

**FOR THE FISCAL  
YEAR ENDED  
SEPTEMBER 30,  
2019**

**Okaloosa County,  
Florida**



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

A scenic view of a sandy beach path leading to the ocean, framed by a blue border. The path is made of sand and is flanked by wooden railings. The ocean is visible in the background, and the sky is clear.

# **Comprehensive Annual Financial Report**

Okaloosa County, Florida

For the year ended September 30, 2019

Prepared by

Clerk of Circuit Court and Comptroller

Department of Finance



# Introductory Section

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Okaloosa County Clerk of the Circuit Court and Comptroller  
 Okaloosa County Sheriff  
 Okaloosa County Supervisor of Elections  
 Okaloosa County Tax Collector  
 Okaloosa County Property Appraiser

# JD PEACOCK II

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



May 15, 2020

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida (the County) for the fiscal year ended September 30, 2019, is respectfully submitted. This report was prepared by the Finance Department under the supervision of the Clerk of Court & Comptroller. 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 three major sections: the Introductory, the Financial, and the Statistical.

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 generally accepted accounting principles in the United States (GAAP). Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by the certified public accountants of the firm of Warren Averett CPAs and Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The report of independent accountants is presented as the first component of the financial section of this report.

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

Generally accepted accounting principles require that organizations for which the County is financially accountable be reported with the primary government (the County) as the reporting entity, however none of the organizations met this criteria. This CAFR does not include the Okaloosa County School District or any other independent agency of Okaloosa County.

#### ECONOMIC CONDITION AND OUTLOOK



Okaloosa County is one of Florida's youngest counties, created in 1915 by an act of the state legislature. Okaloosa County is located in the panhandle of Northwest Florida. The city of Crestview, near its geographical center, is the County seat. The estimated population is inching towards 210,000 full time residents. As more people flock to Florida, we continue to see some of America's best and brightest choose to call Okaloosa County home.

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.



Tourism is the leading private income producing source for Okaloosa County. Direct visitor spending exceeds \$2.5 billion annually with total employment of over 33,000 in tourism related businesses, comprising 42% of



County employment. Business spend related to tourism totals over \$3.0 billion dollars. The Tourism industry generates nearly \$918 million in tax revenues per year, offsetting the cost of services to locals. Tourists may visit Welcome Centers on Okaloosa Island or at the Destin-Fort Walton Beach Airport for information on lodging, local activities,

area information, sightseeing and all other things to do during their visit. More than 5 million visitors are estimated to come to our area annually.

Residents and tourists in Okaloosa County have a full range of attractions and recreational opportunities. Beaches are made up of finely ground, perfectly round quartz crystals carried from the Appalachian mountains that squeak beneath your bare feet with every step. Kayaking, canoeing and paddleboarding are great ways to explore the calm, still waters of Choctawhatchee Bay or the gentle Gulf of Mexico waves. Destin Harbor is home to the nation's largest charter fishing fleet and is the epicenter of the local commercial and recreational fishing community. The harbor offers excursions, Gulf-to-Table seafood, live music, unique shops, evening fireworks, and much more. Destin Commons is a large open-air mall with a variety of dining options, family-friendly events, a movie theater, and national brands alongside unique styles found only here. Fort Walton Beach offers a walkable downtown perfect for an evening stroll through the Landing Park, Indian Temple Mound archeological site, shops, and restaurants and bars.



The Okaloosa County Economic Development Council places the total labor force at 97,869 and the unemployment rate at 2.7 percent in 2019. This compares favorably to Florida's annual average of 3.3 percent and the national average of 3.7 percent. Okaloosa County's cost of living is consistently below the national average and Florida has no state income tax.

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

Property valuation continued to increase this year, building upon the slight increase last year, after declining for several years prior to that. The increase continues to provide the County the opportunity to maintain one of the state's lowest millage rates while also striving to maintain a relatively high level of service to County residents. Property tax values increased 6.3 percent.

#### MAJOR FUNCTIONAL INITIATIVES

General Government Initiatives The County Courthouse, was opened at the start of the fiscal year. The \$22 Million project emphasized the commitment of the Board of County Commissioners to the further development of the rapidly growing city in general and the revitalization of the downtown area of the Hub City in particular. Residents also voted in favor of a local option half-cent sales tax in November 2018.



Administration was tasked with curating a list of infrastructure improvement projects. Included in this list, is the much anticipated and needed bypass route around the City of Crestview. This bypass will reduce the high volume of traffic headed into the Crestview area from points south, including Eglin Air Force Base. The County also earned a \$64.1M award from the Triumph Gulf Coast Corporation. The award, which received its money from a settlement with BP after the 2008 Deepwater Horizon Spill, will fund about a third of the project's total cost.

Public Safety Initiatives The County returned to a previously successful Public Safety business model, allowing Public Safety (Emergency Management, Emergency Medical Services and Beach Safety) and the Department of Corrections to function as independent departments. The County dedicates a great deal of financial and personnel resources for public safety initiatives and facilities, like the Emergency Operations Center. Emergency Medical Services continues to review their function to enhance, if possible, this much needed service. The County Corrections Department and County Jail continue to deal with population growth, while trying their best to mitigate those increases and study future impact. The Sheriff was active and involved in many of these public safety initiatives throughout the year from a capital and operational perspective.



#### Physical Environment Initiatives

Physical environment initiatives primarily relate to water/wastewater improvements, solid waste, and stormwater. County Water & Sewer completed more than 20,000 meter upgrades to ensure billing accuracy and convert to radio read technology. Once completed the staff will



have the ability to detect leaks or abnormal consumption quickly, thanks to a continuously-reading meter. In 2019, a second water supply line was opened to Okaloosa island. The installation of the 7-mile East County Sewer Transmission Main was also completed. This project diverts Bluewater Bay Area wastewater from the Niceville-Valparaiso Regional Sewer Board's plant and transmits it to the County's Arbennie Pritchett WRF. Solid Waste continues remediation and monitoring of the closed landfill facilities. Contracts for solid waste service are competitively procured and negotiated in

order to maintain cost effective and sufficient, while also being efficient, fees for these services. The solid waste contract services generated over \$10M in revenue and managed over 175,000 tons of residential and commercial waste. Stormwater assessments are levied in order to meet the growing needs of certain deteriorating infrastructure, while attempting to determine some long-term resolution.

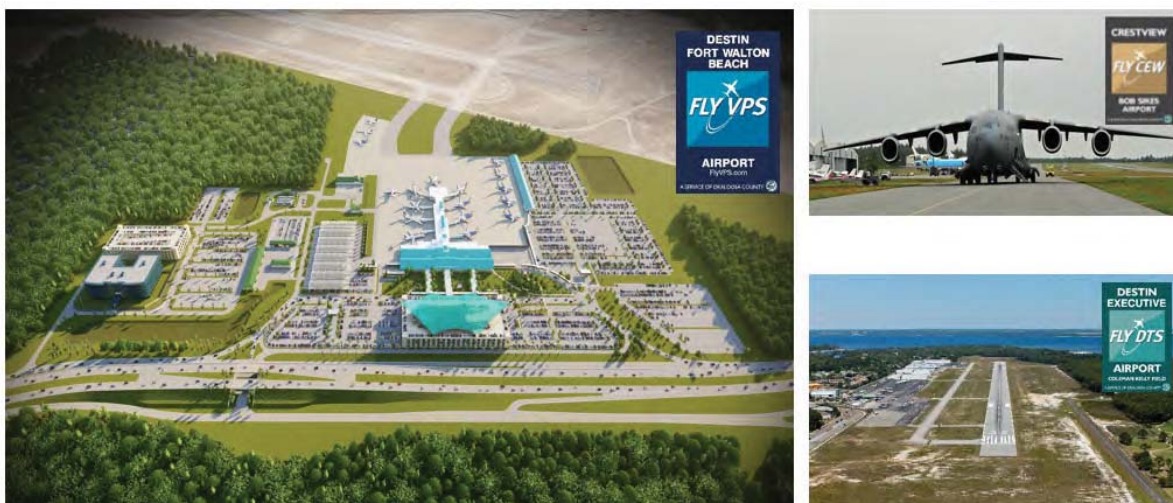
#### Transportation Initiatives

Transportation needs continue to be an area of vital importance to the citizens and elected officials of the County. Maintenance and enhancement of existing roadways and bridges is a high priority, but the limitation for significant improvement generally is hampered by limited resources. The voters in November brought good news to Okaloosa County Residents.

Voters approved a half-cent sales tax measure, to improve infrastructure, storm water management and public safety in Okaloosa County. County Administration was tasked with curating a list of projects and included in that list is the much anticipated and needed Southwest Crestview Bypass, so fewer traffic jams and shorter commutes for north county residents could become a reality. The Destin-Fort Walton Beach Airport, along with the General Aviation Airports in Destin and in Crestview at Bob Sikes, continued to enhance all facets of the aviation activity with significant



growth throughout the year. Recent FL Department of Transportation (FDOT) economic impact studies detail over \$1.7B in economic impact generated from Okaloosa County's three airport system. The US Department of Transportation and FDOT funded projects at the County's airports related to facility and security improvements at the Destin-Fort Walton Beach Airport, including renovation of taxiways D1 and D2, a new chiller system, and expansion of the fuel farm, new high mast lighting at Bob Sikes Airport, and new master plans for all three airports.



Economic Environment Initiatives The economy of the County, as mentioned previously, relates mainly to tourism and the military, although there are other growing aspects being emphasized and explored. The Tourist Development Council continues to emphasize tourism marketing in order to attract visitors to Okaloosa County throughout the year, although summer continues to be the most significant time. 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.

Human Service Initiatives The funding for human service activities in the County include 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. Mosquito control, which covers 418,000 acres, funding is supplemented by grant funding which aides in management of Zika control initiatives.

Culture/Recreation Initiatives The Culture and certainly all of the Recreation activities are an important element of funding in this diverse County ranging from the beautiful beaches to parks throughout the County, especially in the rural areas of north county. A horse arena attracts equestrian enthusiasts for rodeos and other competitive events. The Countywide Library Cooperative and their support of the other Municipal libraries, as a part of that cooperative, continue to provide library services during the year. Additionally, there have been investments in artificial reefs, major capital upgrades at Sylvania Heights and Holt Community Park, along with upgrades at seven beach accessways on Okaloosa Island. Tourist Development continues utilizing bed tax to study beach nourishment. The Council has set aside budgeted reserves for potential future needs and significant beach and restoration projects. A penny of the Tourist Development Tax continues to be collected to provide funding. This year, the Beaches and Parks Division secured three million dollars in federal funding for the Okaloosa County Coastal Storm Risk Management Study. This study will update the current edition on the specific risks hurricanes and tropical storms have on our area, which was published by the Army Corps of Engineers in 2011. U.S. News & World Report ranked Destin the #1 best beach in Florida and the #2 beach vacation destination in the United States in June 2018.

Future Initiatives Maintaining a high level of service the citizens expect will continue to be a major challenge for the County, due to somewhat limited resources in a number of areas. Future financial planning includes building up reserves, possibly establishing a budget reserve policy, looking for additional available funding sources and reviewing future bonding for major capital projects.

As previously mentioned, a local option half-cent sales tax referendum passed in November 2018. This has enabled the county to launch many projects which will benefit county residents. The half-cent sales tax has allowed property taxes to remain low and the people to benefit from the large numbers of tourists who visit the beaches, drive on the roads and use other county resources during their stay. The County will continue to monitor road and stormwater needs consistent with the availability of funds. One tax

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

Readers of this report are encouraged to read Management's Discussion and Analysis (MD&A). The MD&A provides basic financial information about the County and an overview of the County's activities. The government-wide financial statements, consisting of a Statement of Net Position and a Statement of Activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. The fund financial statements provide information concerning the County's funds and are prepared from the County's accounting records. The County's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the County's proprietary funds are maintained on the accrual basis. The County's fiscal year is October 1 to September 30.

## 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, 2018.

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 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.

JD Peacock II  
Okaloosa County Clerk & Comptroller



Government Finance Officers Association

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

Presented to

**Okaloosa County  
Florida**

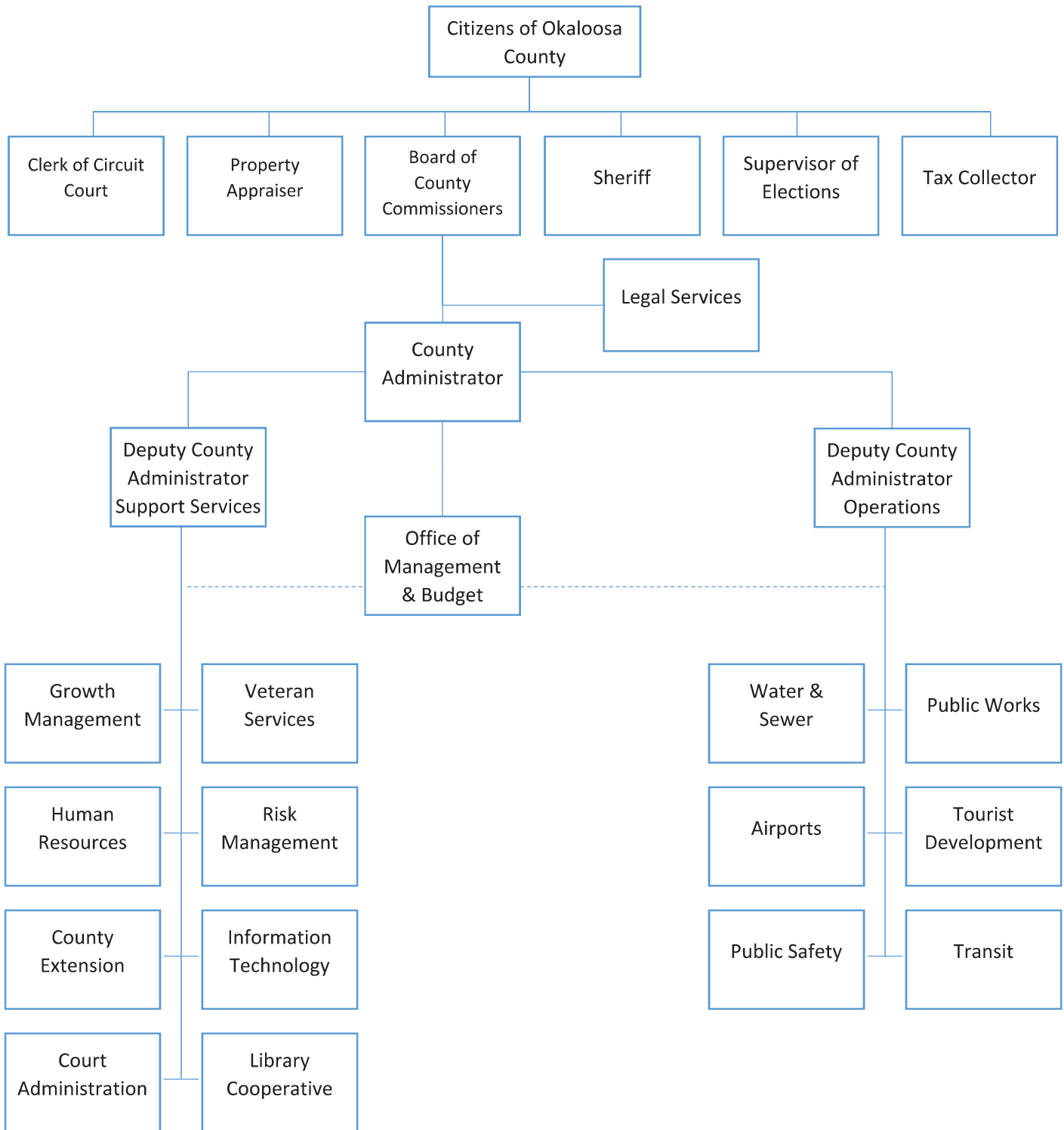
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# Organizational Chart



**COUNTY OFFICIALS  
AS OF SEPTEMBER 30, 2019**

**COUNTY COMMISSIONERS**

Graham W. Fountain	_____	District I
Carolyn Ketchel	_____	District II
Nathaniel Boyles	_____	District III
Trey Goodwin	_____	District IV
Kelly Windes	_____	District V

**OTHER ELECTED OFFICIALS**

JD Peacock II	_____	Clerk of Court
Larry R Ashley	_____	Sheriff
Ben Anderson	_____	Tax Collector
Mack Busbee	_____	Property Appraiser
Paul Lux	_____	Supervisor of Elections

**OTHER OFFICIALS**

John Hofstad	_____	County Administrator
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# Financial Section

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, (hereinafter referred to as "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County'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 the County, as of September 30, 2019, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Tourist Development Special Revenue Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the County's total OPEB liability and related ratios, schedule of the County's proportionate share of net pension liability, and schedule of County contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 the County. 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 the County.

