472,619	401,606	-
<b>Current Liabilities Payable from Restricted Assets</b>			
Customer Deposits Payable	1,486,885	-	22,008
Interest Payable	961,415	656,736	-
Loan - State of Florida	727,295	-	-
Revenue Bonds Payable	3,535,000	575,000	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>6,710,595</b>	<b>1,231,736</b>	<b>22,008</b>
<b>Total Current Liabilities</b>	<b>11,253,230</b>	<b>2,612,612</b>	<b>792,083</b>

Exhibit VIII

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ 75,985	\$ 28,469	\$ 1,044,994	\$ 181,935
241,152	44,630	1,424,371	6,333
58,995	287,391	972,808	1,735,993
-	-	249,692	-
-	-	-	2,540,030
34,487	285,566	672,537	51,252
-	351,462	351,462	765,900
18,667	-	18,930	-
2,314	6,116	26,802	174
-	-	432,190	-
-	-	60,809	-
29,153	18,460	2,921,838	13,358
-	-	1,508,893	-
4,185	-	1,622,336	-
-	-	727,295	-
155,000	-	4,265,000	-
159,185	-	8,123,524	-
619,938	1,022,094	16,299,957	5,294,975

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2013**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Noncurrent Liabilities			
Compensated Absences	432,218	77,544	45,245
Closure Costs Payable	-	-	3,151,516
Claims and Judgments	-	-	-
Notes Payable			
(Net of Unamortized Discounts)	15,275,710	4,821,131	-
Loan- State of Florida			
(Net of Unamortized Discounts)	6,131,012	-	-
Revenue Bonds Payable			
(Net of Unamortized Discounts and Deferred Amount on Refunding)	66,209,874	16,457,302	-
Other Post Employment Benefits	115,597	22,859	12,600
Total Noncurrent Liabilities	88,164,411	21,378,836	3,209,361
Total Liabilities	99,417,641	23,991,448	4,001,444
Net Position			
Invested in Capital Assets, Net of Related Debt	92,628,318	106,067,615	298,523
Restricted for Debt Service	7,118,442	2,222,854	-
Restricted for Other Purposes	-	9,213,893	-
Unrestricted	11,840,509	11,973,575	(1,771,663)
Total Net Position	111,587,269	129,477,937	(1,473,140)
Total Liabilities and Net Position	\$ 211,004,910	\$ 153,469,385	\$ 2,528,304



**Exhibit VIII**

Activities			Governmental
Convention Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	Activities -- Internal Service Funds
34,742	149,692	739,441	86,094
-	-	3,151,516	-
-	-	-	2,613,782
-	-	20,096,841	-
-	-	6,131,012	-
-	-	82,667,176	-
18,083	115,847	284,986	3,847,009
52,825	265,539	113,070,972	6,546,885
672,763	1,287,633	129,370,929	11,841,860
14,217,499	1,302,054	214,514,009	541,401
155,000	-	9,496,296	-
7,673,873	-	16,887,766	-
-	3,873,274	25,915,695	(5,623,645)
22,046,372	5,175,328	266,813,766	(5,082,244)
\$ 22,719,135	\$ 6,462,961	\$ 396,184,695	\$ 6,759,616

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

**Okaloosa County, Florida**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Operating Revenues			
Licenses and Permits	\$ -	\$ -	\$ -
Charges for Services	26,777,786	9,128,918	8,164,967
Miscellaneous	24,514	289,226	545
<b>Total Operating Revenues</b>	<b>26,802,300</b>	<b>9,418,144</b>	<b>8,165,512</b>
Operating Expenses			
Personal Services	5,657,692	2,062,950	667,206
Contractual Services	3,555,018	2,019,837	5,704,870
Supplies	889,497	802,572	135,352
Insurance Premiums and Claims	-	-	-
Utilities	1,611,801	796,080	24,069
Other Operating Expenses	3,581,906	1,436,061	1,092,699
Depreciation/Amortization	6,907,955	3,913,963	59,988
<b>Total Operating Expenses</b>	<b>22,203,869</b>	<b>11,031,463</b>	<b>7,684,184</b>
<b>Operating Income (Loss)</b>	<b>4,598,431</b>	<b>(1,613,319)</b>	<b>481,328</b>
Nonoperating Revenues (Expenses)			
Taxes	-	-	-
Intergovernmental	95,279	228,101	174,506
Investment Income (Loss)	(117,192)	(83,839)	10,482
Other Non-Operating Revenue	330,723	12,000	-
Interest Expenses	(3,903,069)	(1,235,061)	-
Other Debt Service Costs	(27,666)	(151,196)	-
Gain/(Loss) on Disposal of Capital Assets	12,131	(29,092)	115,850
Contribution to Other Governments	(1,497,480)	-	-
Passenger and Customer Facility Charges	-	2,954,642	-
Administrative Charges	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(5,107,274)</b>	<b>1,695,555</b>	<b>300,838</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(508,843)</b>	<b>82,236</b>	<b>782,166</b>

Exhibit IX

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ -	\$ 1,431,427	\$ 1,431,427	\$ -
804,315	6,692,051	51,568,037	21,756,431
288	5,255	319,828	86,666
<u>804,603</u>	<u>8,128,733</u>	<u>53,319,292</u>	<u>21,843,097</u>
912,066	6,100,519	15,400,433	1,576,704
390,345	979,127	12,649,197	363,369
114,589	698,144	2,640,154	4,411,604
-	-	-	16,731,523
298,143	26,369	2,756,462	5,418
722,287	469,735	7,302,688	332,148
534,477	410,107	11,826,490	48,053
<u>2,971,907</u>	<u>8,684,001</u>	<u>52,575,424</u>	<u>23,468,819</u>
<u>(2,167,304)</u>	<u>(555,268)</u>	<u>743,868</u>	<u>(1,625,722)</u>
5,408,007	1,301,342	6,709,349	-
-	30,940	528,826	-
45,955	5,396	(139,198)	5,767
-	-	342,723	-
(8,370)	-	(5,146,500)	-
-	-	(178,862)	-
-	(136,046)	(37,157)	44,820
-	-	(1,497,480)	-
-	-	2,954,642	-
<u>(172,788)</u>	<u>-</u>	<u>(172,788)</u>	<u>-</u>
<u>5,272,804</u>	<u>1,201,632</u>	<u>3,363,555</u>	<u>50,587</u>
<u>3,105,500</u>	<u>646,364</u>	<u>4,107,423</u>	<u>(1,575,135)</u>

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Capital Contributions	1,220,124	3,498,413	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	711,281	3,580,649	782,166
Total Net Position - Beginning	110,875,988	125,897,288	(2,255,306)
Total Net Position - Ending	\$ 111,587,269	\$ 129,477,937	\$ (1,473,140)

Activities			Governmental
Convention Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
-	1,175	4,719,712	42,825
-	33,000	33,000	-
(428,126)	-	(428,126)	-
2,677,374	680,539	8,432,009	(1,532,310)
19,368,998	4,494,789	258,381,757	(3,549,934)
<u>\$ 22,046,372</u>	<u>\$ 5,175,328</u>	<u>\$ 266,813,766</u>	<u>\$ (5,082,244)</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, 2013**

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 27,685,803	\$ 12,262,472	\$ 8,202,567
Receipts from Interfund Services Provided	-	-	-
Payments to Suppliers	(9,510,111)	(7,272,485)	(7,600,243)
Payments to Employees	(5,636,923)	(2,064,741)	(667,839)
Payments for Other Revenues	330,723	12,000	-
Net Cash Provided (Used) by Operating Activities	<u>12,869,492</u>	<u>2,937,246</u>	<u>(65,515)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidy - Taxes	-	-	-
Operating Subsidy - Intergovernmental Revenue	95,279	228,101	183,851
Transfers In	-	-	-
Transfers (Out)	(50,000)	-	-
Net Interfund Activity	-	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>45,279</u>	<u>228,101</u>	<u>183,851</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(6,997,361)	(4,562,438)	-
Passenger and Customer Facility Charges	-	2,954,642	-
Proceeds from Disposal of Capital Assets	55,603	43,455	115,851
Contribution to Other Government	(1,497,480)	-	-
Net Borrowing (Repayments)			
Principal Paid on Capital Debt	(4,157,536)	(985,229)	-
Interest Paid on Capital Debt	(3,936,702)	(1,212,862)	-
Capital Contributions	1,220,124	3,210,803	-
Net cash provided (used) by capital and related Financing Activities	<u>(15,313,352)</u>	<u>(551,629)</u>	<u>115,851</u>

**Exhibit X**

<u>- Enterprise Funds</u>			<u>Governmental</u>
<u>Convention</u>	<u>Other</u>		<u>Activities</u>
<u>Center</u>	<u>Enterprise</u>	<u>Total</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 776,323	\$ 7,659,801	\$ 56,586,966	\$ 18,128,040
-	-	-	4,279,875
(1,356,850)	(2,503,745)	(28,243,434)	(21,784,812)
(916,989)	(6,037,984)	(15,324,476)	(1,325,010)
-	-	342,723	-
<u>(1,497,516)</u>	<u>(881,928)</u>	<u>13,361,779</u>	<u>(701,907)</u>
5,233,948	1,301,342	6,535,290	-
-	30,940	538,171	-
-	33,000	33,000	-
(428,126)	-	(478,126)	-
-	269,544	269,544	-
<u>4,805,822</u>	<u>1,634,826</u>	<u>6,897,879</u>	<u>-</u>
(150,060)	(625,482)	(12,335,341)	(3,441)
-	-	2,954,642	-
-	41,408	256,317	66,582
-	-	(1,497,480)	-
(1,530,000)	-	(6,672,765)	-
(49,945)	-	(5,199,509)	-
-	1,175	4,432,102	42,825
<u>(1,730,005)</u>	<u>(582,899)</u>	<u>(18,062,034)</u>	<u>105,966</u>

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	16,495,654	7,312,714	353,195
Interest Income	348,090	273,814	10,482
Purchases of Investments	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>16,843,744</u>	<u>7,586,528</u>	<u>363,677</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,445,163	10,200,246	597,864
Cash and Cash Equivalents - Beginning of Year	<u>3,620,871</u>	<u>2,190,030</u>	<u>411,710</u>
Cash and Cash Equivalents - End of Year	<u>\$ 18,066,034</u>	<u>\$ 12,390,276</u>	<u>\$ 1,009,574</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current Assets	\$ 8,580,151	\$ 10,167,422	\$ 987,566
Restricted Assets	9,485,883	2,222,854	22,008
Total	<u>\$ 18,066,034</u>	<u>\$ 12,390,276</u>	<u>\$ 1,009,574</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 4,598,431	\$ (1,613,319)	\$ 481,328
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	6,907,955	3,913,963	59,988
Other revenue	330,723	12,000	-
Decrease (Increase) in Assets			
Accounts Receivable	313,608	(13,494)	39,727
Due from Other Funds	-	-	-
Due from Other Elected Officials	2,788	-	-
Due from Other Governments	708,715	2,433,819	-
Inventories	(5,592)	(33,349)	-
Prepaid Expenses	92,432	7,069	-



Exhibit X

- Enterprise Funds			Governmental
Convention	Other		Activities
Center	Enterprise	Total	Internal
	Funds		Service Funds
2,660,397	(70,264)	26,751,696	1,059,524
45,955	5,396	683,737	13,372
-	-	-	(8,759)
<u>2,706,352</u>	<u>(64,868)</u>	<u>27,435,433</u>	<u>1,064,137</u>
4,284,653	105,131	29,633,057	468,196
356,095	122,007	6,700,713	4,825,292
<u>\$ 4,640,748</u>	<u>\$ 227,138</u>	<u>\$ 36,333,770</u>	<u>\$ 5,293,488</u>
\$ 3,647,873	\$ 227,138	\$ 23,610,150	\$ 5,293,488
992,875	-	12,723,620	-
<u>\$ 4,640,748</u>	<u>\$ 227,138</u>	<u>\$ 36,333,770</u>	<u>\$ 5,293,488</u>
\$ (2,167,304)	\$ (555,268)	\$ 743,868	\$ (1,625,722)
534,477	410,107	11,826,490	48,053
-	-	342,723	-
(657)	(441,660)	(102,476)	3,671
-	-	-	8,286
-	(2)	2,786	158
-	-	3,142,534	58,441
-	-	(38,941)	14,705
4,028	(2,142)	101,387	18,743

Continued...

**Okaloosa County, Florida**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	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	457,240	(5,928)	54,937
Service Contracts Payable	(417,805)	(1,670,028)	(520,049)
Due to Other Funds	-	-	-
Due to Other Elected Officials	44	219	-
Due to Other Governments	(996)	2,867	(35)
Compensated Absences Payable	(1,497)	(5,201)	(1,943)
Closure Cost Payable	-	-	(178,106)
Claims and Judgments Payable	-	-	-
Other Accrued Liabilities	14,457	786	523
Deposits	26,334	-	(2,672)
Deferred Revenue	(165,154)	(94,782)	-
Other Post Employment Benefits	7,809	2,624	787
Total Adjustments	<u>8,271,061</u>	<u>4,550,565</u>	<u>(546,843)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 12,869,492</u>	<u>\$ 2,937,246</u>	<u>\$ (65,515)</u>
Noncash Investing, Capital, and Financing Activities:			
Improvements Acquired Through Contributions	\$ -	\$ 287,610	\$ -

**Exhibit X**

<u>- Enterprise Funds</u>			Governmental
<u>Convention</u>	<u>Other</u>		<u>Activities</u>
<u>Center</u>	<u>Enterprise</u>	<u>Total</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
36,609	(332,211)	210,647	(234,494)
126,518	8,243	(2,473,121)	1,269
-	-	-	765,900
1,759	-	2,022	-
(400)	(4,258)	(2,822)	174
(5,090)	4,729	(9,002)	(8,571)
-	-	(178,106)	-
-	-	-	(3,611)
(1,211)	49,736	64,291	2,302
-	-	23,662	-
(27,623)	(27,272)	(314,831)	4,055
1,378	8,070	20,668	244,734
<u>669,788</u>	<u>(326,660)</u>	<u>12,617,911</u>	<u>923,815</u>
<u>\$ (1,497,516)</u>	<u>\$ (881,928)</u>	<u>\$ 13,361,779</u>	<u>\$ (701,907)</u>
\$ -	\$ -	\$ 287,610	\$ -

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

**Okaloosa County, Florida**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2013**

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,112,110
Account Receivables	15,757
Due from Other Funds	669
Due from Other Elected Officials	340
Total Assets	5,128,876
<b>LIABILITIES</b>	
Liabilities	
Due to Other Funds	\$ 7,778
Due to Other Elected Officials	140,619
Due to Other Governments	400,469
Due to Depositors	3,242,479
Taxes Collected in Advance for Other Governments	1,337,531
Total Liabilities	5,128,876
<b>NET POSITION</b>	<b>\$ -</b>

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

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

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

**A. The Reporting Entity**

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

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

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

**1. Government-Wide Statements**

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

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

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

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

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

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

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

**2. Fund Financial Statements**

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

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

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

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**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, 2013**

**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, 2013**

**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, 07-58, 12-21, 13-19, and 13-20.

**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, 2013**

**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 Position or Balance**

**1. Deposits and Investments**

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**D. Assets, Liabilities, and Net Position or Balance - 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, 2011 or September 30, 2012.

**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, 2013**

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

**D. Assets, Liabilities, and Net Position or Balance – 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 2013 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, 2013
Levy Date	November 1, 2013
Due Date	November 1, 2013
Delinquent Date	April 1, 2014

Discounts of 1% for each month taxes are paid prior to March 2014 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. The consumption method is used to account for the prepaid items. Under the consumption method, prepaid items are recorded as expenditures during the period in which they are used.

**4. Restricted Assets**

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**D. Assets, Liabilities, and Net Position or Balance – Continued**

**5. Capital Assets**

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

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

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

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

**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, 2013**

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

**D. Assets, Liabilities, and Net Position or Balance – 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, 2013.

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 Balance**

In the fund financial statements, GASB Statement 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed 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 action, in the form of ordinances, of the Board, the highest level of decision making authority. Commitments may be changed or lifted only by the board taking the same formal action that imposed the constraint originally.

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**D. Assets, Liabilities, and Net Position or Balance – Continued**

**9. Fund Balance - 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. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned. The County does not have a formal minimum fund balance policy. However, the Board does target 10% of the General Fund budget to set aside for reserves during the annual Budget Policy meeting.

**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, 2013**

**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 \$20,048,779 representing a 10.10 % increase over the original adopted budget were necessary during the fiscal year. All amendments to originally adopted amounts were made in a legally permissible manner.

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

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

The Solid Waste Enterprise Fund reported deficit net position of \$1,473,140 as of September 30, 2013. The deficit is caused by changes in reporting closure costs and long-term care costs for the solid waste landfills of the County. Further description of these costs and methods of funding them are discussed in Note 7.

The Self Insurance Internal Service Fund reported deficit net position of \$4,363,695. Claim liabilities for workers’ compensation, general and automobile liabilities and property damage are funded by actuarially projected budget requirements for expected yearly cash payouts. This funding method results in a deficit fund equity which will be charged back to the other funds over a reasonable period of time so that service fund revenues and expenses will be equal.

The Sheriff’s Self-Insurance Fund is reflecting a deficit net position of \$955,902. 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, 2013.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposits**

The County maintains a cash and investment management pool in which each fund participates on a dollar equivalent and daily transaction basis. The County’s cash and investment management pool is considered to be cash equivalent for reporting purposes because it is an internally managed fund, which allows individual funds to, at any time, deposit additional cash or make withdrawals without prior notice or penalty. The County’s cash and investment management pool includes pooled cash maintained in interest-bearing demand deposit accounts, certificates of deposit, and pooled investments of the Local Government



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Deposits - Continued**

Surplus Trust Fund. Interest income (which includes unrealized gains and losses) is distributed monthly based on balance at date of distribution.

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

**Investments**

As of September 30, 2013 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 B	538,569	609,995	As Available*
Florida Local Government Investment			
Trust investment pool	28,518,035	28,518,035	On Demand
Federal Home Loan Bank (3)	2,650,000	2,473,960	7/23/2027
	2,045,000	1,918,190	8/22/2022
	2,000,000	1,844,820	10/25/2024
Federal National Mortgage Assoc. (13)	1,469,356	1,375,291	4/1/2014
	1,014,740	968,104	4/1/2017
	1,851,447	1,710,791	12/1/2033
	1,300,199	1,198,896	12/1/2021
	1,102,855	1,032,685	7/1/2020
	2,173,094	2,117,616	6/1/2017
	803,990	783,822	2/1/2018
	1,537,196	1,495,575	5/1/2018
	1,228,405	1,264,863	8/25/2037
	1,349,379	1,313,790	11/25/2018
	245,389	2,201,491	9/25/2027
	731,414	649,343	10/25/2027
	253,086	226,154	10/25/2027
Government National Mortgage Assoc. (1)	893,774	891,146	9/16/2033
Total investments	<u>\$ 52,506,753</u>	<u>\$ 53,395,392</u>	

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Investments - Continued**

\* 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.

***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, 2012, Standard & Poor's rated the investment in Florida Local Government Investment Trust investment pool AA Af, Florida Local Government Investment Day to Day AA Am, Florida Local Government Surplus Fund Trust AA Am, and STI Classic Institutional Cash Management AA Am. The Florida Local Government Surplus Fund Trust Fund B investment pool was not rated by any nationally recognized statistical rating agency as of September 2013. As of September 30, 2013 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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Investments - Continued**

Bank, Federal National Mortgage Association, and Government National Mortgage Association. These investments are 12%, 31%, and 2% 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.

**NOTE 4 – RECEIVABLES / DEFERRED REVENUE**

Receivables as of September 30, 2013 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, 2013
General	\$ 213,936	\$ 2,785,454	\$ 2,999,390	\$ -	\$ 2,999,390
County Transportation	275	430,707	430,982	-	430,982
Tourist Development	1,076,463	211,263	1,287,726	-	1,287,726
Capital Outlay	24	-	24	-	24
Water and Sewer	2,310,432	543,439	2,853,871	(190,000)	2,663,871
Airport	1,487,232	1,411,463	2,898,695	(557,095)	2,341,600
Solid Waste	677,277	31,872	709,149	-	709,149
Conference Center	707	-	707	-	707
Nonmajor and Other Funds	9,810,096	1,662,494	11,472,590	(5,027,309)	6,445,281
<b>Total</b>	<b>\$ 15,576,442</b>	<b>\$ 7,076,692</b>	<b>\$ 22,653,134</b>	<b>\$ (5,774,404)</b>	<b>\$ 16,878,730</b>

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.

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Grant Revenue	\$ 99,963	\$ 36,878
Rent/Commissions Received in Advance	-	273,560
Nonmajor Funds		
Grant Revenue	530,291	-
Federal Forfeitures	-	645,480
Courts Special Revenue	-	373,751
<b>Total deferred/unearned revenue for governmental funds</b>	<b>\$ 630,254</b>	<b>\$ 1,329,669</b>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 9,958,076	\$ 1,600,000	\$ -	\$ 11,558,076
Intangibles	1,146,905	-	-	1,146,905
Construction in progress	2,884,441	1,322,581	(2,124,364)	2,082,658
Total capital assets, not being depreciated/amortized	<u>13,989,422</u>	<u>2,922,581</u>	<u>(2,124,364)</u>	<u>14,787,639</u>
Capital assets, being depreciated/amortized:				
Buildings	70,861,891	1,470,005	-	72,331,896
Improvements other than buildings	32,499,693	340,805	-	32,840,498
Intangibles	1,729,905	56,194	-	1,786,099
Machinery and equipment	54,496,467	1,672,789	(3,892,661)	52,276,595
Infrastructure	144,436,012	3,049,132	-	147,485,144
Total capital assets being depreciated/amortized	<u>304,023,968</u>	<u>6,588,925</u>	<u>(3,892,661)</u>	<u>306,720,232</u>
Less accumulated depreciation/amortization for:				
Buildings	(21,234,307)	(1,850,198)	-	(23,084,505)
Improvements other than buildings	(8,255,414)	(889,992)	-	(9,145,406)
Intangibles	(1,362,161)	(205,595)	-	(1,567,756)
Machinery and equipment	(43,698,925)	(3,987,901)	3,893,925	(43,792,901)
Infrastructure	(78,681,953)	(1,990,284)	-	(80,672,237)
Total accumulated depreciation/amortization	<u>(153,232,760)</u>	<u>(8,923,970)</u>	<u>3,893,925</u>	<u>(158,262,805)</u>
Total capital assets, being depreciated/amortized, net	<u>150,791,208</u>	<u>(2,335,045)</u>	<u>1,264</u>	<u>148,457,427</u>
Governmental activities capital assets, net	<u>\$ 164,780,630</u>	<u>\$ 587,536</u>	<u>\$ (2,123,100)</u>	<u>\$ 163,245,066</u>

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 5 – CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,317,940	\$ -	\$ -	\$ 11,317,940
Construction in progress	16,596,394	4,976,790	(14,158,372)	7,414,812
Works of art	99,060	-	-	99,060
Total capital assets, not being depreciated/amortized	<u>28,013,394</u>	<u>4,976,790</u>	<u>(14,158,372)</u>	<u>18,831,812</u>
Capital assets, being depreciated/amortized:				
Buildings	88,224,000	177,669	-	88,401,669
Improvements other than buildings	308,598	-	-	308,598
Intangibles	887,391	20,404	(41,120)	866,675
Machinery and equipment	21,003,707	1,549,942	(1,783,076)	20,770,573
Infrastructure	309,342,930	20,118,989	(76,077)	329,385,842
Total capital assets being depreciated/amortized	<u>419,766,626</u>	<u>21,867,004</u>	<u>(1,900,273)</u>	<u>439,733,357</u>
Less accumulated depreciation/amortization for:				
Buildings	(17,118,443)	(2,252,391)	-	(19,370,834)
Improvements other than buildings	(157,802)	(12,407)	-	(170,209)
Intangibles	(637,622)	(106,791)	8,909	(735,504)
Machinery and equipment	(17,832,292)	(1,160,312)	1,603,125	(17,389,479)
Infrastructure	(93,782,211)	(8,365,154)	2,859	(102,144,506)
Total accumulated depreciation/amortization	<u>(129,528,370)</u>	<u>(11,897,055)</u>	<u>1,614,893</u>	<u>(139,810,532)</u>
Total capital assets, being depreciated/amortized, net	<u>290,238,256</u>	<u>9,969,949</u>	<u>(285,380)</u>	<u>299,922,825</u>
Business-type activities capital assets, net	<u>\$ 318,251,650</u>	<u>\$ 14,946,739</u>	<u>\$ (14,443,752)</u>	<u>\$ 318,754,637</u>

Depreciation expense was charged to functions/programs as follows.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 5 – CAPITAL ASSETS - CONTINUED**

	<u>Depreciation</u>	<u>Amortization</u>
Governmental activities:		
General government	\$ 1,789,381	\$ 82,235
Public safety	2,700,173	6,537
Physical environment	76,771	-
Transportation, including depreciation of general infrastructure assets	2,928,621	9,800
Economic environment	32,948	-
Human services	317,041	-
Culture and recreation	572,558	-
Court related	252,828	107,023
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	48,054	-
Total depreciation expense - governmental activities	<u>\$ 8,718,375</u>	<u>\$ 205,595</u>

	<u>Depreciation</u>	<u>Amortization</u>
Business-type activities:		
Water and sewer	\$ 6,812,177	\$ 95,778
Airport	3,902,950	11,013
Solid waste	59,988	-
Convention center	534,477	-
Other enterprise funds	410,107	-
Total depreciation expense - governmental activities	<u>\$ 11,719,699</u>	<u>\$ 106,791</u>

**Construction Commitments**

**Road and Other Infrastructure Improvements**

The Board has entered into contracts to improve parks and other infrastructure at various locations throughout the County. The contracts total \$1,064,465. Cumulative expenditures total \$60,504, with \$1,003,961 remaining liability outstanding at September 30, 2013.

**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 2014 capital budget, total expenditures will approximate \$8,000,000 on contracted projects, plus an additional \$2,000,000 for in-house construction.

**Construction at Northwest Florida Regional Airport**

The Airport has begun design of projects to renovate the checked baggage area at the Northwest Florida Regional Airport and to construct the ARFF firefighting building on Eglin. Expenditures to date on these two projects are approximately \$375,000, and current estimates place the cost of both projects over \$5,000,000.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**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.

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

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

Compensatory Time

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

Clerk of the Circuit Court

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 6 – COMPENSATED ABSENCES – CONTINUED**

Clerk of the Circuit Court - Continued

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

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

Sheriff

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

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

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

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

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

Tax Collector

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



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

Tax Collector – Continued

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

Upon separation of employment from the Tax Collector, the maximum unused hours paid at termination are based upon years of service. Maximum unused hours paid for employees with 1 – 10 years of service or in DROP are 300 hours and 500 hours for 10 plus years of service.

Property Appraiser

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

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

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

The total amounts of accumulated annual leave and other compensated absences for all elected officials as of September 30, 2013 follow:

Elected Official	Current Portion	Long-Term Portion	Totals
Board of County Commissioners	\$ 2,600,898	\$ 1,930,141	\$ 4,531,039
Clerk of the Circuit Court	269,338	561,586	830,924
Sheriff	1,369,600	148,132	1,517,732
Tax Collector	-	221,509	221,509
Property Appraiser	-	157,193	157,193
Supervisor of Elections	45,532	51,412	96,944
Totals	<u>\$ 4,285,368</u>	<u>\$ 3,069,973</u>	<u>\$ 7,355,341</u>

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**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 \$178,106. The estimated liability for landfill closure and post closure care costs has a balance of \$3,401,208 as of September 30, 2013.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 8 – INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances as of September 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Tourist Development	\$ 28,000	Fees
General	Nonmajor Governmental	27	Fees
General	Nonmajor Governmental	45,495	Interfund loan
General	Water and Sewer	44	Fees
General	Airport	219	Fees
General	Convention Center	18,667	Fees
General	Nonmajor Enterprise	150,000	Cost allocation
General	Nonmajor Enterprise	201,462	Interfund loan
General	Internal Service	317,671	Interfund loan
General	Internal Service	13,229	Internal Services
General	Fiduciary Fund Type	14,674	Court fees
General	Fiduciary Fund Type	5,783	Fees collected
General	Fiduciary Fund Type	8,443	Collected fines and fees
County Transportation	Internal Service	50,000	Interfund loan
Tourist Development Fund	General	431	Excess Fees
Capital Outlay	General	2	Interest
Capital Outlay	General	119,178	Vessel commissions
Capital Outlay	Internal Service	40,000	Interfund loan
Nonmajor Governmental	General	1,677	Excess Fees
Nonmajor Governmental	General	10	Interest
Nonmajor Governmental	General	40,138	Restricted fees
Nonmajor Governmental	Nonmajor Governmental	17,488	Fees collected
Nonmajor Governmental	Internal Service	255,000	Interfund loan
Nonmajor Governmental	Fiduciary Fund Type	117,502	Collected fines and fees
Nonmajor Governmental	Fiduciary Fund Type	1,995	Online fees
Water and Sewer	Internal Service	50,000	Interfund loan
Convention Center	Tourist Development Fund	426,307	Tax allocation
Nonmajor Enterprise	General	8	Interest
Nonmajor Enterprise	General	41,918	Baker Acts
Nonmajor Enterprise	Internal Service	40,000	Interfund loan
Internal Service	General	79	Fuel and maintenance
Fiduciary Fund Type	General	340	Fees
Fiduciary Fund Type	General	669	Restricted fees
Total		\$ 2,006,456	

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Interfund transfers:**

Transfer In	Transfer Out	Amount	Purpose
General	Tourist Development	\$ 516,719	Beach safety support
General	Capital Outlay	309,500	Allocation of tax revenues
General	Nonmajor Governmental	57,464	Transfer additionl funding
General	Nonmajor Governmental	18,640	Transfer additionl funding
General	Nonmajor Governmental	806,713	Allocation of tax revenues
General	Nonmajor Governmental	28,000	Allocation of racing monies
General	Convention Center	428,126	Beach safety support
County Transportation Trust	Nonmajor Governmental	2,695,383	Allocatin of state revenue sharing
Tourist Development	General	431	Excess fees
Capital Outlay	General	140,000	Transfer additionl funding
Capitlay Outlay	Nonmajor Governmental	609,200	Transfer additionl funding
Nonmajor Governmental	General	1,676	Excess fees
Nonmajor Governmental	Tourist Development	81,399	Debt service transfer
Nonmajor Governmental	Nonmajor Governmental	638,818	Debt service transfer
Nonmajor Governmental	Nonmajor Governmental	4,000	Allocation of racing monies
Nonmajor Enterprise	Nonmajor Governmental	33,000	Allocation of racing monies
Total		<u>\$ 6,369,069</u>	

**NOTE 9 - LEASES**

**Operating Leases – Lessor**

The Board of County Commissioners leases three county-owned parks and park buildings located on Okaloosa Island to outside parties. Capitalized investment in these assets is \$6,588,730. Accumulated depreciation of \$2,152,262 has been recorded as of September 30, 2013. All of the leases were for a 25-year period. However, two of the leases have been renegotiated and the period extended to thirty years. Three of the leases contain a 20% rent increase every five years. The first renegotiated lease contains a fixed rental through 2029. The second renegotiated lease contains a contingent rent fee of 15% of gross revenue if that amount is greater than the set rent amount through 2012. To date, the contingent rent option has not been needed. The remaining terms of the leases range from 1 to 17 years.

The Board of County Commissioners leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$48,027 has been recorded as of September 30, 2013. The lease was renegotiated to a five year lease with four five-year renewals beginning in 2008. The rent will increase at the beginning of each option period by the consumer price index. These option periods extend through 2032.

The Board of County Commissioners leases space in a building to six (6) leases. Capitalized investment in the building is \$546,688. The one year leases may have two (2) one year renewals through 2013. Rental fees total \$3,025 monthly.

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 9 – LEASES - CONTINUED**

**Operating Leases – Lessor - Continued**

The Board of County Commissioners 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.

The Board of County Commissioners has entered into operating leases with various lessees and concessionaires for lease of space and facilities at the Okaloosa County Air Terminal, the Bob Sikes Airport and the Destin Airport. Lease periods vary with expiration dates through 2048. Capitalized investment in assets associated with these leases is \$42,805,455. Accumulated depreciation of \$7,299,803 has been recorded as of September 30, 2013.