The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance and the schedule of expenditures of passenger facility charges are the responsibility of management and 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 and the schedule of expenditures of passenger facility charges, 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 May 15, 2020, on our consideration of the County'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 the County's internal control over financial reporting and compliance.

*Warren Averett, LLC*  
Fort Walton Beach, Florida  
May 15, 2020

## Okaloosa County, Florida

### Management Discussion and Analysis

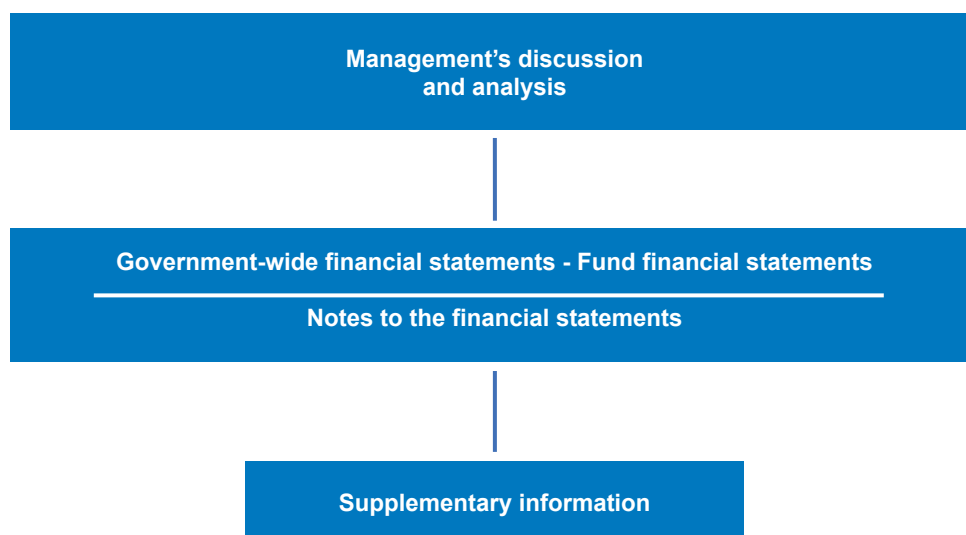
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2019. This analysis, in conjunction with additional 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 the fiscal year the County's assets and deferred outflows exceeded its liabilities and deferred inflows, resulting in net position of \$524,000. Governmental and business-type assets exceeded its liabilities by \$198,849 and \$325,151, respectively.
- The County's total net position increased by \$42,652, or 8.9%, in comparison to the prior year.
- The County had \$(22,851) of unrestricted net position (deficit) at the close of this year compared to \$(19,350) last year.
- Total revenues increased by \$37,060 or 15.3 percent, from \$241,901 to \$278,961.
- Total expenses increased by \$16,075, or 7.3 percent, from \$220,234 to \$236,309.
- The County's governmental activities reported a total net position of \$198,849, which is an increase of \$22,951, or 13.0%, in comparison to the prior year. A deficit in the unrestricted net asset position of \$(65,276) exists in the governmental activities.
- The County's business-type activities reported a total net position of \$325,151, which is an increase of \$19,701, or 6.4%, in comparison to prior year. Approximately 6.2% of the total, or \$42,426, 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's 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, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

**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.

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

The County adopts an annual budget for all governmental funds. A budgetary comparison has been presented for all the governmental funds, which compares not only actual results to budget but also the original adopted budget to final budget. These budgetary comparisons for the general fund and major special revenue 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 Emergency Medical Services Enterprise as major funds in the proprietary fund financial statements. These enterprise funds are used to present the same functions that are presented in the government-wide financial statements. The other enterprise funds are grouped together and reported in a separate column entitled, "Other Enterprise Funds". The internal service funds are combined into a single column on the proprietary fund financial statements. Individual fund data is presented in combining statements as supplemental financial data.

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

#### *Fiduciary Fund Financial Statement*

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

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

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

#### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Okaloosa County's change in and contributions to pensions and other 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, although a number of significant estimates or long-term projections now impact that net position. At September 30, 2019, the County's total net position or total assets less liabilities, was \$524,000. A significant portion of the County's net position, 82.6 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 "net investment in capital assets" 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 net investment in capital assets balance of \$432,621 increased by \$24,423 or 6.0% percent, in comparison to the prior year.

Another portion of the County's net position is restricted net position which represents assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The restricted net position balance of \$114,230 (21.8 percent of total net position) increased by \$21,730 or 23.5% percent, in comparison to prior year, due to increased funds related to capital projects and economic development.

Unrestricted net position is available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers. The County has an overall net unrestricted deficit of \$(22,851) primarily as a result of recording its proportionate share of the pension of the State of Florida's retirement system and the OPEB liability. These liabilities are actuarially determined and provided by the State of Florida Retirement System (FRS) and the contracted actuarial firm. The Governmental Activities overall net position increased by \$22,951. This increase was mainly due to an increase in taxes, state revenue sharing, offset by a decline in operating and capital grants. The unrestricted net deficit in the Governmental Activities decreased by \$6,516 over the prior year due to an increase in pension and change in the OPEB liabilities. Net Position in the County's Business-type activities increased by \$19,701 due to increased charges for services. Unrestricted Net Position of \$42,426 is available in the County's Business-type activities to meet ongoing obligations to its customers.

The following is a condensed summary of net position for the primary government for fiscal years 2019 and 2018.

**Okaloosa County, Florida**  
**Summary of Net Assets**  
**September 30, 2019 and 2018**

	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 148,845	\$ 102,613	\$ 111,083	\$ 101,348	\$ 259,927	\$ 203,961
Capital Assets	239,223	227,586	335,433	327,950	574,657	555,536
Total Assets	<u>\$ 388,068</u>	<u>\$ 330,199</u>	<u>\$ 446,516</u>	<u>\$ 429,298</u>	<u>\$ 834,584</u>	<u>\$ 759,497</u>
Total Deferred Outflows	<u>\$ 32,359</u>	<u>\$ 35,231</u>	<u>\$ 12,437</u>	<u>\$ 13,565</u>	<u>\$ 44,797</u>	<u>\$ 48,796</u>
Current and Other Liabilities	22,655	21,429	16,998	14,725	39,653	36,154
Noncurrent Liabilities	192,049	159,644	113,785	119,181	305,834	278,825
Total Liabilities	<u>\$ 214,705</u>	<u>\$ 181,073</u>	<u>\$ 130,783</u>	<u>\$ 133,907</u>	<u>\$ 345,487</u>	<u>\$ 314,980</u>
Total Deferred Inflows	<u>\$ 6,873</u>	<u>\$ 8,458</u>	<u>\$ 3,020</u>	<u>\$ 3,508</u>	<u>\$ 9,893</u>	<u>\$ 11,966</u>
Net Position:						
Net Investment in Capital Assets	\$ 176,565	\$ 167,159	\$ 256,056	\$ 241,039	\$ 432,621	\$ 408,198
Restricted for						
Debt Service	563	467	4,200	4,156	4,764	4,623
Capital Projects	10,312	-	-	-	10,312	-
Public Safety	4,479	3,620	22,469	-	26,948	3,620
Transportation	14,276	8,742	-	20,844	14,276	29,585
Eco Environment	55,091	50,836	-	-	55,091	50,836
Culture Recreation	2,838	3,140	-	-	2,838	3,140
Court-Related	-	695	-	-	-	695
Unrestricted	(65,276)	(58,761)	42,426	39,410	(22,851)	(19,350)
Total Net Position	<u>\$ 198,849</u>	<u>\$ 175,899</u>	<u>\$ 325,151</u>	<u>\$ 305,450</u>	<u>\$ 524,000</u>	<u>\$ 481,349</u>

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, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 29,192	\$ 25,811	\$ 75,267	\$ 70,497	\$ 104,459	\$ 96,308
Operating Grants and Contributions	7,738	9,173	408	628	8,146	9,801
Capital Grants and Contributions	9,969	3,288	11,299	7,737	21,268	11,025
General Revenues:						
Taxes	107,468	92,802	1,247	1	108,716	92,803
State Shared Revenue	28,978	25,795	-	-	28,978	25,795
Grant and Contributions not Restricted Specific Programs	-	-	-	-	-	-
Other	4,668	4,773	2,727	1,396	7,395	6,169
Total Revenues	188,013	161,642	90,948	80,259	278,961	241,901
Expenses:						
Program Activities:						
General Government	35,902	33,716	-	-	35,902	33,716
Public Safety	68,591	62,277	-	-	68,591	62,277
Physical Environment	2,176	1,993	-	-	2,176	1,993
Transportation	18,747	17,752	-	-	18,747	17,752
Economic Environment	7,616	10,333	-	-	7,616	10,333
Human Services	5,318	5,011	-	-	5,318	5,011
Culture and Recreation	16,834	10,488	-	-	16,834	10,488
Court-Related	9,242	9,405	-	-	9,242	9,405
Interest and Fiscal Charges	2,786	2,716	-	-	2,786	2,716
Business-type Activities:					-	-
Water and Sewer	-	-	29,359	29,224	29,359	29,224
Airport	-	-	15,775	14,618	15,775	14,618
Solid Waste	-	-	10,417	9,907	10,417	9,907
Emergency Medical	-	-	11,513	10,877	11,513	10,877
Other	-	-	2,032	1,917	2,032	1,917
Total Expenses	167,212	153,691	69,097	66,543	236,309	220,234
Inc in Net Position Before Trf	20,801	7,951	21,852	13,716	42,653	21,667
Transfers	2,149	1,605	(2,149)	(1,605)	-	-
Inc/(Dec) in Net Position	22,950	9,556	19,702	12,111	42,653	21,667
Net Position October 1, as restated	175,899	166,343	305,449	293,338	481,348	459,681
Net Position September 30	\$ 198,849	\$ 175,899	\$ 325,151	\$ 305,449	\$ 524,001	\$ 481,348

Revenues increased by \$26,371 or 16.3% percent in Governmental activities, primarily due to an increase in Ad Valorem Tax revenue collections, attributable to increased property valuation, and also due to the recent passing of the local option half-cent sales tax in November 2018. Revenues in business-type activity increased by \$10,689 or 13.3% percent from the prior year, mainly due to an increase in service use. Expenses increased by \$13,521 or 8.8% percent in Governmental activities, due primarily to increased expenditure activity related to Public Safety for the Sheriff's operation and the impact of the increase in the net pension liability allocated from Florida Retirement System (FRS). The discount rate used in the actuarial computations relating to the FRS plan decreased from 7.0% to 6.9% resulting in an increase in pension expense recognized in FY19. Expenses increased by \$2,554 or 3.8% percent also in business-type expenses due mainly to increases in Airport activities and Emergency Medical Services activities along with the impact of FRS as described above. Overall net position increased by 8.9% percent, from \$481,349 in 2018 to \$524,000 in 2019.

### 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.

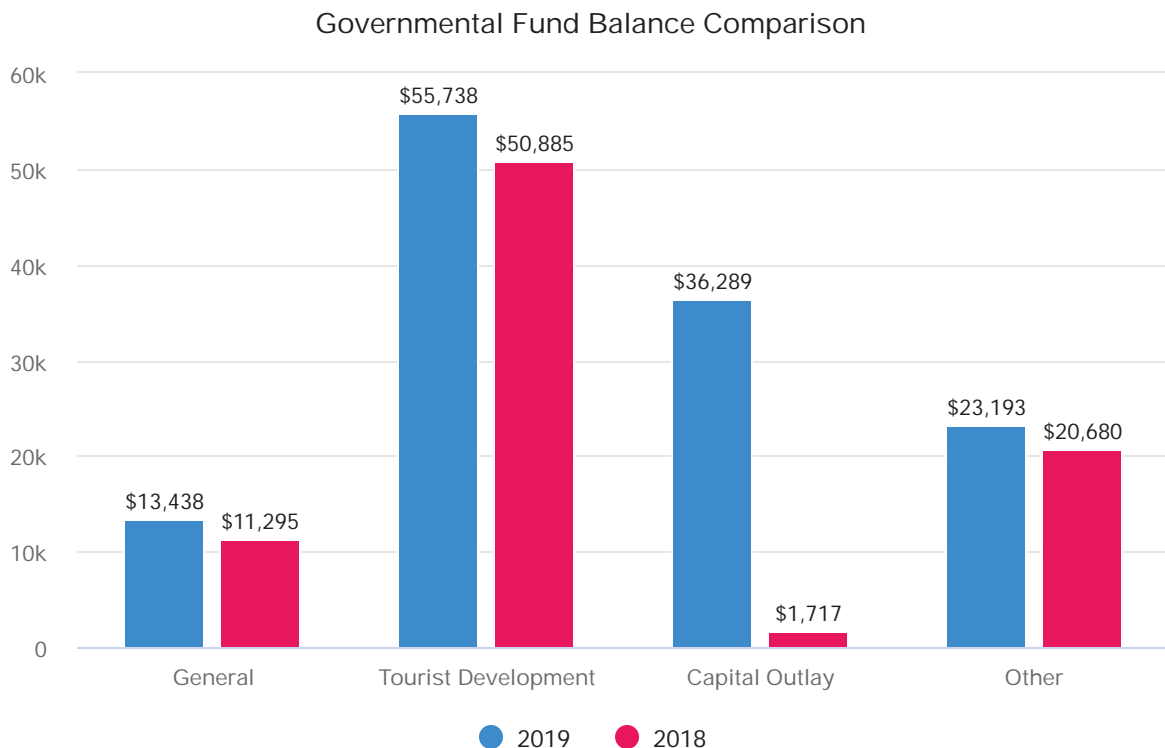
As of September 30, 2019, the County governmental funds reported combined fund balances of \$128,658, an increase of \$44,081 over the prior year balances, mainly related to debt issued for road construction and improvements.

The General Fund is the chief operating fund of the County. At September 30, 2019, total fund balance in the general fund was \$13,438 of which \$12,732 was unassigned. The general fund expenditures for the fiscal year exceeded revenues by \$795. The increase in the current fiscal year fund balance was mainly due to transfers in from other funds.

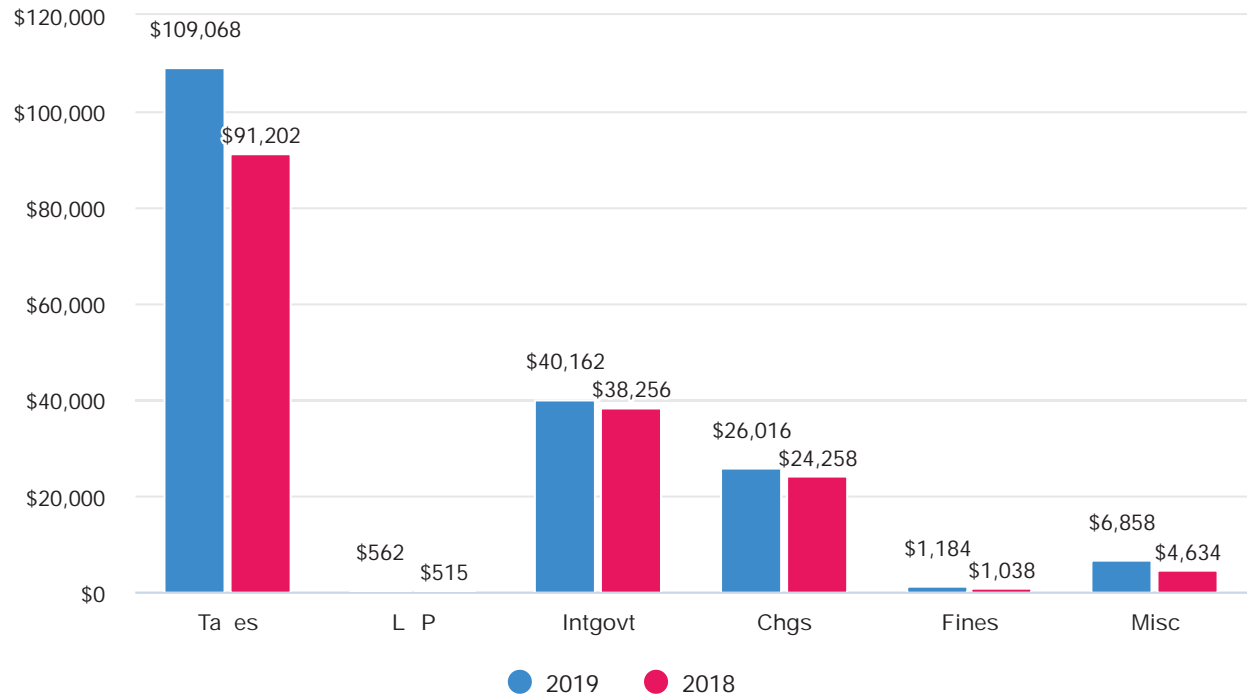
The Tourist Development Special Revenue Fund is used to account for the revenues and expenditures collected on short-term rentals in Okaloosa County. The Tourist Development Special Revenue Fund balance increased over the prior year by \$4,853. The increase in fund balance is primarily due to increased revenue from taxes exceeding expenditures.

The Road and Bridge Construction Capital Projects Fund is the construction fund that is used to account for major governmental capital improvements. The fund balance increased over the prior year by \$27,319 due primarily to the issuance of debt. The debt proceeds will be used for capital outlay expenditures related to the construction of the southwest Crestview bypass.

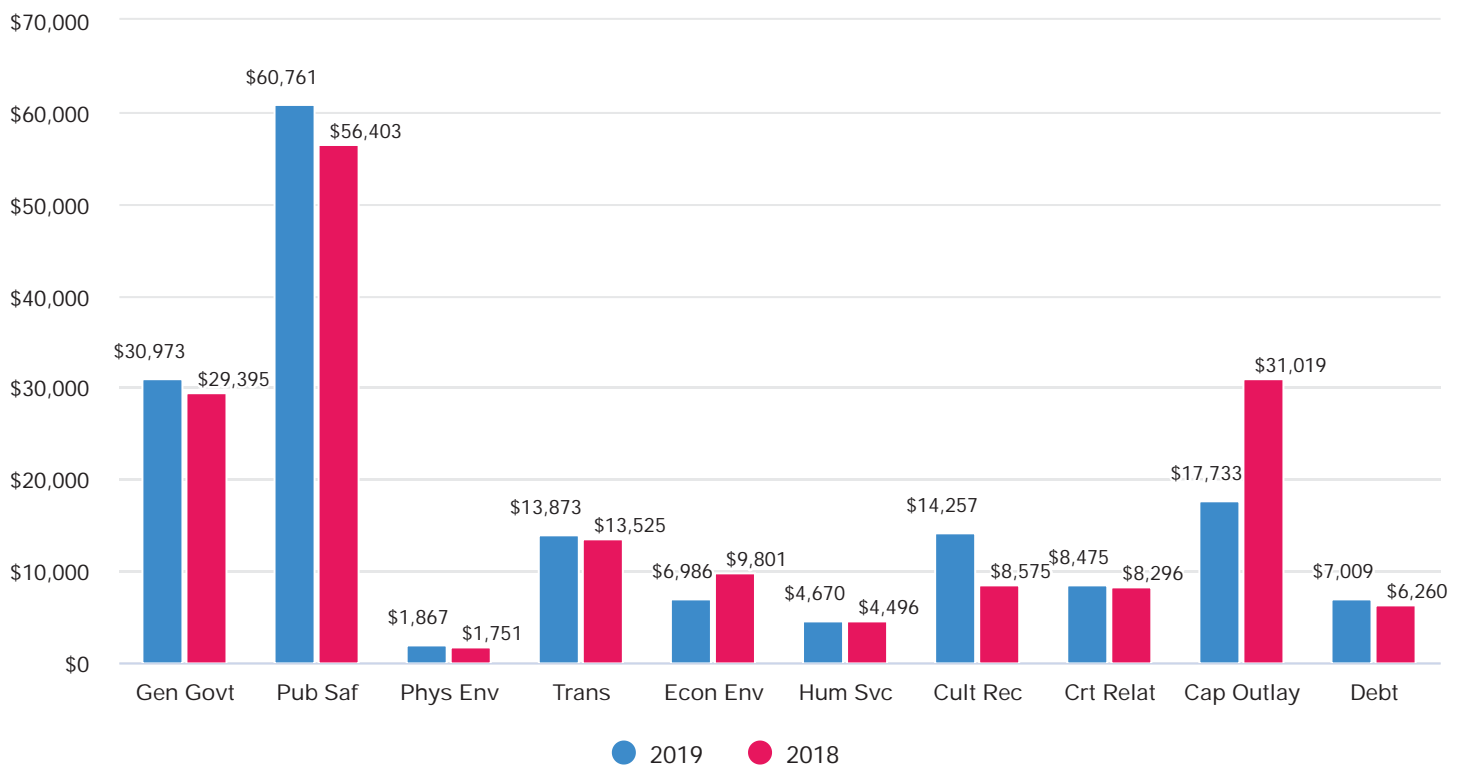
The following is a chart of all Governmental Fund Balances for the fiscal years 2019 and 2018.



Governmental Revenues By Source Comparison



Governmental Expenditures By Function Comparison



### Proprietary Activities

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

Enterprise Funds at September 30, 2019, total net position amounted to \$325,151 as compared to \$305,449 at September 30, 2018. 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 \$19,702 . Major components of this increase are as follows:

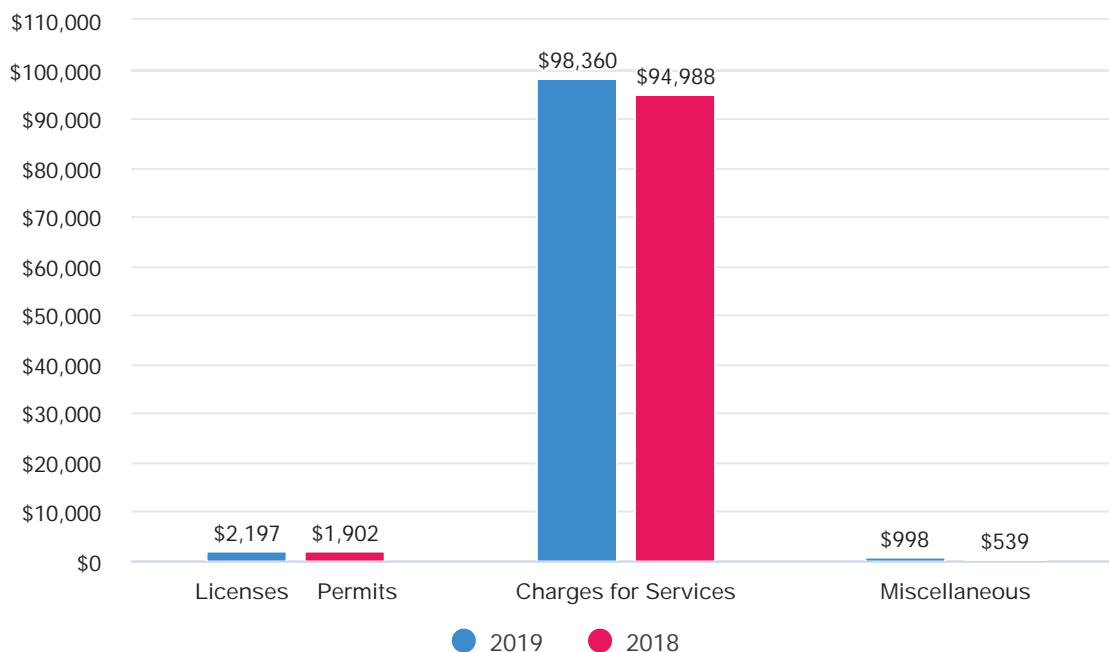
- The Water and Sewer Fund increased its net position by \$10,793 , or 6.8% to \$169,449 . Net operating income was \$10,598 during the year which was 36.8% greater than last year due an increase in charges for services revenue. The overall increase in net position for the current year relates primarily to investment in capacity expansion as a result of construction activity.
- The Airport Fund increased its net position by \$8,228 , or 5.6% to \$155,199 . The Airport has experienced significant growth which resulted in additional operating revenue of \$1,437 or 10.5% over the prior year. Passenger and customer facility charges increased 5.7% over the prior year while capital grants decreased \$1,612 all of which contributed to the overall change in net position.
- The Emergency Medical Services Fund decreased its net position by (\$684), or 37.2% to (\$2,522). The most significant factor in this decrease was a \$830 increase in the other operating expenses related to pension expense.

The net operating income of the enterprise funds for fiscal years 2019 and 2018, is as follows:

#### Enterprise Net Operating Income (Loss)

	2019	2018
Water and Sewer	\$ 10,598	\$ 7,749
Airport	205	(24)
Solid Waste	510	773
Inspections	524	370
Emergency Medical Services	(1,974)	(777)
Tax Collector Building Maintenance	47	47
	<u>\$ 9,910</u>	<u>\$ 8,138</u>

#### Proprietary Fund Operating Revenue by Source 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 2019 as well as the final budget is presented.

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

- The County added budgeted revenue of approximately \$14,979 of which \$12,072 related to intergovernmental revenue as a result of anticipated state and federal grants related to public safety, housing assistance and mass transit funds.
- The County added budget expenditures of approximately \$19,462 most significantly in the areas of transportation and capital outlay related to the anticipated grant activity.
- The County increased budgeted financing sources by approximately \$723 related to transfers out to funds and constitutional officers.

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

- A variance of \$6,689 of actual revenues under anticipated budget amounts as the grant revenue anticipated was both not earned and unavailable in the current year based on the timing of both qualifying expenditures and the availability of funds received.
- A variance of \$19,396 of actual expenditures under anticipated budget amounts due to the timing of grant related expenditures and various capital projects that were not complete as of the end of the fiscal year.
- A variance of \$551 of actual other financing sources due to transfers.

### 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, 2019 amounts to \$574,657 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges and other improvements, machinery and equipment and park facilities. The increase in Okaloosa County's governmental activities investment in capital assets for the current fiscal year amounted to \$11,637 or 5.1% percent increase, which was mainly due to the acquisition of assets related to the Neighborhood Stabilization Program, ongoing building activity and expansion for governmental facilities and road improvements completed. The business-type activities capital assets increased amounted to \$7,483, mainly due to the water and sewer infrastructure.

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

#### Okaloosa County, Florida Capital Assets September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,382	\$ 12,418	\$ 14,765	\$ 14,765	\$ 29,147	\$ 27,183
Buildings	115,543	110,150	89,627	88,013	205,170	198,163
Improvements other than buildings	43,867	39,563	\$ 277	277	44,144	39,840
Intangibles	3,495	3,495	\$ 998	998	4,492	4,493
Mach/Equipment	62,273	58,991	24,289	23,093	86,561	82,084
Const in Progress	37,988	34,409	18,649	15,537	56,636	49,946
Infrastructure	164,459	161,091	384,290	369,870	548,749	530,961
Art	29	29	\$ 70	70	99	99
<b>Total Capital Assets</b>	<b>442,035</b>	<b>420,146</b>	<b>532,964</b>	<b>512,623</b>	<b>974,999</b>	<b>932,769</b>
<b>Accum Deprec</b>	<b>(202,812)</b>	<b>(192,560)</b>	<b>(197,531)</b>	<b>(184,673)</b>	<b>(400,343)</b>	<b>(377,233)</b>
<b>Total</b>	<b>\$ 239,223</b>	<b>\$ 227,586</b>	<b>\$ 335,433</b>	<b>\$ 327,950</b>	<b>\$ 574,657</b>	<b>\$ 555,536</b>

Additional information on Okaloosa County's capital assets can be found in notes to the financial statements (Note 6).

Long-term debt. At the end of the current fiscal year, the primary government, Okaloosa County, had bonded and revolving loans for total long-term debt outstanding of \$167,818. Of this amount, \$86,387 comprises governmental activities while the remaining \$81,431 is secured by revenue bonds and revolving loans in business-type activities.

### Okaloosa County, Florida Outstanding Debt

September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	84,165	61,187	77,879	85,687	162,044	146,874
Revolv & Comm Loan	2,222	3,605	3,552	3,942	5,775	7,547
Total	<u>\$ 86,387</u>	<u>\$ 64,792</u>	<u>\$ 81,431</u>	<u>\$ 89,629</u>	<u>\$ 167,818</u>	<u>\$ 154,421</u>

Additional information on Okaloosa County's long-term debt can be found in notes to the financial statements (Note 11).

### Okaloosa County, Florida, Debt Ratings at September 30, 2019

Type of Debt Issue:	S & P	Fitch/Moody's
2011 Capital Improvement Revenue Bonds	Not rated	Not rated
2014 Sales Tax Revenue Bonds	AA	AA-
2016 Sales Tax Revenue Bonds	AA	AA-
2015 Water and Sewer Revenue Bonds	Not Rated	AA-/Aa3
2007 Taxable Airport Revenue Bonds	AA	Not Rated
2014 Taxable Airport Refunding Bonds	Not Rated	Not Rated
2019 Sales Tax Refunding and Improvement Revenue Bonds	Not Rated	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 93,435 in 2018 to 97,869 in 2019, an increase of 4.7 percent. Stable labor force coupled with somewhat improving economic times led to the County's unemployment rate falling to 2.7 percent in 2019 compared to 2.9 percent for 2018. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 3.3 and 3.7 percent, respectively for 2019.
- The assessed value of real property located in the County after exemptions increased from \$16.605 billion in 2018 to \$17.704 billion, while the total assessed value of the County increased from \$17.454 billion to \$18.578 billion in 2019. This represented an increase of \$1.124 billion or 6.4 percent in property valuation.
- Okaloosa County has a diversified property tax base. The ten largest property taxpayers in the County represent approximately only 3.2 percent of the total ad valorem property tax levy.