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

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

The Board of County Commissioners leases office space at the Fort Walton Beach Water and Sewer building. Capitalized investment in these assets is \$2,995,873. Accumulated depreciation of \$1,535,590 has been recorded as of September 30, 2013. In June 2013, the first of two (2) year optional extensions was exercised. Rental fees total \$22,604 annually.

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

<u>Fiscal Year Ended September 30</u>	
2014	\$ 1,516,035
2015	1,474,076
2016	1,472,973
2017	1,472,155
2018	1,449,384
Thereafter	<u>13,918,009</u>
	<u>\$ 21,302,632</u>

**Operating Leases – Lessee**

1. The Board of County Commissioners leases the land on which the airport facilities are located from the United States Government under a thirty-year lease agreement expiring in February 2031. The lease was renegotiated in 2008 adding an additional 22.6 acres for the rental car facilities under a twenty-five year lease expiring in September 2032. The land lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option for renewal at the end of the current lease period. The future minimum lease payments total \$9,537,095 over the life time of the lease. Lease expense for fiscal year 2013 was \$368,649.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 9 – LEASES - CONTINUED**

**Operating Leases – Lessee - Continued**

2. The Board of County Commissioners leases the land on which Water and Sewer's Water Reclamation Facility is located from the United States Government under a 30 year lease agreement expiring in September 2037. The lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option of renewal at the end of the current lease period. The future minimum lease payments total \$11,723,180 over the life time of the lease. Lease expense for fiscal year 2013 was \$358,826.
3. The Board of County Commissioners leases office space used by the Tax Collector and the Property Appraiser through September 30, 2014. The rent is based on \$33,147 per month plus a proportionate amount of any annual Consumer Price Index increase beginning in year three (3). The first of three (3) one year renewals was exercised in 2012. Based on assumed increases of 3%, future minimum lease payments total \$1,726,335. Lease expenditure for fiscal year 2013 was \$515,235.
4. The Board of County Commissioners leases eight Volvo G930 Motor Graders used by public works department for the Board through January 2014. The two three (3) year leases are based on monthly payments of \$6,790 at 4.31% interest with a balloon payment of \$480,000 in June 2013 and \$6,249 with a balloon payment of \$483,232 in January 2015. Future lease payments total \$18,746 for the remaining term of the lease. Lease expenditure for fiscal year 2013 was \$129,306.
5. The Board of County Commissioners leases 10 Airport fleet vehicles from Enterprise Leasing under a lease agreement expiring 24 months from the date of delivery. The lease rates range from \$297 to \$430 per vehicle per month with future minimum lease payment of \$37,258. Lease expenditure for fiscal year 2013 was \$45,681.
6. The Clerk of Circuit Court leases copier equipment under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$4,414. Future minimum lease payments for the equipment lease total \$13,242 through December 2013. Lease expenditure for the fiscal year ended September 30, 2013 was \$53,535.
7. The Clerk of Circuit Court leases postal equipment for the Crestview office under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$596. Future minimum lease payments for the equipment lease totals \$1,788 through December 2013. Total lease expenditure for fiscal year ended September 30, 2013 was \$7,152.
8. 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 \$6,150 through December 2015. Total lease expenditure for fiscal year ended September 30, 2013 was \$4,920.
9. The Clerk of Circuit Court leases postal equipment for the Shalimar office under a non-cancelable operating lease effective for 5 years. Monthly payments under the lease are \$90. Future minimum lease payments for the equipment lease totals \$3,240 through September 2016. Total lease expenditure for fiscal year ended September 30, 2013 was \$1,080.
10. The Sheriff rents office space under an operating lease which expires in December, 2012. Monthly lease payments are \$10,500. The lease expenditure for fiscal year ended September 30, 2013 was \$132,418. The Sheriff has continued to lease the space under the same rate in 2013. No formal renewal noted.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 9 – LEASES - CONTINUED**

**Operating Leases – Lessee - Continued**

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, 2013, the yearly rental is \$234,031 with minimum lease payments for years 2014 through 2025 of \$3,523,333. Total lease expenditure for fiscal year ended September 30, 2013 was \$242,279.

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2013 amounted to \$1,859,081. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ended September 30</u>	
2014	\$ 1,493,001
2015	1,444,436
2016	1,482,736
2017	1,522,297
2018	1,102,957
2019-2023	5,967,934
2024-2028	5,708,340
2029-2033	5,038,391
2034-2038	2,830,275
	<u>\$ 26,590,367</u>

**NOTE 10 – LONG-TERM DEBT**

**Primary Government**

The following debt issues are outstanding for September 30, 2013.

**Governmental Activities:**

**REVENUE BONDS**

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

\$25,725,000

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Primary Government - Continued**

**Governmental Activities - Continued:**

**REVENUE BONDS - CONTINUED**

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

3,467,000

Total Governmental Activities Revenue Bonds

29,192,000

**LOANS AND NOTES**

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

5,000,000

Total Governmental Activities Loans and Notes

\$ 5,000,000

**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. This issue is subject to federal arbitrage regulations.

\$8,845,000

\$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. This issue is not subject to federal arbitrage regulations

9,015,000



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Primary Government - Continued**

**Business-type Activities - Continued:**

**REVENUE BONDS - CONTINUED**

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 Conference Center. This issue is subject to federal arbitrage regulations.

155,000

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.

93,512

\$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.

8,530,000

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

60,875,000

Total Business-type Revenue Bonds

\$ 87,513,512

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.

\$ 91,698

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Primary Government – Continued**

**Business-type Activities - Continued:**

**LOANS - STATE OF FLORIDA - CONTINUED**

\$729,744 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$22,230 at 2.59% beginning October 10, 1995 through April 10, 2015.	86,112
\$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.	382,523
\$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.	372,958
\$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.	120,105
\$8,168,888 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$291,598 at 2.71% and 3.00% beginning June 15, 2007 reducing to \$263,938 beginning December 15, 2008 through December 15, 2023.	5,909,997
Total Loans - State of Florida	6,963,393

**OTHER LOANS**

\$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 5, 2017. 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 on the loan is payable from net revenues of the Airport.	711,209
\$3,000,000 State Infrastructure Bank Loan; annual principal and interest payments of \$351,692 beginning October 1, 2012 through October 1, 2021; The loan finances the construction of infrastructure improvements at the Bob Sikes Airport in Crestview; The debt service on the loan is payable from the net revenues of the Airport.	2,492,112
\$15,605,000 Water and Sewer Revenue Note, Series 2012, due in annual installments beginning July 1, 2014 of \$50,000 to \$1,685,000 through July 1, 2026; interest rate of 3.17%. Proceeds from the note will be used to fund several major projects on the five years Capital Improvement Plan and debt service reserves for the 2004 and 2006 Revenue Bonds. This issue is subject to federal arbitrage regulations.	15,365,000
Total Buisness-type Loans and Notes	\$ 27,531,714

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Primary Government – Continued**

The following is a summary of the changes in long-term debt of the Board of County Commissioners for the fiscal year ended September 30, 2013.

	Balance Due October 1, 2012	Increases	Decreases	Balance Due September 30, 2013	Due Within One Year
Governmental Activities:					
Revenue Bonds					
Sales Tax Revenue Bonds,					
Series 2009	\$ 26,305,000	\$ -	\$ (580,000)	\$ 25,725,000	600,000
Series 2011	3,600,000	-	(133,000)	3,467,000	138,000
Less deferred amounts					
For issuance discounts/premiums	(751,802)	-	70,005	(681,797)	-
<b>Total Revenue Bonds</b>	<b>29,153,198</b>	<b>-</b>	<b>(642,995)</b>	<b>28,510,203</b>	<b>738,000</b>
Loans and Notes					
Private bank note	-	5,000,000	-	5,000,000	591,000
Less deferred amounts					
For issuance discounts/premiums	-	(39,038)	12,431	(26,607)	-
	-	4,960,962	12,431	4,973,393	591,000
Accrued compensated absences	5,584,262	509,336	(450,506)	5,643,092	3,312,560
Estimated claims payable	6,631,500	490,362	(1,968,050)	5,153,812	2,540,030
Other post employment benefits	4,198,954	605,188	(313,680)	4,490,462	-
<b>Total Governmental Activities</b>	<b>\$ 45,567,914</b>	<b>\$ 6,565,848</b>	<b>\$ (3,362,800)</b>	<b>\$ 48,770,962</b>	<b>\$ 7,181,590</b>
Business-type Activities:					
Revenue Bonds					
Airport Revenue Bonds, Series 2003	\$ 9,130,000	\$ -	\$ (285,000)	\$ 8,845,000	\$ 300,000
Airport Taxable Revenue Bonds, Series 2007	9,280,000	-	(265,000)	9,015,000	275,000
Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000	1,685,000	-	(1,530,000)	155,000	155,000
Subordinated Revenue Bonds, Series 1985	148,667	-	(55,155)	93,512	60,809
Water and Sewer Revenue, Series 2004	11,925,000	-	(3,395,000)	8,530,000	3,535,000
Water and Sewer Revenue, Series 2006	60,875,000	-	-	60,875,000	-
Less deferred amounts					
For issuance discounts/premiums	(626,622)	(94,180)	200,275	(520,527)	-
<b>Total Revenue Bonds</b>	<b>92,417,045</b>	<b>(94,180)</b>	<b>(5,329,880)</b>	<b>86,992,985</b>	<b>4,325,809</b>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Primary Government – Continued**

	Balance Due October 1, 2012	Increases	Decreases	Balance Due September 30, 2013	Due Within One Year
Business-type Activities - Continued:					
Loans and Notes					
State of Florida Revolving Loan Fund, December 30, 1994 through June 30, 2014	180,950	-	(89,252)	91,698	91,698
State of Florida Revolving Loan Fund, October 10, 1995 through April 10, 2015	127,534	-	(41,422)	86,112	42,502
State of Florida Revolving Loan Fund, April 1, 2001 through October 1, 2016	484,625	-	(102,102)	382,523	105,217
State of Florida Revolving Loan Fund, September 15, 1999 through March 15, 2017	473,195	-	(100,237)	372,958	102,983
State of Florida Revolving Loan Fund, February 15, 2001 through August 15, 2019	138,004	-	(17,899)	120,105	18,472
State of Florida Revolving Loan Fund, beginning June 15, 2007 through December 15, 2023	6,266,466	-	(356,469)	5,909,997	366,423
Commercial Paper Loan	2,000,000	-	-	2,000,000	-
State Infrastructure Bank Loan	819,000	-	(107,791)	711,209	111,164
State Infrastructure Bank Loan	2,766,407	36,844	(311,139)	2,492,112	271,026
Water and Sewer Revenue Note, Series 2012	15,365,000	-	-	15,365,000	50,000
Less deferred amounts					
For issuance discounts	(162,247)	-	17,871	(144,376)	-
<b>Total Loans and Notes</b>	<b>28,458,934</b>	<b>36,844</b>	<b>(1,108,440)</b>	<b>27,387,338</b>	<b>1,159,485</b>
Accrued compensated absences	1,721,251	50,537	(59,539)	1,712,249	972,808
Estimated closure costs payable	3,579,314	-	(178,106)	3,401,208	249,692
Other post employment benefits	264,318	107,935	(87,267)	284,986	-
<b>Total Business-type Activities</b>	<b>\$ 126,440,862</b>	<b>\$ 101,136</b>	<b>\$ (6,763,232)</b>	<b>\$ 119,778,766</b>	<b>\$ 6,707,794</b>

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, \$1,822,087 of internal service funds compensated absences, \$5,153,812 of estimated claims, and \$3,847,009 of other post-employment benefits are included in the above amounts.

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

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

**Primary Government – Continued**

Debt service requirements to maturity on long-term debt at September 30, 2013 are as follows.

<u>Year Ending September 30,</u>	Governmental Activities			
	Revenue Bonds		Loans and Notes	
	Principal	Interest	Principal	Interest
2014	738,000	1,554,662	591,000	84,211
2015	758,000	1,530,913	597,000	73,578
2016	784,000	1,506,671	608,000	62,793
2017	809,000	1,472,805	618,000	51,821
2018	835,000	1,436,509	629,000	40,660
2019-2023	4,581,000	6,560,860	1,957,000	52,957
2024-2028	5,412,000	5,312,530	-	-
2029-2033	5,975,000	3,668,793	-	-
2034-2038	6,370,000	1,777,419	-	-
2039-2040	2,930,000	95,306	-	-
	<u>\$ 29,192,000</u>	<u>\$ 24,916,468</u>	<u>\$ 5,000,000</u>	<u>\$ 366,020</u>

<u>Year Ending September 30,</u>	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	4,325,809	4,207,220	1,159,486	782,477	249,692	-
2015	4,322,703	4,052,841	1,337,221	749,593	249,692	-
2016	2,490,000	3,888,895	1,377,760	710,400	249,692	-
2017	2,590,000	3,781,994	2,218,535	669,463	249,692	-
2018	2,705,000	3,663,370	4,170,224	600,137	249,692	-
2019-2023	15,690,000	16,109,969	10,624,350	1,980,322	1,248,460	-
2024-2028	20,180,000	11,512,406	6,644,138	412,098	773,368	-
2029-2033	22,345,000	6,057,081	-	-	130,920	-
2034-2038	12,865,000	1,307,500	-	-	-	-
	<u>\$ 87,513,512</u>	<u>\$ 54,581,276</u>	<u>\$ 27,531,714</u>	<u>\$ 5,904,490</u>	<u>\$ 3,401,208</u>	<u>\$ -</u>

**NOTE 11 - CONDUIT DEBT**

Since 1984, the Okaloosa County has authorized eight industrial development revenue bond issues that are still outstanding. The original issues totaled \$55,814,025 and as of September 30, 2013, \$33,594,025 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, 2013**

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

A schedule of the governmental fund balances for September 30, 2013 is provided below.

	Major Funds					Total
	General Fund	County Transportation	Tourist Development	Capital Outlay	Other	
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepays	\$ 346,136	\$ 21,380	\$ 8,798	\$ -	\$ 59,316	\$ 435,630
<b>Restricted for:</b>						
Tourist Development BP Projects	-	-	596,590	-	-	596,590
Tourist Development 1st Cent	-	-	8,514,141	-	-	8,514,141
Tourist Development 2nd Cent	-	-	2,223,259	-	-	2,223,259
Tourist Development 5th Cent	-	-	2,995,347	-	-	2,995,347
Florida Boating Improvements	-	-	-	589,960	-	589,960
Emergency and Disaster Relief	-	-	-	-	518,694	518,694
Housing and Urban Development	-	-	-	-	306,925	306,925
E-911 Operations	-	-	-	-	1,439,283	1,439,283
Radio Communications	-	-	-	-	81,219	81,219
Law Enforcement Trust Fund	-	-	-	-	21,866	21,866
Police Academy	-	-	-	-	48,233	48,233
Park Projects	-	-	-	-	4,770,768	4,770,768
Prisoner Benefit Fund	-	-	-	-	511,170	511,170
Judicial Innovations	-	-	-	-	515,452	515,452
Law Library	-	-	-	-	15,658	15,658
Teen Court	-	-	-	-	85,980	85,980
Drug Abuse Trust Fund	-	-	-	-	40,466	40,466
Domestic Violence Trust Fund	-	-	-	-	245,818	245,818
Family Mediation	-	-	-	-	5,255	5,255
Traffic Education	-	-	-	-	100,027	100,027
Public Records	-	-	-	-	2,548,667	2,548,667
Debt Service	-	-	-	-	463,354	463,354
Transportation Projects	-	-	-	-	11,039,403	11,039,403
<b>Committed to:</b>						
Planning Projects	26,808	-	-	-	-	26,808
Park Development Projects	-	-	-	71,660	-	71,660
Municipal Benefits Service Units	-	-	-	-	490,939	490,939
<b>Assigned to:</b>						
Capital Projects	-	-	-	2,764,590	-	2,764,590
Transportation Projects	-	171,518	-	-	-	171,518
Emergency and Disaster Relief	-	-	-	-	164,705	164,705
Health Department	-	-	-	-	3,168	3,168
<b>Unassigned:</b>						
Unassigned	6,595,043	-	(8,798)	-	(59,316)	6,526,929
<b>Total Fund Balances</b>	<b>\$ 6,967,987</b>	<b>\$ 192,898</b>	<b>\$ 14,329,337</b>	<b>\$ 3,426,210</b>	<b>\$ 23,417,050</b>	<b>\$ 48,333,482</b>

The proprietary fund balance sheet contains the line item "Net Assets Restricted for Other Purposes". Following is a list of the detail balances contained in that line item for September 30, 2013.

Fund	Amount	Purpose
Airport Enterprise Fund	\$ 6,986,254	Passenger Facility Charges Program
Airport Enterprise Fund	2,227,639	Customer Facility Charges Program
Convention Center Enterprise Fund	7,673,873	Tourist Development Tax
<b>Total Net Assets Restricted for Other Purposes</b>	<b>\$ 16,887,766</b>	

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 13 – ENCUMBRANCES**

The amount of encumbrances outstanding as of September 30, 2013, is as follows:

	Amount
Governmental Funds	
General Fund	\$ 22,678
County Transportation Trust	23,926
Tourist Development	1,825
Other Governmental	45,775
<b>Total</b>	<b>\$ 94,204</b>

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

**NOTE 14 - PENSION PLAN**

**Florida Retirement System**

Plan Description

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

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

FRS Plan Changes

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

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 14 - PENSION PLAN - CONTINUED**

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.

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

The current actuarially determined contribution rates expressed as a percentage of covered payrolls are for regular employees 6.95%, special risk employees 19.06%, special risk administrative support 35.96%, elected judges 28.28%, elected county officers 33.03%, senior management service class 18.31%, and 12.84% for the Deferred Retirement Option Program (DROP). The County's contributions to the plan for the years ended September 30, 2013, 2012, and 2011, listed below were equal to the required contributions for the year.

<u>Elected Officials</u>	Years Ended September 30,		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Board of County Commissioners	\$ 2,754,506	\$ 2,297,942	\$ 3,898,716
Clerk of the Circuit Court	366,186	325,565	450,543
Sheriff	2,153,332	2,017,147	2,887,232
Tax Collector	291,150	241,744	351,338
Property Appraiser	113,642	92,366	161,656
Supervisor of Elections	52,022	40,678	72,291
Total Contributions	<u>\$ 5,730,838</u>	<u>\$ 5,015,442</u>	<u>\$ 7,821,776</u>

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



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 14 - PENSION PLAN - CONTINUED**

**Health Insurance Subsidy – Continued**

**Health Insurance Subsidy**

Plan Description

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

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

Funding Policy

The HIS program is funded by required contributions from FRS participating employers. According to the FRS actuarial valuation of HIS completed July 1, 2012, the unfunded actuarial liability of the HIS program was \$8.8 billion. The annual required contribution (ARC) calculated in July, 2012, for the fiscal year ending June 30, 2013 is 1.71% of active payroll. Effective July 1, 2013, with the passage of Senate Bill 1810, the employer-paid contribution rate for the HIS program increased from 1.11% of the employer's payroll to 1.20% of the employer's payroll. This contribution is added to the amount submitted for retirement contributions but is deposited in a separate trust fund (The Retiree Health Insurance Subsidy Trust Fund) from which Health Insurance Subsidy payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**Board of County Commissioners**

Plan Description

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - CONTINUED**

**Board of County Commissioners - Continued**

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, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	50
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	736
Total	786
Participating Employers	1

Funding Policy

The County contracted Insurance Broker negotiates the premium rates with BCBSFL. The County has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs which for fiscal year 2013 was \$484,392. 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, 2013**

**NOTE 15 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Board of County Commissioners – Continued**

Annual OPEB Costs and Net OPEB Obligation – Continued

Annual Required Contribution	\$ 375,103
Interest on Prior Year Net OPEB Obligation	35,152
Adjustment to Annual Required Contribution	<u>(50,821)</u>
Annual OPEB Costs	359,434
Estimated Employer Contributions made	<u>(290,614)</u>
Increase (Decrease) in Net OPEB Obligation	68,820
Net OPEB Obligation , Beginning of Year	<u>878,801</u>
Estimated Net OPEB Obligation, End of Year	<u><u>\$ 947,621</u></u>

The County first had an actuarial valuation performed for the plan as of September 30, 2013 to determine the employer's ARC for the fiscal year ended September 30, 2013. 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 2013 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2011	\$ 401,963	45.28%	\$ 828,569	\$ 31,547,282	11.40%
9/30/2012	\$ 354,810	85.90%	\$ 878,801	\$ 31,617,251	12.00%
9/30/2013	\$ 359,434	80.90%	\$ 947,621	\$ 31,108,775	12.20%

Funded Status and Funding Progress

As of September 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$3,788,681 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,788,681. 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, 2013**

**NOTE 15 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Board of County Commissioners – Continued**

Actuarial methods and Assumptions – Continued

In the September 30, 2013, 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 6.1% initially, reduced by decrements to an ultimate rate of 4.7% in 2082. 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, 2013, was 24 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, 2013**

**NOTE 15 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Sheriff – Continued**

Membership

At September 30, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	35
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	340
Total	375
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 25 years. The following shows the components of the Sheriff's net OPEB obligation as of September 30, 2013:

Annual Required Contribution	\$ 374,212
Interest on Prior Year Net OPEB Obligation	143,379
Adjustment to Annual Required Contribution	(137,864)
Annual OPEB Costs	379,727
Estimated Employer Contributions made	(136,371)
Increase (Decrease) in Net OPEB Obligation	243,356
Net OPEB Obligation , Beginning of Year	3,584,471
Estimated Net OPEB Obligation, End of Year	\$ 3,827,827

The Sheriff's annual OPEB cost (expense) was \$379,727 for the year ended September 30, 2013. The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the prior two (2) years were as follows:

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 15 – POST EMPLOYMENT BENEFITS – CONTINUED**

**Sheriff – Continued**

Annual OPEB Costs and Net OPEB Obligation - Continued

Fiscal Year Ended	Annual OPEB Costs	Estimated Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2011	\$334,074	\$222,448	66.59%	\$3,341,450	\$16,183,193	19.90%
9/30/2012	\$360,200	\$117,179	32.53%	\$3,584,471	\$17,517,844	20.50%
9/30/2013	\$379,727	\$136,371	35.91%	\$3,827,827	\$16,531,416	23.20%

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$2,873,292 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 July 1, 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 8.5% initially, reduced by decrements to an ultimate rate of 5.5% in 2020. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2013, was 25 years.

**NOTE 16 - 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, 2013**

**NOTE 16 - 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, \$5,000 for hired automobile physical damage) of each claim or incident. In 2013, the County elected not to renew a Stop Loss Aggregate insurance policy which covered losses over \$2,200,000 (\$50,000 for automobile liability, \$1,000 for physical damage).

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

*Property Insurance*

The County self-insures the risk of physical loss to its real property, business property and equipment. The County retains the risk of the first \$50,000 of physical damage to County property. In the case of a named storm, the self-insurance retention changes to a 3% deductible on each structure with a minimum deductible of \$100,000 on all damaged structures for a capped deductible of \$5,000,000 per storm. Excess insurance is purchased to cover the physical damage exposure over the self-insured retention amount.

*Workers' Compensation*

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

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

*Employee Medical Benefits*

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

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

Excess insurance is purchased from a commercial carrier to provide a specific claim and aggregate limits coverage. Specific claim coverage benefits the covered individual by providing unlimited coverage to begin when a specific claim exceeds \$95,000 plus an

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 16 - RISK MANAGEMENT - CONTINUED**

A. Method of Risk Management - Continued

*Employee Medical Benefits - Continued*

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, 2013, the amount of these liabilities was \$658,809. 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, 2013. 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, 2013</u>	As of <u>September 30, 2012</u>
Unpaid claims and adjustment expenses at beginning of year	\$ 1,152,782	\$ 654,793
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	3,402,850	4,583,682
B) Increases (decreases) in provision for insured events of prior fiscal years	<u>-</u>	<u>-</u>
Total incurred claims and claim adjustment expenses	<u>4,555,632</u>	<u>5,238,475</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	3,896,823	4,085,693
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>-</u>	<u>-</u>
Total payments	<u>3,896,823</u>	<u>4,085,693</u>
Unpaid claims and claim adjustment at end of year	<u>\$ 658,809</u>	<u>\$ 1,152,782</u>

*Special Risk Policies*

The Board of County Commissioners purchases commercial crime coverage against theft of money and securities with a \$25,000 deductible. All of the other elected officials, except the Sheriff, are covered under the policy. Florida Statute requires certain classes of employees (law enforcement) be provided with a special death and disability benefit. The Board of



**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 16 - RISK MANAGEMENT - CONTINUED**

A. Method of Risk Management

*Special Risk Policies - Continued*

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, 2013. 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, 2013 were as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Workers' compensation	\$ 1,133,245	\$ 1,414,985	\$ 2,548,230
General liability	691,516	1,192,005	1,883,521
Auto liability	15,284	6,792	22,076
Property	41,176	-	41,176
Total claims liability recognized	<u>\$ 1,881,221</u>	<u>\$ 2,613,782</u>	<u>\$ 4,495,003</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, 2013**

**NOTE 16 - RISK MANAGEMENT - CONTINUED**

D. Reconciliation of Claims Liabilities

	As of September 30, 2013				As of September 30, 2012			
	Workers' Compensation	Liability	Property	Total	Workers' Compensation	Liability	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 2,975,931	\$ 1,020,210	\$ 8,500	\$ 4,004,641	\$ 2,852,811	\$ 729,115	\$ -	\$ 3,581,926
Incurred claims and claim adjustment expenses								
A) Provision for insured events of current fiscal year	762,011	1,411,577	71,707	2,245,295	1,071,551	668,214	8,500	1,748,265
B) Increases (decreases) in provision for insured events of prior fiscal years	(331,257)	(221,086)	54,636	(497,707)	121,283	(260,820)	-	(139,537)
Total incurred claims and claim adjustment expenses	<u>430,754</u>	<u>1,190,491</u>	<u>126,343</u>	<u>1,747,588</u>	<u>1,192,834</u>	<u>407,394</u>	<u>8,500</u>	<u>1,608,728</u>
Payments								
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	203,613	248,564	30,531	482,708	254,864	19,090	-	273,954
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>654,842</u>	<u>56,540</u>	<u>63,136</u>	<u>774,518</u>	<u>814,850</u>	<u>97,209</u>	<u>-</u>	<u>912,059</u>
Total payments	<u>858,455</u>	<u>305,104</u>	<u>93,667</u>	<u>1,257,226</u>	<u>1,069,714</u>	<u>116,299</u>	<u>-</u>	<u>1,186,013</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 2,548,230</u>	<u>\$ 1,905,597</u>	<u>\$ 41,176</u>	<u>\$ 4,495,003</u>	<u>\$ 2,975,931</u>	<u>\$ 1,020,210</u>	<u>\$ 8,500</u>	<u>\$ 4,004,641</u>

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

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

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

The City will be billed monthly at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow. Additionally, the City will pay to the County the Sewer Readiness to Serve Fee, which is equal to \$3,750 per month. Beginning March 2011, and each year thereafter, the Readiness to Serve Fee will increase by 3% annually. Service to the City began March 2010. Fees of \$2,331,997 paid by the City during 2013 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>
2014	\$ 49,910
2015	51,407
2016	52,949
2017	54,537
2018	56,173
2019-2023	307,177
2024-2028	356,106
2028-2032	412,830
2033-2038	478,584
2039	104,501
Total	<u>\$ 1,924,174</u>

**Convention Center Expansion**

Okaloosa County contracted with a company for construction of additional boat ramp parking and an outdoor exhibit area for \$1,064,464. The Convention Center will expand the outdoors facilities by adding a fenced 30,000 square feet concrete pad with a small building to provide utilities and audio services. The Convention Center’s \$974,577 portion of the project will be provided by Tourist Development Tax Revenue. The project began in 2013 with \$46,649 reported in construction in progress. The project is scheduled to be completed in April 2014.

**Customer Facility Charge Agreement**

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

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 17 – COMMITMENTS AND CONTINGENCIES - CONTINUED**

**Customer Facility Charge Agreement - Continued**

twenty-five cents (\$3.25) to three dollars and seventy-five cents (\$3.75). CFC revenue will be utilized by the County to construct, operate and maintain facilities and services for the rental car operators and their customers at the Northwest Florida Regional Airport. The facilities were completed and began operations in fiscal year 2009. CFC collections for the year ended September 30, 2013 were \$1,570,156 and will be used for debt service on the Series 2007 taxable airport revenue bonds. In fiscal year 2013, the Airport used \$518,767 of CFC revenue generated from the rental car companies for abatement of certain facility rent.

**Emergency Operations Center**

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

**Grants**

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

**Lawsuits**

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

**Arbitrage Rebate**

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

According to the calculations, the Board has no rebate liability with respect to the bonds at September 30, 2013. 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.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 17 – COMMITMENTS AND CONTINGENCIES - CONTINUED**

**Florida Department of Juvenile Justice Reconciliation**

The State of Florida Department of Juvenile Justice changed the manner in which it shared costs with Counties for juvenile detention in FY08-09 and as a result a greater share of costs were passed on to the Counties. Various counties, including Okaloosa County, have filed administrative challenges to the reconciliations of the Department of Juvenile Justice. Rule challenges have been filed to the Department's reconciliation for FY09-10 through 11-12. The rule challenges were affirmed on appeal and Okaloosa County has overpaid the Department of Juvenile Justice \$2,415,023 for the three years at issue. The Department has admitted that this overpayment calculation is correct but has taken the position that there is no legislative funding for this overpayment, and therefore it cannot credit or refund Okaloosa County for this amount. An additional credit for FY-12-13 has been calculated at \$682,841; however the Department has taken the same position. No amounts have been recorded in the financial statement for these credits or refunds since realization is uncertain.

**Medicaid County Billing Retrospective**

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

**NOTE 18 – 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, 2012 and ended on December 31, 2013 and is subject to renewal or revision December 2013. The Okaloosa County Board of County Commissioners' contribution to the library cooperative for the year ended September 30, 2013 was \$513,600. In addition, approximately \$81,274 of allocable indirect costs was charged to the fund. These charges were treated as an in-kind contribution by the County during the year ended September 30, 2013. The future commitment to the library cooperative in 2014 is \$513,600.

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 19 – NON-RECURRING TRANSACTIONS**

**Tourist Development Special Revenue Fund**

In 2013, the Board contributed \$6,395,000 to the City of Destin for the beach restoration project. The funds contributed were provided by the Tourist Development Funds' Special Assessment and tourist development taxes. The expenditure is included as part of culture and recreation costs in the Tourist Development Special Revenue fund.

The Board recovered \$598,590 of illegally used British Petroleum monies by its former Tourist Development Director during the year ended September 30, 2013. Other physical assets such as furniture and motorcycles held by Okaloosa County are planned to be sold at auction in 2014. British Petroleum has confirmed the Company does not want a refund of any illegal purchases made using oil spill dollars and requested they be used for their original purpose of area promotion. The remaining unspent British Petroleum monies of \$589,960 are restricted in the Tourist Development Fund at September 30, 2013 and are projected to be spent in 2014.

**Water and Sewer Enterprise Fund**

In accordance with an interlocal agreement with the City of Fort Walton Beach, Florida, the Board contributed 50% of the common costs for the replacement of a thirty inch pre-stressed concrete cylinder pressure force main. The capital contribution of \$1,497,480 is reported as contribution to other government in the water and sewer fund. The asset will be owned and operated by the City of Fort Walton Beach, Florida for twenty years and then possession of the asset will transfer to Okaloosa County.

**NOTE 20 – SUBSEQUENT EVENTS**

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

October 2013 Okaloosa County entered into an agreement with 96<sup>th</sup> Communications Squadron from Eglin Air Force Base to provide a 36 strand single mode fiber path between Building 4545 at the 7<sup>th</sup> Special Forces Group Airborne compound on Duke Field to Building 44 on Eglin Air Force Base. The agreement will result in a one-time fee to the County of \$1,343,135.

**Airport Refunding Revenue Bond Issue**

Okaloosa County authorized refinancing of the County's Series 2003 Airport Revenue Bonds and repayment of \$1.2 million of the existing \$2 million loan with the Florida Local Government Finance Commission through a negotiated sale with Compass Mortgage Corporation. In January 2014, the County issued a Airport Revenue Refunding Bond, Series 2014 for \$8,920,000 with average coupon rate of 3.15%. The debt will be repaid with annual installments ranging from \$360,000 to \$740,000 from October 1, 2014 to October 1, 2028.