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

102 East James Lee Blvd.

Crestview, Florida, 32536.

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**STATEMENT OF NET POSITION**  
**September 30, 2019**

	Primary Government		
	Government Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 19,765,494	\$ 2,950,118	\$ 22,715,612
Investments	89,652,882	62,318,742	151,971,624
Receivables, Net of Allowance for Uncollectibles	1,292,907	10,354,708	11,647,615
Internal Balances	169,291	(169,291)	-
Due from (to) Fiduciary Funds	153,909	-	153,909
Due from Other Governments	13,262,637	3,047,702	16,310,339
Inventories	871,920	1,950,830	2,822,750
Prepaid Expenses	1,075,376	1,460,482	2,535,858
<b>Restricted Assets</b>			
Cash and Cash Equivalents			
Customer Deposits	-	1,422,578	1,422,578
Other Deposits	807,937	1,058,986	1,866,923
Investments	21,792,256	26,687,931	48,480,187
<b>Total Current Assets</b>	<b>148,844,609</b>	<b>111,082,786</b>	<b>259,927,395</b>
<b>Capital Assets</b>			
Land	14,381,844	14,765,162	29,147,006
Buildings	115,542,537	89,627,172	205,169,709
Improvements Other Than Buildings	43,867,496	276,776	44,144,272
Intangibles	3,494,647	997,815	4,492,462
Machinery and Equipment	62,272,690	24,288,604	86,561,294
Construction in Progress	37,987,647	18,648,576	56,636,223
Infrastructure	164,459,261	384,289,942	548,749,203
Works of Art	29,195	69,865	99,060
Accumulated Depreciation	(202,812,073)	(197,530,567)	(400,342,640)
<b>Total Noncurrent Assets</b>	<b>239,223,244</b>	<b>335,433,345</b>	<b>574,656,589</b>
<b>Total Assets</b>	<b>\$ 388,067,853</b>	<b>\$ 446,516,131</b>	<b>\$ 834,583,984</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges Related to Pensions	\$ 31,988,137	\$ 10,320,081	\$ 42,308,218
Deferred Charges on Refunding	-	2,053,600	2,053,600
Deferred Charges Related to OPEB	371,215	63,780	434,995
<b>Total Deferred Outflows of Resources</b>	<b>\$ 32,359,352</b>	<b>\$ 12,437,461</b>	<b>\$ 44,796,813</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 420,427,205</b>	<b>\$ 458,953,592</b>	<b>\$ 879,380,797</b>

Continued...

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

## STATEMENT OF NET POSITION

September 30, 2019

	Primary Government		
	Government Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Other Accrued Liabilities	\$ 10,321,672	\$ 7,570,151	\$ 17,891,823
Due to Other Governments	744,590	42,938	787,528
Unearned Revenue	2,613,869	1,033,602	3,647,471
Due to Depositors	154,171	-	154,171
Liabilities Payable from Restricted Assets			-
Customer Deposits	-	1,422,579	1,422,579
Interest Payable	807,937	1,077,337	1,885,274
Current Portion of Long-term Obligations			-
Compensated Absences	3,313,153	1,051,757	4,364,910
Closure Costs Payable	-	372,406	372,406
Claims and Judgments	1,649,003	-	1,649,003
Notes Payable	1,073,899	432,285	1,506,184
Revenue Bonds Payable	1,977,000	3,995,002	5,972,002
Total Current Liabilities	<u>22,655,294</u>	<u>16,998,057</u>	<u>39,653,351</u>
Noncurrent Liabilities			
Noncurrent Portion of Long-term Obligations			
Compensated Absences	4,068,782	722,903	4,791,685
Closure Costs Payable	-	2,699,785	2,699,785
Claims and Judgments	3,379,969	-	3,379,969
Notes Payable	1,148,504	-	1,148,504
Loans and Bonds Payable, Net of Unamortized Loan Costs	82,187,657	77,003,870	159,191,527
Other Post Employment Benefits	8,885,067	1,452,620	10,337,687
Net Pension Liability	92,379,236	31,905,680	124,284,916
Total Noncurrent Liabilities	<u>192,049,215</u>	<u>113,784,858</u>	<u>305,834,073</u>
Total Liabilities	<u>\$ 214,704,509</u>	<u>\$ 130,782,915</u>	<u>\$ 345,487,424</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 6,226,885	\$ 2,915,270	\$ 9,142,155
Deferred Charges Related to OPEB	646,597	104,377	750,974
Total Deferred Inflows of Resources	<u>\$ 6,873,482</u>	<u>\$ 3,019,647</u>	<u>\$ 9,893,129</u>
NET POSITION			
Net Investment in Capital Assets	\$ 176,565,026	\$ 256,055,789	\$ 432,620,815
Restricted for			
Debt Service	563,453	4,200,327	4,763,780
Capital Outlay	10,312,339	-	10,312,339
Public Safety	4,479,148	22,469,253	26,948,401
Transportation	14,276,427	-	14,276,427
Economic Environment	55,090,933	-	55,090,933
Culture and Recreation	2,838,137	-	2,838,137
Unrestricted (Deficit)	<u>(65,276,249)</u>	<u>42,425,661</u>	<u>(22,850,588)</u>
Total Net Position (Deficit)	<u>\$ 198,849,214</u>	<u>\$ 325,151,030</u>	<u>\$ 524,000,244</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 420,427,205</u>	<u>\$ 458,953,592</u>	<u>\$ 879,380,797</u>

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

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2019**

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 35,902,229	\$ 13,404,502	\$ 834,010	\$ 7,645	\$ (21,656,072)
Public Safety	68,590,782	7,896,508	1,213,426	94,084	(59,386,764)
Physical Environment	2,176,086	14,391	-	-	(2,161,695)
Transportation	18,746,905	1,341,413	3,814,167	2,163,531	(11,427,794)
Economic Environment	7,616,440	-	614,378	5,781,082	(1,220,980)
Human Services	5,318,328	-	71,352	-	(5,246,976)
Culture and Recreation	16,833,602	1,325,662	430,672	1,922,667	(13,154,601)
Court-Related	9,242,013	5,209,706	759,718	-	(3,272,589)
Interest and Fiscal Charges	2,785,829	-	-	-	(2,785,829)
Total Governmental Activities	<u>167,212,214</u>	<u>29,192,182</u>	<u>7,737,723</u>	<u>9,969,009</u>	<u>(120,313,300)</u>
Business-type Activities					
Water & Sewer	29,359,356	37,014,756	3,334	1,680,925	9,339,659
Airport	15,774,575	15,182,448	128,207	9,551,617	9,087,697
Solid Waste	10,417,067	10,927,163	228,038	-	738,134
Emergency Medical Services	11,513,133	9,538,999	48,448	66,500	(1,859,186)
Inspection and Code Enforcement	2,032,422	2,556,251	-	-	523,829
Tax Collector Building Maintenance	-	47,191	-	-	47,191
Total Business- type Activities	<u>69,096,553</u>	<u>75,266,808</u>	<u>408,027</u>	<u>11,299,042</u>	<u>17,877,324</u>
Total Primary Government	<u>\$ 236,308,767</u>	<u>\$ 104,458,990</u>	<u>\$ 8,145,750</u>	<u>\$ 21,268,051</u>	<u>\$ (102,435,976)</u>

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

**STATEMENT OF ACTIVITIES (CONTINUED)**  
**For the Fiscal Year Ended September 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in Net Position			
Net (Expenses) Revenue	\$ (120,313,300)	\$ 17,877,324	\$ (102,435,976)
Unrestricted General Revenues			
Taxes			
Ad Valorem Tax	65,605,417	1,247,453	66,852,870
Tourist Development Tax	21,536,045	-	21,536,045
Local Option Fuel Tax	5,823,162	-	5,823,162
Communication Services Tax	1,457,663	-	1,457,663
Ninth-Cent Voted Fuel Tax	1,126,931	-	1,126,931
Local Business Tax	285,849	-	285,849
Infrastructure Surtax	11,633,311	-	11,633,311
State Revenue Sharing			
Miscellaneous Tax Revenue	7,252,911	-	7,252,911
Local Government Sales Tax	17,884,847	-	17,884,847
Gas Tax	3,840,137	-	3,840,137
Investment Earnings	3,047,877	2,548,759	5,596,636
Miscellaneous	1,620,040	178,093	1,798,133
Transfers - Internal Activities	2,149,271	(2,149,271)	-
Total Unrestricted-General Revenues and Transfers	143,263,461	1,825,034	145,088,495
Change in Net Position	22,950,161	19,702,358	42,652,519
Net Position - Beginning	175,899,053	305,448,672	481,347,725
Net Position - Ending	\$ 198,849,214	\$ 325,151,030	\$ 524,000,244

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	General Fund	Tourist Development Special Revenue Fund	Road and Bridge Construction Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,088,776	\$ 822,109	\$ 8,457,599	\$ 3,591,748	\$ 17,960,232
Investments	8,695,260	53,379,763	27,865,447	18,997,476	108,937,946
Accounts Receivable	140,173	25,926	-	33,722	199,821
Due from Other Funds	858,850	-	-	-	858,850
Due from Other Elected Officials	2,101,855	-	-	266,842	2,368,697
Due from Other Governments	3,804,588	4,503,493	870,410	3,983,596	13,162,087
Inventory	163,500	-	220,526	283,747	667,773
Prepays	506,984	191,041	-	18,564	716,589
Total Assets	<u>\$ 21,359,986</u>	<u>\$ 58,922,332</u>	<u>\$ 37,413,982</u>	<u>\$ 27,175,695</u>	<u>\$ 144,871,995</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 697,937	\$ 229,089	\$ 50,537	\$ 532,522	\$ 1,510,085
Contracts Payable	1,021,931	2,589,622	1,073,987	1,159,588	5,845,128
Other Accrued Liabilities	2,058,619	63,608	-	248,659	2,370,886
Due to Other Funds	814,506	-	-	128,850	943,356
Due to Other Elected Officials	1,840,307	144,921	-	62,022	2,047,250
Due to Other Governments	254,157	2,390	249	487,794	744,590
Due to Depositors	43,347	12,120	-	98,704	154,171
Unearned Revenue	1,191,429	142,694	-	1,264,369	2,598,492
Total Liabilities	<u>7,922,233</u>	<u>3,184,444</u>	<u>1,124,773</u>	<u>3,982,508</u>	<u>16,213,958</u>
<b>Fund Balances</b>					
Nonspendable	670,484	191,041	220,526	302,311	1,384,362
Restricted	-	55,546,847	36,068,683	19,587,179	111,202,709
Committed	35,455	-	-	548,332	583,787
Assigned	-	-	-	2,761,043	2,761,043
Unassigned	12,731,814	-	-	(5,678)	12,726,136
Total Fund Balances	<u>13,437,753</u>	<u>55,737,888</u>	<u>36,289,209</u>	<u>23,193,187</u>	<u>128,658,037</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 21,359,986</u>	<u>\$ 58,922,332</u>	<u>\$ 37,413,982</u>	<u>\$ 27,175,695</u>	<u>\$ 144,871,995</u>

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

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2019

Fund balances - total governmental funds \$ 128,658,037

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

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

Those assets consist of:

Governmental nondepreciable/amortizable asset	53,228,730	
Governmental depreciable/amortizable assets	383,668,891	
Less accumulated depreciation/amortization	<u>(198,314,694)</u>	
		238,582,927

Internal service funds 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 position. Internal service fund net position are:

(7,041,021)

Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and not reported in governmental funds. The difference does not include the internal service fund which is included above.

Deferred outflows of resources - Pensions	31,235,322	
Deferred inflows of resources - Pensions	(6,000,817)	
Deferred outflows of resources - OPEB	144,343	
Deferred inflow of resources - OPEB	<u>(237,396)</u>	
		25,141,452

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The difference does not include the compensated absences or OPEB liabilities of the Internal Service funds accounted for separately. All liabilities, both current and long-term are reported in the statement of net position.

Balances at September 30, 2019 are:

Accrued interest on bonds	(807,937)	
Revenue bonds payable	(84,164,657)	
Notes payable	(2,222,403)	
Compensated absences	(5,900,296)	
Other Post Employment Benefits	(3,323,564)	
Net Pension Liability, proportionate share	<u>(90,073,324)</u>	
Total long-term liabilities		(186,492,181)

Net position of governmental activities	<u>\$ 198,849,214</u>
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The notes to the financial statements are an integral part of this statement

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2019

	General Fund	Tourist Development Special Revenue Fund	Road and Bridge Construction Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 64,393,901	\$ 23,136,045	\$ 2,004,369	\$ 19,534,063	\$ 109,068,378
Licenses and Permits	26,550	-	-	535,244	561,794
Intergovernmental	22,665,930	2,387,644	4,254,458	10,854,005	40,162,037
Charges for Services	18,574,045	1,226,264	-	6,216,010	26,016,319
Fines	11,210	-	-	1,172,636	1,183,846
Miscellaneous	3,343,298	1,510,744	340,253	1,664,101	6,858,396
<b>Total Revenues</b>	<b>109,014,934</b>	<b>28,260,697</b>	<b>6,599,080</b>	<b>39,976,059</b>	<b>183,850,770</b>
<b>Expenditures</b>					
Current					
General Government	30,449,328	-	-	524,107	30,973,435
Public Safety	59,110,360	-	-	1,650,806	60,761,166
Physical Environment	672,502	-	-	1,194,439	1,866,941
Transportation	3,723,000	211,353	1,497,975	8,441,010	13,873,338
Economic Environment	2,066,732	4,225,793	-	693,378	6,985,903
Human Services	4,068,141	-	-	601,779	4,669,920
Culture and Recreation	1,921,288	11,080,911	-	1,254,959	14,257,158
Court-Related	2,787,325	-	-	5,687,656	8,474,981
Capital Outlay	4,303,144	4,316,347	3,531,816	5,581,925	17,733,232
Debt Service					
Principal	670,444	-	-	2,552,000	3,222,444
Interest	38,024	-	-	3,562,239	3,600,263
Other Debt Service Costs	-	-	184,842	1,035	185,877
<b>Total Expenditures</b>	<b>109,810,288</b>	<b>19,834,404</b>	<b>5,214,633</b>	<b>31,745,333</b>	<b>166,604,658</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(795,354)</b>	<b>8,426,293</b>	<b>1,384,447</b>	<b>8,230,726</b>	<b>17,246,112</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,572,966	-	750,000	5,404,057	10,727,023
Transfers Out	(2,530,839)	(3,030,656)	-	(3,516,257)	(9,077,752)
Transfers Among Constitutional Officers	895,680	(543,029)	-	(352,651)	-
Proceeds of Refunding Bonds	-	-	21,140,000	-	21,140,000
Payment to Refunded Bond Escrow	-	-	(21,140,000)	-	(21,140,000)
Bond Proceeds	-	-	17,160,000	-	17,160,000
Bond Premium	-	-	8,024,842	-	8,024,842
<b>Total Other Financing Sources (Uses)</b>	<b>2,937,807</b>	<b>(3,573,685)</b>	<b>25,934,842</b>	<b>1,535,149</b>	<b>26,834,113</b>
<b>Net Change in Fund Balances</b>	<b>2,142,453</b>	<b>4,852,608</b>	<b>27,319,289</b>	<b>9,765,875</b>	<b>44,080,225</b>
<b>Fund Balances - Beginning</b>	<b>11,295,300</b>	<b>50,885,280</b>	<b>8,969,920</b>	<b>13,427,312</b>	<b>84,577,812</b>
<b>Fund Balances - Ending</b>	<b>\$ 13,437,753</b>	<b>\$ 55,737,888</b>	<b>\$ 36,289,209</b>	<b>\$ 23,193,187</b>	<b>\$ 128,658,037</b>

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

**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, 2019**

Net change in fund balances - total governmental funds \$ 44,080,225

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

Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is depreciated or amortized over the estimated useful lives of the assets.

Expenditures for capital assets	17,733,232	
Donation of capital assets	5,781,082	
Less current year depreciation/amortization	(11,609,452)	
		11,904,862

Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Accordingly, proceeds received from disposals of capital asset are shown as income in the governmental financial statements and a gain or loss is reported in the Statement of Activities. In addition, capital asset reassignments are reported as transfers in the Statement of Activities. (217,196)

Revenues that provide current financial resources are reported as revenue in the funds but are recognized as revenue in the statement of activities when earned. (1,600,000)

The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of premiums or discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In addition, long-term debt reassignments are reported as transfers on the Statement of Activities.

Debt proceeds	(38,300,000)	
Debt redemption	21,140,000	
Debt principal payments	3,222,444	
Amortization of premiums/discounts	(7,728,277)	
Increase in long-term liability to other governments	71,324	
		(21,594,509)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences	318,664	
Other Post Employment Benefits	(148,659)	
Changes in accrued interest on long term debt	703,746	
		873,751

Governmental funds report County pension contributions as expenditures. In the statement of activities, the cost of the pension benefits earned net of contributions is reported as pension expense.

Difference between pension contribution and net pension expense	(12,644,968)
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Internal service funds are used by the County to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance to individual funds. The net revenue or expense of the internal service funds is reported with governmental activities. 2,147,996

Change in net position of governmental activities	\$ 22,950,161
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The notes to the financial statements are an integral part of this statement

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 64,698,729	\$ 64,698,729	\$ 64,393,901	\$ (304,828)
Licenses and Permits	20,600	26,650	26,550	(100)
Intergovernmental	17,081,157	29,153,091	22,665,930	(6,487,161)
Charges for Services	16,857,430	18,560,212	18,574,045	13,833
Fines	13,000	15,523	11,210	(4,313)
Miscellaneous	2,054,100	3,249,820	3,343,298	93,478
<b>Total Revenues</b>	<b>100,725,016</b>	<b>115,704,025</b>	<b>109,014,934</b>	<b>(6,689,091)</b>
<b>Expenditures</b>				
Current				
General Government	32,152,816	32,091,872	30,449,328	1,642,544
Public Safety	62,752,317	70,494,966	59,110,360	11,384,606
Physical Environment	739,026	740,226	672,502	67,724
Transportation	103,398	6,473,864	3,723,000	2,750,864
Economic Environment	2,086,624	2,492,965	2,066,732	426,233
Human Services	4,012,491	4,239,803	4,068,141	171,662
Culture and Recreation	1,952,038	2,320,572	1,921,288	399,284
Court-Related	2,607,621	2,872,931	2,787,325	85,606
Capital Outlay	3,338,040	7,479,552	4,303,144	3,176,408
Debt Service				
Principal	-	-	670,444	(670,444)
Interest	-	-	38,024	(38,024)
<b>Total Expenditures</b>	<b>109,744,371</b>	<b>129,206,751</b>	<b>109,810,288</b>	<b>19,396,463</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(9,019,355)</b>	<b>(13,502,726)</b>	<b>(795,354)</b>	<b>12,707,372</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,837,110	5,651,684	4,572,966	(1,078,718)
Transfers Out	(1,412,868)	(2,415,839)	(2,530,839)	(115,000)
Transfers Among Constitutional Officers	(1,760,448)	(848,795)	895,680	1,744,475
<b>Total Other Financing Sources (Uses)</b>	<b>1,663,794</b>	<b>2,387,050</b>	<b>2,937,807</b>	<b>550,757</b>
<b>Net Change in Fund Balance</b>	<b>(7,355,561)</b>	<b>(11,115,676)</b>	<b>2,142,453</b>	<b>13,258,129</b>
<b>Fund Balance - Beginning</b>	<b>7,355,561</b>	<b>11,115,676</b>	<b>11,295,299</b>	<b>179,623</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,437,752</b>	<b>\$ 13,437,752</b>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
TOURIST DEVELOPMENT SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive
	Original	Final		(Negative)
<b>Revenues</b>				
Taxes	\$ 20,500,000	\$ 20,500,000	\$ 23,136,045	\$ 2,636,045
Intergovernmental	-	2,598,373	2,387,644	(210,729)
Charges for Services	874,500	1,102,345	1,226,264	123,919
Miscellaneous	1,694,000	1,857,070	1,510,744	(346,326)
<b>Total Revenues</b>	<b>23,068,500</b>	<b>26,057,788</b>	<b>28,260,697</b>	<b>2,202,909</b>
<b>Expenditures</b>				
Current				
General Government	107,691	420,561	-	420,561
Physical Environment	1,971	1,971	-	1,971
Transportation	-	-	211,353	(211,353)
Economic Environment	11,522,306	12,172,675	4,225,793	7,946,882
Culture and Recreation	50,057,546	53,879,923	11,080,911	42,799,012
Capital Outlay	4,862,108	6,376,788	4,316,347	2,060,441
<b>Total Expenditures</b>	<b>66,551,622</b>	<b>72,851,918</b>	<b>19,834,404</b>	<b>53,017,514</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,483,122)	(46,794,130)	8,426,293	55,220,423
<b>Other Financing Sources (Uses)</b>				
Transfers In	(3,154,078)	(3,354,078)	-	3,354,078
Transfers Out	-	-	(3,030,656)	(3,030,656)
Transfers Among Constitutional Officers	(574,000)	(574,000)	(543,029)	30,971
<b>Total Other Financing Sources (Uses)</b>	<b>(3,728,078)</b>	<b>(3,928,078)</b>	<b>(3,573,685)</b>	<b>354,393</b>
<b>Net Change in Fund Balance</b>	<b>(47,211,200)</b>	<b>(50,722,208)</b>	<b>4,852,608</b>	<b>55,574,816</b>
<b>Fund Balance - Beginning</b>	<b>47,211,200</b>	<b>50,722,208</b>	<b>50,885,280</b>	<b>163,072</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,737,888</b>	<b>\$ 55,737,888</b>

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Business-type Activities</b>			
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Fund	Emergency Medical Services Enterprise Fund
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 49,521	\$ 2,335,085	\$ 209,161	\$ 11,301
Investments	37,626,019	16,673,908	4,066,130	1,697,227
Receivables, Net of Allowance for Uncollectible	3,181,635	1,214,037	1,143,613	4,741,803
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	-	88	-	-
Due from Other Governments	1,612,728	1,373,196	61,778	-
Inventory	1,770,602	47,732	-	132,496
Prepays	67,962	1,378,562	-	2,583
<b>Restricted Assets</b>				
Cash and Cash Equivalents				
Customer Deposits	1,422,578	-	-	-
Other Deposits	1,058,986	-	-	-
Investments	3,870,572	22,817,359	-	-
Total Restricted Assets	6,352,136	22,817,359	-	-
Total Current Assets	50,660,603	45,839,967	5,480,682	6,585,410
<b>Capital Assets</b>				
Land	8,180,380	6,451,481	133,301	-
Buildings	6,437,702	83,074,107	115,363	-
Improvements Other Than Buildings	-	-	276,776	-
Intangibles	824,840	100,400	-	30,150
Machinery and Equipment	12,772,122	2,139,713	3,447,387	5,546,429
Construction in Progress	14,278,894	4,369,682	-	-
Infrastructure	294,395,052	89,894,890	-	-
Works of Art	-	69,865	-	-
Less Accumulated				
Depreciation/Amortization	(135,633,000)	(55,101,984)	(2,845,973)	(3,636,191)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	201,255,990	130,998,154	1,126,854	1,940,388
Total Noncurrent Assets	201,255,990	130,998,154	1,126,854	1,940,388
<b>Total Assets</b>	<b>\$ 251,916,593</b>	<b>\$ 176,838,121</b>	<b>\$ 6,607,536</b>	<b>\$ 8,525,798</b>

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

**- Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities -- Internal Service Funds
\$ 345,050	\$ 2,950,118	\$ 2,613,199
2,255,458	62,318,742	2,507,192
73,620	10,354,708	1,093,086
-	-	814,506
-	88	1,753
-	3,047,702	100,550
-	1,950,830	204,147
11,375	1,460,482	358,787
-	1,422,578	-
-	1,058,986	-
-	26,687,931	-
-	29,169,495	-
2,685,503	111,252,165	7,693,220
-	14,765,162	316,861
-	89,627,172	900,466
-	276,776	-
42,425	997,815	-
382,953	24,288,604	3,663,024
-	18,648,576	-
-	384,289,942	257,345
-	69,865	-
(313,419)	(197,530,567)	(4,497,379)
111,959	335,433,345	640,317
111,959	335,433,345	640,317
\$ 2,797,462	\$ 446,685,510	\$ 8,333,537

Continued...

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Business-type Activities</b>			
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Fund	Emergency Medical Services Enterprise Fund
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges Related to Pensions	\$ 3,917,657	\$ 1,535,304	\$ 433,735	\$ 4,051,598
Deferred Charges on Refunding	2,053,600	-	-	-
Deferred Charges Related to OPEB	25,614	6,967	2,787	25,647
Total Deferred Outflows of Resources	<u>\$ 5,996,871</u>	<u>\$ 1,542,271</u>	<u>\$ 436,522</u>	<u>\$ 4,077,245</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 257,913,464</u>	<u>\$ 178,380,392</u>	<u>\$ 7,044,058</u>	<u>\$ 12,603,043</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 702,074	\$ 1,555,801	\$ 101,685	\$ 66,837
Contracts Payable	1,933,143	1,913,943	628,926	111,690
Accrued Liabilities				
Compensated Absences	514,296	102,405	54,546	248,763
Closure Costs Payable	-	-	372,406	-
Claims and Judgments	-	-	-	-
Other Accrued Liabilities	209,623	57,939	23,098	221,965
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	561	168,757	-	61
Due to Other Governments	74	24,461	137	37
Unearned Revenue	782,608	237,520	-	1,336
Notes Payable	432,285	-	-	-
Revenue Bonds Payable	3,035,002	960,000	-	-
Current Liabilities Payable from Restricted Assets				
Customer Deposits Payable	1,422,579	-	-	-
Interest Payable	729,231	348,106	-	-
Total Current Liabilities Payable from Restricted Assets	<u>2,151,810</u>	<u>348,106</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>9,761,476</u>	<u>5,368,932</u>	<u>1,180,798</u>	<u>650,689</u>

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

**- Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 381,787	\$ 10,320,081	\$ 752,815
-	2,053,600	-
2,765	63,780	226,872
<u>\$ 384,552</u>	<u>\$ 12,437,461</u>	<u>\$ 979,687</u>
<u>\$ 3,182,014</u>	<u>\$ 459,122,971</u>	<u>\$ 9,313,224</u>
\$ 6,296	\$ 2,432,693	\$ 396,326
3,792	4,591,494	153,276
131,747	1,051,757	1,407,302
-	372,406	-
-	-	1,649,003
33,339	545,964	45,971
-	-	730,000
-	169,379	-
18,229	42,938	-
12,138	1,033,602	15,377
-	432,285	-
-	3,995,002	-
-	1,422,579	-
-	1,077,337	-
-	2,499,916	-
205,541	17,167,436	4,397,255

Continued...

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**September 30, 2019**

	<b>Business-type Activities</b>			
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Fund	Emergency Medical Services Enterprise Fund
Noncurrent Liabilities				
Compensated Absences	412,748	80,649	34,353	94,365
Closure Costs Payable	-	-	2,699,785	-
Claims and Judgments	-	-	-	-
Loan-State of Florida (Net of Unamortized Discounts)	3,119,818	-	-	-
Revenue Bonds Payable (Net of Unamortized Discounts and Premiums)	61,404,534	12,479,518	-	-
Other Post Employment Benefits	587,815	159,885	63,957	577,510
Net Pension Liability	12,035,258	4,712,563	1,340,774	12,566,531
Total Noncurrent Liabilities	<u>\$ 77,560,173</u>	<u>\$ 17,432,615</u>	<u>\$ 4,138,869</u>	<u>\$ 13,238,406</u>
Total Liabilities	<u>\$ 87,321,649</u>	<u>\$ 22,801,547</u>	<u>\$ 5,319,667</u>	<u>\$ 13,889,095</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Charges Related to Pensions	\$ 1,101,014	\$ 367,953	\$ 125,511	\$ 1,193,931
Deferred Charges Related to OPEB	42,063	11,441	4,577	41,756
Total Deferred Inflows of Resources	<u>\$ 1,143,077</u>	<u>\$ 379,394</u>	<u>\$ 130,088</u>	<u>\$ 1,235,687</u>
NET POSITION				
Net Investment in Capital Assets	\$ 135,317,952	\$ 117,558,636	\$ 1,126,854	\$ 1,940,388
Restricted for Debt Service	4,200,327	-	-	-
Restricted for Passenger Facility Charges Program	-	13,638,818	-	-
Restricted for Customer Facility Charges Program	-	8,830,435	-	-
Unrestricted (Deficit)	29,930,459	15,171,562	467,449	(4,462,127)
Total Net Position (Deficit)	<u>\$ 169,448,738</u>	<u>\$ 155,199,451</u>	<u>\$ 1,594,303</u>	<u>\$ (2,521,739)</u>
Total Liabilities, Deferred Inflows, and Net Position (Deficit)	<u>\$ 257,913,464</u>	<u>\$ 178,380,392</u>	<u>\$ 7,044,058</u>	<u>\$ 12,603,043</u>

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

**- Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities -- Internal Service Funds
100,788	722,903	74,337
-	2,699,785	-
-	-	3,379,969
-	3,119,818	-
-	73,884,052	-
63,453	1,452,620	5,561,503
1,250,554	31,905,680	2,305,912
<u>\$ 1,414,795</u>	<u>\$ 113,784,858</u>	<u>\$ 11,321,721</u>
<u>\$ 1,620,336</u>	<u>\$ 130,952,294</u>	<u>\$ 15,718,976</u>
 \$ 126,861	 \$ 2,915,270	 \$ 226,068
4,540	104,377	409,201
<u>\$ 131,401</u>	<u>\$ 3,019,647</u>	<u>\$ 635,269</u>
 \$ 111,959	 \$ 256,055,789	 \$ 640,317
-	4,200,327	-
-	13,638,818	-
-	8,830,435	-
1,318,318	42,425,661	(7,681,338)
<u>\$ 1,430,277</u>	<u>\$ 325,151,030</u>	<u>\$ (7,041,021)</u>
 \$ 3,182,014	 \$ 459,122,971	 \$ 9,313,224