**Renovation of Shalimar Annex and Crestview Courthouse**

In 2013, Okaloosa County began Phase I of the renovations to the Shalimar Annex. Phase I of the two phase project will cover design, build and architectural services. The County reached a \$1,600,000 agreement regarding the reverter clause at the Annex with the first installment beginning in September 2014. The liability for the settlement agreement has been recorded in the Self Insurance Fund as of September, 30, 2013. In November the contractor was given direction to move forward with Phase II of the design process which includes refining the space planning data, developing the conceptual drawings,

**Okaloosa County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2013**

**NOTE 20 – SUBSEQUENT EVENTS**

**Renovation of Shalimar Annex and Crestview Courthouse - Continued**

and developing 100% construction drawings. At March, 2014, the project design was near 35% and demolition of the current structure is slated to being May, 2014.

As part of this project certain space in the Annex used by the Okaloosa County Sheriff's Office is required to be vacated. Improvements/renovations will be made to the Sheriff's Administration Building to allow consolidation due to the space lost.

Okaloosa County selected a design-build firm in March, 2014 to oversee the renovations of the Crestview Courthouse.

The County will be funding these projects with one debt issuance not to exceed \$20 million.

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

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

**Health Insurance Reimbursement**

In April, 2014 the BCC received approximately \$3,709,000 from Blue Cross/Blue Shield of Florida for refunds relating to its health insurance program for the period of October 1, 2011 to September 30, 2013. The refunds are based on an agreement with the Company that provides a look back comparison of earned premium to incurred claims. The County did not estimate a refund based on the volatility and uncertainty associated with predicting health insurance claims incurred. The refund will be recorded in the self-insurance fund during FY14.

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## **Required Supplementary Information**



**Okaloosa County, Florida**  
**Post Employment Benefits Plans Schedule of Funding Progress**  
**September 30, 2013**

**Board of County Commissioners**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liabilities (AAL)<sup>(1)</sup></b>	<b>Unfunded Actuarial Liabilities (UAAL)<sup>(2)</sup></b>	<b>Funded Ratio</b>	<b>Covered Payroll<sup>(3)</sup></b>	<b>UAAL as a Percentage of Covered Payroll<sup>(3)</sup></b>
October 1, 2010	-	\$ 3,587,969	\$ 3,487,969	0.0%	\$ 31,547,282	11.4%
October 1, 2011	-	\$ 3,788,681	\$ 3,788,681	0.0%	\$ 31,617,251	12.0%
October 1, 2012	-	\$ 3,780,041	\$ 3,780,041	0.0%	\$ 31,108,775	12.2%

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

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

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

**Sheriff**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liabilities (AAL) (b)</b>	<b>Unfunded Actuarial Liabilities (UAAL)<sup>(3)</sup> (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b-a]/c)</b>
October 1, 2011	-	\$ 3,341,450	\$ 3,341,450	0.0%	\$ 16,813,193	19.90%
October 1, 2012	-	\$ 3,584,471	\$ 3,584,471	0.0%	\$ 17,517,844	20.50%
October 1, 2013	-	\$ 3,827,827	\$ 3,827,827	0.0%	\$ 16,531,416	23.20%

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

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# 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**

#### **Natural Disaster Fund**

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

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

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

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

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

#### **Radio Communications Fund**

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

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

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

#### **Police Academy Fund**

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

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

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

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

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

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

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

#### **Prisoner Benefit Fund**

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

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

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

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

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

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

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

# Nonmajor Governmental Funds (Continued)

## SPECIAL REVENUE FUNDS (Continued)

### **Traffic Education Trust Fund**

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

### **Clerk of the Circuit Court**

#### **Courts Special Revenue Fund**

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

#### **Public Records Modernization Trust Fund**

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

#### **Public Records Courts Special Revenue Fund**

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

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

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

### **Sheriff**

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

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

#### **Teen Challenge Driver Fund**

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

#### **Second Dollar Program Fund**

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

## **DEBT SERVICE FUND**

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

### **Board of County Commissioners**

#### **Okaloosa Debt Service Fund**

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

## **CAPITAL PROJECTS FUNDS**

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

### **Board of County Commissioners**

#### **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, 2013**

	Natural Disaster Special Revenue Fund	Local Housing Assistance Special Revenue Fund	E-911 Operation Special Revenue Fund	Radio Communications Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 23,227	\$ 429,247	\$ 863,665	\$ 11,057
Investments	44,304	352,969	560,118	582
Accounts Receivable	-	-	-	9,864
Due from Other Funds	-	55,000	-	50,000
Due from Other Elected Officials	-	-	-	6,406
Due from Other Governments	615,868	-	-	-
Prepays	-	-	37,246	5,332
<b>Total Assets</b>	<b>\$ 683,399</b>	<b>\$ 837,216</b>	<b>\$ 1,461,029</b>	<b>\$ 83,241</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ 11,909	\$ -
Contracts Payable	-	-	317	1,995
Other Accrued Liabilities	-	-	9,520	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	27
Due to Other Governments	-	-	-	-
Due to Depositors	-	-	-	-
Deferred Revenue	-	530,291	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>530,291</b>	<b>21,746</b>	<b>2,022</b>
<b>Fund Balances</b>				
Nonspendable	-	-	37,246	5,332
Restricted	518,694	306,925	1,439,283	81,219
Committed	-	-	-	-
Assigned	164,705	-	-	-
Unassigned	-	-	(37,246)	(5,332)
<b>Total Fund Balances</b>	<b>683,399</b>	<b>306,925</b>	<b>1,439,283</b>	<b>81,219</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 683,399</b>	<b>\$ 837,216</b>	<b>\$ 1,461,029</b>	<b>\$ 83,241</b>



Statement A-1

Law Enforcement Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund
\$ 20,523	\$ 46,780	\$ 3,499	\$ 383,965	\$ 2,543,712
1,343	703	-	42,519	2,265,648
-	-	995	-	125
-	-	-	80,000	-
-	1,679	8	335	1,344
-	-	49,957	1,253	-
-	-	-	3,957	12,568
<u>\$ 21,866</u>	<u>\$ 49,162</u>	<u>\$ 54,459</u>	<u>\$ 512,029</u>	<u>\$ 4,823,397</u>
\$ -	\$ 929	\$ -	\$ 21,090	\$ 30,422
-	-	5,796	-	1,720
-	-	-	-	20,487
-	-	45,495	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	929	51,291	21,090	52,629
-	-	-	3,957	12,568
21,866	48,233	-	-	4,770,768
-	-	-	490,939	-
-	-	3,168	-	-
-	-	-	(3,957)	(12,568)
<u>21,866</u>	<u>48,233</u>	<u>3,168</u>	<u>490,939</u>	<u>4,770,768</u>
<u>\$ 21,866</u>	<u>\$ 49,162</u>	<u>\$ 54,459</u>	<u>\$ 512,029</u>	<u>\$ 4,823,397</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2013**

	Prisoner Benefit Special Revenue Fund	Additional Court Costs Special Revenue Fund	Drug Abuse Trust Special Revenue Fund	Domestic Violence Trust Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 60,696	\$ 24,536	\$ 40,395	\$ 198,815
Investments	502,557	559,050	416	51,573
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	-	100,813	9	1,920
Due from Other Governments	-	-	-	-
Prepays	-	213	-	-
<b>Total Assets</b>	<b>\$ 563,253</b>	<b>\$ 684,612</b>	<b>\$ 40,820</b>	<b>\$ 252,308</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 1,495	\$ 543	\$ 354	\$ -
Contracts Payable	12,562	29,020	-	-
Accrued Liabilities	5,961	6,113	-	1,235
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	-	31,846	-	-
Due to Depositors	32,065	-	-	-
Deferred Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>52,083</b>	<b>67,522</b>	<b>354</b>	<b>1,235</b>
<b>Fund Balances</b>				
Nonspendable	-	213	-	-
Restricted	511,170	617,090	40,466	251,073
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(213)	-	-
<b>Total Fund Balances</b>	<b>511,170</b>	<b>617,090</b>	<b>40,466</b>	<b>251,073</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 563,253</b>	<b>\$ 684,612</b>	<b>\$ 40,820</b>	<b>\$ 252,308</b>

Statement A-1

Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund	Public Records 10% Fine Special Revenue Fund
\$ 93,120	\$ 515,318	\$ 1,020,423	\$ 1,081,206	\$ 392,094
232	-	-	-	-
-	-	-	-	-
-	1,995	9,896	30,242	17,488
6,675	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 100,027</u>	<u>\$ 517,313</u>	<u>\$ 1,030,319</u>	<u>\$ 1,111,448</u>	<u>\$ 409,582</u>
\$ -	\$ 738	\$ -	\$ -	\$ 2,682
-	-	-	-	-
-	63,937	-	-	-
-	17,488	-	-	-
-	-	-	-	-
-	61,399	-	-	-
-	-	-	-	-
-	373,751	-	-	-
-	<u>517,313</u>	-	-	<u>2,682</u>
-	-	-	-	-
100,027	-	1,030,319	1,111,448	406,900
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>100,027</u>	<u>-</u>	<u>1,030,319</u>	<u>1,111,448</u>	<u>406,900</u>
<u>\$ 100,027</u>	<u>\$ 517,313</u>	<u>\$ 1,030,319</u>	<u>\$ 1,111,448</u>	<u>\$ 409,582</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2013**

	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund	Okaloosa Debt Service Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 645,480	\$ -	\$ -	\$ 195,935
Investments	-	-	-	197,419
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	70,000
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	-	-	-	-
Prepays	-	-	-	-
<b>Total Assets</b>	<b>\$ 645,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 463,354</b>
<b>LIABILITIES AND</b>				
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Depositors	-	-	-	-
Deferred Revenue	645,480	-	-	-
<b>Total Liabilities</b>	<b>645,480</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	463,354
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>463,354</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 645,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 463,354</b>

Road and Bridge Constructions Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
\$ 3,329,092	\$ 11,922,785
7,553,734	12,133,167
-	10,984
-	314,621
-	119,189
476,075	1,143,153
-	59,316
<u>\$ 11,358,901</u>	<u>\$ 25,703,215</u>
\$ 56,381	\$ 126,543
260,617	312,027
-	107,253
-	62,983
-	27
-	93,245
2,500	34,565
-	1,549,522
<u>319,498</u>	<u>2,286,165</u>
-	59,316
11,039,403	22,758,238
-	490,939
-	167,873
-	(59,316)
<u>11,039,403</u>	<u>23,417,050</u>
<u>\$ 11,358,901</u>	<u>\$ 25,703,215</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Natural Disaster Special Revenue Fund	Local Housing Assistance Special Revenue Fund	E-911 Operation Special Revenue Fund	Radio Communications Special Revenue Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	193,565	110,587	1,061,252	-
Charges for Services	-	-	3,590	9,864
Fines	-	-	-	94,210
Miscellaneous	2,930	3,517	18,932	1,186
<b>Total Revenues</b>	<b>196,495</b>	<b>114,104</b>	<b>1,083,774</b>	<b>105,260</b>
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	-	944,335	109,203
Transportation	-	-	-	-
Economic Environment	-	110,587	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Capital Outlay	3,755	-	-	39,341
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>3,755</b>	<b>110,587</b>	<b>944,335</b>	<b>148,544</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,740	3,517	139,439	(43,284)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(666,664)	-	-	-
Transfers Among Constitutional Officers	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(666,664)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(473,924)	3,517	139,439	(43,284)
Fund Balances - Beginning	1,157,323	303,408	1,299,844	124,503
Fund Balances - Ending	<b>\$ 683,399</b>	<b>\$ 306,925</b>	<b>\$ 1,439,283</b>	<b>\$ 81,219</b>

Statement A-2

Law Enforcement Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund
\$ -	\$ -	\$ 651,521	\$ -	\$ 1,123,362
-	-	-	441,416	-
-	-	-	-	-
-	24,442	-	-	9,032
24,730	-	-	-	-
398	944	52,467	9,939	32,202
<u>25,128</u>	<u>25,386</u>	<u>703,988</u>	<u>451,355</u>	<u>1,164,596</u>
-	-	-	-	-
-	14,311	-	-	-
-	-	-	468,990	-
-	-	-	-	-
-	-	639,169	-	-
-	-	-	-	845,029
-	-	-	-	-
-	-	49,957	-	225,473
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>14,311</u>	<u>689,126</u>	<u>468,990</u>	<u>1,070,502</u>
25,128	11,075	14,862	(17,635)	94,094
-	-	4,000	-	-
-	-	(18,640)	-	-
<u>(272,227)</u>	<u>(70,814)</u>	<u>-</u>	<u>335</u>	<u>1,341</u>
<u>(272,227)</u>	<u>(70,814)</u>	<u>(14,640)</u>	<u>335</u>	<u>1,341</u>
(247,099)	(59,739)	222	(17,300)	95,435
268,965	107,972	2,946	508,239	4,675,333
<u>\$ 21,866</u>	<u>\$ 48,233</u>	<u>\$ 3,168</u>	<u>\$ 490,939</u>	<u>\$ 4,770,768</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, 2013**

	Prisoner Benefit Special Revenue Fund	Additional Court Costs Special Revenue Fund	Drug Abuse Trust Special Revenue Fund	Domestic Violence Trust Special Revenue Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	623,245	1,453,445	-	-
Fines	-	-	13,759	26,675
Miscellaneous	5,090	25,663	507	2,438
<b>Total Revenues</b>	<b>628,335</b>	<b>1,479,108</b>	<b>14,266</b>	<b>29,113</b>
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	554,745	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	867,839	33,998	39,712
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>554,745</b>	<b>867,839</b>	<b>33,998</b>	<b>39,712</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,590	611,269	(19,732)	(10,599)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	(638,818)	-	-
Transfers Among Constitutional Officers	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(638,818)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	73,590	(27,549)	(19,732)	(10,599)
Fund Balance - Beginning	437,580	644,639	60,198	261,672
Fund Balances - Ending	<u>\$ 511,170</u>	<u>\$ 617,090</u>	<u>\$ 40,466</u>	<u>\$ 251,073</u>



Statement A-2

Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund	Public Records 10% Fine Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	2,896,390	-	-	-
-	776,428	143,343	442,440	204,081
92,198	217,045	-	-	-
5,741	-	1,457	1,611	-
<u>97,939</u>	<u>3,889,863</u>	<u>144,800</u>	<u>444,051</u>	<u>204,081</u>
-	-	52,232	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,887,134	-	316,774	31,536
-	2,729	-	-	56,194
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>3,889,863</u>	<u>52,232</u>	<u>316,774</u>	<u>87,730</u>
<u>97,939</u>	<u>-</u>	<u>92,568</u>	<u>127,277</u>	<u>116,351</u>
-	-	-	-	-
-	-	-	-	-
<u>(68,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(68,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
29,149	-	92,568	127,277	116,351
<u>70,878</u>	<u>-</u>	<u>937,751</u>	<u>984,171</u>	<u>290,549</u>
<u>\$ 100,027</u>	<u>\$ -</u>	<u>\$ 1,030,319</u>	<u>\$ 1,111,448</u>	<u>\$ 406,900</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund	Okaloosa Debt Service Fund
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	4,426,843
Charges for Services	-	-	-	-
Fines	-	-	-	-
Miscellaneous	74,243	-	-	460,167
<b>Total Revenues</b>	<b>74,243</b>	<b>-</b>	<b>-</b>	<b>4,887,010</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	-	-	190,750
Public Safety	335,271	47,892	70,814	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Capital Outlay	11,199	20,898	-	-
<b>Debt Service</b>				
Principal	-	-	-	713,000
Interest	-	-	-	1,626,624
Other Debt Service Costs	-	-	-	41,210
<b>Total Expenditures</b>	<b>346,470</b>	<b>68,790</b>	<b>70,814</b>	<b>2,571,584</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(272,227)</b>	<b>(68,790)</b>	<b>(70,814)</b>	<b>2,315,426</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	720,217
Transfers Out	-	-	-	(2,767,096)
Transfers Among Constitutional Officers	272,227	68,790	70,814	-
<b>Total Other Financing</b>	<b>272,227</b>	<b>68,790</b>	<b>70,814</b>	<b>(2,046,879)</b>
<b>Net Change in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>268,547</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194,807</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 463,354</b>

Road and Bridge Constructions Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
\$ 1,779,610	\$ 3,554,493
-	441,416
2,064,007	10,752,644
30,000	3,719,910
-	468,617
(16,425)	683,007
<u>3,857,192</u>	<u>19,620,087</u>
-	242,982
-	2,076,571
1,009,302	1,478,292
-	110,587
-	639,169
-	845,029
-	5,176,993
2,210,441	2,619,987
-	713,000
-	1,626,624
-	41,210
<u>3,219,743</u>	<u>15,570,444</u>
<u>637,449</u>	<u>4,049,643</u>
-	724,217
(800,000)	(4,891,218)
-	1,676
<u>(800,000)</u>	<u>(4,165,325)</u>
(162,551)	(115,682)
<u>11,201,954</u>	<u>23,532,732</u>
<u>\$ 11,039,403</u>	<u>\$ 23,417,050</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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 1,481	\$ 1,481
Intergovernmental	110,000	190,703	199,881	9,178
Miscellaneous	80,000	80,000	36,744	(43,256)
<b>Total Revenues</b>	<b>190,000</b>	<b>270,703</b>	<b>238,106</b>	<b>(32,597)</b>
Expenditures				
Current				
General Government	3,840,500	3,284,091	-	3,284,091
Culture and Recreation	371,685	413,660	111,320	302,340
Capital Outlay	478,000	1,016,511	839,536	176,975
<b>Total Expenditures</b>	<b>4,690,185</b>	<b>4,714,262</b>	<b>950,856</b>	<b>3,763,406</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500,185)	(4,443,559)	(712,750)	3,730,809
Other Financing Sources (Uses)				
Transfers In	913,801	1,053,801	749,200	(304,601)
Transfers Out	(309,500)	(309,500)	(309,500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>604,301</b>	<b>744,301</b>	<b>439,700</b>	<b>(304,601)</b>
<b>Net Change in Fund Balance</b>	<b>(3,895,884)</b>	<b>(3,699,258)</b>	<b>(273,050)</b>	<b>3,426,208</b>
Fund Balance - Beginning	3,895,884	3,699,258	3,699,260	2
Fund Balance - Ending	\$ -	\$ -	\$ 3,426,210	\$ 3,426,210

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 89,056	\$ 193,565	\$ 104,509
Miscellaneous	-	-	2,930	2,930
Total Revenues	-	89,056	196,495	107,439
Expenditures				
Current				
Capital Outlay	-	101,778	3,755	98,023
Total Expenditures	-	101,778	3,755	98,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(12,722)	192,740	205,462
Other Financing Sources (Uses)				
Transfers Out	(1,000,000)	(1,000,000)	(666,664)	333,336
Total Other Financing Sources (Uses)	(1,000,000)	(1,000,000)	(666,664)	333,336
Net Change in Fund Balance	(1,000,000)	(1,012,722)	(473,924)	538,798
Fund Balance - Beginning	1,000,000	1,012,722	1,157,323	144,601
Fund Balance - Ending	\$ -	\$ -	\$ 683,399	\$ 683,399

**Okaloosa County, Florida**  
**LOCAL HOUSING ASSISTANCE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 636,053	\$ 110,587	\$ (525,466)
Miscellaneous	-	2,722	3,517	795
Total Revenues	-	638,775	114,104	(524,671)
Expenditures				
Current				
Economic Environment	400,000	942,182	110,587	831,595
Total Expenditures	400,000	942,182	110,587	831,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400,000)	(303,407)	3,517	306,924
Net Change in Fund Balance	(400,000)	(303,407)	3,517	306,924
Fund Balances - Beginning	400,000	303,407	303,408	1
Fund Balance - Ending	\$ -	\$ -	\$ 306,925	\$ 306,925

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 950,000	\$ 1,067,827	\$ 1,061,252	\$ (6,575)
Charges for Services	3,200	3,200	3,590	390
Miscellaneous	12,500	19,584	18,932	(652)
<b>Total Revenues</b>	<b>965,700</b>	<b>1,090,611</b>	<b>1,083,774</b>	<b>(6,837)</b>
Expenditures				
Current				
Public Safety	2,165,700	2,390,454	944,335	1,446,119
<b>Total Expenditures</b>	<b>2,165,700</b>	<b>2,390,454</b>	<b>944,335</b>	<b>1,446,119</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,200,000)	(1,299,843)	139,439	1,439,282
Net Change in Fund Balance	(1,200,000)	(1,299,843)	139,439	1,439,282
Fund Balances - Beginning	1,200,000	1,299,843	1,299,844	1
Fund Balance - Ending	\$ -	\$ -	\$ 1,439,283	\$ 1,439,283

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ -	\$ -	\$ 9,864	\$ (9,864)
Fines	110,000	110,000	94,210	(15,790)
Miscellaneous	-	-	1,186	1,186
<b>Total Revenues</b>	<b>110,000</b>	<b>110,000</b>	<b>105,260</b>	<b>(24,468)</b>
Expenditures				
Current				
Public Safety	170,000	194,719	109,203	85,516
Capital Outlay	40,000	39,784	39,341	443
<b>Total Expenditures</b>	<b>210,000</b>	<b>234,503</b>	<b>148,544</b>	<b>85,959</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(124,503)	(43,284)	81,219
<b>Net Change in Fund Balance</b>	<b>(100,000)</b>	<b>(124,503)</b>	<b>(43,284)</b>	<b>81,219</b>
Fund Balances - Beginning	100,000	124,503	124,503	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,219</b>	<b>\$ 81,219</b>



**Okaloosa County, Florida**  
**LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	\$ -	\$ 24,730	\$ 24,730	\$ -
Miscellaneous	-	-	398	398
Total Revenues	-	24,730	25,128	398
Expenditures				
Current				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	24,730	25,128	398
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(25,000)	(293,694)	(272,227)	21,467
Total Other Financing Sources (Uses)	(25,000)	(293,694)	(272,227)	21,467
Net Change in Fund Balance	(25,000)	(268,964)	(247,099)	21,865
Fund Balances - Beginning	25,000	268,964	268,965	1
Fund Balance - Ending	\$ -	\$ -	\$ 21,866	\$ 21,866

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 35,000	\$ 35,000	\$ 24,442	\$ (10,558)
Miscellaneous	750	750	944	194
Total Revenues	35,750	35,750	25,386	(10,364)
Expenditures				
Current				
Public Safety	155,750	143,721	14,311	129,410
Total Expenditures	155,750	143,721	14,311	129,410
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,000)	(107,971)	11,075	119,046
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	(70,814)	(70,814)
Total Other Financing Sources (Uses)	-	-	(70,814)	(70,814)
Net Change in Fund Balance	(120,000)	(107,971)	(59,739)	48,232
Fund Balances - Beginning	120,000	107,971	107,972	1
Fund Balance - Ending	\$ -	\$ -	\$ 48,233	\$ 48,233

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 666,599	\$ 666,599	\$ 651,521	\$ (15,078)
Miscellaneous	3,500	53,457	52,467	(990)
Total Revenues	670,099	720,056	703,988	(16,068)
Expenditures				
Current				
Human Services	676,599	658,405	639,169	19,236
Capital Outlay	-	49,957	49,957	-
Total Expenditures	676,599	708,362	689,126	19,236
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,500)	11,694	14,862	3,168
Other Financing Sources (Uses)				
Transfers In	4,000	4,000	4,000	-
Transfers Out	-	(18,640)	(18,640)	-
Total Other Financing Sources (Uses)	4,000	(14,640)	(14,640)	-
Net Change in Fund Balance	(2,500)	(2,946)	222	3,168
Fund Balance - Beginning	2,500	2,946	2,946	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,168	\$ 3,168

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Licenses and Permits	\$ 438,385	\$ 445,418	\$ 441,416	(4,002)
Miscellaneous	-	4,544	9,939	5,395
Total Revenues	438,385	449,962	451,355	1,393
Expenditures				
Current				
Transportation	827,571	891,527	468,990	422,537
Capital Outlay	66,025	66,674	-	66,674
Total Expenditures	893,596	958,201	468,990	489,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	(455,211)	(508,239)	(17,635)	490,604
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	335	335
Total Other Financing Sources (Uses)	-	-	335	335
Net Change in Fund Balance	(455,211)	(508,239)	(17,300)	490,939
Fund Balance - Beginning	455,211	508,239	508,239	-
Fund Balance - Ending	\$ -	\$ -	\$ 490,939	\$ 490,939

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,105,425	\$ 1,161,966	\$ 1,123,362	\$ (38,604)
Charges for Services	8,000	8,000	9,032	1,032
Miscellaneous	80,000	53,633	32,202	(21,431)
Total Revenues	<u>1,193,425</u>	<u>1,223,599</u>	<u>1,164,596</u>	<u>(59,003)</u>
Expenditures				
Current				
Culture and Recreation	4,996,168	5,201,675	845,029	4,356,646
Capital Outlay	697,257	697,257	225,473	471,784
Total Expenditures	<u>5,693,425</u>	<u>5,898,932</u>	<u>1,070,502</u>	<u>4,828,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,500,000)</u>	<u>(4,675,333)</u>	<u>94,094</u>	<u>4,769,427</u>
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	1,341	1,341
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,341</u>	<u>1,341</u>
Net Change in Fund Balance	<u>(4,500,000)</u>	<u>(4,675,333)</u>	<u>95,435</u>	<u>4,770,768</u>
Fund Balance - Beginning	<u>4,500,000</u>	<u>4,675,333</u>	<u>4,675,333</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,770,768</u>	<u>\$ 4,770,768</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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 385,000	\$ 603,000	\$ 623,245	\$ 20,245
Miscellaneous	3,500	3,500	5,090	1,590
Total Revenues	388,500	606,500	628,335	21,835
Expenditures				
Current				
Public Safety	738,500	1,044,080	554,745	489,335
Total Expenditures	738,500	1,044,080	554,745	489,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	(350,000)	(437,580)	73,590	511,170
Net Change in Fund Balance	(350,000)	(437,580)	73,590	511,170
Fund Balances - Beginning	350,000	437,580	437,580	-
Fund Balance - Ending	\$ -	\$ -	\$ 511,170	\$ 511,170

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 1,334,500	\$ 1,534,500	\$ 1,453,445	\$ (81,055)
Miscellaneous	-	-	25,663	25,663
Total Revenues	<u>1,334,500</u>	<u>1,534,500</u>	<u>1,479,108</u>	<u>(55,392)</u>
Expenditures				
Current				
Court-Related	1,380,966	1,479,138	867,839	611,299
Capital Outlay	14,000	-	-	-
Total Expenditures	<u>1,394,966</u>	<u>1,479,138</u>	<u>867,839</u>	<u>611,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(60,466)</u>	<u>55,362</u>	<u>611,269</u>	<u>555,907</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(638,818)</u>	<u>61,182</u>
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>(638,818)</u>	<u>61,182</u>
Net Change in Fund Balance	(760,466)	(644,638)	(27,549)	617,089
Fund Balances - Beginning	<u>760,466</u>	<u>644,638</u>	<u>644,639</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,090</u>	<u>\$ 617,090</u>

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	15,000	15,000	13,759	(1,241)
Miscellaneous	-	-	507	507
Total Revenues	15,000	15,000	14,266	(734)
Expenditures				
Current				
Court-Related	75,000	75,197	33,998	41,199
Total Expenditures	75,000	75,197	33,998	41,199
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(60,197)	(19,732)	40,465
Net Change in Fund Balance	(60,000)	(60,197)	(19,732)	40,465
Fund Balances - Beginning	60,000	60,197	60,198	1
Fund Balance - Ending	\$ -	\$ -	\$ 40,466	\$ 40,466



**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	\$ 25,000	\$ 25,000	\$ 26,675	\$ 1,675
Miscellaneous	-	-	2,438	2,438
Total Revenues	25,000	25,000	29,113	4,113
Expenditures				
Current				
Court-Related	278,755	286,671	39,712	246,959
Total Expenditures	278,755	286,671	39,712	246,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	(253,755)	(261,671)	(10,599)	251,072
Net Change in Fund Balance	(253,755)	(261,671)	(10,599)	251,072
Fund Balances - Beginning	253,755	261,671	261,672	1
Fund Balance - Ending	\$ -	\$ -	\$ 251,073	\$ 251,073

**Okaloosa County, Florida**  
**TRAFFIC EDUCATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fines	\$ 66,000	\$ 85,522	\$ 92,198	\$ 6,676
Miscellaneous	-	5,000	5,741	741
Total Revenues	66,000	90,522	97,939	7,417
Expenditures				
Current				
Court-Related	-	80,700	-	80,700
Total Expenditures	-	80,700	-	80,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,000	9,822	97,939	88,117
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(66,000)	(80,700)	(68,790)	11,910
Total Other Financing Sources (Uses)	(66,000)	(80,700)	(68,790)	11,910
Net Change in Fund Balance	-	(70,878)	29,149	100,027
Fund Balances - Beginning	-	70,878	70,878	-
Fund Balance - Ending	\$ -	\$ -	\$ 100,027	\$ 100,027

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,746,242	\$ 2,958,727	\$ 2,896,390	\$ (62,337)
Charges for Services	-	736,086	776,428	40,342
Fines	-	195,050	217,045	21,995
<b>Total Revenues</b>	<b>3,746,242</b>	<b>3,889,863</b>	<b>3,889,863</b>	<b>-</b>
Expenditures				
Current				
Court-Related	3,746,242	3,887,133	3,887,134	(1)
Capital Outlay	-	2,730	2,729	1
<b>Total Expenditures</b>	<b>3,746,242</b>	<b>3,889,863</b>	<b>3,889,863</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**Okaloosa County, Florida**  
**PUBLIC RECORDS MODERNIZATION TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 120,000	\$ 120,000	\$ 143,343	\$ 23,343
Miscellaneous	936,500	936,500	1,457	(935,043)
Total Revenues	<u>1,056,500</u>	<u>1,056,500</u>	<u>144,800</u>	<u>(911,700)</u>
Expenditures				
Current				
General Government	-	52,250	52,232	18
Capital Outlay	1,056,500	1,004,250	-	1,004,250
Total Expenditures	<u>1,056,500</u>	<u>1,056,500</u>	<u>52,232</u>	<u>1,004,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>92,568</u>	<u>92,568</u>
Net Change in Fund Balance	-	-	92,568	92,568
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>937,751</u>	<u>937,751</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,030,319</u>	<u>\$ 1,030,319</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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 360,000	\$ 360,000	\$ 442,440	\$ 82,440
Miscellaneous	986,500	986,500	1,611	(984,889)
<b>Total Revenues</b>	<b>1,346,500</b>	<b>1,346,500</b>	<b>444,051</b>	<b>(902,449)</b>
Expenditures				
Current				
Court-Related	-	271,400	316,774	(45,374)
Capital Outlay	1,346,500	1,075,100	-	1,075,100
<b>Total Expenditures</b>	<b>1,346,500</b>	<b>1,346,500</b>	<b>316,774</b>	<b>1,029,726</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	127,277	127,277
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>127,277</b>	<b>127,277</b>
Fund Balance - Beginning	-	-	984,171	984,171
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,111,448</b>	<b>\$ 1,111,448</b>

**Okaloosa County, Florida**  
**PUBLIC RECORDS 10% FINE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 180,000	\$ 180,000	\$ 204,081	\$ 24,081
Fines	288,500	288,500	-	(288,500)
 Total Revenues	 468,500	 468,500	 204,081	 (264,419)
Expenditures				
Current				
Court-Related	-	31,550	31,536	14
Capital Outlay	468,500	436,950	56,194	380,756
 Total Expenditures	 468,500	 468,500	 87,730	 380,770
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	116,351	116,351
 Net Change in Fund Balance	 -	 -	 116,351	 116,351
 Fund Balance - Beginning	 -	 -	 290,549	 290,549
 Fund Balance - Ending	 \$ -	 \$ -	 \$ 406,900	 \$ 406,900

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ 74,242	\$ 74,242	\$ 74,243	\$ 1
Total Revenues	74,242	74,242	74,243	1
Expenditures				
Current				
Public Safety	335,270	335,270	335,271	(1)
Capital Outlay	11,199	11,199	11,199	-
Total Expenditures	346,469	346,469	346,470	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(272,227)	(272,227)	(272,227)	-
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	272,227	272,227	272,227	-
Total Other Financing Sources (Uses)	272,227	272,227	272,227	-
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**Okaloosa County, Florida**  
**TEEN DRIVER CHALLENGE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	47,892	47,892	47,892	-
Capital Outlay	20,898	20,898	20,898	-
Total Expenditures	68,790	68,790	68,790	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,790)	(68,790)	(68,790)	-
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	68,790	68,790	68,790	-
Total Other Financing Sources (Uses)	68,790	68,790	68,790	-
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -