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	<b>Business-type Activities</b>			
	<b>Water and Sewer Enterprise Fund</b>	<b>Airport Enterprise Fund</b>	<b>Solid Waste Fund</b>	<b>Emergency Medical Services Enterprise Fund</b>
Operating Revenues				
Licenses and Permits	\$ -	\$ -	\$ -	\$ -
Charges for Services	36,399,830	15,181,842	10,817,713	9,330,885
Miscellaneous	559,129	-	109,450	208,114
<b>Total Operating Revenues</b>	<b>36,958,959</b>	<b>15,181,842</b>	<b>10,927,163</b>	<b>9,538,999</b>
Operating Expenses				
Personal services	7,194,235	2,654,072	905,611	7,148,465
Contractual Services	3,396,264	3,870,814	8,361,037	770,012
Supplies	1,109,143	904,228	114,569	791,849
Insurance Premiums and Claims	-	-	-	-
Utilities	1,882,593	873,329	16,912	28,246
Other Operating Expenses	4,732,410	1,948,824	674,141	2,185,927
Depreciation/Amortization	8,046,273	4,725,702	344,797	588,634
<b>Total Operating Expenses</b>	<b>26,360,918</b>	<b>14,976,969</b>	<b>10,417,067</b>	<b>11,513,133</b>
<b>Operating Income (Loss)</b>	<b>10,598,041</b>	<b>204,873</b>	<b>510,096</b>	<b>(1,974,134)</b>
Non-operating Revenues (Expenses)				
Taxes	-	-	-	1,247,453
Intergovernmental	3,334	128,207	228,038	48,448
Investment Income (Loss)	1,410,847	1,081,397	-	-
Other Non-Operating Revenue	102,616	75,477	-	-
Interest Expenses	(2,998,103)	(745,026)	-	-
Other Debt Services Costs	(335)	(52,580)	-	-
Gain/(Loss) on Disposal of Capital Assets	55,797	606	-	-
<b>Total nonoperating Revenues (Expenses)</b>	<b>(1,425,844)</b>	<b>488,081</b>	<b>228,038</b>	<b>1,295,901</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>9,172,197</b>	<b>692,954</b>	<b>738,134</b>	<b>(678,233)</b>
Capital Contributions	1,680,925	3,320,665	-	66,500
Passenger and Customer Facility Charges	-	6,230,952	-	-
Transfers In	-	-	-	33,000
Transfers Out	(60,000)	(2,016,771)	-	(105,500)
<b>Change in Net Position</b>	<b>10,793,122</b>	<b>8,227,800</b>	<b>738,134</b>	<b>(684,233)</b>
<b>Total Net Position (Deficit) - Beginning</b>	<b>158,655,616</b>	<b>146,971,651</b>	<b>856,169</b>	<b>(1,837,506)</b>
<b>Total Net Position (Deficit) - Ending</b>	<b>169,448,738</b>	<b>155,199,451</b>	<b>1,594,303</b>	<b>(2,521,739)</b>

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

**- Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 2,196,920	\$ 2,196,920	\$ -
354,322	72,084,592	26,275,409
52,200	928,893	69,168
2,603,442	75,210,405	26,344,577
1,328,403	19,230,786	2,498,882
344,756	16,742,883	487,984
34,760	2,954,549	3,229,010
-	-	17,957,477
-	2,801,080	4,659
287,856	9,829,158	567,547
36,647	13,742,053	83,078
2,032,422	65,300,509	24,828,637
571,020	9,909,896	1,515,940
-	1,247,453	-
-	408,027	-
56,515	2,548,759	45,080
-	178,093	-
-	(3,743,129)	-
-	(52,915)	-
-	56,403	86,976
56,515	642,691	132,056
627,535	10,552,587	1,647,996
-	5,068,090	-
-	6,230,952	-
-	33,000	500,000
-	(2,182,271)	-
627,535	19,702,358	2,147,996
802,742	305,448,672	(9,189,017)
1,430,277	325,151,030	(7,041,021)

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<b>Business-type Activities</b>			
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund	Emergency Medical Services Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 35,152,041	\$ 16,104,825	\$ 10,674,971	\$ 11,260,222
Payments to Suppliers	(10,683,876)	(5,500,377)	(9,351,355)	(3,738,281)
Payments to Employees	(5,231,887)	(2,212,782)	(752,265)	(5,667,022)
Payments for Other Revenues	102,616	75,389	-	-
Net Cash Provided (Used) by Operating Activities	<u>19,338,894</u>	<u>8,467,055</u>	<u>571,351</u>	<u>1,854,919</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Operating Subsidy - Intergovernmental Revenue	3,334	128,207	228,038	48,448
Transfers Out	(60,000)	(2,016,771)	-	(72,500)
Net Interfund Activity	-	266,805	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(56,666)</u>	<u>(1,621,759)</u>	<u>228,038</u>	<u>(24,052)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	(15,234,288)	(5,693,384)	(23,894)	(436,984)
Passenger and Customer Facility Charges	-	6,230,952	-	-
Proceeds from Disposal of Capital Assets	243,876	606	-	470
Net Borrowing (Repayments)				
Principal Paid on Capital Debt	(3,797,726)	(4,400,247)	-	-
Interest Paid on Capital Debt	(3,343,007)	(753,610)	-	-
Other Debt Service Costs	(335)	(52,580)	-	-
Capital Contributions	1,680,925	3,320,665	-	66,500
Net cash provided (used) by capital and related financing activities	<u>(20,450,555)</u>	<u>(1,347,598)</u>	<u>(23,894)</u>	<u>(370,014)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from Sale and Maturities of Investments	7,989,908	250,000	779,553	-
Purchases of Investments	(8,253,333)	(7,558,413)	(1,850,000)	(1,504,375)
Interest Income	1,410,847	1,081,397	-	-
Net Cash Provided (Used) by Investing Activities	<u>1,147,422</u>	<u>(6,227,016)</u>	<u>(1,070,447)</u>	<u>(1,504,375)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(20,905)</u>	<u>(729,318)</u>	<u>(294,952)</u>	<u>(43,522)</u>
Cash and Cash Equivalents - Beginning of Year	<u>2,551,990</u>	<u>3,064,403</u>	<u>504,113</u>	<u>54,823</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,531,085</u>	<u>\$ 2,335,085</u>	<u>\$ 209,161</u>	<u>\$ 11,301</u>
Cash and Cash Equivalents at End of Year Consist of:				
Current assets	\$ 49,521	\$ 2,335,085	\$ 209,161	\$ 11,301
Restricted assets	2,481,564	-	-	-
Total	<u>\$ 2,531,085</u>	<u>\$ 2,335,085</u>	<u>\$ 209,161</u>	<u>\$ 11,301</u>

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

**- Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 2,595,732	\$ 75,787,791	\$ 25,892,091
(660,337)	(29,934,226)	(23,205,044)
(1,115,341)	(14,979,297)	(1,791,814)
-	178,005	-
820,054	31,052,273	895,233
-	408,027	-
-	(2,149,271)	500,000
-	266,805	(339,766)
-	(1,474,439)	160,234
(79,497)	(21,468,047)	(32,388)
-	6,230,952	-
54,356	299,308	86,975
-	(8,197,973)	-
-	(4,096,617)	-
-	(52,915)	-
-	5,068,090	-
(25,141)	(22,217,202)	54,587
99,923	9,119,384	2,068,817
(875,000)	(20,041,121)	(3,000,000)
56,515	2,548,759	45,080
(718,562)	(8,372,978)	(886,103)
76,351	(1,012,346)	223,951
268,699	6,444,028	2,389,248
\$ 345,050	\$ 5,431,682	\$ 2,613,199
\$ 345,050	\$ 2,950,118	\$ 2,613,199
-	2,481,564	-
\$ 345,050	\$ 5,431,682	\$ 2,613,199

Continued...

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<b>Business-type Activities</b>			
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund	Emergency Medical Services Enterprise Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 10,598,042	\$ 204,873	\$ 510,096	\$ (1,974,134)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation/Amortization	8,046,473	4,725,702	344,797	588,634
Other revenue	102,616	75,477	-	1,247,453
Decrease (Increase) in Assets				
Accounts Receivable	20,991	511,063	(222,891)	500,812
Due from Other Governments	(1,461,605)	316,475	(4,466)	-
Due from Other Funds	-	(88)	-	-
Inventories	(13,901)	17,919	-	2
Prepaid Expenses	70,314	26,617	-	(1,066)
Deferred Outflows	920,196	102,759	34,287	331,313
Increase (Decrease) in Liabilities				
Accounts Payable	(476,630)	1,434,672	84,904	35,452
Service Contracts Payable	847,495	458,188	39,311	(8,769)
Due to Other Elected Officials	466	167,669	-	(264)
Due to Other Governments	(14,190)	(15,763)	(38)	(11,505)
Compensated Absences Payable	(72,301)	(28,782)	(3,824)	(36,028)
Closure Cost Payable	-	-	(311,499)	-
Other Accrued Liabilities	22,780	7,516	2,626	23,903
Deposits	19,233	-	(24,758)	-
Unearned Revenue	(385,538)	95,445	(77)	(27,042)
Other Post Employment Benefits	6,928	1,884	754	6,806
Net Pension Liability	1,290,688	427,066	142,356	1,376,102
Deferred Inflows	(183,163)	(61,637)	(20,227)	(196,750)
Total Adjustments	<u>8,740,852</u>	<u>8,262,182</u>	<u>61,255</u>	<u>3,829,053</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,740,852</u>	<u>\$ 8,262,182</u>	<u>\$ 61,255</u>	<u>\$ 3,829,053</u>
SUPPLEMENTAL DISCLOSURES OF NON CASH TRANSACTIONS:				
Amortization of Loan Costs and Refunding Losses	<u>\$ 304,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**- Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 571,021	\$ 9,909,898	\$ 1,515,940
36,647	13,742,253	83,078
-	1,425,546	-
(9,055)	800,920	(324,419)
-	(1,149,596)	60,943
-	(88)	(174,504)
-	4,020	75,999
(11,375)	84,490	(314,922)
43,375	1,431,930	61,665
5,700	1,084,098	(108,306)
1,825	1,338,050	71,254
-	167,871	(262)
4,251	(37,245)	-
14,766	(126,169)	(3,659)
-	(311,499)	-
-	-	(467,064)
6,635	63,460	7,239
-	(5,525)	-
1,344	(315,868)	(14,506)
748	17,120	55,146
180,318	3,416,530	237,258
(26,145)	(487,922)	134,353
249,034	21,142,376	(620,707)
<u>\$ 249,034</u>	<u>\$ 21,142,376</u>	<u>\$ (620,707)</u>
<u>\$ -</u>	<u>\$ 304,650</u>	<u>\$ -</u>

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

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,472,651
Investments	2,249,000
Accounts Receivable	14,091
Due from Other Governments	<u>1,800</u>
Total Assets	<u>\$ 7,737,542</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 2,549
Due to Other Elected Officials	153,910
Due to Other Governments	1,226,911
Due to Depositors	3,920,177
Taxes Collected in Advance for Other Governments	<u>2,433,995</u>
Total Liabilities	<u>\$ 7,737,542</u>
<b>NET POSITION</b>	<u>\$ -</u>

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Okaloosa County, Florida (hereinafter referred to as the 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 (the Board), 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 (collectively referred to as the County's Constitutional Officers) are elected by the citizenry at-large and function independently of the Board. However, the Board funds a portion of, or in certain instances, all of, the operating budgets of the County's Constitutional Officers. These financial statements include the operating activities of the Board and the County's Constitutional Officers.

In evaluating the County as a reporting entity, management has considered all potential component units for which the County may or may not be financially accountable and, as such, be included within the County's financial statements. Management utilized criteria set forth in GASB literature for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB literature, the County (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 County. 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 (the Authority) in accordance with GASB literature. 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 literature. As such, the Authority is not included as part of the County's reporting entity.

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

#### 1. Government-Wide Statements

The government-wide financial statements include the statement of net position 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 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED****B. Government-Wide and Fund Financial Statements - Continued****1. Government-Wide Statements - Continued**

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 detailed 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.

**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 position. 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.

**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**

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.

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.

**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.

**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**

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

The County reports the following major governmental funds:

**General Fund**

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

**Tourist Development Special Revenue Fund**

This fund is used to account for funds received from imposition of the 5% tourist development tax for the purpose of improving Okaloosa County's tourist industry as authorized by 125.0104, F.S., and Okaloosa County Ordinance No. 89-23 as amended by 91-20, 92-52, 95-10, 99-07, 07-58, 12-21, 13-19, 13-20, 14-08, 16-13 and 16-20.

**Road and Bridge Construction Fund**

This fund is used to account for road and bridge construction activities including resurfacing, special projects, and other major infrastructure construction services funded by non-discretionary fuel taxes, constitutional gas taxes, interest, other miscellaneous revenue and state grants.

The County reports the following major enterprise funds:

**Water and Sewer Enterprise Fund**

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

**Airport Enterprise Fund**

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

**Solid Waste Fund**

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

**Emergency Medical Services Enterprise 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.

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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance****1. Deposits and Investments**

The County maintains a cash and investment pool that is available for use by all funds. Earnings from the pooled investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pool is managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts. Therefore, all balances representing participants' equity in the investment pools are classified as cash and cash equivalents for financial statement purposes.

Except for where otherwise specified, the County's investments are reported at fair value.

Some of the County's investments are in the Florida Local Government Investment Trust (the Trust), which was created and established under the laws of the state of Florida for the purpose of providing opportunities for the investment of excess public funds. The Trust is operated and administered by a Board of Trustees consisting of six members, three appointed by the Florida Association of Court Clerks, Inc., and three appointed by the Florida Association of Counties, Inc. The Trust is self-regulated and is not registered with the Securities and Exchange Commission.

The Trust offers two investment funds to its participants, the Short Term Bond Fund and the Day to Day Fund. The Short Term Bond Fund is a longer term, higher yielding fund, which is accounted for at fair value as a fluctuating Net Asset Value (NAV) pool. Also, because the County's investment in the Short Term Bond Fund is measured at a NAV fair value per share, it is excluded from categorization within the fair value hierarchy.

The Day to Day Fund is a highly liquid fund with underlying investments having a weighted average maturity of less than 90 days. The Day to Day Fund meets the criteria to be reported at amortized cost, and does have a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Because the fund is reported at amortized cost, it is also excluded from categorization within the fair value hierarchy.

**2. Interfund Receivables and Payables**

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

**3. Accounts Receivable**

Accounts receivable are shown net of an allowance for uncollectible accounts. The General Fund, Emergency Medical Services Enterprise Fund, Airport Enterprise Fund, and Water and Sewer Enterprise Fund are the only funds of Okaloosa Board that provide for an allowance for doubtful accounts for trade accounts receivables. All other funds accounts receivable write offs are insignificant.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance - Continued****4. Property Taxes**

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 2019 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, 2019	January 1, 2019
Levy Date November 1, 2019	November 1, 2019
Due Date November 1, 2019	November 1, 2019
Delinquent Date April 1, 2020	April 1, 2020

Discounts of 1% for each month taxes are paid prior to March 2020 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.

**5. 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 net realizable value 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.

**6. Restricted Assets**

Certain proceeds of the 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.

**7. 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 position of the 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 acquisition 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance - Continued****7. Capital Assets - Continued**

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

**8. 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.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds.

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

**10. Self-insurance Claims**

Liabilities for reported claims and incurred but not reported claims (IBNR) are estimated based on an actuarial review of claims pending and historical experience.

**11. Landfill Closure and Post Closure Care Payable**

The County recognizes municipal solid waste landfill closure and post closure care costs under the State of Florida’s Solid Waste Management Act of 1988, regulations of the Federal Environmental Protection agency and the GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs*. The County is required to place a final cover on closed landfills and to provide long-term care for up to thirty years after final cover. These obligations for closure and post closure are recognized in the Solid Waste Fund over the active life of the landfill, based on landfill capacity used to date.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance - Continued****12. Net Pension Liability**

The government-wide and proprietary fund financial statements net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plan in which it participates. The County participates in the Florida Retirement System (FRS) and the Health Insurance Subsidy Program (HIS) which are administered by the Florida Division of Retirement. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions, pension expense, additions to/deduction, and information about the fiduciary's net position have been determined on the same basis as they are reported by the cost-sharing plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The government-wide financial statements include the liability of all plan participants for the Board and the County's Constitutional Officers.