**Okaloosa County, Florida**  
**SECOND DOLLAR PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	70,814	70,814	70,814	-
Total Expenditures	70,814	70,814	70,814	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,814)	(70,814)	(70,814)	-
Other Financing Sources (Uses)				
Transfers Among				
Constitutional Officers	70,814	70,814	70,814	-
Total Other Financing Sources (Uses)	70,814	70,814	70,814	-
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**Okaloosa County, Florida**  
**OKALOOSA DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 4,071,500	\$ 4,071,500	\$ 4,426,843	\$ 355,343
Miscellaneous	486,148	486,148	460,167	(25,981)
Total Revenues	<u>4,557,648</u>	<u>4,557,648</u>	<u>4,887,010</u>	<u>329,362</u>
Expenditures				
Current				
General Government	394,444	384,250	190,750	193,500
Debt Service				
Principal	713,000	713,000	713,000	-
Interest	1,586,473	1,626,997	1,626,624	373
Other Debt Service Costs	1,635	46,635	41,210	5,425
Total Expenditures	<u>2,695,552</u>	<u>2,770,882</u>	<u>2,571,584</u>	<u>199,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,862,096</u>	<u>1,786,766</u>	<u>2,315,426</u>	<u>528,660</u>
Other Financing Sources (Uses)				
Transfers In	700,000	785,524	720,217	(65,307)
Transfers Out	(2,767,096)	(2,767,096)	(2,767,096)	-
Total Other Financing Sources (Uses)	<u>(2,067,096)</u>	<u>(1,981,572)</u>	<u>(2,046,879)</u>	<u>(65,307)</u>
Net Change in Fund Balance	(205,000)	(194,806)	268,547	463,353
Fund Balance - Beginning	<u>205,000</u>	<u>194,806</u>	<u>194,807</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,354</u>	<u>\$ 463,354</u>

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,779,610	\$ (20,390)
Intergovernmental	1,830,000	2,484,583	2,064,007	(420,576)
Charges for Services	-	30,000	30,000	-
Miscellaneous	125,000	229,421	(16,425)	(245,846)
Total Revenues	<u>3,755,000</u>	<u>4,544,004</u>	<u>3,857,192</u>	<u>(686,812)</u>
Expenditures				
Current				
Transportation	4,405,000	7,896,206	1,009,302	6,886,904
Capital Outlay	<u>6,350,000</u>	<u>7,849,749</u>	<u>2,210,441</u>	<u>5,639,308</u>
Total Expenditures	<u>10,755,000</u>	<u>15,745,955</u>	<u>3,219,743</u>	<u>12,526,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,000,000)</u>	<u>(11,201,951)</u>	<u>637,449</u>	<u>11,839,400</u>
Other Financing Sources (Uses)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>
Net Change in Fund Balance	<u>(7,000,000)</u>	<u>(11,201,951)</u>	<u>(162,551)</u>	<u>11,039,400</u>
Fund Balance - Beginning	<u>7,000,000</u>	<u>11,201,951</u>	<u>11,201,954</u>	<u>3</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,039,403</u>	<u>\$ 11,039,403</u>

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# **NONMAJOR ENTERPRISE FUNDS**

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

## **Board of County Commissioners**

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

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

### **Emergency Medical Services Fund**

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



**Okaloosa County, Florida**  
**COMBINING NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2013**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VIII)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 226,547	\$ 591	\$ 227,138
Investments	171,304	259	171,563
Receivables, Net of Allowance for Uncollectibles	35,807	4,642,121	4,677,928
Due from Other Funds	40,000	41,918	81,918
Due from Other Elected Officials	-	8	8
Prepays	-	2,352	2,352
	<u>473,658</u>	<u>4,687,249</u>	<u>5,160,907</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Intangible	42,425	30,150	72,575
Machinery and Equipment	341,405	4,537,472	4,878,877
Less Accumulated Depreciation	(358,968)	(3,290,430)	(3,649,398)
Total Capital Assets (Net of Accumulated Depreciation)	<u>24,862</u>	<u>1,277,192</u>	<u>1,302,054</u>
Total Noncurrent Assets	<u>24,862</u>	<u>1,277,192</u>	<u>1,302,054</u>
Total Assets	<u>\$ 498,520</u>	<u>\$ 5,964,441</u>	<u>\$ 6,462,961</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2013**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VIII)
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 12,082	\$ 16,387	\$ 28,469
Contracts Payable	32	44,598	44,630
<b>Accrued Liabilities</b>			
Compensated Absences	81,273	206,118	287,391
Other Accrued Liabilities	39,635	245,931	285,566
Due to Other Funds	150,000	201,462	351,462
Due to Other Governments	5,906	210	6,116
Deferred Revenue	18,433	27	18,460
<b>Total Current Liabilities</b>	<b>307,361</b>	<b>714,733</b>	<b>1,022,094</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	59,363	90,329	149,692
Other Post Employment Benefits	12,685	103,162	115,847
<b>Total Noncurrent Liabilities</b>	<b>72,048</b>	<b>193,491</b>	<b>265,539</b>
<b>Total Liabilities</b>	<b>379,409</b>	<b>908,224</b>	<b>1,287,633</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	24,862	1,277,192	1,302,054
Unrestricted	94,249	3,779,025	3,873,274
<b>Total Net Position</b>	<b>119,111</b>	<b>5,056,217</b>	<b>5,175,328</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 498,520</b>	<b>\$ 5,964,441</b>	<b>\$ 6,462,961</b>



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGE IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit IX)
Operating Revenues			
Licenses and Permits	\$ 1,431,427	\$ -	\$ 1,431,427
Charges for Services	191,641	6,500,410	6,692,051
Miscellaneous	5,016	239	5,255
<b>Total Operating Revenues</b>	<b>1,628,084</b>	<b>6,500,649</b>	<b>8,128,733</b>
Operating Expenses			
Personal Services	1,038,466	5,062,053	6,100,519
Contractual Services	438,326	540,801	979,127
Supplies	40,474	657,670	698,144
Utilities	-	26,369	26,369
Other Operating Expenses	61,087	408,648	469,735
Depreciation/Amortization	8,524	401,583	410,107
<b>Total Operating Expenses</b>	<b>1,586,877</b>	<b>7,097,124</b>	<b>8,684,001</b>
<b>Operating Income (Loss)</b>	<b>41,207</b>	<b>(596,475)</b>	<b>(555,268)</b>
Nonoperating Revenues (Expenses)			
Taxes	-	1,301,342	1,301,342
Intergovernmental	-	30,940	30,940
Investment Income	1,661	3,735	5,396
Gain/Loss on Disposal of Capital Assets	-	(136,046)	(136,046)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,661</b>	<b>1,199,971</b>	<b>1,201,632</b>
<b>Income (Loss) Before</b>			
Contributions and Transfers	42,868	603,496	646,364
Capital Contributions	1,175	-	1,175
Transfers In	-	33,000	33,000
<b>Change in Net Position</b>	<b>44,043</b>	<b>636,496</b>	<b>680,539</b>
<b>Total Net Position - Beginning</b>	<b>75,068</b>	<b>4,419,721</b>	<b>4,494,789</b>
<b>Total Net Position - Ending</b>	<b>\$ 119,111</b>	<b>\$ 5,056,217</b>	<b>\$ 5,175,328</b>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit X)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 1,623,830	\$ 6,035,971	\$ 7,659,801
Payments to Suppliers	(533,431)	(1,970,314)	(2,503,745)
Payments to Employees	(1,026,727)	(5,011,257)	(6,037,984)
Net Cash Provided (Used) by Operating Activities	<u>63,672</u>	<u>(945,600)</u>	<u>(881,928)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidy - Taxes	-	1,301,342	1,301,342
Operating Subsidy - Intergovernmental Revenue	-	30,940	30,940
Transfers In	-	33,000	33,000
Net interfund Activity	110,000	159,544	269,544
Net Cash Provided (Used) by Non-capital Financing Activities	<u>110,000</u>	<u>1,524,826</u>	<u>1,634,826</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(35,859)	(589,623)	(625,482)
Proceeds from Disposal of Capital Assets	34,684	6,724	41,408
Capital Contributions	1,175	-	1,175
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(582,899)</u>	<u>(582,899)</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	(70,198)	(66)	(70,264)
Interest Income	1,661	3,735	5,396
Net Cash Provided (Used) by Investing Activities	<u>(68,537)</u>	<u>3,669</u>	<u>(64,868)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	105,135	(4)	105,131
Cash and Cash Equivalents - Beginning of Year	<u>121,412</u>	<u>595</u>	<u>122,007</u>
Cash and Cash Equivalents - End of Year	<u>\$ 226,547</u>	<u>\$ 591</u>	<u>\$ 227,138</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	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	\$ 226,547	\$ 591	\$ 227,138
Total	\$ 226,547	\$ 591	\$ 227,138
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 41,207	\$ (596,475)	\$ (555,268)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	8,524	401,583	410,107
Decrease (Increase) in Assets			
Accounts Receivable	(7,932)	(433,728)	(441,660)
Due from Other Elected Officials	-	(2)	(2)
Prepaid Expenses	-	(2,142)	(2,142)
Increase (Decrease) in Liabilities			
Accounts Payable	11,005	(343,216)	(332,211)
Service Contracts Payable	(319)	8,562	8,243
Due to Other Governments	(4,230)	(28)	(4,258)
Compensated Absences Payable	10,537	(5,808)	4,729
Other Accrued Liabilities	414	49,322	49,736
Deferred Revenue	3,678	(30,950)	(27,272)
Other Post Employment Benefits	788	7,282	8,070
Total Adjustments	22,465	(349,125)	(326,660)
Net Cash Provided (Used) by Operating Activities	\$ 63,672	\$ (945,600)	\$ (881,928)

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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 STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2013**

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 111,142	\$ 314	\$ 269,338
Investments	22,474	1,360	-
Receivables, Net of Allowance for Uncollectibles	75,948	2,170	-
Due from Other Elected Officials	-	79	-
Due from Other Governments	-	518,472	-
Inventory	-	297,228	-
Prepays	-	6,126	-
<b>Total Current Assets</b>	<b>209,564</b>	<b>825,749</b>	<b>269,338</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	-	316,861	-
Buildings	-	900,466	-
Improvements Other Than Buildings	-	257,345	-
Machinery and Equipment	23,272	2,794,608	-
Less Accumulated Depreciation	(23,272)	(3,727,878)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>-</b>	<b>541,402</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>541,402</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 209,564</b>	<b>\$ 1,367,151</b>	<b>\$ 269,338</b>



Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ 1,382,829	\$ 3,529,865	\$ 5,293,488
-	-	23,834
-	-	78,118
-	-	79
-	869	519,341
-	-	297,228
-	-	6,126
<u>1,382,829</u>	<u>3,530,734</u>	<u>6,218,214</u>
-	-	316,861
-	-	900,466
-	-	257,345
-	-	2,817,880
-	-	<u>(3,751,150)</u>
-	-	541,402
-	-	541,402
<u>\$ 1,382,829</u>	<u>\$ 3,530,734</u>	<u>\$ 6,759,616</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2013**

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 18,396	\$ 163,539	\$ -
Contracts Payable	1,347	4,986	-
<b>Accrued Liabilities</b>			
Compensated Absences	14,971	82,084	269,338
Claims and Judgments	1,881,221	-	-
Other Accrued Liabilities	7,741	43,511	-
Due to Other Funds	5,738	746,933	-
Due to Other Governments	174	-	-
Deferred Revenue	13,358	-	-
<b>Total Current Liabilities</b>	<b>1,942,946</b>	<b>1,041,053</b>	<b>269,338</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	13,896	72,198	-
Claims and Judgments	2,613,782	-	-
Other Post Employment Benefits	2,635	16,547	-
<b>Total Noncurrent Liabilities</b>	<b>2,630,313</b>	<b>88,745</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,573,259</b>	<b>1,129,798</b>	<b>269,338</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	-	541,401	-
Unrestricted	(4,363,695)	(304,048)	-
<b>Total Net Position</b>	<b>(4,363,695)</b>	<b>237,353</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 209,564</b>	<b>\$ 1,367,151</b>	<b>\$ 269,338</b>

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ -	\$ -	\$ 181,935
-	-	6,333
1,369,600	-	1,735,993
-	658,809	2,540,030
-	-	51,252
13,229	-	765,900
-	-	174
-	-	13,358
<u>1,382,829</u>	<u>658,809</u>	<u>5,294,975</u>
-	-	86,094
-	-	2,613,782
-	3,827,827	3,847,009
-	3,827,827	6,546,885
<u>1,382,829</u>	<u>4,486,636</u>	<u>11,841,860</u>
-	-	541,401
-	(955,902)	(5,623,645)
-	(955,902)	(5,082,244)
<u>\$ 1,382,829</u>	<u>\$ 3,530,734</u>	<u>\$ 6,759,616</u>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
Operating Revenues			
Charges for Services	\$ 12,290,159	\$ 5,582,527	\$ 5,751
Miscellaneous	79,648	7,018	-
<b>Total Operating Revenues</b>	<b>12,369,807</b>	<b>5,589,545</b>	<b>5,751</b>
Operating Expenses			
Personal Services	200,025	1,127,572	5,751
Contractual Services	96,380	-	-
Supplies	2,237	4,409,367	-
Insurance Premiums and Claims	13,595,665	-	-
Utilities	-	5,418	-
Other Operating Expenses	2,159	329,989	-
Depreciation/Amortization	-	48,053	-
<b>Total Operating Expenses</b>	<b>13,896,466</b>	<b>5,920,399</b>	<b>5,751</b>
<b>Operating Income (Loss)</b>	<b>(1,526,659)</b>	<b>(330,854)</b>	<b>-</b>
Nonoperating Revenues (Expenses)			
Investment Income (Loss)	9,413	(7,605)	-
Gain/Loss on Disposal of Capital Assets	-	44,820	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>9,413</b>	<b>37,215</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(1,517,246)</b>	<b>(293,639)</b>	<b>-</b>
Capital Contributions	-	42,825	-
<b>Change in Net Position</b>	<b>(1,517,246)</b>	<b>(250,814)</b>	<b>-</b>
<b>Total Net Position - Beginning</b>	<b>(2,846,449)</b>	<b>488,167</b>	<b>-</b>
<b>Total Net Position - Ending</b>	<b>\$ (4,363,695)</b>	<b>\$ 237,353</b>	<b>\$ -</b>

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IX)
\$ -	\$ 3,877,994	\$ 21,756,431
-	-	86,666
-	3,877,994	21,843,097
-	243,356	1,576,704
-	266,989	363,369
-	-	4,411,604
-	3,135,858	16,731,523
-	-	5,418
-	-	332,148
-	-	48,053
-	3,646,203	23,468,819
-	231,791	(1,625,722)
-	3,959	5,767
-	-	44,820
-	3,959	50,587
-	235,750	(1,575,135)
-	-	42,825
-	235,750	(1,532,310)
-	(1,191,652)	(3,549,934)
\$ -	\$ (955,902)	\$ (5,082,244)

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Governmental		
	Self Insurance	Garage Services	Clerk of Court Compensated Absences
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 12,863,280	\$ 5,264,760	\$ -
Receipts from Interfund Services Provided	-	-	5,751
Payments to Suppliers	(13,654,545)	(4,233,444)	-
Payments to Employees	(196,470)	(1,128,540)	-
Net Cash Provided (Used) by Operating Activities	<u>(987,735)</u>	<u>(97,224)</u>	<u>5,751</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	-	(3,441)	-
Proceeds from Disposal of Capital Assets	-	66,582	-
Capital Contributions	-	42,825	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>105,966</u>	<u>-</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	1,059,524	-	-
Interest Income	9,413	-	-
Purchases of Investments	-	(8,759)	-
Net Cash Provided (Used) by Investing Activities	<u>1,068,937</u>	<u>(8,759)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	81,202	(17)	5,751
Cash and Cash Equivalents - Beginning of Year	<u>29,940</u>	<u>331</u>	<u>263,587</u>
Cash and Cash Equivalents - End of Year	<u>\$ 111,142</u>	<u>\$ 314</u>	<u>\$ 269,338</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	<u>\$ 111,142</u>	<u>\$ 314</u>	<u>\$ 269,338</u>
Total	<u>\$ 111,142</u>	<u>\$ 314</u>	<u>\$ 269,338</u>

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit X)
\$ -	\$ -	\$ 18,128,040
8,286	4,265,838	4,279,875
-	(3,896,823)	(21,784,812)
-	-	(1,325,010)
8,286	369,015	(701,907)
-	-	(3,441)
-	-	66,582
-	-	42,825
-	-	105,966
-	-	1,059,524
-	3,959	13,372
-	-	(8,759)
-	3,959	1,064,137
8,286	372,974	468,196
1,374,543	3,156,891	4,825,292
\$ 1,382,829	\$ 3,529,865	\$ 5,293,488
\$ 1,382,829	\$ 3,529,865	\$ 5,293,488
\$ 1,382,829	\$ 3,529,865	\$ 5,293,488

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	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)	\$ (1,526,659)	\$ (330,854)	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	-	48,053	-
Decrease (Increase) in Assets			
Accounts Receivable	(944)	4,615	-
Due from Other Funds	-	-	-
Due from Other Elected Officials	97	61	-
Due from Other Governments	-	(329,400)	-
Inventories	-	14,705	-
Prepaid Expenses	24,869	(6,126)	-
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	9,876	(244,370)	-
Service Contracts Payable	1,142	127	-
Due to Other Funds	5,738	746,933	-
Due to Other Governments	174	-	-
Compensated Absences Payable	2,743	(3,836)	5,751
Claims and Judgments Payable	490,362	-	-
Other Accrued Liabilities	615	1,687	-
Deferred Revenue	4,055	-	-
Other Post Employment Benefits	197	1,181	-
Total Adjustments	<u>538,924</u>	<u>233,630</u>	<u>5,751</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (987,735)</u>	<u>\$ (97,224)</u>	<u>\$ 5,751</u>



Statement C-3

Activities			Total
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance		Internal Service Funds (Exhibit X)
\$ -	\$ 231,791		\$ (1,625,722)
-	-		48,053
-	-		3,671
8,286	-		8,286
-	-		158
-	387,841		58,441
-	-		14,705
-	-		18,743
-	-		(234,494)
-	-		1,269
13,229	-		765,900
-	-		174
(13,229)	-		(8,571)
-	(493,973)		(3,611)
-	-		2,302
-	-		4,055
-	243,356		244,734
<u>8,286</u>	<u>137,224</u>		<u>923,815</u>
<u>\$ 8,286</u>	<u>\$ 369,015</u>		<u>\$ (701,907)</u>

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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.

### **Probation Fee Trust Fund**

This fund is used to account for collection of certain court costs on traffic and misdemeanor cases and their subsequent disbursement to 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, tourist tax, and birth certificates collected on behalf of Okaloosa County, municipalities and other taxing districts.



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**September 30, 2013**

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	BCC Trust	State Trust	Probation Fee Trust
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 401,741	\$ 30,156	\$ 166,537	\$ 70,187	\$ 1,845,860	\$ 31,834	\$ 74,379	\$ 334
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	183	-	-	3,825	-	-	-	-
Due from Other Funds	-	-	-	669	-	-	-	-
Due from Other Elected Officials	340	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 402,264</b>	<b>\$ 30,156</b>	<b>\$ 166,537</b>	<b>\$ 74,681</b>	<b>\$ 1,845,860</b>	<b>\$ 31,834</b>	<b>\$ 74,379</b>	<b>\$ 334</b>
<b>LIABILITIES</b>								
<b>Liabilities</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 5,783	\$ -	\$ -	\$ -	\$ -
Due to Other Elected Officials	94,111	-	-	-	-	31,834	-	-
Due to Other Governments	308,153	-	-	417	-	-	74,379	-
Due to Depositors	-	30,156	166,537	68,481	1,845,860	-	-	334
Taxes Collected in Advance	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>402,264</b>	<b>30,156</b>	<b>166,537</b>	<b>74,681</b>	<b>1,845,860</b>	<b>31,834</b>	<b>74,379</b>	<b>334</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**September 30, 2013**

	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Individual Depositors	Suspense (Levies)	Disbursements	Total Agency Funds (Exhibit XI)
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 145,391	\$ 1,074	\$ 709,799	\$ 222,933	\$ 14,674	\$ 9,910	\$ 1,387,301	\$ 5,112,110
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	11,749	15,757
Due from Other Funds	-	-	-	-	-	-	-	669
Due from Other Elected Officials	-	-	-	-	-	-	-	340
Due from Other Governments	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 145,391</b>	<b>\$ 1,074</b>	<b>\$ 709,799</b>	<b>\$ 222,933</b>	<b>\$ 14,674</b>	<b>\$ 9,910</b>	<b>\$ 1,399,050</b>	<b>\$ 5,128,876</b>
<b>LIABILITIES</b>								
<b>Liabilities</b>								
Due to Other Funds	\$ -	\$ -	\$ 1,995	\$ -	\$ -	\$ -	\$ -	\$ 7,778
Due to Other Elected Officials	-	-	-	-	14,674	-	-	140,619
Due to Other Governments	-	-	-	-	-	-	17,520	400,469
Due to Depositors	145,391	1,074	707,804	222,933	-	9,910	43,999	3,242,479
Taxes Collected in Advance	-	-	-	-	-	-	1,337,531	1,337,531
<b>Total Liabilities</b>	<b>145,391</b>	<b>1,074</b>	<b>709,799</b>	<b>222,933</b>	<b>14,674</b>	<b>9,910</b>	<b>1,399,050</b>	<b>5,128,876</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Balances October 1, 2012	Additions	Deletions	Balances September 30, 2013
<b>FINE AND FORFEITURE AGENCY FUND*</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 656,311	\$ 9,066,474	\$ 9,321,044	\$ 401,741
Accounts Receivable	-	2,559	2,376	183
Due from Other Elected Officials	-	340	-	340
Total Assets	<u>\$ 656,311</u>	<u>\$ 9,069,373</u>	<u>\$ 9,323,420</u>	<u>\$ 402,264</u>
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ -	\$ 1,361,191	\$ 1,267,080	\$ 94,111
Due to Other Governments	656,311	7,788,612	8,136,770	308,153
Total Liabilities	<u>\$ 656,311</u>	<u>\$ 9,149,803</u>	<u>\$ 9,403,850</u>	<u>\$ 402,264</u>
<b>JURY AND WITNESS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 33,330	\$ 30,661	\$ 33,835	\$ 30,156
<b>LIABILITIES</b>				
Due to Depositors	\$ 33,330	\$ 30,661	\$ 33,835	\$ 30,156
<b>TAX DEED AGENCY FUND*</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 240,724	\$ 499,857	\$ 574,044	\$ 166,537
<b>LIABILITIES</b>				
Due to Depositors	\$ 240,724	\$ 499,857	\$ 574,044	\$ 166,537
<b>SUPPORT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 69,633	\$ 4,058,744	\$ 4,058,190	\$ 70,187
Accounts Receivable	3,995	18,339	18,509	3,825
Due from Other Funds	-	669	-	669
Total Assets	<u>\$ 73,628</u>	<u>\$ 4,077,752</u>	<u>\$ 4,076,699</u>	<u>\$ 74,681</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 8,344	\$ 2,561	\$ 5,783
Due to Other Governments	438	5,995	6,016	417
Due to Depositors	73,190	4,054,512	4,059,221	68,481
Total Liabilities	<u>\$ 73,628</u>	<u>\$ 4,068,851</u>	<u>\$ 4,067,798</u>	<u>\$ 74,681</u>

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Balances October 1, 2012	Additions	Deletions	Balances September 30, 2013
<b>REGISTRY OF COURT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,808,050	\$ 9,160,487	\$ 10,122,677	\$ 1,845,860
<b>LIABILITIES</b>				
Due to Depositors	\$ 2,808,050	\$ 9,152,956	\$ 10,115,146	\$ 1,845,860
<b>BOARD OF COUNTY COMMISSIONERS TRUST AGENCY FUND*</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 466,652	\$ 434,818	\$ 31,834
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ -	\$ 466,652	\$ 434,818	\$ 31,834
<b>STATE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 369,588	\$ 23,550,617	\$ 23,845,826	\$ 74,379
<b>LIABILITIES</b>				
Due to Other Governments	\$ 369,588	\$ 23,550,617	\$ 23,845,826	\$ 74,379
<b>PROBATION FEE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,932	\$ 1,175	\$ 2,773	\$ 334
<b>LIABILITIES</b>				
Due to Depositors	\$ 1,932	\$ 1,175	\$ 2,773	\$ 334
<b>ESCROW AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 168,549	\$ 375,461	\$ 398,619	\$ 145,391
<b>LIABILITIES</b>				
Due to Depositors	\$ 168,549	\$ 375,461	\$ 398,619	\$ 145,391

Continued...



**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Balances October 1, 2012	Additions	Deletions	Balances September 30, 2013
<b>JUVENILE TRUST AGENCY FUND*</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 710	\$ 23,783	\$ 23,419	\$ 1,074
<b>LIABILITIES</b>				
Due to Depositors	\$ 710	\$ 23,879	\$ 23,515	\$ 1,074
<b>FORECLOSURE ESCROW AGENCY FUND*</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 577,120	\$ 10,219,116	\$ 10,086,437	\$ 709,799
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 1,995	\$ -	\$ 1,995
Due to Depositors	577,120	10,198,466	10,067,782	707,804
	<u>\$ 577,120</u>	<u>\$ 10,200,461</u>	<u>\$ 10,067,782</u>	<u>\$ 709,799</u>
<b>CASH BOND TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 139,253	\$ 787,564	\$ 703,884	\$ 222,933
<b>LIABILITIES</b>				
Due to Depositors	\$ 139,253	\$ 790,752	\$ 707,072	\$ 222,933
<b>INDIVIDUAL DEPOSITORS AGENCY FUND*</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 16,400	\$ 1,726	\$ 14,674
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ -	\$ 16,400	\$ 1,726	\$ 14,674
<b>SUSPENSE (LEVIES) AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,303	\$ 3,607	\$ -	\$ 9,910
<b>LIABILITIES</b>				
Due to Depositors	\$ 6,303	\$ 3,607	\$ -	\$ 9,910

Continued...

**Okaloosa County, Florida**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2013**

	Balances October 1, 2012	Additions	Deletions	Balances September 30, 2013
<b>DISBURSEMENTS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,026,943	\$ 218,183,247	\$ 217,822,889	\$ 1,387,301
Accounts Receivable	19,465	11,749	19,465	11,749
Total Assets	<u>\$ 1,046,408</u>	<u>\$ 218,194,996</u>	<u>\$ 217,842,354</u>	<u>\$ 1,399,050</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 166,033,839	\$ 166,033,839	\$ -
Due to Other Elected Officials	-	5,043,630	5,043,630	-
Due to Other Governments	29,162	44,296,365	44,308,007	17,520
Due to Depositors	46,894	43,999	46,894	43,999
Taxes Collected in Advance	970,352	2,777,163	2,409,984	1,337,531
Total Liabilities	<u>\$ 1,046,408</u>	<u>\$ 47,117,527</u>	<u>\$ 46,764,885</u>	<u>\$ 1,399,050</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,098,446	\$ 276,443,845	\$ 277,430,181	\$ 5,112,110
Accounts Receivable	23,460	32,647	40,350	15,757
Due from Other Funds	-	669	-	669
Due from Other Elected Officials	-	340	-	340
Due from Other Governments	-	-	-	-
Total Assets	<u>\$ 6,121,906</u>	<u>\$ 276,477,501</u>	<u>\$ 277,470,531</u>	<u>\$ 5,128,876</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 166,044,178	\$ 166,036,400	\$ 7,778
Due to Other Elected Officials	-	6,871,473	6,745,528	140,619
Due to Other Governments	1,055,499	75,641,589	76,296,619	400,469
Due to Depositors	4,096,055	25,175,325	26,028,901	3,242,479
Taxes Collected in Advance	970,352	2,777,163	2,409,984	1,337,531
Total Liabilities	<u>\$ 6,121,906</u>	<u>\$ 276,509,728</u>	<u>\$ 277,517,432</u>	<u>\$ 5,128,876</u>

\* Reclassification to conform to current year presentation.

## STATISTICAL SECTION



# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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



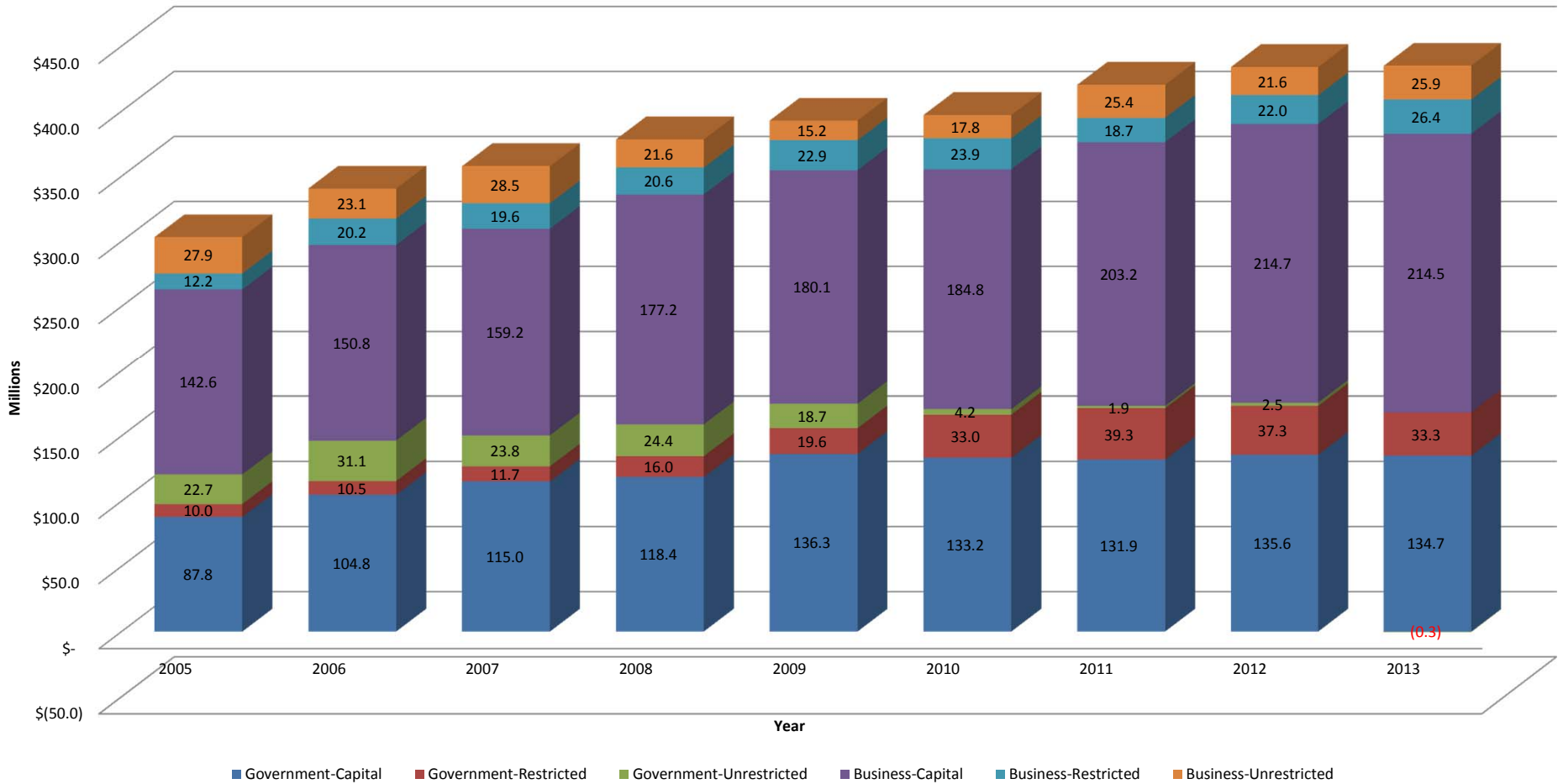


## NET POSITION BY CATEGORY - LAST NINE FISCAL YEARS \* - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	FISCAL YEAR								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GOVERNMENTAL ACTIVITIES:</b>									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$87,817	\$104,807	\$114,990	\$118,399	\$136,255	\$133,206	\$131,864	\$135,627	\$134,735
RESTRICTED:									
DEBT SERVICE	\$1,165	\$810	\$491	\$467	\$485	\$1,174	\$431	\$994	\$463
OTHER PURPOSES	\$8,793	\$9,707	\$11,190	\$15,537	\$19,153	\$31,866	\$38,864	\$36,326	\$32,871
UNRESTRICTED (DEFICIT)	\$22,725	\$31,083	\$23,766	\$24,418	\$18,709	\$4,244	\$1,865	\$2,534	(\$265)
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<b>\$120,500</b>	<b>\$146,407</b>	<b>\$150,437</b>	<b>\$158,821</b>	<b>\$174,602</b>	<b>\$170,490</b>	<b>\$173,024</b>	<b>\$175,481</b>	<b>\$167,804</b>
<b>BUSINESS-TYPE ACTIVITIES</b>									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$142,566	\$150,847	\$159,248	\$177,168	\$180,105	\$184,811	\$203,224	\$214,734	\$214,514
RESTRICTED:									
DEBT SERVICE	\$3,409	\$10,075	\$8,388	\$10,068	\$12,650	\$13,654	\$7,579	\$10,262	\$9,496
OTHER PURPOSES	\$8,818	\$10,092	\$11,167	\$10,570	\$10,262	\$10,249	\$11,090	\$11,773	\$16,888
UNRESTRICTED	\$27,942	\$23,140	\$28,517	\$21,632	\$15,200	\$17,827	\$25,367	\$21,613	\$25,916
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<b>\$182,735</b>	<b>\$194,154</b>	<b>\$207,320</b>	<b>\$219,438</b>	<b>\$218,217</b>	<b>\$226,541</b>	<b>\$247,260</b>	<b>\$258,382</b>	<b>\$266,814</b>
<b>PRIMARY GOVERNMENT</b>									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$230,383	\$255,654	\$274,238	\$295,567	\$316,360	\$318,017	\$335,088	\$350,361	\$349,249
RESTRICTED:									
DEBT SERVICE	\$4,574	\$10,885	\$8,879	\$10,535	\$13,135	\$14,828	\$8,010	\$11,256	\$9,959
OTHER PURPOSES	\$17,611	\$19,799	\$22,357	\$26,107	\$29,415	\$42,115	\$49,954	\$48,099	\$49,759
UNRESTRICTED	\$50,667	\$54,223	\$52,283	\$46,050	\$33,909	\$22,071	\$27,232	\$24,147	\$25,651
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<b>\$303,235</b>	<b>\$340,561</b>	<b>\$357,757</b>	<b>\$378,259</b>	<b>\$392,819</b>	<b>\$397,031</b>	<b>\$420,284</b>	<b>\$433,863</b>	<b>\$434,618</b>

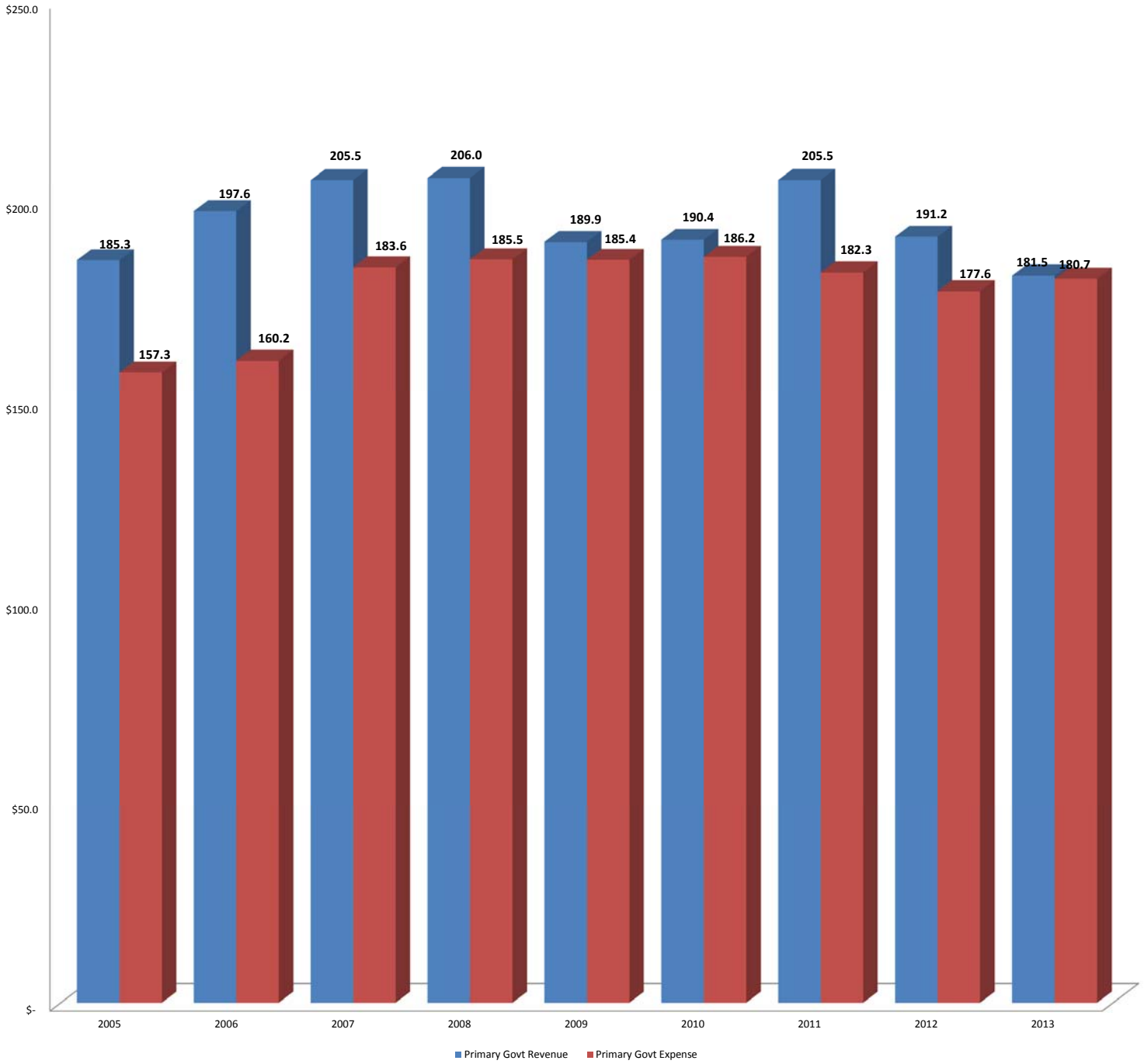


## Net Position by Category Last Nine Fiscal Years



(amounts in thousands)	FISCAL YEAR								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES									
GOVERNMENTAL ACTIVITIES:									
GENERAL GOVERNMENT	\$25,088	\$27,579	\$31,202	\$34,777	\$31,008	\$32,146	\$31,726	\$30,552	\$28,715
PUBLIC SAFETY	38,476	41,752	47,315	49,963	53,499	47,995	45,335	46,360	45,296
PHYSICAL ENVIRONMENT	599	928	897	1,138	867	2,594	2,148	933	1,502
TRANSPORTATION	14,955	16,736	16,809	17,229	18,901	18,922	17,728	16,245	14,632
ECONOMIC ENVIRONMENT	14,182	7,966	6,581	6,471	7,456	8,980	9,290	5,563	4,983
HUMAN SERVICES	4,061	4,651	4,851	4,964	5,110	4,672	4,454	4,352	4,500
CULTURE AND RECREATION	3,426	3,695	8,496	5,069	4,500	5,031	4,007	5,902	11,997
COURT-RELATED	7,593	8,256	11,661	9,088	8,082	7,390	7,118	6,634	7,589
INTEREST AND FISCAL CHARGES	185	302	264	181	116	1,138	1,531	1,692	1,745
TOTAL GOVERNMENTAL EXPENSES	\$108,565	\$111,865	\$128,076	\$128,880	\$129,539	\$128,868	\$123,337	\$118,233	\$120,959
BUSINESS-TYPE ACTIVITIES:									
WATER AND SEWER	\$19,391	\$20,892	\$25,078	\$25,057	\$24,067	\$25,752	\$27,124	\$26,149	\$27,657
AIRPORT	8,632	6,832	7,649	8,363	9,804	10,575	12,527	12,928	12,450
SOLID WASTE	9,069	8,577	9,517	9,757	8,404	7,757	6,874	7,438	7,684
INSPECTIONS	2,206	2,398	2,207	1,582	1,245	7,561	1,149	1,600	1,588
EMERGENCY MEDICAL SERVICES	5,704	5,872	6,770	7,326	7,504	1,241	7,495	6,933	7,234
CONFERENCE CENTER	3,725	3,811	4,258	4,556	4,817	4,424	3,754	4,301	3,153
TOTAL BUSINESS-TYPE EXPENSES	\$48,727	\$48,382	\$55,479	\$56,641	\$55,841	\$57,310	\$58,923	\$59,349	\$59,766
TOTAL PRIMARY GOVERNMENT EXPENSES	\$157,292	\$160,247	\$183,555	\$185,521	\$185,380	\$186,178	\$182,260	\$177,582	\$180,725
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:									
CHARGES FOR SERVICES									
GENERAL GOVERNMENTAL	\$11,708	\$11,757	\$12,503	\$11,996	\$10,590	\$10,488	\$11,002	\$12,364	\$11,378
OTHER	13,213	15,818	14,433	17,218	17,359	12,287	15,752	13,332	14,090
OPERATING GRANTS AND CONTRIBUTIONS	22,627	13,854	10,986	6,167	10,843	9,867	7,675	8,354	5,845
CAPITAL GRANTS AND CONTRIBUTIONS	2,271	3,323	526	579	7,611	4,287	2,611	6,240	1,249
TOTAL GOVERNMENTAL PROGRAM REVENUE	\$49,819	\$44,752	\$38,448	\$35,960	\$46,403	\$36,929	\$37,040	\$40,290	\$32,562
BUSINESS-TYPE ACTIVITIES:									
CHARGES FOR SERVICES									
WATER & SEWER	\$21,206	\$22,387	\$22,403	\$24,207	\$22,662	\$24,107	\$25,686	\$26,025	\$26,778
OTHER	21,791	21,915	23,750	25,857	25,613	26,086	27,742	28,186	29,176
OPERATING GRANTS AND CONTRIBUTIONS	980	868	1,081	771	584	797	548	338	528
CAPITAL GRANTS AND CONTRIBUTIONS	8,897	5,716	9,927	9,204	6,226	9,027	18,035	10,292	4,720
TOTAL BUSINESS-TYPE PROGRAM REVENUE	\$52,874	\$50,886	\$57,161	\$60,039	\$55,085	\$60,017	\$72,011	\$64,841	\$61,202
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$102,693	\$95,638	\$95,609	\$95,999	\$101,488	\$96,946	\$109,051	\$105,131	\$93,764
NET (EXPENSE)/REVENUE									
GOVERNMENTAL ACTIVITIES	(\$58,746)	(\$67,113)	(\$89,628)	(\$92,920)	(\$83,136)	(\$91,939)	(\$86,297)	(\$77,943)	(\$88,397)
BUSINESS-TYPE ACTIVITIES	\$4,147	\$2,504	\$1,682	\$3,398	(\$756)	\$2,707	\$13,088	\$5,492	\$1,436
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(\$54,599)	(\$64,609)	(\$87,946)	(\$89,522)	(\$83,892)	(\$89,232)	(\$73,209)	(\$72,451)	(\$86,961)
GENERAL REVENUES									
GOVERNMENTAL ACTIVITIES:									
TAXES	\$54,145	\$66,042	\$73,868	\$76,704	\$68,952	\$64,567	\$61,192	\$58,759	\$58,010
STATE SHARED REVENUE	18,586	19,823	19,004	17,573	16,130	15,801	16,880	17,041	17,801
GRANT AND CONTRIBUTIONS NOT RESTRICTED	1,137	2,591	782	2,033	256	1,725	6,622	360	124
OTHER	2,615	4,563	4,725	3,710	3,783	5,734	4,137	4,241	4,785
TOTAL GOVERNMENTAL ACTIVITIES	\$76,483	\$93,019	\$98,379	\$100,020	\$89,121	\$87,827	\$88,831	\$80,401	\$80,720
BUSINESS-TYPE ACTIVITIES:									
TAXES	\$5,638	\$6,497	\$6,746	\$6,869	\$5,825	\$4,830	\$6,810	\$6,780	\$6,709
STATE SHARED REVENUE	0	0	0	0	0	0	0	0	0
GRANT AND CONTRIBUTIONS NOT RESTRICTED	8	674	(300)	96	25	0	0	0	0
OTHER	498	1,745	5,037	3,039	(6,594)	786	823	(1,151)	287
TOTAL BUSINESS-TYPE ACTIVITIES	\$6,144	\$8,916	\$11,483	\$10,004	(\$744)	\$5,616	\$7,633	\$5,629	\$6,996
CHANGES IN NET POSITION									
GOVERNMENTAL ACTIVITIES	\$17,737	\$25,906	\$8,751	\$7,100	\$5,985	(\$4,112)	\$2,534	\$2,458	(\$7,677)
BUSINESS-TYPE ACTIVITIES	\$10,291	\$11,420	\$13,165	\$13,402	(\$1,500)	\$8,323	\$20,721	\$11,121	\$8,432
TOTAL PRIMARY GOVERNMENT	\$28,028	\$37,326	\$21,916	\$20,502	\$4,485	\$4,211	\$23,255	\$13,579	\$755

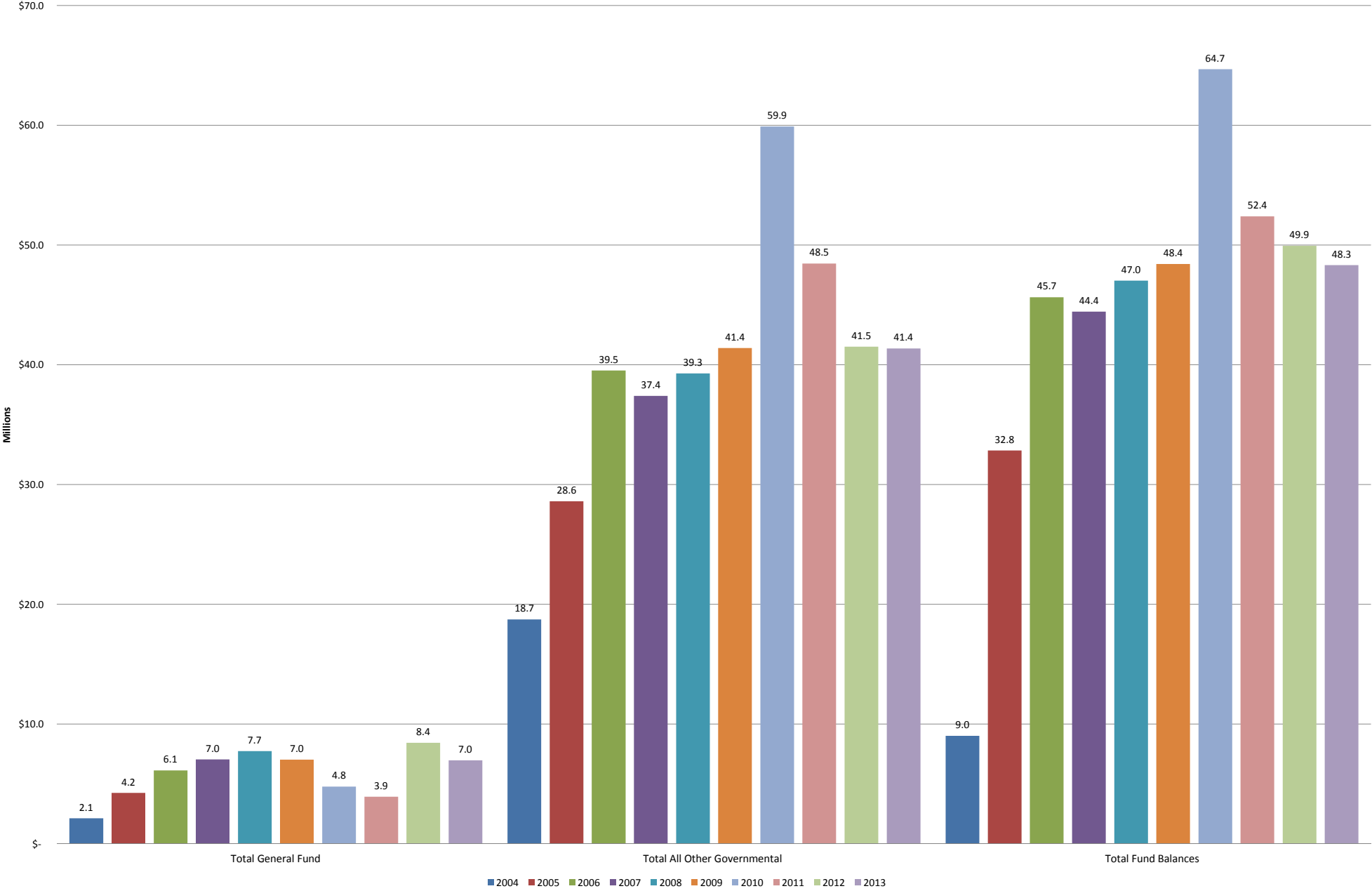
### Changes in Net Position - Primary Government Last Nine Fiscal Years



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

(modified accrual basis of accounting)	FISCAL YEAR						
	PRE-GASB 54						
	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND							
RESERVED	\$1,097,214	\$1,938,678	\$1,369,275	\$1,812,954	\$2,797,024	\$4,150,682	\$2,897,805
UNRESERVED	1,029,675	2,298,682	4,748,244	5,220,535	4,937,348	2,866,210	1,879,189
TOTAL GENERAL FUND	2,126,889	4,237,360	6,117,519	7,033,489	7,734,372	7,016,892	4,776,994
ALL OTHER GOVERNMENTAL FUNDS							
RESERVED	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	(4,122,276)	3,062,924	11,623,002	7,136,986	6,561,536	8,143,049	10,305,647
CAPITAL OUTLAY FUNDS	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	18,727,552	28,610,929	39,532,685	37,402,737	39,286,609	41,401,397	59,903,833
TOTAL FUND BALANCES	\$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	2012	2013				
GENERAL FUND							
NONSPENDABLE	\$347,376	\$284,264	\$346,136				
RESTRICTED	-	-	-				
COMMITTED	26,833	26,808	26,808				
ASSIGNED	-	-	-				
UNASSIGNED	3,562,434	8,112,239	6,595,043				
TOTAL GENERAL FUND	3,936,643	8,423,311	6,967,987				
ALL OTHER GOVERNMENTAL FUNDS							
NONSPENDABLE	1,064,068	644,538	89,494				
RESTRICTED	38,051,645	35,934,149	37,677,535				
COMMITTED	542,977	579,899	562,599				
ASSIGNED	9,861,148	4,992,479	3,103,981				
UNASSIGNED	(1,064,068)	(630,376)	(68,114)				
TOTAL ALL OTHER GOVERNMENTAL FUNDS	48,455,770	41,520,689	41,365,495				
TOTAL FUND BALANCES	\$52,392,413	\$49,944,000	\$48,333,482				

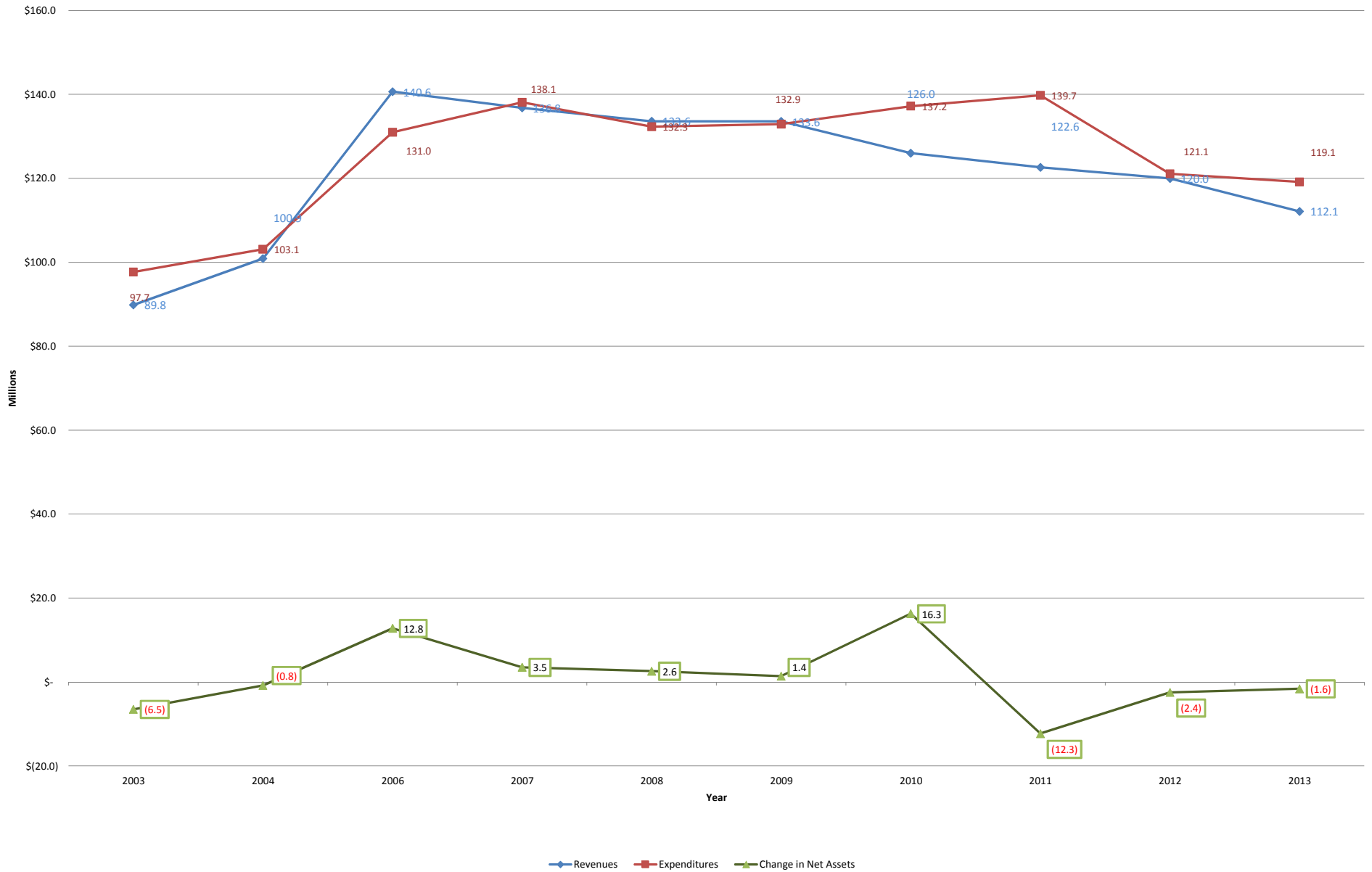
### Fund Balances - Governmental Funds Last Ten Fiscal Years



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

	FISCAL YEAR									
	2003	2004	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>										
TAXES	\$44,079,158	\$48,610,746	\$66,042,747	\$73,867,055	\$73,373,458	\$72,281,816	\$64,566,859	\$61,193,262	\$58,759,403	\$58,009,904
LICENSES & PERMITS	\$211,365	\$307,090	\$284,662	\$214,234	\$9,100	\$1,380,759	\$1,327,905	\$1,325,765	\$1,335,069	\$816,294
INTERGOVERNMENTAL	\$25,736,508	\$29,948,522	\$42,539,492	\$31,531,631	\$30,009,477	\$35,475,825	\$36,535,915	\$33,113,485	\$34,752,396	\$30,863,164
CHARGES FOR SERVICES	\$16,763,572	\$19,859,820	\$24,735,690	\$23,289,780	\$22,131,456	\$20,050,104	\$16,832,903	\$16,703,982	\$18,066,625	\$18,655,266
FINES & FORFEITURES	\$340,185	\$253,841	\$719,436	\$2,522,536	\$1,611,445	\$311,933	\$263,008	\$366,891	\$465,016	\$476,561
MISCELLANEOUS	\$2,698,607	\$1,908,070	\$6,305,145	\$5,359,597	\$6,452,039	\$4,053,181	\$6,474,468	\$9,896,129	\$6,602,495	\$3,307,732
<b>TOTAL REVENUES</b>	<b>\$89,829,395</b>	<b>\$100,888,089</b>	<b>\$140,627,172</b>	<b>\$136,784,833</b>	<b>\$133,586,975</b>	<b>\$133,553,618</b>	<b>\$126,001,058</b>	<b>\$122,599,514</b>	<b>\$119,981,004</b>	<b>\$112,128,921</b>
<b>EXPENDITURES</b>										
GENERAL GOVERNMENT SERVICES	\$21,570,112	\$22,138,458	\$26,533,691	\$29,818,265	\$33,527,359	\$31,564,827	\$30,831,739	\$29,385,011	\$28,153,161	\$26,836,490
PUBLIC SAFETY	\$30,967,864	\$33,702,978	\$39,715,240	\$45,003,091	\$47,406,613	\$48,819,375	\$44,472,469	\$43,923,618	\$43,331,001	\$44,072,056
PHYSICAL ENVIRONMENT	\$984,816	\$539,630	\$769,308	\$869,499	\$952,412	\$822,003	\$2,267,404	\$2,190,121	\$1,012,021	\$1,052,328
TRANSPORTATION	\$10,585,261	\$10,757,562	\$13,126,158	\$12,859,021	\$13,124,250	\$14,177,430	\$14,276,604	\$13,049,151	\$12,403,808	\$11,660,285
ECONOMIC ENVIRONMENT	\$5,465,572	\$12,205,205	\$7,793,104	\$6,387,789	\$6,297,322	\$7,415,472	\$9,052,837	\$9,158,215	\$5,077,420	\$4,941,758
HUMAN SERVICES	\$3,385,124	\$3,736,433	\$4,372,186	\$4,538,445	\$4,654,542	\$4,803,243	\$4,323,033	\$4,111,405	\$4,020,503	\$4,185,618
CULTURE AND RECREATION	\$2,116,443	\$2,464,105	\$3,355,917	\$8,137,562	\$4,494,534	\$3,887,890	\$4,452,522	\$3,419,210	\$5,330,917	\$11,418,463
COURT RELATED	\$6,633,646	\$6,733,490	\$7,947,657	\$11,448,620	\$8,752,790	\$8,114,665	\$7,102,441	\$6,824,745	\$6,795,357	\$7,158,838
CAPITAL OUTLAY	\$14,274,768	\$9,943,885	\$26,494,998	\$16,993,757	\$11,226,400	\$12,625,889	\$18,693,921	\$25,526,067	\$10,304,163	\$5,427,895
PRINCIPAL RETIREMENT	\$1,683,484	\$809,166	\$818,774	\$1,934,681	\$1,737,530	\$587,575	\$587,505	\$582,411	\$3,050,000	\$713,000
INTEREST	\$29,792	\$46,392	\$48,794	\$66,319	\$85,381	\$45,532	\$435,901	\$1,479,158	\$1,587,593	\$1,626,624
OTHER CHARGES	\$1,587	\$1,500	\$2,000	\$23,699	\$24,187	\$22,836	\$692,498	\$96,448	\$19,768	\$41,210
<b>TOTAL EXPENDITURES</b>	<b>\$97,698,469</b>	<b>\$103,078,804</b>	<b>\$130,977,827</b>	<b>\$138,080,748</b>	<b>\$132,283,320</b>	<b>\$132,886,737</b>	<b>\$137,188,874</b>	<b>\$139,745,560</b>	<b>\$121,085,712</b>	<b>\$119,134,565</b>
<b>EXCESS OF REVENUES OVER(UNDER) EXPENDITURES</b>	<b>(\$7,869,074)</b>	<b>(\$2,190,715)</b>	<b>\$9,649,345</b>	<b>(\$1,295,915)</b>	<b>\$1,303,655</b>	<b>\$666,881</b>	<b>(\$11,187,816)</b>	<b>(\$17,146,046)</b>	<b>(\$1,104,708)</b>	<b>(\$7,005,644)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
SPECIAL ITEM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,007,041)	\$0
TRANSFERS IN	\$5,021,377	\$6,648,881	\$7,908,387	\$9,898,053	\$9,066,308	\$8,965,209	\$7,963,351	\$11,551,302	\$11,920,643	\$6,333,962
TRANSFERS OUT	(\$4,478,111)	(\$6,223,181)	(\$7,305,817)	(\$8,895,030)	(\$7,782,208)	(\$8,234,782)	(\$6,876,756)	(\$10,293,670)	(\$11,257,307)	(\$5,938,836)
BUDGET TRANSFERS AMOUNG										
CONSTITUTIONAL OFFICERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEEDS FROM CAPITAL LEASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXCESS FEES DUE TO OTHER GOVERNMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEED FROM LONG-TERM-DEBT	\$834,257	\$943,138	\$2,550,000	\$3,800,000	\$0	\$0	\$26,363,759	\$3,600,000	\$0	\$5,000,000
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>\$1,377,523</b>	<b>\$1,368,838</b>	<b>\$3,152,570</b>	<b>\$4,803,023</b>	<b>\$1,284,100</b>	<b>\$730,427</b>	<b>\$27,450,354</b>	<b>\$4,857,632</b>	<b>(\$1,343,705)</b>	<b>\$5,395,126</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$6,491,551)</b>	<b>(\$821,877)</b>	<b>\$12,801,915</b>	<b>\$3,507,108</b>	<b>\$2,587,755</b>	<b>\$1,397,308</b>	<b>\$16,262,538</b>	<b>(\$12,288,414)</b>	<b>(\$2,448,413)</b>	<b>(\$1,610,518)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>1.79%</b>	<b>0.84%</b>	<b>0.67%</b>	<b>1.49%</b>	<b>1.42%</b>	<b>0.50%</b>	<b>1.27%</b>	<b>1.57%</b>	<b>4.00%</b>	<b>2.04%</b>