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the debt is issued. 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.

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

In addition to assets, deferred outflows of resources represent a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The County has \$2,053,600 of deferred outflows on Water and Sewer, Series 2015 bonds, and \$42,743,213 of deferred outflows for pension and OPEB as of September 30, 2019. Amortization expense of the deferred outflow related to the Water and Sewer, Series 2015 bonds totaled \$304,650 for the year ended September 30, 2019, and is included in interest expense on the Statements of Revenues, Expenses and Changes in Net Position.

In addition to liabilities, deferred inflows of resources represent an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has \$9,893,129 of deferred inflows for pension and OPEB as of September 30, 2019.

**15. Fund Balance**

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

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

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance - Continued****15. Fund Balance - Continued**

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

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

Unassigned – Unassigned fund balance is the residual classification of the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted resources are available for use, it is the policy of the County 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 County does target 10% of the General Fund budget to set aside for reserves during the annual Budget Policy meeting.

**16. 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.

**17. Net Position**

The net positions of proprietary funds, governmental activities and business-type activities are made up of three components. Net Investment in Capital Assets which represents net capital assets less related long-term liabilities; unspent debt proceeds will increase this amount. The Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The restricted component represents assets that are legally restricted. They include reserve funds, special revenues restricted by statute or ordinance, bond proceeds, and other sources restricted for capital or improvements. The unrestricted component of net position is the balance not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. BUDGETARY INFORMATION**

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

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

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

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

Budget amounts are originally adopted amounts as amended by action of the Board of County Commissioners by revision of fund totals. Supplemental budgetary appropriations of \$141,475,708 representing a 31.37% 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 Emergency Medical Service Enterprise Fund reported a deficit net position of \$2,521,739 as of September 30, 2019. The fund increased charges for services in FY17 and in FY 19 the Board reimplemented allocating a portion of ad valorem taxes to the fund to subsidize its activity. The deficit should be cured by the increased fees in the provision of services and the Board allocations of ad valorem taxes in future budget periods.

The Self Insurance Internal Service Fund reported a deficit net position of \$1,848,217. 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.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED****B. DEFICIT FUND BALANCE/NET POSITION - CONTINUED**

The Garage Services Internal Service Fund reported a deficit net position of \$1,454,407. Vehicle maintenance and centralized distribution of gasoline and special fuel are funded by monthly billing of services. This funding method results in a deficit fund equity which will be charged back to the other funds so that service fund revenues and expenses will be equal.

The Sheriff's Self-Insurance Fund is reflecting a deficit fund equity of \$3,738,397. This is the result of the implementation of GASB 75 which requires the unfunded liability for future employee benefits (OPEB) to be recorded at September 30, 2019.

**NOTE 3 – DEPOSITS AND INVESTMENTS****Deposits**

At September 30, 2019, the County's carrying value of cash and cash equivalents totaled \$31,477,763, which is presented as \$26,005,112 in the statement of net position and \$5,472,651 in the statement of fiduciary net position.

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

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

**Investments**

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 Director of Treasury & Board Services. Although the policies allow investments in many types of instruments, the Clerk 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 third party custody and safekeeping.

***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.

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

**Credit risk.** As of September 30, 2019, Standard & Poor's rated the investment in Florida Local Government Investment Trust investment pool AAAm, Florida Local Government Investment Day to Day AAAm, and Florida Local Government Surplus Fund Trust AAAm. As of September 30, 2019, all U.S. Instrumentalities held by the County were rated AA+. 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 organizations.

**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. As of September 30, 2019, 10.58% of the County's investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Government National Mortgage Association. These investments are 0.50%, 2.75%, 7.33% and 0.24% respectively, of the County's total investments.

**Custodial credit risk.** Federated Money Market, 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.

The County had the following investment types by issuer and effective duration presented in terms of years:

Security Type	Fair Value	Weighted Average Duration (Years)	Credit Rating	Percentage of Portfolio
Long Term Investments:				
United States Government Agency Obligations	\$ 21,132,514	0.883	AA+	10.58%

**NOTE 4 – FAIR VALUE OF INVESTMENTS**

The County measures and records its investments using fair value measurements guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follow:

Level 1 – Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. These investments are valued using the Valuation multiple approach.

Level 3 – Unobservable inputs for an asset.

Okaloosa County has the following recurring fair value measurements as of September 30, 2019:

- Short-Term Bond Fund- FLGIT – Maximum of 75% of the total investment portfolio. Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds held by FLGIT are deemed to be actively traded.
- US Treasuries/Agencies/Instrumentalities – Maximum of 50% of the total investment portfolio. Valued at market prices for similar assets in active markets.

**NOTE 4 – FAIR VALUE OF INVESTMENTS - CONTINUED**

At September 30, 2019, Okaloosa County had the following recurring fair value measurements:

	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	\$ 1,000,690	\$ -	\$ 1,000,690	\$ -
Federal Home Loan Mortgage Corporation	4,984,484	-	4,984,484	-
Federal National Mortgage Association	14,675,111	-	14,675,111	-
Governmental National Mortgage Association	472,229	-	472,229	-
Fresb Multifamily Mortgage Pass Thru	525,455	-	525,455	-
	<u>21,657,969</u>	<u>\$ -</u>	<u>\$ 21,657,969</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Florida Local Government Investment Trust - Investment Pool	41,457,468			
Total investments measured at fair value	63,115,437			
Total investments measured at amortized cost	139,585,372			
Total investments at September 30, 2019	<u>\$ 202,700,809</u>			

**NOTE 5 – RECEIVABLES / UNEARNED AND UNAVAILABLE REVENUE**

Receivables as of September 30, 2019 for the government's individual major funds and nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Funds	Accounts Receivable	Due From Other Governments	Total Receivables	Less: Allowance for Doubtful Accounts	Net Total Receivables Sept. 30, 2019
General	\$ 239,818	\$ 3,804,588	\$ 4,044,406	\$ (99,645)	\$ 3,944,761
Tourist Development	25,926	4,503,493	4,529,419	-	4,529,419
Capital Outlay	-	870,410	870,410	-	870,410
Water and Sewer	3,454,016	1,612,728	5,066,744	(272,381)	4,794,363
Airport	1,698,383	1,373,196	3,071,579	(442,706)	2,628,873
Solid Waste	1,143,613	61,778	1,205,391	-	1,205,391
EMS	9,872,286	-	9,872,286	(5,130,483)	4,741,803
Nonmajor and Other Funds	1,214,519	4,085,946	5,300,465	-	5,300,465
Total	<u>\$ 17,648,561</u>	<u>\$ 16,312,139</u>	<u>\$ 33,960,700</u>	<u>\$ (5,945,215)</u>	<u>\$ 28,015,485</u>

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources received, but not yet earned. Unearned / unavailable revenues as of September 30, 2019 for the government's individual major funds and nonmajor internal service, and fiduciary funds in the aggregate are as follows:

Funds	Unearned
General	\$ 1,191,429
Tourist Development	142,694
Water and Sewer	782,608
Airport	237,520
Emergency Medical Services	1,336
Nonmajor and Other Funds	1,291,884
Total	<u>\$ 3,647,471</u>

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 12,417,804	\$ 1,964,040	\$ -	\$ -	\$ 14,381,844
Intangibles	1,146,905	-	-	-	1,146,905
Construction in progress	34,408,630	10,520,438	(6,941,421)	-	37,987,647
Works of art	29,195	-	-	-	29,195
Total capital assets not being depreciated/amortized	48,002,534	12,484,478	(6,941,421)	-	53,545,591
Capital assets, being depreciated/amortized:					
Buildings	110,150,498	5,932,600	-	(540,561)	115,542,537
Improvement other than buildings	39,563,262	3,763,673	-	540,561	43,867,496
Intangibles	2,347,742	-	-	-	2,347,742
Machinery and equipment	58,991,325	4,919,153	(2,178,067)	540,279	62,272,690
Infrastructure	161,090,996	3,368,265	-	-	164,459,261
Total capital assets being depreciated/amortized	372,143,823	17,983,691	(2,178,067)	540,279	388,489,726
Less accumulated depreciation/amortization for:					
Buildings	(41,068,549)	(2,808,650)	-	(76,923)	(43,954,122)
Improvement other than buildings	(14,284,667)	(1,187,465)	-	76,923	(15,395,209)
Intangibles	(2,081,748)	(97,220)	-	-	(2,178,968)
Machinery and equipment	(43,412,927)	(5,070,498)	1,978,284	(537,738)	(47,042,879)
Infrastructure	(91,712,198)	(2,528,697)	-	-	(94,240,895)
Total accumulated depreciated/amortized	(192,560,089)	(11,692,530)	1,978,284	(537,738)	(202,812,073)
Total capital assets, being depreciated/amortized, net	179,583,734	6,291,161	(199,783)	2,541	185,677,653
Governmental Activities capital assets, net	\$ 227,586,268	\$ 18,775,639	\$ (7,141,204)	\$ 2,541	\$ 239,223,244

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	Depreciation	Amortization
General government	\$ 2,438,832	\$ 64,373
Public safety	3,088,689	-
Physical environment	198,890	-
Transportation, incl. depreciation of general infrastructure assets	3,751,393	19,632
Economic environmental	79,265	-
Human services	317,645	-
Culture and recreation	1,471,942	1,960
Court related	165,576	11,255
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	83,078	-
Total depreciation expense - governmental activities	\$ 11,595,310	\$ 97,220

**NOTE 6 - CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 14,765,162	\$ -	\$ -	\$ -	\$ 14,765,162
Construction in progress	15,536,761	16,827,980	(13,716,165)	-	18,648,576
Works of art	69,865	-	-	-	69,865
Total capital assets not being depreciated/amortized	30,371,788	16,827,980	(13,716,165)	-	33,483,603
Capital assets, being depreciated/amortized:					
Buildings	88,013,371	1,613,801	-	-	89,627,172
Improvement other than buildings	276,776	-	-	-	276,776
Intangibles	997,815	-	-	-	997,815
Machinery and equipment	23,093,227	2,083,274	(347,617)	(540,280)	24,288,604
Infrastructure	369,870,676	14,419,266	-	-	384,289,942
Total capital assets being depreciated/amortized	482,251,865	18,116,341	(347,617)	(540,280)	499,480,309
Less accumulated depreciation/amortization for:					
Buildings	(24,473,977)	(2,475,802)	-	-	(26,949,779)
Improvement other than buildings	(201,443)	(9,226)	-	-	(210,669)
Intangibles	(902,628)	(30,996)	-	-	(933,624)
Machinery and equipment	(15,394,250)	(2,188,576)	346,943	537,834	(16,698,049)
Infrastructure	(143,700,898)	(9,037,453)	-	(95)	(152,738,446)
Total accumulated depreciated/amortized	(184,673,196)	(13,742,053)	346,943	537,739	(197,530,567)
Total capital assets, being depreciated/amortized, net	297,578,669	4,374,288	(674)	(2,541)	301,949,742
Business-type Activities capital assets, net	\$ 327,950,457	\$ 21,202,268	\$ (13,716,839)	\$ (2,541)	\$ 335,433,345

Depreciation expense was charged to enterprise funds as follows:

Business-type Activities	Depreciation	Amortization
Water and sewer	\$ 8,016,477	\$ 29,796
Airport	4,724,502	1,200
Solid Waste	344,797	-
Emergency Management Services	588,634	-
Other enterprise funds	36,647	-
Total depreciation expense - business-type activities	\$ 13,711,057	\$ 30,996

**Construction Commitments****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 2020 capital budget, total expenditures will approximate \$7,295,100 on projects, which include \$2,167,100 in new equipment, \$1,000,000 for Reclaim Water Main Niceville/Eglin, \$750,000 for for Arbennie Pritchett Water Reclamation Facility and another \$3,378,000 for diversion, and multiple smaller projects.

**NOTE 7 – COMPENSATED ABSENCES**

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

Board of County Commissioners and Supervisor of Elections

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

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

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

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

Compensatory Time

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

Clerk of the Circuit Court

The policy of the Clerk for annual and sick leave was changed June 1, 2015 to Paid Time Off (PTO). An employee can now accumulate and carry forward 1,000 hours of PTO from year to year. Any PTO in excess of 1,000 hours will be forfeited after the first pay period of the calendar year. PTO is accrued based on the schedule below. Upon retirement or termination, the employee may be paid up to a maximum of the following schedule.

Years of Service	Hours Earned per Pay Period <sup>(26)</sup>	Years of Service	Balance Paid Upon Separation
0 – 1	6.25	2 – 5	20% of PTO
2 – 5	7.00	6 – 10	25% of PTO
6 – 10	7.75	11 – 15	30% of PTO
11 – 15	8.50	16 – 20	40% of PTO
16 – 20	9.25	21+	50% of PTO
21+	10.00		

**NOTE 7 – COMPENSATED ABSENCES - CONTINUED**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:

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

Sick leave for non-exempt employees is accrued at eight hours per month. Unused accrued leave is carried over from year to year. Employees terminating after ten years of service are compensated for unused sick leave up to a maximum of 100 hours. Certain employees are also eligible to bank over time hours for future leave up to 120 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:

<u>Years of Service</u> <u>(based on hire date)</u>	<u>Weeks PTO</u>	<u># Hours Earned</u> <u>per Pay Period</u>
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 91 days – 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 for compensated absences 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

**NOTE 7 – COMPENSATED ABSENCES - CONTINUED**

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, 2019 are as follows:

Elected Official	Current Portion	Long -Term Portion	Totals
Board of County Commissioners	\$ 2,789,961	\$ 1,625,223	\$ 4,415,185
Clerk of the Circuit Court	118,775	174,736	293,511
Sheriff	1,289,354	2,617,780	3,907,134
Tax Collector	101,181	195,201	296,382
Property Appraiser	-	115,422	115,422
Supervisor of Elections	65,640	63,323	128,963
Totals	<u>\$ 4,364,910</u>	<u>\$ 4,791,685</u>	<u>\$ 9,156,597</u>

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

**NOTE 8 – LANDFILL POST CLOSURE CARE COSTS**

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

The Board is required by state and federal laws and regulations to develop its estimates using rates normal to commercial contracting firms and is based on the amount of the landfill capacity used to date, which is at 100% capacity as of September 30, 2019. The 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 \$311,499. The estimated liability for post closure care costs has a balance of \$3,072,190 as of September 30, 2019.

**NOTE 9 – INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances as of September 30, 2019 is as follows:

	Receivable from Other Funds	Payable to Other Funds
Major Fund		
General Fund	\$ 858,850	\$ 814,506
Non-major Funds		
Special Revenue Funds	-	128,850
Internal Service Funds	814,506	730,000
	<u>\$ 1,673,356</u>	<u>\$ 1,673,356</u>

**NOTE 9 – INTERFUND BALANCES AND ACTIVITY - CONTINUED**

The composition of interfund balances as of September 30, 2019 is as follows:

	Receivable from Other Elected Funds	Payable to Other Elected Official
Major Fund		
General Fund	\$ 2,101,855	\$ 1,840,307
Tourist Development Special Revenue Fund	-	144,921
Water and Sewer Enterprise Fund	-	561
Airport Enterprise Fund	88	168,757
Emergency Medical Services	-	61
Non-major Funds		
Governmental Funds	266,842	62,022
Internal Service Funds	1,753	-
Fiduciary Funds	-	153,909
	<u>\$ 2,370,538</u>	<u>\$ 2,370,538</u>

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

Interfund transfers activity for the year ended September 30, 2019 consisted of the following:

	Transfers In	Transfers Out
Major Fund		
General	\$ 4,572,966	\$ 2,530,839
Tourist Development	-	3,030,656
Road and Bridge	750,000	-
Water and Sewer	-	60,000
Airport Enterprise	-	2,016,771
Emergency Medical Services Enterprise	33,000	105,500
Non-major Funds		
Governmental	5,404,057	3,516,257
Internal Service	500,000	-
	<u>\$ 11,260,023</u>	<u>\$ 11,260,023</u>

**NOTE 10 - LEASES****Operating Leases – Lessor**

The Board 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 \$3,132,131 has been recorded as of September 30, 2019. 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. In 2016, one of the leases was renegotiated to have an incremental increase from 2% to 3.5% for five (5) year periods 2040. 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 21 years.