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

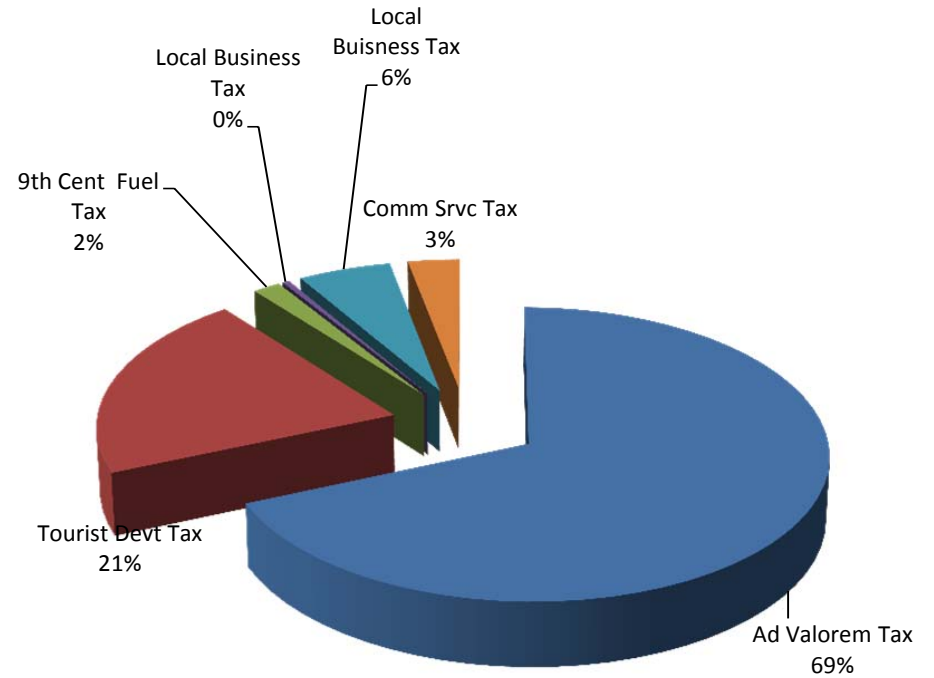
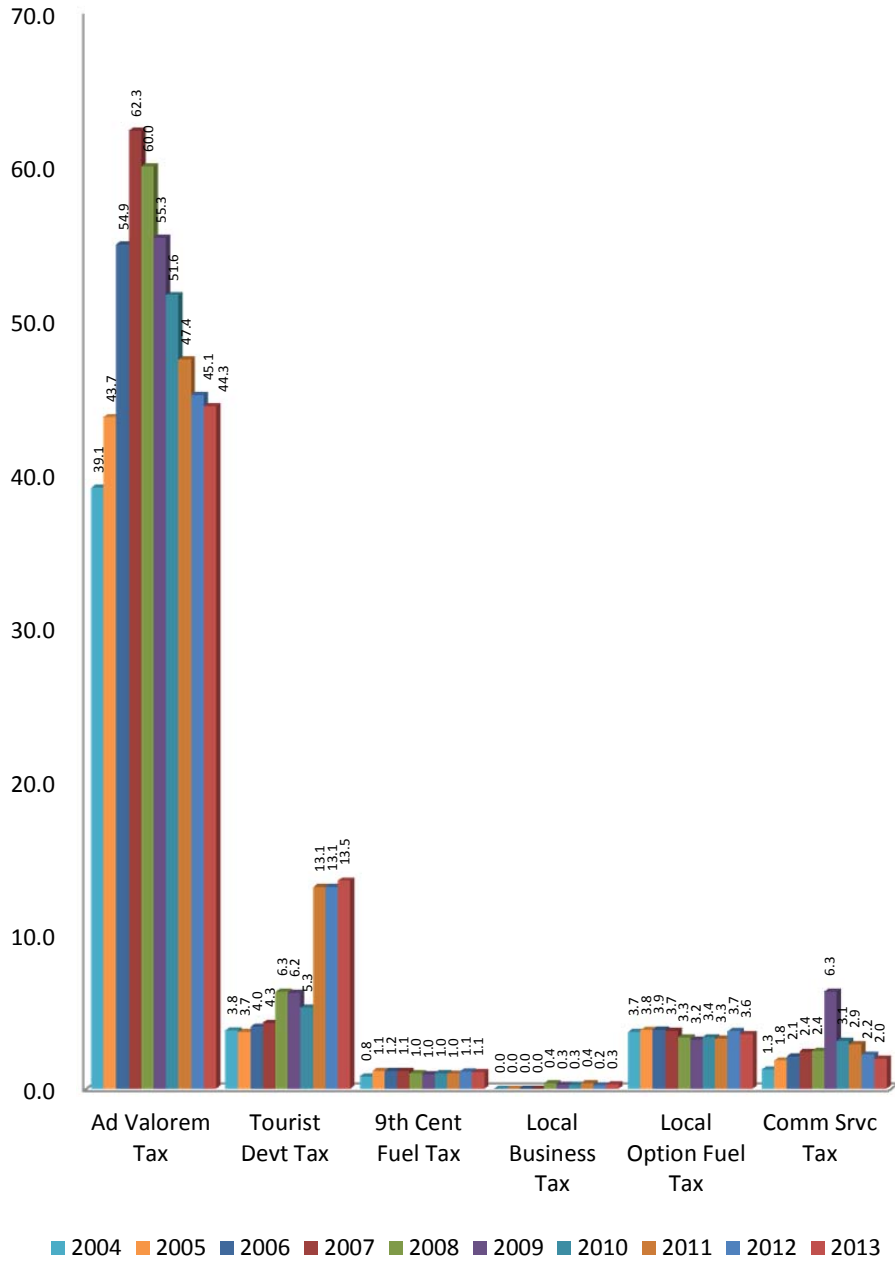


## GOVERNMENTAL TAX REVENUES BY SOURCE - LAST TEN FISCAL YEARS

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
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
2012	\$45,105,639	\$13,128,501	\$1,119,335	\$241,449	\$3,735,262	\$2,208,919	\$65,539,105
2013	\$44,348,020	\$13,520,017	\$1,066,902	\$268,190	\$3,559,220	\$1,956,905	\$64,719,254



## Governmental Tax Revenues by Source Fiscal Year 2013 (\$65,539,105)



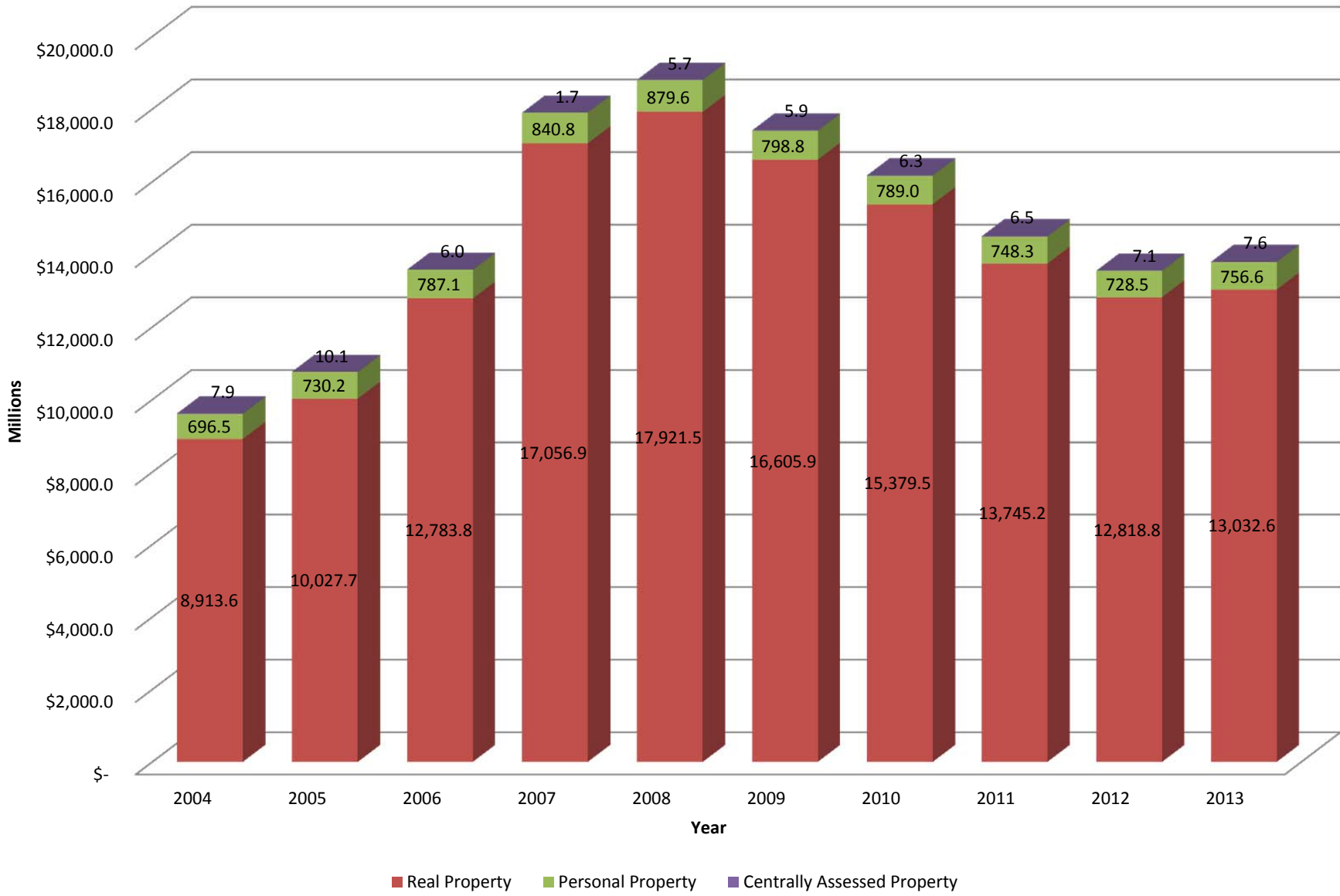
**TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY - LAST TEN FISCAL YEARS**

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				
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%
2012	12,818,828,620	728,508,866	7,148,799	13,554,486,285	11.2389	15,946,454,453	85.00%
2013	13,032,564,179	756,588,957	7,592,401	13,796,745,537	10.9459	16,231,465,338	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

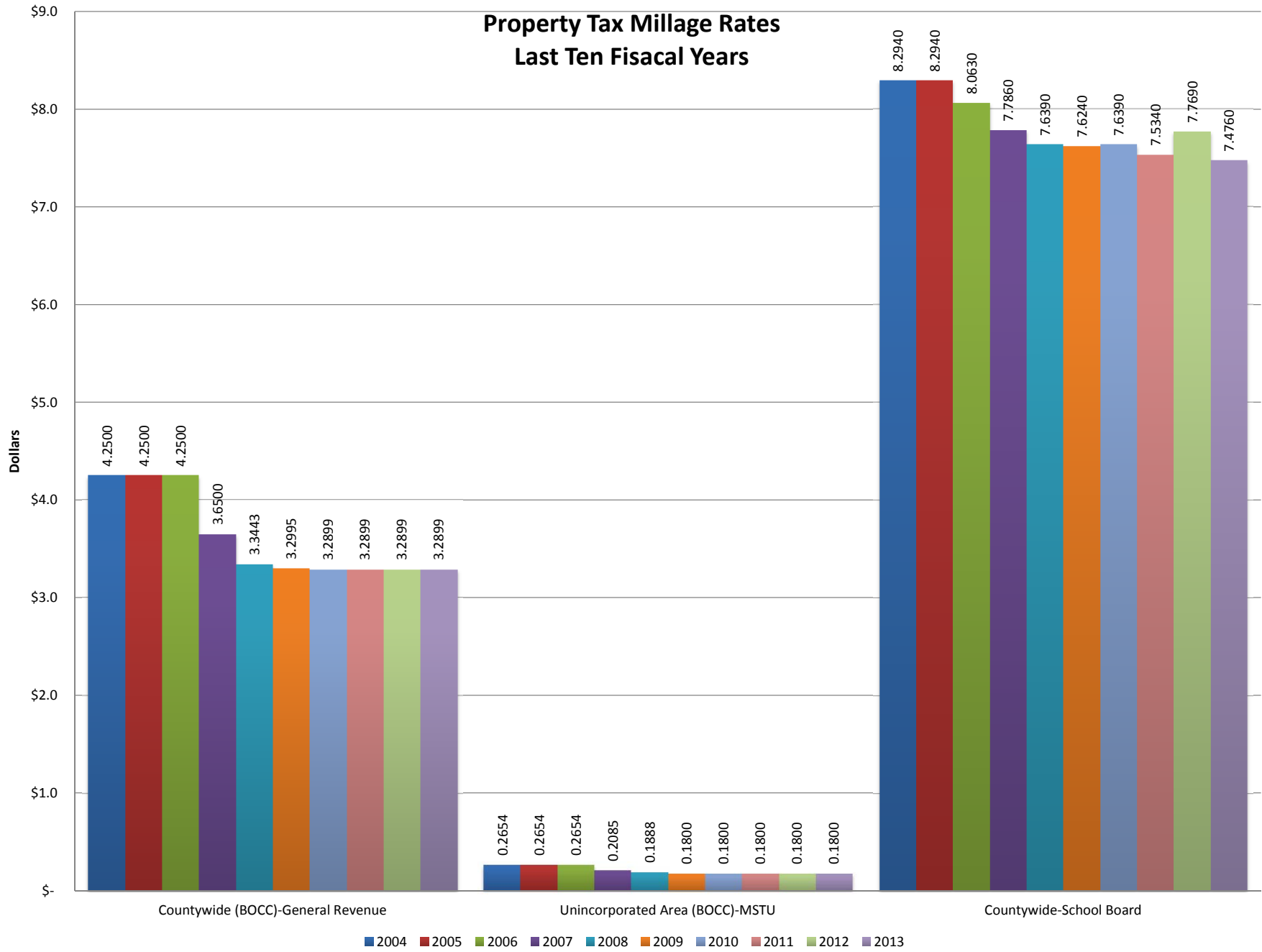


PROPERTY TAX MILLAGE RATES FOR DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
COUNTYWIDE (BOCC) GENERAL REVENUE	4.2500	4.2500	4.2500	3.6500	3.3443	3.2995	3.2899	3.2899	3.2899	3.2899
UNINCORPORATED AREA (BOCC) MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.2654	0.2654	0.2654	0.2085	0.1888	0.1800	0.1800	0.1800	0.1800	0.1800
COUNTYWIDE (OTHER) SCHOOL BOARD	8.2940	8.2940	8.0630	7.7860	7.6390	7.6240	7.6390	7.5340	7.7690	7.4760
<b>TOTAL MILLAGES</b>	<b>12.8094</b>	<b>12.8094</b>	<b>12.5784</b>	<b>11.6445</b>	<b>11.1721</b>	<b>11.1035</b>	<b>11.1089</b>	<b>11.0039</b>	<b>11.2389</b>	<b>10.9459</b>
<b>MUNICIPALITIES</b>										
CINCO BAYOU	2.3000	2.3000	2.3000	2.3000	2.0639	2.0639	2.0639	2.1000	2.3000	2.3500
CRESTVIEW	6.9000	6.9000	6.9990	6.4989	5.8466	5.8466	5.8466	5.8466	5.5966	5.5966
DESTIN	1.8000	1.8000	1.8000	1.5000	1.4550	1.4550	1.4550	1.4550	1.4550	1.4550
FORT WALTON BEACH	4.9700	4.9700	4.9700	4.6400	4.1986	4.1986	4.1986	4.5383	4.5383	4.5383
LAUREL HILL	0.0000	0.0000	0.0000	0.0000	5.0000	4.8400	3.5000	3.5000	3.5000	3.5000
MARY ESTHER	3.5000	3.5000	3.5000	3.4000	3.0125	2.6996	2.6996	2.6435	2.6435	2.6435
NICEVILLE	3.3000	3.5000	3.5000	3.5000	3.2669	3.2000	3.4500	3.6301	3.6500	3.7000
SHALIMAR	2.8000	2.7000	2.4000	2.2000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
VALPARAISO	3.9900	3.9900	3.9900	3.1200	2.8754	3.7500		3.9330	4.0644	4.5240
<b>SPECIAL DISTRICTS</b>										
NW FLORIDA WATER MANAGEMENT	0.0500	0.0500	0.0500	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0000
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	0.8600	0.8600	0.8300	0.7700	0.8004	0.9009	1.0000	1.0000	1.0000	1.0000
EAST NICEVILLE FIRE	1.0000	1.0000	2.0000	2.0000	1.9200	2.0000	2.3500	2.3500	2.3700	2.3700
FLOROSA FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
NORTH BAY FIRE	1.8500	1.8750	2.0700	1.8000	1.6819	1.7827	2.0500	2.2500	2.3500	2.3500
OCEAN CITY-WRIGHT FIRE	1.8000	1.8000	1.8300	1.7800	1.6460	1.8144	1.8144	2.0000	2.0000	2.0000
OKALOOSA ISLAND FIRE	2.9950	2.6461	2.4305	1.9855	2.0250	1.9998	2.1900	2.7949	2.9950	3.1154
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

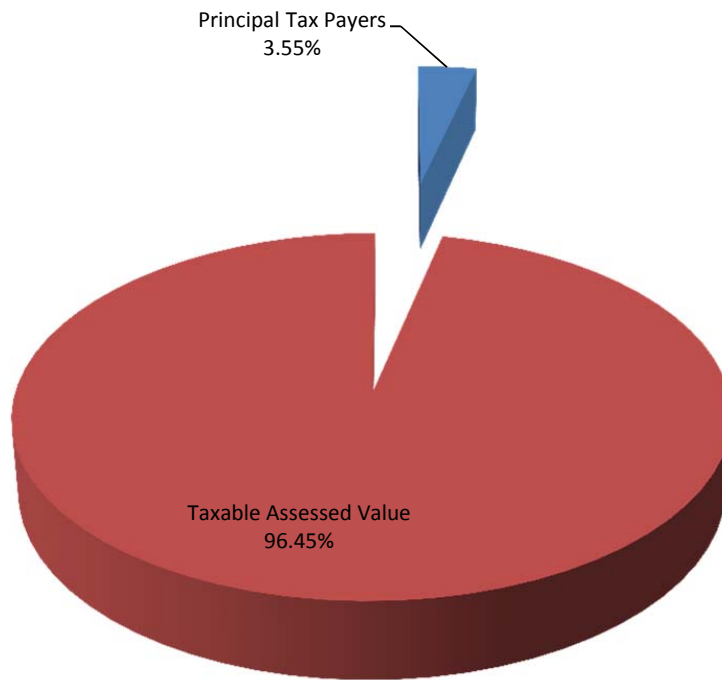


**PRINCIPAL PROPERTY TAX PAYERS - LAST FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER**

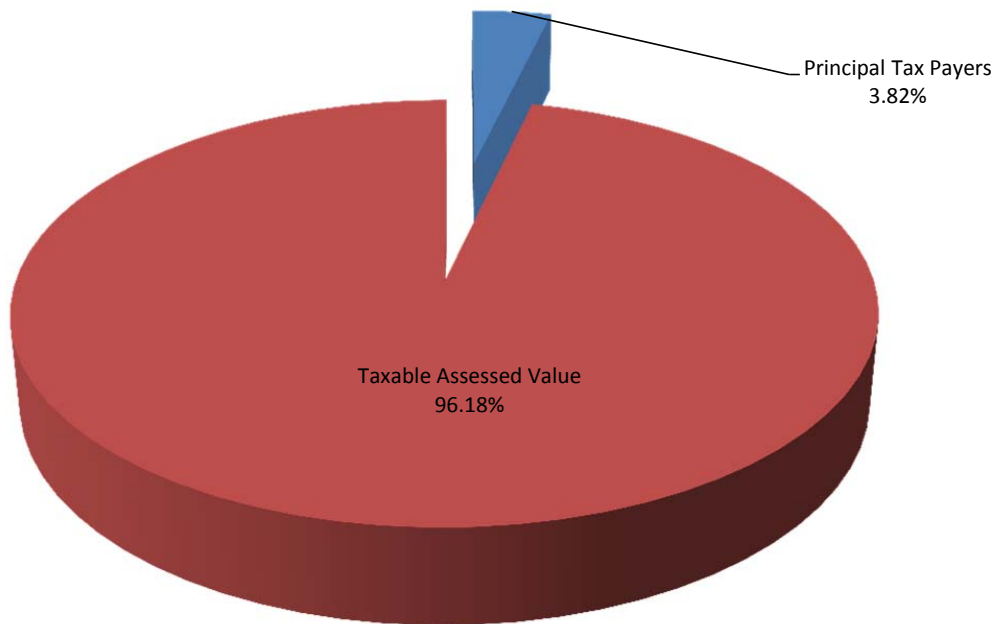
TAXPAYER	2013		2004	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
FLORIDA GAS TRANSMISSION CO	\$74,695,618	0.54%	\$21,514,220	0.22%
GULF POWER COMPANY	\$145,159,830	1.05%	\$84,696,427	0.88%
EMERALD GRANDE INC	\$54,227,300	0.39%		
CHOCTAWHATCHEE ELECTRIC CO	\$31,553,084	0.23%	\$18,060,763	0.19%
EMBARQ CORP	\$45,790,554	0.33%		
DESTIN COMMONS LTD	\$34,562,451	0.25%		
SRM-SPE LLC	\$27,517,960	0.20%		
BEACH RESORT INVESTMENTS LLC	\$22,140,373	0.16%	\$24,127,352	0.25%
COXCOM INC	\$29,024,958	0.21%		
SPRINT FLORIDA INC			\$96,908,512	1.01%
SANTA ROSA MALL LLC			\$40,227,719	0.42%
WAL-MART STORES, INC	\$24,944,494	0.18%	\$25,915,969	0.27%
VALPARAISO REALTY			\$20,543,454	0.21%
TOLBERT ENTERPRISES			\$18,193,626	0.19%
FRENCH QUARTER II LLC			\$17,506,218	0.18%
<b>TOTAL PRINCIPAL TAXPAYER VALUE</b>	<b>\$489,616,622</b>	<b>3.55%</b>	<b>\$367,694,260</b>	<b>3.82%</b>
<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>\$13,796,745,537</b>	<b>100.0%</b>	<b>\$9,618,024,001</b>	<b>100.0%</b>

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

### Principal Property Tax Payers Current Year 2013



### Principal Property Tax Payers Year 2004



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


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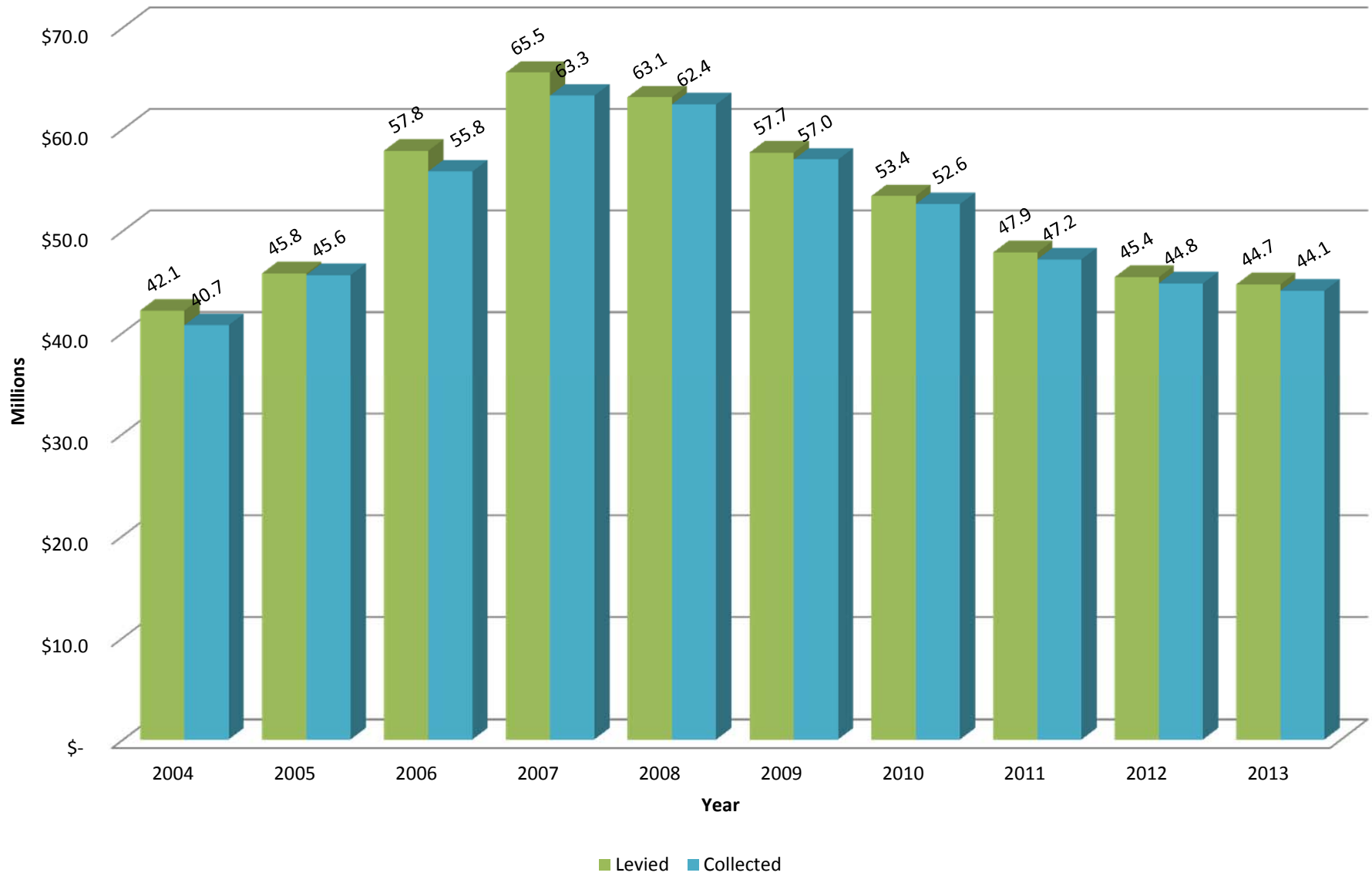
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FISCAL YEAR	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2004	\$42,144,165	\$40,556,384	96.2%	\$150,954	\$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%
2012	\$45,434,311	\$44,537,852	98.0%	\$283,894	\$44,821,746	98.7%
2013	\$44,715,750	\$43,934,031	98.3%	\$168,991	\$44,103,022	98.6%

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 AND PRIVATE BANK LOAN (4)	WATER BONDS (5)	AIRPORT BONDS (6)	SOLID WASTE BONDS (7)	CONFERENCE CENTER BONDS (8)	CAPITAL LEASES			
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
2012	\$0	\$29,905,000	\$0	\$0	\$95,984,441	\$23,995,407	\$0	\$1,685,000	\$0	\$151,569,848	2.03%	\$771
2013	\$0	\$29,192,000	\$0	\$5,000,000	\$84,863,512	\$17,860,000	\$0	\$155,000	\$0	\$137,070,512	1.83%	\$697

(1) Includes Refunding, Revenue & Improvement Bonds, 1985 and Capital Improvement 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 and Private Bank Loan

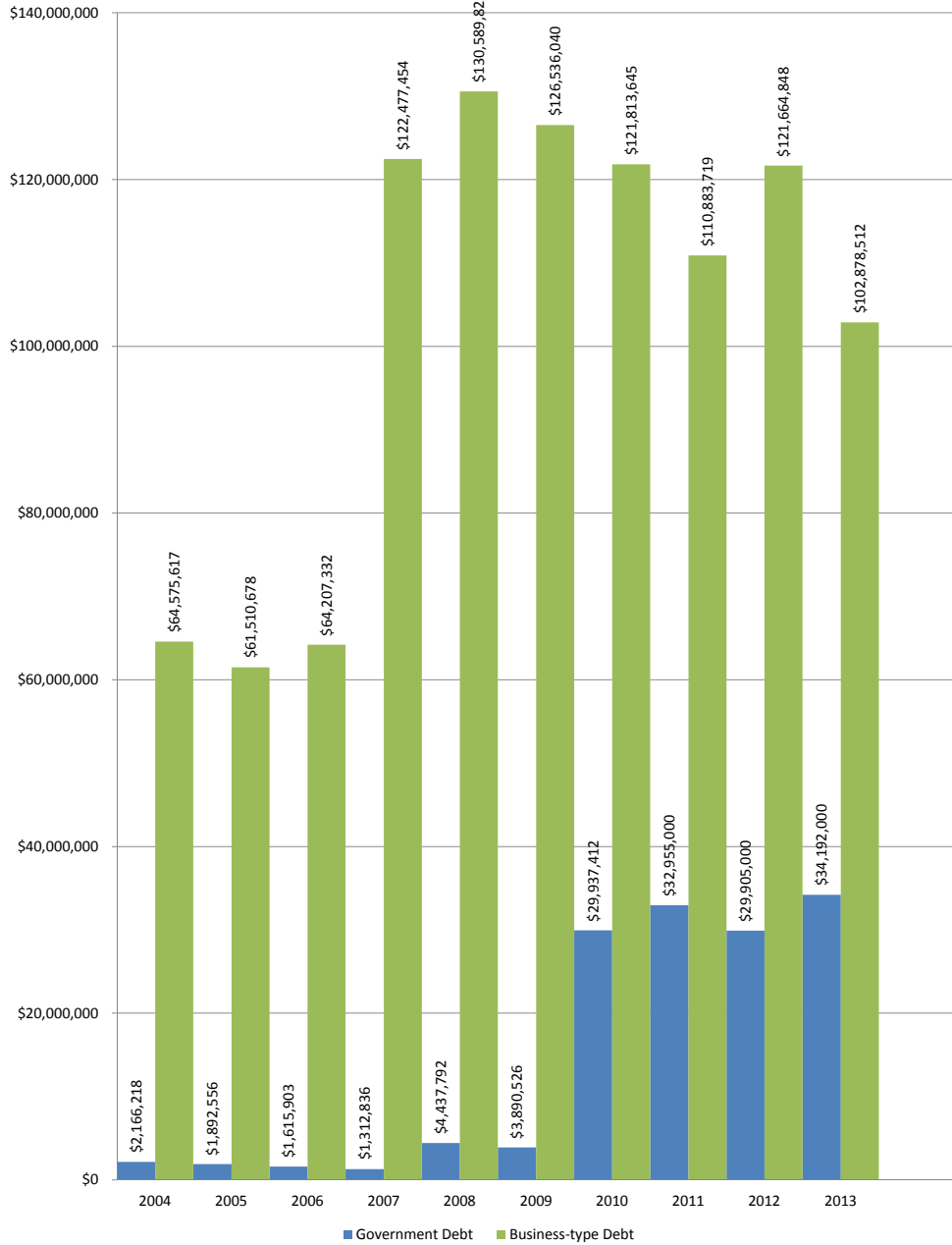
(5) Includes State Pollution Control Bonds, Subordinated Revenue, 1985, Refunding, Revenue, 2004, 2006, State Revolving, and 2012 Revenue Note

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

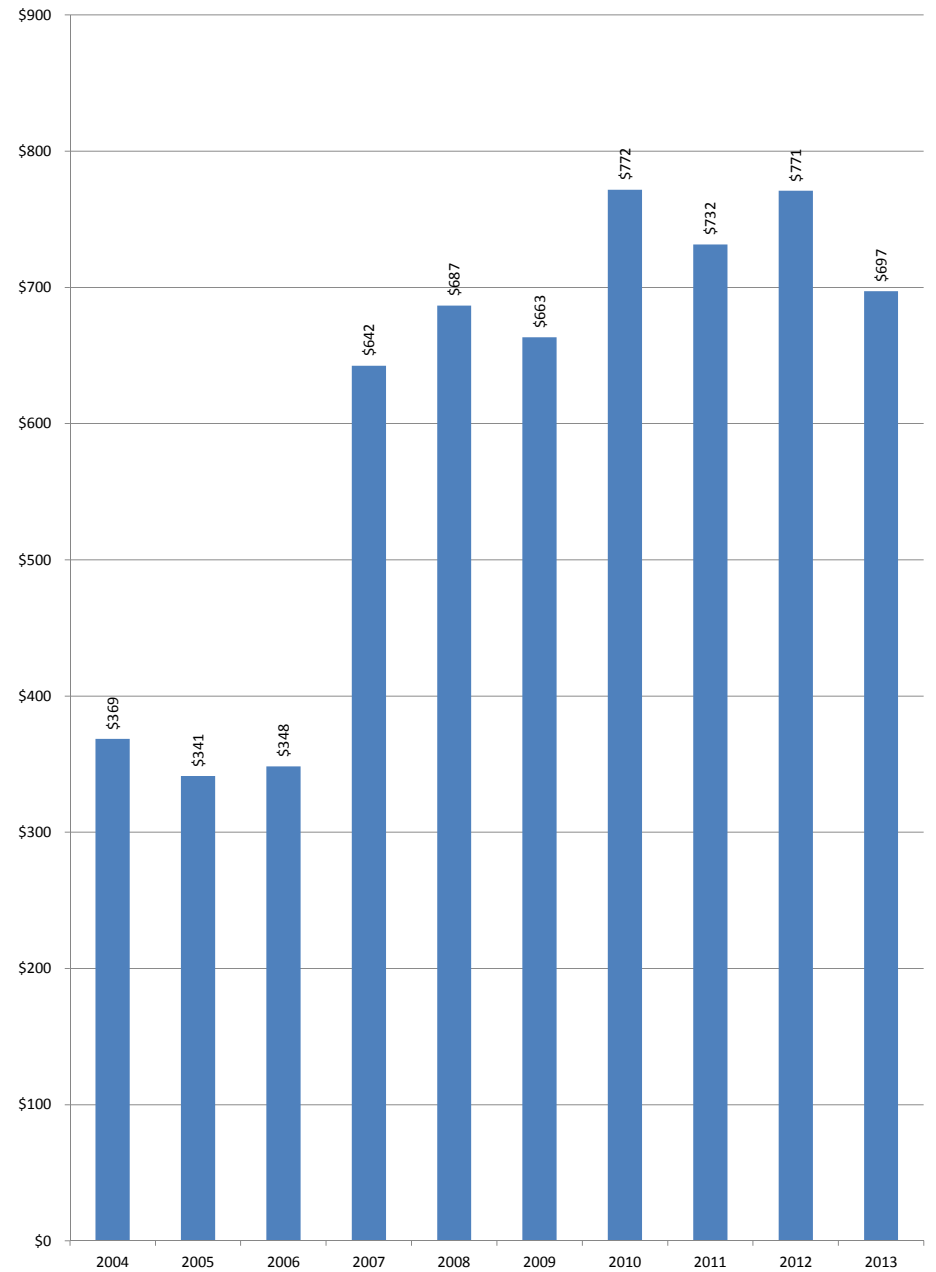
(7) Includes Capital Improvement Bonds, 1991

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

**Debt by Type  
Last Ten Fiscal Years**



**Per Capita Debt  
Last Ten Fiscal Years**



## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	WATER REVENUE BONDS AND NOTES (PRINCIPAL + INTEREST)								TOTAL	COVERAGE
				1985	1992	1993	1998	2004	2006	2012			
2004	\$21,830,902	\$13,870,719	\$7,960,183	\$68,677	\$332,293	\$7,293,005	\$7,333,152	\$2,902,268	\$0	\$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	\$0	\$3,795,810	2.02	
2006	\$23,719,695	\$15,272,060	\$8,447,635	\$68,680	\$331,924	\$0	\$0	\$3,422,370	\$0	\$0	\$3,822,974	2.21	
2007	\$26,745,817	\$15,974,674	\$10,771,143	\$68,677	\$194,186	\$0	\$0	\$2,967,970	\$1,171,405	\$0	\$4,402,238	2.45	
2008	\$24,694,611	\$16,827,092	\$7,867,519	\$67,831	\$0	\$0	\$0	\$2,964,695	\$1,900,194	\$0	\$4,932,720	1.59	
2009	\$23,481,347	\$16,371,638	\$7,109,709	\$67,743	\$0	\$0	\$0	\$2,976,286	\$509,283	\$0	\$3,553,312	2.00	
2010	\$24,831,872	\$15,267,581	\$9,564,291	\$67,648	\$0	\$0	\$0	\$801,210	\$5,171,437	\$0	\$6,040,295	1.58	
2011	\$25,895,709	\$16,650,924	\$9,244,785	\$67,542	\$0	\$0	\$0	\$982,850	\$4,989,988	\$0	\$6,040,380	1.53	
2012	\$26,581,965	\$15,571,980	\$11,009,985	\$67,426	\$0	\$0	\$0	\$3,728,770	\$0	\$533,531	\$4,329,727	2.54	
2013	\$26,685,108	\$15,295,914	\$11,389,194	\$68,003	\$0	\$0	\$0	\$3,754,732	\$2,837,287	\$489,839	\$7,149,861	1.59	

## 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
2012	\$9,502,093	\$8,056,047	\$1,446,046	\$795,575	\$892,975	\$1,688,550	0.86
2013	\$9,334,305	\$7,117,500	\$2,216,805	\$797,393	\$887,075	\$1,684,468	1.32

## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)			COVERAGE
				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	
2012	\$6,110,432	\$3,509,121	\$2,601,311	\$1,903,563	\$1,903,563	1.37	
2013	\$6,258,565	\$2,437,430	\$3,821,135	\$1,535,370	\$1,535,370	2.49	

COMPUTATION OF DIRECT AND UNDERLYING DEBT (1)

<u>DIRECT:</u>	<u>NET BONDED DEBT (2)</u>	<u>PERCENT APPLICABLE TO COUNTY</u>	<u>COUNTY'S SHARE OF NET DEBT</u>
OKALOOSA COUNTY (NO BONDED DEBT)	\$0	0%	\$0
 <u>UNDERLYING:</u>			
OKALOOSA COUNTY SCHOOL BOARD	\$59,896,000	100%	\$59,896,000

(1) THIS SCHEDULE IS NORMALLY TITLED "COMPUTATION OF OVERLAPPING DEBT", HOWEVER BECAUSE OKALOOSA COUNTY HAS NO OVERLAPPING DEBT, THE TITLE HAS BEEN CHANGED TO REFLECT THE CONTENTS OF THE SCHEDULE.

(2) NET BONDED DEBT IS DEFINED HERE AS GROSS BONDED DEBT LESS AMOUNT AVAILABLE IN DEBT SERVICE

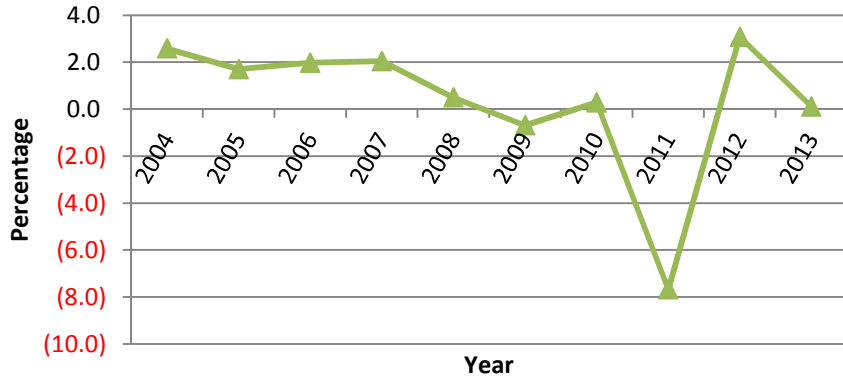
## DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

YEAR	POPULATION	PERCENT +/-	PERSONAL INCOME IN THOUSANDS	PERCENT +/-	PER CAPITA PERSONAL INCOME	PERCENT +/-	UNEMPLOYMENT RATE
2004	185,778	2.6%	\$6,229,248	7.9%	\$34,132	5.0%	3.47%
2005	188,939	1.7%	\$6,660,556	6.9%	\$36,190	6.0%	2.80%
2006	192,672	2.0%	\$7,144,102	7.3%	\$38,812	7.2%	2.40%
2007	196,617	2.0%	\$7,436,986	4.1%	\$40,711	4.9%	2.55%
2008	197,597	0.5%	\$7,607,688	2.3%	\$41,858	2.8%	5.10%
2009	196,234	-0.7%	\$7,186,037	-5.5%	\$39,668	-5.2%	7.40%
2010	196,800	0.3%	\$7,417,181	3.2%	\$41,024	3.4%	8.20%
2011	181,679	-7.7%	\$8,086,833	9.0%	\$44,126 (1)	7.6%	8.20%
2012	187,280	3.1%	\$8,546,210	5.7%	\$44,960 (1)	1.9%	6.10%
2013	187,486	0.1%	\$8,933,798 (1)	4.5%	\$46,639 (1)	3.7%	5.20%

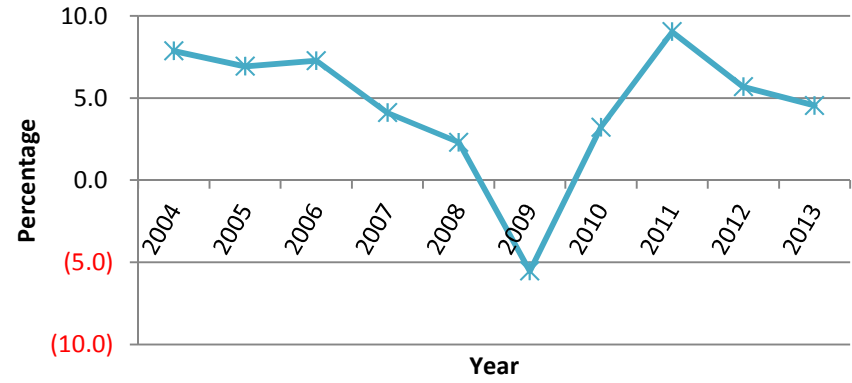
(1) Estimated income figures based upon average percent in prior years.

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

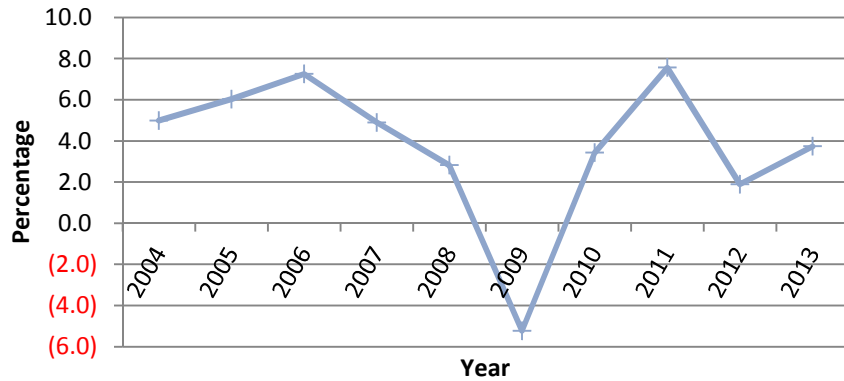
**Population  
Last Ten Fiscal Years**



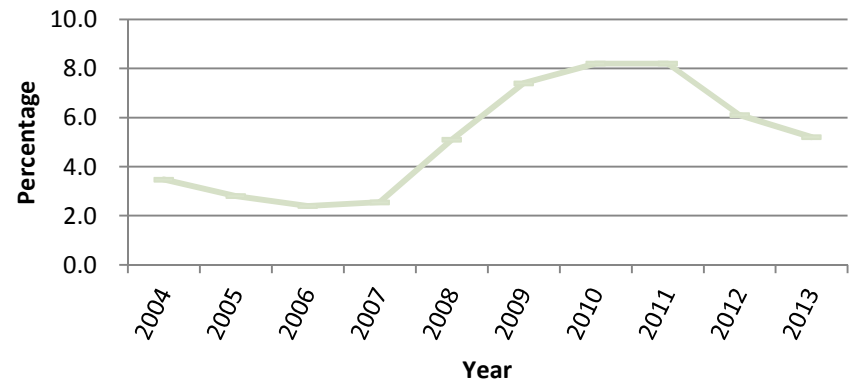
**Personal Income  
Last Ten Fiscal Years**



**Per Capita Income  
Last Ten Fiscal Years**



**Unemployment Rate  
Last Ten Fiscal Years**



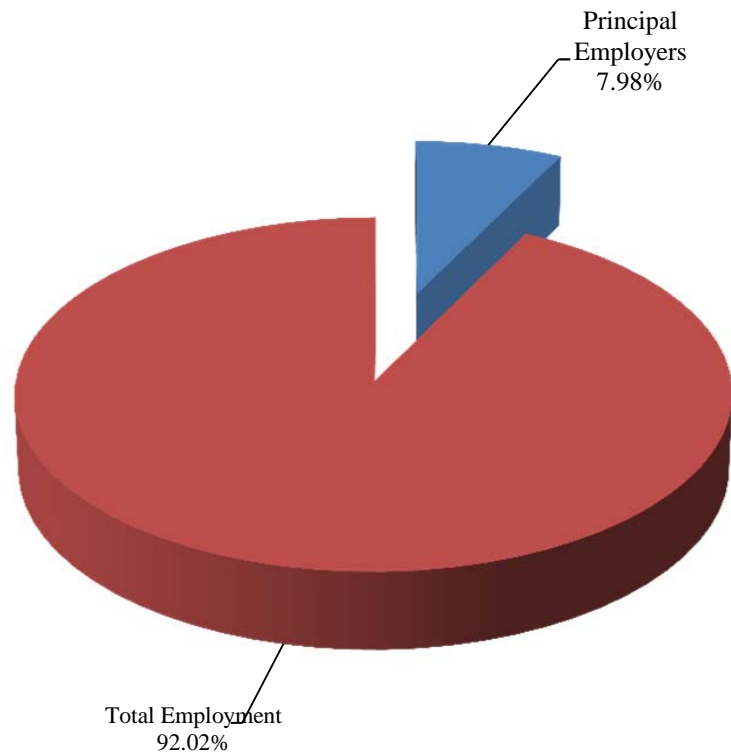


## PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

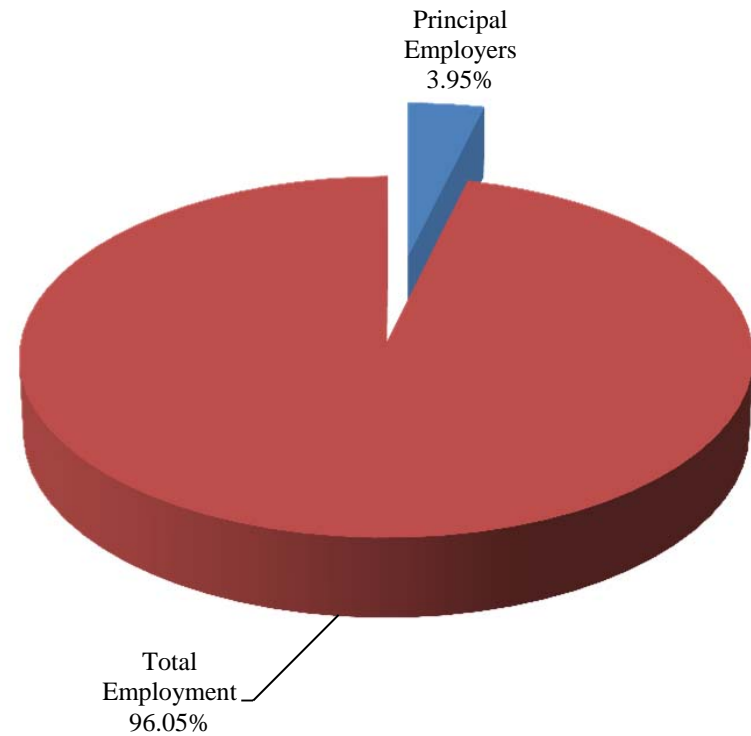
EMPLOYER	2013		2004	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
FT WALTON BEACH MEDICAL CENTER	1,250	1.28%	941	0.51%
L-3/CRESTVIEW AEROSPACE CORP	1,064	1.09%	520	0.28%
LOCKHEED MARTIN	800	0.82%		
INDYNE, INC	800	0.82%		
NORTH OKALOOSA MEDICAL CENTER	678	0.69%	585	0.31%
JACOBS TEAS	1,483	1.52%		
NATIONAL ELECTRONICS WARRANTY (NEW)	450	0.46%		
DRS TRAINING & CONTROL SYSTEMS	454	0.46%		
THE BOEING COMPANY	419	0.43%		
BAE SYSTEMS TECHNICAL SERVICES	410	0.42%	910	0.49%
ABBOT RESORTS/RESORT QUEST			1,300	0.70%
TYBRIN CORPORATION			875	0.47%
METRIC SYSTEMS CORPORATION			730	0.39%
SVERDRUP TECHNOLOGY			650	0.35%
MANUFACTURING TECHNOLOGY			450	0.24%
WHITE-WILSON MEDICAL CENTER			380	0.20%
TOTAL	7,808	7.98%	7,341	3.95%
TOTAL COUNTY EMPLOYMENT	97,841		185,778	

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

### Principal Employers Current Year 2013



### Principal Employers Nine Years Ago 2004

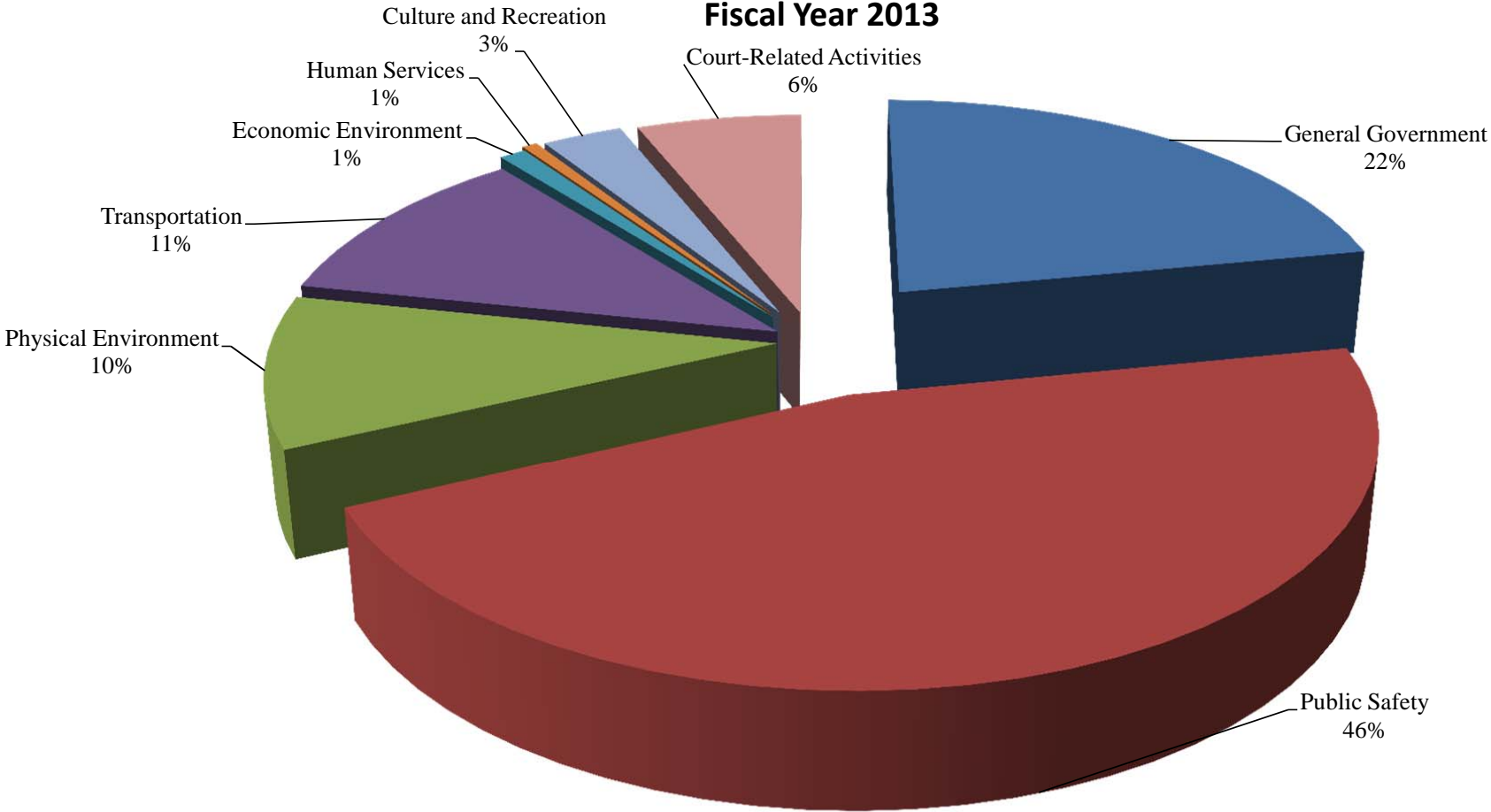


**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION - LAST TEN YEARS**

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF OCTOBER 1									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT	280	285	249	305	299	308	316	313	303	309
PUBLIC SAFETY	534	543	625	609	661	641	635	657	629	649
PHYSICAL ENVIRONMENT	161	163	161	169	169	157	161	156	147	144
TRANSPORTATION	163	172	177	158	175	168	166	154	146	156
ECONOMIC ENVIRONMENT	13	13	16	13	14	18	17	18	14	14
HUMAN SERVICES	9	9	13	11	13	9	8	8	8	8
CULTURE AND RECREATION	31	35	38	41	43	42	43	42	42	42
COURT-RELATED ACTIVITIES	92	87	128	102	109	78	82	82	86	86
<b>TOTAL</b>	<b>1,283</b>	<b>1,307</b>	<b>1,407</b>	<b>1,408</b>	<b>1,483</b>	<b>1,420</b>	<b>1,427</b>	<b>1,430</b>	<b>1,375</b>	<b>1,408</b>

SOURCE: BUDGET OFFICE

### FTE by Function Fiscal Year 2013



## OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>TRANSIT</b>										
TOTAL ROUTE MILES	129	129	182	163	163	163	163	168	168	215
PASSENGERS	92,181	71,193	138,491	169,389	211,330	171,967	162,820	175,595	179,946	182,584
<b>LIBRARY</b>										
CIRCULATION	519,496	542,039	572,074	608,803	679,720	750,643	751,432	713,416	699,532	696,234
REGISTERED BORROWERS	78,646	88,793	98,100	100,335	92,629	96,474	94,493	77,616	72,730	70,908
<b>PUBLIC WORKS</b>										
ASPHALT OVERLAY (SQUARE YARDS)	143,386	82,564	48,700	71,832	126,312	52,000	61,778	58,809	24,547	42,280
BRIDGES REPAIRED/REPLACED	11	27	11	14	6	12	14	8	7	1
<b>WATER</b>										
NEW CONNECTIONS	575	554	594	404	128	496	134	320	757	140
WATER MAINS REPAIRS	1,943	2,419	990	1,344	425	476	52	74	55	63
ANNUAL WATER UNITS BILLED	426,503	428,058	428,601	429,081	430,692	429,412	434,148	437,682	442,834	444,340
<b>SEWER</b>										
ANNUAL SEWER UNITS BILLED	393,856	400,975	403,138	403,631	406,807	398,541	399,660	402,977	407,625	414,612
<b>AIRPORTS</b>										
ENPLANEMENTS	388,958	407,052	365,045	396,045	400,105	332,556	369,230	448,870	385,428	448,870
DEPLANEMENTS	382,688	401,747	366,111	393,800	400,866	332,325	364,118	451,692	387,829	451,692
<b>GROWTH MANAGEMENT</b>										
DEVELOPMENT PERMITS ISSUED	2,446	2,524	2,031	1,536	975	771	817	986	821	893
HOME OCCUPATIONS	671	795	635	547	405	347	359	369	383	460
<b>REFUSE COLLECTION</b>										
TRANSFER STATION TONNAGE	128,953	144,253	148,694	173,655	168,224	141,633	128,360	109,099	121,443	125,755
RECYCLING TONNAGE	5,512	5,422	5,889	4,823	4,181	5,286	5,898	6,584	8,139	6,196
<b>PUBLIC SAFETY</b>										
EMERGENCY CALLS (EMS)	21,256	27,507	34,908	35,184	41,446	21,018	21,997	23,782	23,591	23,986
SYSTEM CALLS (9-1-1)	90,854	97,576	110,851	106,684	100,547	102,199	111,065	117,530	129,530	131,147

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

CAPITAL INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>PARKS AND RECREATION</b>										
COUNTY PARKS	17	17	16	17	18	19	18	18	18	18
UNINCORPORATED PARKS	34	35	34	34	32	31	32	33	34	33
<b>TRANSIT</b>										
BUSES/PASSENGER VAN	15	15	17	17	17	17	17	17	17	17
<b>LIBRARY</b>										
COLLECTION	249,753	267,011	272,936	286,500	295,721	309,859	312,747	321,797	311,899	310,302
<b>PUBLIC WORKS</b>										
PAVED ROADS MAINTAINED (MILES)	568	568	640	621	652	703	652	652	666	670
DIRT ROADS MAINTAINED (MILES)	291	291	238	264	280	122	207	207	201	199
COLD MIX ROADS MAINTAINED (MILES)	----	----	----	----	----	74	74	74	74	72
TRAFFIC SIGNALS	7	7	7	8	9	11	11	13	13	13
<b>WATER</b>										
WATER MAINS (MILES)	415	437	445	447	448	455	455	422	767	726
FIRE HYDRANTS	1,808	1,903	2,004	2,109	2,220	2,267	2,267	4,038	5,519	5,546
MAXIMUM DAILY CAPACITY (THOUSANDS OF GALLONS)	18,330	18,730	18,300	18,300	17,300	17,300	17,200	15,800	15,800	15,800
<b>SEWER</b>										
SANITARY SEWERS (MILES)	396	396	398	398	399	400	400	340	558	561
MAXIMUM DAILY TREATMENT CAPACITY (THOUSANDS OF GALLONS)	9,006	9,006	9,006	9,006	9,006	12,506	13,206	13,206	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, 2013

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
<b><u>U.S. Department of Agriculture</u></b>				
<b>Indirect Programs</b>				
Passed through <u>Florida Department of Education</u>				
Food Distribution Program	10550	82002	790	
School Breakfast Program	10.553	01-0303	12,008	0
National School Lunch Program	10.555	01-0303	18,011	0
Passed through <u>Florida Department of Financial Services</u>				
Schools and Roads - Grants to States	10.665	N/A	2,854	0
<b>Total U.S. Department of Agriculture</b>			<b>33,663</b>	<b>0</b>
<b><u>U. S. Department of Defense</u></b>				
<b>Direct Program</b>				
<b><u>Department of the Army</u></b>				
Planning Assistance to States Section 22	12.110	N/A	88,500	
<b><u>Defense Human Resources Activity</u></b>				
Electronic Absentee Systems for Elections Ease Grants	12.217	H98210-12-1-0007	258,848	
Electronic Absentee Systems for Elections Ease Grants	12.217	H98210-12-1-0013	121,266	
<b><u>Office of Economic Adjustment</u></b>				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	EN06107-11-02	104,049	
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	EN06107-13-03	41,155	
<b>Total U. S. Department of Defense</b>			<b>613,818</b>	<b>0</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>Indirect Programs</b>				
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	6,015	0
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Program Income	14.228	10DB-4X-01-56-01-F18	21,859	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11DB-L4-01-56-01-N36	68,269	
<b>Total U.S. Department of Housing and Urban Development</b>			<b>96,143</b>	<b>0</b>
<b><u>U.S. Department of the Interior</u></b>				
<b>Direct Program</b>				
Payments in Lieu of Taxes	15.226	N/A	8,763	0
<b>Total U.S. Department of the Interior</b>			<b>8,763</b>	<b>0</b>

Okaloosa County, Florida  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
 Fiscal Year Ended September 30, 2013

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
<b><u>U.S. Department of Justice</u></b>				
<b>Direct Programs</b>				
State Criminal Alien Assistance Program (SCAAP)	16.606	2012-AP-BX-0502	10,106	0
Bulletproof Vest Partnership Program	16.607	2013-AP-BX-0588	17,225	
Bulletproof Vest Partnership Program	16.607	N/A	17	
Bulletproof Vest Partnership Program	16.607	N/A	3,734	
Supervised Visitation, Save Havens for Children	16.527	2011-CW-AX-K021	3,418	53,085
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1038	24,688	
<b>Indirect Programs</b>				
Passed through <u>Florida Department of</u> <u>Law Enforcement</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JAGC-OKAL-2-D7-009	20,859	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JAGC-OKAL-3-D7-022	20,000	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JAGC-OKAL-4-D7-070	7,650	
Passed through <u>Florida Coalition Against</u> <u>Domestic Violence</u>				
Violence Against Women Formula Grants	16.588	13-8019-LE	73,168	0
Violence Against Women Formula Grants	16.588	14-8019-LE-ENH	16,621	
<b>Total U.S. Department of Justice</b>			<b>197,486</b>	<b>53,085</b>
<b><u>U.S. Department of Transportation</u></b>				
<b>Direct Programs</b>				
<u>Federal Aviation Administration</u>				
Airport Improvement Program	20.106	312-0020-016-2012	2,407,788	0
Airport Improvement Program	20.106	312-0014-022-2010	60,503	
Airport Improvement Program	20.106	312-0081-024-2012	675,489	0
Terminal Expansion Phase II-A- Construct Second Level Cone	20.106	312-0081-023-2010	(1,492)	0
Construct Aircraft Rescue & Fire Fighting Building (ARFF Building)	20.106	312-0081-025-2013	177,977	
<u>Federal Transit Administration</u>				
Federal Transit Formula Grants	20.507	FL 90-X642-00	13,552	
Federal Transit Formula Grants	20.507	FL 90-X680-00	15,292	0
Federal Transit Formula Grants	20.507	FL 90-X715-00	358	1,667
Federal Transit Formula Grants	20.507	FL 90-X716-00	23,537	586,843
Federal Transit Formula Grants	20.507	FL 90-X761-00	13,004	92,930
Federal Transit Formula Grants	20.507	FL 90-X795-00	0	30,750
<b><u>U.S. Department of Transportation -Cont'd</u></b>				
<b>Indirect Programs</b>				
Passed through <u>Florida Department of</u> <u>Transportation</u>				
Highway Planning and Construction	20.205	ANZ38, FY 10	312,512	0
"ARRA" Highway Planning and Construction	20.205	AQC63	36,844	0

Okaloosa County, Florida  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
 Fiscal Year Ended September 30, 2013

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Highway Planning and Construction	20.205	AQC72, 428115-1-38-01	2,520	
Highway Planning and Construction	20.205	AQU80, 429677-2-58-01/429677-2-68-01	166,263	
Highway Planning and Construction	20.205	AR197, 428115-1-58-01/428115-1-68-01	197	
Formula Grants for Other than Urbanized Areas	20.509	AQD91,421365-2-84-31	1,131	180,414
<b>Total U.S. Department of Transportation</b>			<b>3,905,475</b>	<b>892,604</b>
<b><u>Institute of Museum and Library Services</u></b>				
<b>Indirect Programs</b>				
Museums for America	45.310	12-LSTA-B-04	36,978	
<b>Total Museums of America</b>			<b>36,978</b>	
<b><u>Election Assistance Commission</u></b>				
<b>Indirect Programs</b>				
Passed through <u>Florida Department of State</u> Help America Vote Act Requirement Payments	90.401	MOA # 2011-2012-0001	5,460	0
<b>Total Election Assistance Commission</b>			<b>5,460</b>	<b>0</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
<b>Indirect Programs</b>				
Passed through <u>Florida Department of Revenue</u>				
Child Support Enforcement	93.563	CSS46	18,500	0
Child Support Enforcement	93.563	CD346	608,030	
Child Support Enforcement	93.563	N/A	3,398	0
Passed through <u>Florida Department of State</u>				
Voting Access for Individuals with Disabilities - Grants to States	93.617	MOA #2012-2013-0003	6,086	0
Passed through the <u>Florida Department of Transportation</u>				
Medical Assistance Program, Medicaid; Title XIX	93.778	BDN10,41604318201	0	261,482
Passed through the <u>Florida Department of Children and Families</u>				
Block Grants for Community Mental Health Services Matching	93.958	AH105	10,247	119,804
Block Grants for Prevention and Treatment of Substance Abuse Matching	93.959	AH105	17,115	14,842
<b>Total U.S. Department of Health and Human Services</b>			<b>663,376</b>	<b>261,482</b>
<b>Sub-Total Florida Matching</b>			<b>134,646</b>	
<b><u>U.S. Department of Homeland Security</u></b>				
<b>Direct Programs</b>				
Checked Baggage Screening Design Services Project-(OTA)		HSTS04-12-H-CT1247	175,766	
<b>Indirect Programs</b>				
Passed Through <u>Florida Department of Emergency Management</u>				
Disaster Grants-Public Assistance-2009 N. Florida Flooding	97.036	09-SS-E8-01-56-02-502	219,035	0
Disaster Grants-2009 N. Florida Flooding Matching		09-SS-E8-01-56-02-502	36,506	0

Okaloosa County, Florida  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
 Fiscal Year Ended September 30, 2013

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Disaster Grants-Public Assistance-Issac-4084-DR-FL	97.036	13-IS-3S-01-56-02-523	(53,122)	0
Disaster Grants-Public Assistance-Issac-4084-DR-FL	Matching	13-IS-3S-01-56-02-523	(8,854)	0
Homeland Security Grant Program	97.067	10-DS-39-01-56-01-388	38,118	0
Emergency Management Performance Grants	97.042	13-FG-86-01-56-01-113	67,150	0
Emergency Management Performance Grants	97.042	14-FG-1M-01-56-01-113	12,436	
Emergency Management Performance Grants	97.042	13-DS-29-01-56-01-307	46,332	
Homeland Security Grant Program	97.067	12-DS-9Z-01-56-01-267	332,505	0
Homeland Security Grant Program	97.067	12-DS-B8-01-56-01-240	97,330	0
Homeland Security Grant Program	97.067	12-DS-20-01-56-01-419	91,941	0
<u>Passed Through Florida Department of Law Enforcement Agency</u>				
Homeland Security Grant Program	97.067	2012-SHSP-OKAL-1-B9-014	86,574	
<b>Total U.S. Department of Homeland Security</b>			<b>1,114,065</b>	<b>0</b>
<b>Sub-Total Florida Matching</b>			<b>27,652</b>	<b>0</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>6,675,227</b>	<b>1,207,171</b>
<b>Total Florida Matching Funds</b>			<b>162,298</b>	<b>0</b>
<b>STATE FINANCIAL ASSISTANCE</b>				
<b><u>Executive Office of the Governor</u></b>				
<b>Indirect Programs</b>				
Passed through <u>Enterprise Florida, Inc.</u>				
Military Base Protection	31.044	DIG 08-04	0	65,000
<u>Passed Through Florida Division of Emergency Management</u>				
Emergency Management Programs	31.063	13-BG-83-01-56-01-046	88,817	
Emergency Management Programs	31.063	14-BG-83-01-56-01-046	12,436	
Emergency Management Projects	31.067	13-CP-11-01-56-01-191	11,524	
<b>Total Executive Office of the Governor</b>			<b>112,777</b>	<b>65,000</b>
<b><u>Florida Department of Environmental Protection</u></b>				
<b>Direct Programs</b>				
Beach Erosion Control Program	37.003	090K2	136,434	
Cooperative Collection Center Grant - Liberty	37.007	SO619	12,913	0
Cooperative Collection Center Grant - Calhoun	37.007	SO619	17,751	0
Cooperative Collection Center Grant - Gulf	37.007	SO619	16,503	0
Cooperative Collection Center Grant - Holmes	37.007	SO619	14,832	0
Cooperative Collection Center Grant - Jackson	37.007	SO619	17,815	0
Cooperative Collection Center Grant - Santa Rosa	37.007	SO619	22,292	0
Cooperative Collection Center Grant - Walton	37.007	SO619	33,192	0
Cooperative Collection Center Grant - Washington	37.007	SO619	(8,101)	0
Cooperative Collection Center Grant - Franklin	37.007	SO619	10,324	0
Cooperative Collection Center Grant - Gadsden	37.007	SO619	5,114	0
Cooperative Collection Center Grant - Gulf	37.007	SO662	7,958	0
Cooperative Collection Center Grant - Holmes	37.007	SO662	7,775	
Cooperative Collection Center Grant - Jackson	37.007	SO662	1,963	
Cooperative Collection Center Grant - Walton	37.007	SO662	4,948	
Cooperative Collection Center Grant - Washington	37.007	SO662	101	0
Cooperative Collection Center Grant - Gadsden	37.007	SO662	9,128	0
<b>Total Florida Department of Environmental Protection</b>			<b>310,942</b>	<b>0</b>
<b><u>Florida Department of Economic Opportunity</u></b>				
<b><u>Enterprise Florida</u></b>				

Okaloosa County, Florida  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
 Fiscal Year Ended September 30, 2013

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
Military Base Protection	40.014	MBP 13-01	2,057	
<b><u>Florida Department of Agriculture and Consumer Services</u></b>				
Mosquito Control	42.003	016065	7,706	0
Mosquito Control	42.003	017242	17,876	
Mosquito Control	42.003	018774	16,220	
New Agricultural Center/City of Crestview Multi-Purpose Facility	N/A	013227	82,255	
<b>Total Florida Department of Agriculture and Consumer Services</b>			124,057	0
<b><u>Florida Department of State</u></b>				
State Aid To Libraries	45.030	13-ST-45	10,907	
<b><u>Florida Department of Emergency Management</u></b>				
Hurricane Shelter Retrofit Project	52.024	12-SR-8X-01-56-01-314	122,500	
<b><u>Florida Housing Finance Corporation</u></b>				
State Housing Initiatives Partnership (SHIP)	52.901	2011/2012	0	110,587
<b><u>Florida Department of Transportation</u></b>				
Commission for the Transportation of Disadvantaged Trip and Equipment Grant	55.001	AQO08, 43202718401/4320818401	0	258,500
Commission for the Transportation of Disadvantaged Trip and Equipment Grant	55.001	AR203, 43202718401/43202818401	26,589	54,459
Aviation Development Grant	55.004	APY60,41819319401	37,155	0
Aviation Development Grant	55.004	AQ522,42037519401	46,124	0
Aviation Development Grant	55.004	AQ497,42390719401	4,240	0
Aviation Development Grant	55.004	AQ498,42390619401	6,389	0
Aviation Development Grant	55.004	AQJ13, 422303119401	155,729	
Aviation Development Grant	55.004	AQJ14, 42390729401	39,494	
Commuter Assistance/Rideshare Grant	55.007	AQH83,420315-2-84-01	9,663	
Public Transit Block Grant Program	55.010	AQH65, 422253-1-84-01	18,304	420,814
Transit Corridor Program	55.013	AQH66, 422256-1-84-01	889	299,107
<b>Total Florida Department of Transportation</b>			344,576	1,032,880
<b><u>Florida Department of Health</u></b>				
County Grant Awards	64.005	C1046	30,973	0
<b><u>Florida Department of Management Services</u></b>				
Wireless 911 Emergency Telephone System	72.001	S-08-07-34	10,510	
E911 State Grant Program	72.002	S3-10-11-24	11,804	
			22,314	0
<b>Total Florida Matching Funds</b>			162,298	0
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			1,081,103	1,208,467
<b>TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>			7,918,628	2,415,638

**Okaloosa County, Florida**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2013**

**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 EXPENDITURES OF PASSENGER FACILITY CHARGES**  
**For the Fiscal Year Ended September 30, 2013**

Grantor/Program: Passenger Facility Charges

Application Approval Number: 00-01-C-00-VPS

Latest ROD 07-03-C-00-VPS

<u>Amended Amount of Approval</u>	<u>Cumulative Earned Amount at September 30, 2012</u>	<u>Current Year Earned Amount</u>	<u>Cumulative Earned Amount at September 30, 2013</u>	<u>Current Year Expenditures</u>	<u>Unliquidated Passenger Facility Charges</u>	
					<u>at September 30, 2012</u>	<u>at September 30, 2013</u>
\$ 39,922,121	\$ 17,720,289	\$ 1,452,575	\$ 19,172,864	\$ 1,360,206	\$ 7,094,092	\$ 7,186,461

**Okaloosa County, Florida**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS**  
**RELATED TO DEEPWATER OIL SPILL**  
**For the Fiscal Year Ended September 30, 2013**

Source	Amounts Received in the 2012-2013 Fiscal Year	Amounts Expended in the 2012-2013 Fiscal Year
<b>British Petroleum:</b>		
Funds relating to proceeds specified for advertising and tourist related media campaigns	<b>\$598,590</b>	<b>\$0</b>

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance.



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

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida as of and for the year ended September 30, 2013, which collectively comprise Okaloosa County, Florida's basic financial statements and have issued our report thereon dated April 23, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Okaloosa County, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okaloosa County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Okaloosa County, Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1 that we consider to be a significant deficiency.

**Compliance and Other Matters**

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

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
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)

**Okaloosa County, Florida's Response to Findings**

The Board of County Commissioners' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Board of County Commissioners' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Okaloosa County, Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Okaloosa County, Florida's internal and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to management of Okaloosa County, Florida, in a separate letter dated April 23, 2014.

*Warren Averett, LLC*  
Fort Walton Beach, Florida  
April 23, 2014

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
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**

**Report on Compliance for Each Major Program and/or Project**

We have audited Okaloosa County, Florida's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*; the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that are could have a direct and material effect on each of Okaloosa County, Florida's major federal programs, state projects and passenger facility charge program for the year ended September 30, 2013. Okaloosa County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs, state projects and passenger facility charge program is the responsibility of Okaloosa County, Florida's management.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Okaloosa County, Florida's major federal program, state project, and passenger facility charge program based on the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 on compliance for each major program, state project, and passenger facility charge program. However, our audit does not provide a legal determination on Okaloosa County, Florida's compliance.

***Opinion on Each Major Federal Program, State Project and Passenger Facility Charge Program***

In our opinion, Okaloosa County, Florida complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects and passenger facility charge program for the fiscal year ended September 30, 2013.

To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
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)


### **Report on Internal Control Over Compliance**

Management of Okaloosa County, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Okaloosa County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, state project or the passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, state project, or passenger facility charge program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Okaloosa County, Florida's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

  
Fort Walton Beach, Florida  
April 23, 2014

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended September 30, 2013**

**1. Summary of Auditor's 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?   X   Yes      \_\_\_\_\_ No
- Non-compliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

*Federal Awards and State Projects*

Internal control over major programs:

- Material weakness(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:*

<b>U.S. Department of Transportation</b>	<u>CFDA #</u>	<u>Expenditures</u>
Rehab of Runway 14/32 at Destin Airport	20.106	\$ 2,407,788
Construct and Equipment Expansion of Parking Lot (North Side Only) NWFRA	20.106	\$ 675,489
Operate and Maintain the Okaloosa County Computerized Traffic Signal System	20.205	\$ 312,512
Construction of Safety of Improvements on CR 188 – Airport Road	20.205	\$ 166,263
State Infrastructure Bank Loan – Taxiway A Rehab & Stormwater – Bob Sikes (ARRA)	20.205	\$ 36,844

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended September 30, 2013**

**1. Summary of Auditor's Results - Continued**

*Identification of major federal programs(continued):*

**U.S. Department of Health and Human Services**

	CFDA#	Expenditures
Adult Community Mental Health Community Support Services	95.958	\$ 130,051

**U.S. Department of Homeland Security**

	CFDA#	Expenditures
Checked Baggage Screening Design Services Project (OTA)	N/A	\$ 175,766

*Identification of major state projects:*

**Florida Department of Environmental Protection**

	CFSA#	Expenditures
Fort Walton Beach Restoration Project	37.003	\$ 136,434
County Cooperation Collection (SO619)	37.007	\$ 142,635

**Florida Division of Emergency Management**

	CFSA#	Expenditures
Hurricane Shelter Program	52.024	\$ 122,500

**Florida Department of Transportation**

	CFSA#	Expenditures
Rehab Runway Destin – FWB Airport	55.004	\$ 155,729

- 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)**

***Finding 2013-1 Revenue Recognition in the Water and Sewer Enterprise Fund***

**Criteria** –Generally accepted accounting principles relative to the enterprise funds require that revenue is recognized when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended September 30, 2013**

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

***Finding 2013-1 Revenue Recognition in the Water and Sewer Enterprise Fund (continued)***

***Condition*** – Journal entries were proposed by the auditors and accepted by management to recognize \$390,000 of deferred tap fees as revenue as the connections took place in FY13. Entries were also proposed to correct a billing error of \$278,000 that was made on September 30, 2013 but not corrected in the water and sewer billing system until October, 2013 which overstated accounts receivable and revenue earned at September 30, 2013.

***Cause*** – The tap connections are tracked by water and sewer personnel using a spreadsheet not integrated with the water and sewer billing system. The spreadsheet was not updated during the year and monitoring controls were not in place in order for management to address the internal control deficiency in a timely manner. The updated spreadsheet was not complete until February 21, 2014.

The billing error was immediately detected by water and sewer management through routine exception reporting review. However a lack of understanding of the accounting concepts relating to period in which the error should have been corrected resulted in the correction posted in the wrong fiscal year.

***Effect*** – The financial statements of the Water and Sewer fund at September 30, 2013 were misstated until corrected via audit adjustment.

***Recommendation*** – Documented accounting procedures, including year-end procedures, should be established at the Water and Sewer enterprise fund by the Financial Manager and reviewed by Water and Sewer management and Clerk Finance management to ensure proper segregation of duties exist, monitoring controls are in place, and roles and responsibilities of Water and Sewer personnel and Clerk of Courts Finance personnel are clearly defined.

Potential automated solutions to the current spreadsheet utilized to track tap fees should be researched. At a minimum the spreadsheet should be updated on a quarterly basis with documented review by the Water & Sewer Financial Manager. Additional training for the Water and Sewer Financial Manager should be considered.

***Views of responsible officials and planned corrective action:***

The OCWS Lead Customer Service Representative will reconcile the tap fees on a quarterly basis making it ready for year end in a timely manner. The reconciliation itself will be on a more organized and accurate Excel spreadsheet, or possibly another database. The tap report will be balanced to the general ledger maintained by the Clerk of Courts finance function each quarter. The tap reconciliation will be reviewed by the OCWS Financial Manager and Utility Administrative Manager to ensure accuracy.

OCWS will also document procedures & train our employees on the proper process for handling customer billing errors that happen near year end in addition to documenting other accounting processes. If a billing error occurs near year end, employees will be instructed to immediately report the error to the Financial Manager and Administrative Manager as soon as possible. The error will be corrected according to procedures, and the Managers will communicate the error to Clerk of Courts finance function and the possibility of correcting journal entries.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended September 30, 2013**

**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

## MANAGEMENT LETTER

We have audited the financial statements of Okaloosa County, Florida as of and for the fiscal year ended September 30, 2013 and have issued our report thereon dated April 23, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550 Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance With Requirements Applicable to 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 Florida Auditor General and Compliance with Requirements Applicable to the Passenger Facility Charge Program and Schedule of Finding and Questioned Costs. Disclosures in those reports and schedule that are dated April 23, 2014, 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 audit report. Corrective actions have been taken or are in progress to address findings and recommendations in the preceding annual financial report. (Please see status and management response under the heading "Prior Year Comments".)
- 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. Our comments and recommendations are reported under the heading "Current Year Recommendations".
- Section 10.544(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *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, 2013, Okaloosa County had no component units, as defined by GASB 61, with a significant operational or financial relationship with the County.

- Section 10.554(1)(i)6.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.
- Section 10.554(1)(i)6.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, 2013, 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, 2013. In connection with our audit we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.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.
- Section 10.554(1)(i)6.e., *Rules of the Auditor General*, requires a statement to be included as to whether or not the local governmental entity complied with State and Federal Laws, rules, regulations, contracts, or grant agreements governing the receipt and expenditure of those funds. Funds related to the Deepwater Horizon oil spill may include, but are not limited to, funds received pursuant to Section 288.8017, Florida Statutes, and Public Law 112-141 (33 U.S.C.A. ss. 1321 (t)); State or Local grants; and moneys received directly from British Petroleum. In connection with our audit, we determined that Okaloosa County, Florida complied with the provisions governing the receipt and disbursement of BP funds.

#### **“PRIOR YEAR FINDINGS AND RECOMMENDATIONS”**

#### **BOARD OF COUNTY COMMISSIONERS**

##### ***2012-MC-03: AIRPORT LEASE SCHEDULE***

###### ***Prior Year Comment Summarized***

A new lease executed by the BCC and its lessee TSA, was not updated in the master lease schedule maintained by airport personnel. The master lease schedule was intended to be a tool to ensure the Airport was actively monitoring lease terms and billing arrangements after the discovery of under billed amounts to Miracle Strip Aviation brought to the attention of management during the 2010 external audit. Although rent was properly charged to TSA under the terms of the lease agreement during 2012, we recommended that the master lease schedule be reviewed each month by the Airports Properties Specialist and updated for new leases as well renewals and cancellations of existing leases. We further recommended that changes in billing amounts be communicated to the Financial Services Specialist responsible for billing customers at the airport, and that billing amounts and the master lease schedule be cross-checked by the Properties Specialist each month to achieve effective monitoring. Lastly, we recommended the schedule be reviewed to ensure leases nearing expiration or renewal are being actively negotiated.

###### ***Status***

The master lease schedule was updated during 2013 and no billing exceptions were noted during audit procedures. However due to changes in duties the same person that updates the schedule also prepares the billing to customers which does not provide a mechanism for independent review. The volume of activity and the variables associated with the leases is complex and there remains a risk that error could occur in the amounts billed. We would recommend a software program for tracking and billing of the airport leases and fees that can be integrated with the BCC general ledger.

###### ***Management Response***

Management has purchased and implemented a comprehensive contract and lease tracking software, PROPworks, during FY 14. This software effectively tracks all contract and lease agreements, monitors leases nearing expiration or renewal and sends an automated email reminder notification at various intervals leading up to the expiration date. The software also allows the Airport to perform all invoicing and record the receipt of payments relating to the various agreements. The accounting information can be imported into the BCC general ledger maintained by the BCC Clerk finance function and research is underway to determine the best approach. The billing module of this software is currently running parallel to the existing platform and will replace the current accounting software by the end of the fiscal year.

**2012-MC-04: YEAR END CLOSE - WATER AND SEWER ENTERPRISE FUND**

***Prior year comment summarized***

Due to transition in finance personnel at the water and sewer department the accounting records and support necessary to make all year end closing entries was not finalized until mid-January of 2013. The year-end process was hampered by lack of documented closing procedures and listing of reports necessary to make certain entries. The original schedule calls for the water and sewer books to be closed and available for audit by the end of November.

***Status***

Accounting records and support necessary to make all year end closing entries was not finalized until mid-February of 2014. Significant audit adjustments were proposed after information was received as noted in the Schedule of Findings. Documented accounting procedures, including steps for year- end closing, should be established at the Water and Sewer Enterprise Fund and reviewed by BCC management and Clerk BCC Finance management to ensure proper segregation of duties exist and roles and responsibilities of each party are clearly defined.

***Management Response***

Management at the Water and Sewer Enterprise Fund will work with the Clerk BCC Finance management to update written accounting policies and procedures to include the process for year-end closing.

**2012-MC-06: CONTRACT COMPLIANCE**

***Prior Year Comment Summarized***

In 2012, our testing of BCC transactions revealed two exceptions. The first exception involved a contract that did not contain the required contract / lease payment approval form as required to be completed by the department head and approved by the contracts and grants manager. The second exception involved a verbal contract modification that had been negotiated with a cleaning company by airport personnel but the modification was not evidenced in writing or approved by the BCC. The modification was subsequently approved by the BCC in November 2012. We recommended the BCC Department Heads/Directors to strengthen its disbursement request procedures to ensure contract provisions are monitored and the disbursement packages submitted for payment contain proper support to allow for effective pre audit by Clerk's BCC finance function personnel.

***Status***

At the Airport Enterprise Fund a contract for services had expired in April, 2013 but had not been renegotiated or renewed as of August, 2013. As a result, no contract payments had been made to the vendor by Clerk BCC finance function. In addition of six advertising invoices selected for testing, five were billed at a commission rate that differs from contract terms in the opinion of Clerk BCC finance management. Clerk BCC finance is paying the stated commission amount per the contract and tracking the disputed amount of each invoice. In addition, task orders associated with this advertising contract are routinely created after the expenses are incurred which does not comply with the purchasing policy. We would continue our recommendation as noted above.

***Management Response***

The Board of County Commissioners approved the industry standard commission rate in November 2013, and management has updated the contract terms to reflect this commission rate. Disputed payments have been made to the service provider as approved by the Board of County Commissioners. Additionally, the Airport has instituted a new task order policy that requires the advertising firm to submit task orders with a six month projection of services to be performed thus eliminating the situation of task orders being submitted after the services have already been performed.

**2012-MC-07: ANTI-FRAUD PROGRAM**

***Prior Year Comment Summarized***

The BCC maintains a strong ethical culture and positive environment to deter fraud and promote ethical behavior. However the Board and senior management could strengthen its anti-fraud program with the adoption of a periodic documented fraud risk assessment, a written fraud response plan and training for BCC employees on warning signs of fraud and what to do if they suspect fraud is occurring.

**2012-MC-07: ANTI-FRAUD PROGRAM (CONTINUED)**

***Status***

Actions were taken during FY 13 and in FY 14 to address our recommendations as noted below.

***Management Response***

A fraud risk assessment was conducted in September, 2013 and a written fraud response policy was adopted by the Commission in April, 2014. The first training is scheduled in June, 2014 for Commissioners and senior management. Management has reviewed the fraud risk assessment and addressed several recommendations made in the report.

**2012-MC-8: ENTERPRISE RISK MANAGEMENT**

***Prior Year Comment Summarized***

The BCC has not formally documented management's identification of strategic, operational and financial risks and the related monitoring of the risks identified. Like many organizations, the BCC assesses risk routinely but the risk assessment process is not documented or formalized. Documenting enterprise risk assessments will provide additional assurances that key business processes have appropriate control activities in place. The assessment and documentation will help management identify control gaps, strengthen existing controls, and remove redundancies where applicable.

***Status***

Actions are in process in FY 14 to address the recommendation as noted below

***Management Response***

The Florida Auditor General published an operational audit of BCC and Clerk business operations (Report No. 2014-068). The objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.

Published in December 2013, the report constituted a review of internal controls and serves as a formal risk assessment. The Clerk's Internal Audit Director will work with the BCC Management to build upon the work of the Auditor General, and develop a comprehensive Enterprise Risk Management model to include development of risks and controls to key business processes. Research is underway regarding a process for and periodic review and monitoring of those key risks.

**“CURRENT YEAR RECOMMENDATIONS”**

**2013-MC-01 AIRPORT ACCOUNTING POLICY AND PROCEDURES**

***Observation***

The BCC enterprise funds, including the Airport, have historically been responsible for their own billing and collection of revenues. The results are recorded in the general ledger kept by Clerk BCC finance personnel; but the activity and collection takes place in each respective enterprise function using a variety of different software. Further at the Airport, certain revenue is earned based on the financial performance of a third party. While audits of the third parties have been conducted in recent years, there is no written policy for the frequency of these audits. Documented policy and procedures for Airport accounting could be enhanced.

### ***2013-MC-01 AIRPORT ACCOUNTING POLICY AND PROCEDURES (CONTINUED)***

#### ***Recommendation***

Although the Airport has a written policy for handling cash receipts which identifies segregation of duties, we further suggest that comprehensive policies and procedures be developed for billing procedures. In addition, written procedures and policies should be established for conducting audits of outside parties and incorporated into the Airport policy manual to include to whom audit results should be distributed to.

#### ***Management Response***

The Airport has tasked legal counsel for the development of a comprehensive policy document, similar to what was created for the TDD, due to the unique nature of its enterprise. These policies will document the roles of personnel, procedures to be followed for specific accounting transactions including advertising, and establish guidelines to be followed in regards to auditing requirements and thresholds for third parties from whom the airport derives revenue on a percentage of sales or variable bases.

### ***2013-MC-02 PCARD EXCEPTION REPORTING***

#### ***Observation***

The BCC approved new procedures for P-Cards as part of the purchasing policies adopted on April 2, 2013. We sampled P-Card exception reporting during May to September 2013 and observed that actions to address employee violations were not consistently addressed in a timely manner. The infractions noted in the exception reporting were minor violations. However in some instances it took greater than three months from the time of the infraction for the Purchasing Department to take corrective action as outlined in the Purchasing Manual.

#### ***Recommendation***

We recommend the procedures in the Purchasing Manual be followed by the Purchasing Department as it relates to P-card infractions. In order to achieve the outcome desired by the revised policy consistent and timely follow up action is required.

#### ***Management Response***

The Purchasing Department was understaffed in FY 13 due to unplanned vacancies. The Department has new leadership and timely action will be taken to address P-Card exceptions in accordance with the purchasing policies.

### ***2013-MC-03 CONTRACT MONITORING***

#### ***Observation***

The Purchasing Department monitoring of contracts could be enhanced. The Department ensures contracts exist as required under Statute and policy but there is not active monitoring of contract terms compared to billing practices or defined timelines or processes for when contracts need to be renewed or re-bid. These responsibilities are often shifted to Departments due to the limited size of the current purchasing department.

#### ***Recommendation***

The BCC should re-evaluate the goals and objectives of its centralized purchasing function and determine if either additional resources and or training is needed for the Department to fulfill its responsibility.

#### ***Management Response***

A contracts specialist position was added in October, 2013 to the purchasing department. The Department is in the process of reviewing its contract monitoring process in order to enhance oversight and timeliness of contract monitoring.

### ***2013-MC-04 TIMELINESS OF VENDOR PAYMENTS***

#### ***Observation***

We observed that accounts and contacts payable of the Board had increased significantly year over year. During our testing of subsequent disbursements we noted that in several instances the days between the invoice date and payment date were in excess of 45 days. The majority of those payments related to advertising contracts in the Tourist Development Special Revenue Fund and Airport Enterprise Fund; however there were delays in payment processing in multiple funds of the BCC.

**2013-MC-04 TIMELINESS OF VENDOR PAYMENTS (CONTINUED)**

***Recommendation***

The Operations and Procedures Manual of the Tourist Development Department adopted in September 2012 and revisions to the Purchasing Manual in April 2013 address required documentation in order for the Clerk of Court's finance function to be able to effectively pre-audit disbursements and process payments. We would recommend collaboration and training between BCC employees and Clerk of Court's finance employees to ensure both parties understand the documents required and the steps that should take place to achieve the controls desired. Further the BCC legal department needs to be involved in the implementation of the revised policies due to questions regarding compliance that have arisen. It is our ultimate expectation that additional revisions/clarifications to the manuals are necessary which is not unusual considering the extent of changes that were made.

***Management Response***

A compliance officer was hired at the TDD in November, 2013. A meeting was held on April 14, 2014 to discuss invoice documentation requirements. Management and staff from the Clerk's Finance Division, the Board's Purchasing Department, the Tourist Development Department and legal counsel attended. The purpose of the meeting was to discuss the specific requirements of the Clerk Finance Division regarding invoice detail, contract compliance, timing of invoices and task orders.

Significant improvements in documentation and timeliness of vendor payments relating to advertising expenditures have taken place during FY 14 in the Tourist Development special revenue fund. Further actions have also been taken at Airport Enterprise Fund in relation to the advertising contract payments as noted in management's response to 2012-MC-06. Management agrees that further refinements to the policy manuals are needed, along with additional training for department personnel, and actions will be taken in FY 14 to accomplish the recommendations.

**"PRIOR YEAR FINDINGS AND RECOMMENDATIONS"**

**CLERK OF THE CIRCUIT COURT**

**2012-MC-01: PRE AUDIT DISBURSEMENT OF TRANSACTIONS OF THE BOARD OF COUNTY COMMISSIONERS**

***Prior year comment summarized***

We recommended the Clerk's BCC finance function should review its disbursement procedures and strengthen controls to reduce its susceptibility to improper payments. Specifically prepayment audit and monitoring of contract provisions to ensure disbursements requests are in accordance with contract terms and supported by adequate documentation. We recommended a retrospective review of all BCC contract provisions to current billing amounts by the Clerk's BCC finance function.

***Status***

The Clerk's BCC finance function took action to strengthen controls over disbursement transactions. Further all contract billing disbursements were evaluated against contractual provisions and several contracts were identified that according to BCC policy required revision.

We did observe that accounts and contracts payable of the Board had increased significantly year over year. During our testing we found several instances of disbursements in which the payment date was in excess of 45 days from the invoice date. The majority of those payments relate to advertising contracts in the Tourist Development Special Revenue Fund and Airport Enterprise Fund. We understand that in that implementing the revisions to the BCC Purchasing Manual and Operations and Procedures Manual of the Tourist Development Department that invoices are not being paid timely due to lack of required documentation per policy.

***2012-MC-01: PRE AUDIT DISBURSEMENT OF TRANSACTIONS OF THE BOARD OF COUNTY COMMISSIONERS  
(CONTINUED)***

***Status (continued)***

We would recommend collaboration and additional training between BCC employees and Clerk BCC finance employees to ensure both parties understand the documents required and the steps that should take place to achieve the controls desired. Further the BCC legal department needs to be involved in the implementation of the revised policies due questions regarding compliance that have arisen. It is our ultimate expectation that additional revisions/clarifications to the manuals are necessary which is not unusual considering the extent of changes that were made.

***Management Response***

A meeting was held on April 14, 2014 to discuss invoice documentation requirements. Management and staff from the Clerk's Finance Division, the Board's Purchasing Department, the Tourist Development Department and legal counsel attended. The purpose of the meeting was to discuss the specific requirements of the Clerk Finance Division regarding invoice detail, contract compliance, timing of invoices and task orders.

The timeliness of payments to the advertising contractors in the TDD and Airport Enterprise Fund have improved in FY 14 due to actions taken by the BCC to provide necessary documentation and clarify contract terms. However management agrees additional training and clarification to the manuals would be beneficial. Management will work with BCC legal counsel and the purchasing function to accomplish that objective.

***2012-MC-02: ELECTRONIC FUND TRANSFERS***

***Prior Year Comment Summarized***

In 2012, we made several recommendations and best practices regarding EFTs as follows:

- Initiation and approval (release) of electronic wire transfers should be segregated between two employees. Best practices suggest a tiered-level approval should be implemented so that wire transfers above a certain threshold are reviewed, approved and released by additional authorizers who have been granted authority to release payments over that threshold.
- While software limitations do not allow restriction of posting of journal entries in the Pentamation accounting software; posting logs of entries should be reviewed and monitored by someone that does not have access to record transactions in the accounting system, such as the Clerk's internal auditor. Journal entries should be reviewed/tested for accuracy, completeness, supporting documentation and appropriate account coding.
- The Clerk's BCC finance senior management should review the current funds transfer agreement with the financial institution and determine restrictions that can strengthen internal control around EFT's that would not impact the ability of the BCC and the Clerk's BCC finance function to effectively conduct business transactions.

***Status***

Actions were taken in FY 13 and 14 to address this recommendation as noted below.

***Management Response***

The Clerk's BCC finance function modified its funds transfer agreement with the financial institution to require dual control over all EFTs, as well as to reduce the dollar limit of EFTs permitted. Updated policies and procedures for EFTs were documented as part of the accounting policies and procedures manual. Under the revised banking agreement and as identified in policies, the Financial Services Manager initiates EFT's for both wire and ACH transactions. These transactions must be finalized by the Finance Director prior to completion. Additionally, further revisions to the Clerk's finance policies for Board operations now require that a weekly journal entry activity report be generated and reviewed by the Finance Director. The banking agreement has been modified to reduce the dollar limit of EFTs permitted.

**2012-MC-04: ANTI-FRAUD PROGRAM**

***Prior Year Comment Summarized***

The Clerk maintains a strong ethical culture and positive environment to deter fraud and promote ethical behavior. However the Clerk and senior management could strengthen its anti-fraud program with the adoption of a periodic documented fraud risk assessment, a written fraud response plan and training for Clerk employees on warning signs of fraud and what to do if they suspect fraud is occurring.

***Status***

Actions were taken in FY 14 to address the recommendation as noted below.

***Management Response***

The Clerk has established an anti-fraud policy (SEC. 300.09). The policy establishes responsibilities, and a method to report suspected fraud in addition to addressing fraud prevention, investigation, reporting and disciplinary action. As an effort to ensure familiarity with this policy to bring fraud awareness to the attention of all Clerk employees, they are required to sign an acknowledgement that they have received, reviewed and understand the policy. Further, the Clerk's new Internal Audit Director, a Certified Fraud Examiner, in partnership with the Clerk's Finance Director, has been tasked with developing an annual fraud risk assessment program. The Clerk will review the fraud risk assessment with tools available through the Association of Certified Fraud Examiners.

**2012-MC-05: ENTERPRISE RISK MANAGEMENT**

***Prior year comment summarized***

The Clerk had not formally documented management's identification of strategic, operational and financial risks and the related monitoring of the risks identified. Like many organizations, the Clerk assesses risk routinely but the risk assessment process is not documented or formalized. We recommended the Clerk begin documenting its enterprise risk assessments to provide additional assurances that key business processes have appropriate control activities in place. The assessment and documentation should also help management identify control gaps, strengthen existing controls, and remove redundancies where applicable. Determining the objectives/goals of significant business processes, identifying what could go wrong (risks), and prioritizing what could go wrong (risk ranking) should be included in the assessment process. Once the risk assessment process is complete, we recommended that related control activities be evaluated based on the priority of the greatest risks, and then tested.

***Status***

Actions were taken or are in progress in FY 14 to address the recommendation as noted below.

***Management Response***

The Florida Auditor General published an operational audit of BCC and Clerk business operations (Report No. 2014-068). The objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.

Published in December 2013, the report constituted a review of internal controls and serves as a formal risk assessment. The Clerk's Internal Audit Director will work with the Clerk's Director of Finance to build upon the work of the Auditor General, and develop a comprehensive Enterprise Risk Management model to include development of risks and controls to key business processes and periodic review and monitoring of those key risks.



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

**SHERIFF, TAX COLLECTOR AND PROPERTY APPRAISER**

*No Management Comments.*

**“PRIOR YEAR FINDINGS AND RECOMMENDATIONS”**

**SUPERVISOR OF ELECTIONS**

***2012-MC-01: ANTI-FRAUD PROGRAM***

***Prior Year Comment Summarized***

The Supervisor of Elections (SOE) maintains a strong ethical culture and positive environment to deter fraud and promote ethical behavior. However the SOE and senior management could strengthen its anti-fraud program with the adoption of a periodic documented fraud risk assessment, a written fraud response plan and training for SOE employees on warning signs of fraud and what to do if they suspect fraud is occurring.

***Status***

Actions are in progress in FY 14 to address the recommendation as noted below.

***Management Response***

The SOE office outsourced its accounting function to the Clerk of Courts Office several years ago. The SOE intends to adopt the Clerk’s policies, which were formalized in FY 14, to address the recommendation noted above.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We greatly appreciate the assistance and cooperation extended us during our audit.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 23, 2014

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