The Board leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$67,900 has been recorded as of September 30, 2019. The lease was renegotiated to a five year lease with four five-year renewals beginning in 2008. In 2010, the lease was assigned and the lease term extended through June 2015. The first of four five year renewals executed in 2015; the optional lease term remaining is through 2035.

The Board has leased space on a water tower to a wireless communication company. The five year lease automatically renews for five-year periods through 2039. Annual rental fees began at \$10,000 with a 15% increase at each renewal. There is no capitalized investment related to this lease.

**NOTE 10 - LEASES - CONTINUED****Operating Leases – Lessor – Continued**

The Board has entered into operating leases with various lessees and concessionaires for lease of space and facilities at the Destin-Fort Walton Beach Airport, the Bob Sikes Airport and the Destin Executive Airport. Lease periods vary with expiration dates through 2049.

The Board 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 began at \$75,000 with annual consumer price index increase.

The Board leases land on Okaloosa Island to a company to operate 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 leases office space at the Fort Walton Beach Water and Sewer building. Capitalized investment in these assets is \$2,995,873. Accumulated depreciation of \$1,984,971 has been recorded as of September 30, 2019. The one year lease expires in June 2020. Rental fees begin at \$18,563 and increase annually.

The Tax Collector leases space in its Niceville building to third parties under lease agreements with varying terms. Lease income earned during the year ending September 30, 2019 was \$107,888. Future minimum rents to be earned under the terms of the lease agreements are \$223,502.

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

Fiscal Year Ended September 30

2020	\$ 6,182,622
2021	4,872,368
2022	1,538,813
2023	1,448,972
2024	1,310,318
Thereafter	19,170,600
	<u>\$ 34,523,693</u>

**Operating Leases – Lessee**

The Board leases the land, approximately 130 acres, on which airport facilities are located from the United States Government under a long-term lease agreement expiring in July 2063. The lease was renegotiated in April 2018. The amended agreement extends the expiration from December 9, 2038 to July 30, 2063 and removes a 3% annual escalation factor, which was replaced with an annual CPI adjustment. As part of the renegotiation, the Board agreed to a lump-sum \$1,200,000 payment in April 2018, which will be amortized over the remaining forty-five year life of the lease. The future minimum lease payments total \$19,086,139. Lease expense for fiscal year 2019 was \$466,335, which includes \$26,617 in amortization expense.

The Board of County Commissioners (Okaloosa County) leases the land on which Water and Sewer's Water Reclamation Facility is located from the United States Government under a 30 year lease agreement expiring in September 2037. The lease agreement contains a built in rent increase of 2% 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 \$8,825,697 over the lifetime of the lease. Lease expense for fiscal year 2019 was \$404,097.

The Board of County Commissioners leases cardiac monitors from Philips Medical Capital LLC under a lease agreement which expired March 2019. The lease was renewed and now expires April 2020. The previous lease was based on monthly payments of \$8,505 and the new one (1) year lease is based on monthly payments of \$7,695. Future lease payment total \$53,866 for the remaining term of the lease. Lease expense for fiscal year 2019 was \$99,661.

The Board of County Commissioners leases five (5) vehicles used by the Airport, two (2) Chevrolet Malibu's and three (3) Ford F-250s for a period of two (2) years for a total of \$2,039 per month through December 2020. The future minimum lease payments total \$30,584. Lease expense for fiscal year 2019 was \$28,809.

**NOTE 10 - LEASES - CONTINUED****Operating Leases – Lessee – Continued**

The Board of County Commissioners leases four (4) 670G motor graders from John Deere Financial provided by Beard Equipment for the Public Works Department for 48 months beginning May 2017 and ending May 2021. The monthly lease payment is \$7,795 with a purchase option price of \$624,708. The future minimum lease payments total \$155,910. Lease expense for fiscal year 2019 was \$93,240.

The Clerk of the Circuit Court leases copier equipment under non-cancelable operating leases effective for four years. Monthly payments under the original lease were \$4,014 thru 2/28/2018. The previous contracted monthly payment was \$2,468 effective 3/1/2018 and ended 2/28/2019. The current monthly payment of \$3,020 is effective through 11/1/2022. Future minimum lease payments for the equipment leases total \$111,740 through November 2022. Total lease expenditures for fiscal year ended September 30, 2019 were \$33,342.

The Clerk of the Circuit Court leases postal equipment for the Crestview office under an operating lease effective for five years. Monthly payments under the previous lease were \$395. The current lease began 4/1/2019 and has a minimum lease payment of \$423.67 per month effective through 3/31/2024. Future minimum lease payments for the equipment leases total \$22,455 through March 2024. Total lease expenditures for fiscal year ended September 30, 2019 were \$4,826.

The Clerk of the Circuit Court entered a new lease January 30, 2015 for postal equipment for the Fort Walton Beach office under an operating leases effective for five years. Monthly payments under the lease are \$376 effective through 12/1/2019. Future minimum lease payments for the equipment leases total \$1,128 through December 2019. Total lease expenditures for fiscal year ended September 30, 2019 were \$3,666.

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2019 amounted to \$1,133,976. Future minimum lease payments for these leases are as follows:

Fiscal Year Ended September 30

2020	\$ 1,060,286
2021	964,003
2022	903,931
2023	879,287
2024	882,049
2025-2029	4,537,126
2030-2034	4,783,614
2035-2039	3,866,601
2040-2044	2,168,879
2045-2049	2,168,879
2050-2054	2,168,879
2055-2059	2,168,879
2060-2063	1,735,104
	<u>\$ 28,287,517</u>

**NOTE 11 – LONG-TERM DEBT****Primary Government**

The following debt issues are outstanding for September 30, 2019:

**Governmental Activities:****REVENUE BONDS**

<p>\$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) were pledged for payment of the bonds. Proceeds of the bonds were used to finance the construction of a new judicial center complex in the County. This issue is subject to federal arbitrage regulations.</p>	\$ 715,000
<p>\$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.</p>	2,557,000
<p>\$22,165,000 Sales Tax Revenue Bonds, Series 2014, serial and term bonds with stated interest rates ranging from 3.0 percent to 5.0 percent compounded semi-annually through October 1, 2034; issued in denominations of \$5,000 maturity value due in annual installments of \$760,000 to \$1,720,000 from October 1, 2016 through October 1, 2034 and interest only payments October 1, 2015 - September 30, 2016. Sales tax revenues were pledged for payment of the bonds. Proceeds of the bonds will be used to finance the construction of Crestview courthouse, Administration building and refunding the Sales Tax Revenue Bond Anticipation Note, Series 2014. The issue is subject to federal arbitrage regulations.</p>	19,810,000
<p>\$12,960,000 Sales Tax Revenue Bonds, Series 2016, serial and term bonds with stated interest rates ranging from 3.0 percent to 5.0 percent compounded semi-annually through October 1, 2046; issued in dominations of \$5,000 maturity value due in annual installments of \$235,000 to \$715,000 from October 1, 2017 through October 1, 2046. Sales tax revenues were used for payment of the bonds. Proceeds of the bonds will be used to finance the acquisition and construction of improvements to County facilities, including additional improvements to the Crestview courthouse. The issue is subject to federal arbitrage regulations.</p>	12,485,000
<p>\$38,300,000 Sales Tax Refunding and Improvement Revenue Bonds, Series 2019, serial and term bonds with a stated interest rate of 4.0 percent compounded semi-annually through 2040; issued in denominations of \$5,000 maturity value due in annual installments of \$810,000 to \$2,130,000 from October 1, 2020 through October 1, 2040. Sales tax revenues were pledged for payment of the bonds. Proceeds of the bonds will be used to refund a portion of the County's outstanding Taxable Sales Tax Revenue Bonds Series 2009B and finance certain capital improvements in and for the County. The issue is subject to federal arbitrage regulations.</p>	38,300,000
<p>Total Governmental Activities Revenue Bonds</p>	\$ 73,867,000

**NOTE 11 – LONG-TERM DEBT - CONTINUED****Primary Government - Continued****Governmental Activities - Continued****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.

\$ 1,316,000

\$2,300,000 Private Bank Loan from Summit Bank with fixed rate of interest of 4.25% through February 25, 2025; principal and interest of \$17,372 due beginning March 26, 2015, with a final balloon payment of \$953,676 due at maturity. Collateral for loan is specific revenue within the Tax Collector's annual budget earmarked for loan repayment, until loan is paid in full. Proceeds used for the purchase of a building to serve customers in Niceville, Florida.

285,818

In October 2017, the Clerk received notice from the Florida Department of Revenue (FDOR), Child Support Enforcement Program (CSE) that its contractor, Maximus, had completed an analysis of allowable indirect costs rate for 2016 and determined the rate that was being used by the Clerk was too high resulting in overpayments by the Department of Revenue to the Clerk. The indirect cost rate being used also created overpayments in 2017. The Clerk agreed to repay the estimated amount of \$278,529 for 2016 and set up monthly installments to repay this amount. During the review of the 2017 and 2018 indirect cost rates, the determination was made that the Clerk was overpaid an additional \$437,777. Monthly installment payments have been set up to repay this additional amount.

620,585

Total Governmental Activities Loans and Notes

\$ 2,222,403

**Business-type Activities:****REVENUE BONDS**Airport

\$9,980,000 Taxable Airport Revenue Bonds, Series 2007, term bonds with stated interest rates ranging from 6.0 percent to 7.0 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$220,000 to \$830,000 from October 1, 2009 through October 1, 2030. Net revenue derived from the operation of the Airport System and the Customer Facility Charges imposed per rental car transaction day at the Destin-Fort Walton Beach 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.

\$ 7,075,000

\$8,920,000 Taxable Airport Revenue Refunding Bonds, Series 2014, due in annual installments of \$360,000 to \$740,000 through October 1, 2028; interest rate of 3.15 percent per annum. Proceeds from the bond were used to refund Airport Revenue Revenue Bonds, Series 2003 and Commercial Paper Loan. This issue is not subject to federal arbitrage regulations.

6,475,000

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.

\$67,595,000 Water and Sewer Revenue Bonds, Series 2015, due in annual installments of \$760,000 to \$3,940,000 through July 1, 2036; interest ranging from 2.00 percent to 3.75 percent per annum. Proceeds from the bond were used to refund Water and Sewer Revenue Bonds, Series 2004; Water and Sewer Revenue Bonds, Series 2006; and Water and Sewer Revenue Note, Series 2012, as well as constructing additions to the water and sewer system. This issue is subject to federal arbitrage regulations.

56,695,000

Total Business-type Revenue Bonds

\$ 70,245,000

**LOANS - STATE OF FLORIDA**

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.

\$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.

\$ 3,552,103

**NOTE 11 – LONG-TERM DEBT – CONTINUED****Primary Government - Continued****CAPITAL LEASES**

The County has entered into a lease agreement for financing the acquisition of election equipment for the Supervisor of Elections. The lease agreement qualifies as capital lease for accounting purposes as a result of the transfer of title or bargain purchase option and therefore have been recorded at the present value of the future minimum lease payments as of the inception date in the General Fund.

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Election equipment	\$ 570,100
Accumulated depreciation	(344,179)
Assets acquired by lease, net	<u>\$ 225,921</u>

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, 2019:

	Balance Due October 1, 2018	Increases	Decreases	Balance Due September 30, 2019	Due Within One Year
Governmental Activities:					
Revenue Bonds					
Sales Tax Revenue Bonds,					
Series 2009	\$ 22,545,000	\$ -	\$ (21,830,000)	\$ 715,000	\$ 715,000
Series 2011	2,723,000	-	(166,000)	2,557,000	172,000
Series 2014	20,625,000	-	(815,000)	19,810,000	845,000
Series 2016	12,725,000	-	(240,000)	12,485,000	245,000
Series 2019	-	38,300,000	-	38,300,000	-
Less deferred amounts					
For issuance discounts/premiums	2,569,380	8,024,842	(296,565)	10,297,657	-
Total Revenue Bonds	61,187,380	46,324,842	(23,347,565)	84,164,657	1,977,000
Notes from direct borrowings and direct placements					
Private bank note	1,957,000	-	(641,000)	1,316,000	652,000
Private bank note, 2015	956,261	-	(670,444)	285,817	200,176
Total direct borrowings and direct placements	2,913,261	-	(1,311,444)	1,601,817	852,176
Other Payable					
Other Payable	691,910	-	(71,324)	620,586	221,723
Total Notes and Payables	<u>\$ 3,605,171</u>	<u>\$ -</u>	<u>\$ (1,382,768)</u>	<u>\$ 2,222,403</u>	<u>\$ 1,073,899</u>

**NOTE 11 – LONG-TERM DEBT - CONTINUED****Primary Government - Continued**

	Balance Due October 1			Balance Due September 30		Due Within
	2018	Increases	Decreases	2019		One Year
Accrued compensated absences	\$ 7,704,260	\$ 255,936	\$ (578,261)	\$ 7,381,935	\$	3,313,153
Estimated claims payable	5,496,036	304,500	(771,564)	5,028,972		1,649,003
Total Governmental Activities	<u>\$ 77,992,847</u>	<u>\$ 47,014,260</u>	<u>\$ (26,795,158)</u>	<u>\$ 98,211,949</u>	<u>\$</u>	<u>7,298,055</u>
Business-type Activities:						
Revenue Bonds						
Airport Taxable Revenue Bonds,						
Series 2007	\$ 7,450,000	\$ -	\$ (375,000)	\$ 7,075,000	\$	400,000
Series 2014	7,020,000	-	(545,000)	6,475,000		560,000
Water and Sewer Revenue,						
Series 2015	59,595,000	-	(2,900,000)	\$ 56,695,000		3,035,002
Bond discounts/premiums	8,069,861	19,753	(455,560)	\$ 7,634,054		-
Total Revenue Bonds	<u>82,134,861</u>	<u>19,753</u>	<u>(4,275,560)</u>	<u>77,879,054</u>		<u>3,995,002</u>
Loans and Notes						
State of Florida Revolving Loan						
Fund, February 15, 2001 through						
August 15, 2019	21,630	-	(21,630)	-		-
State of Florida Revolving Loan						
Fund, beginning June 15, 2007						
through December 15, 2023	3,972,639	-	(420,536)	3,552,103		432,285
Airport Commercial Paper Loan	3,500,000	-	(3,500,000)	-		-
Total Loans and Notes	<u>7,494,269</u>	<u>-</u>	<u>(3,942,166)</u>	<u>3,552,103</u>		<u>432,285</u>
Accrued compensated absences	1,900,830	38,155	(164,325)	1,774,660		1,051,757
Estimated closure costs payable	3,383,690	6,585	(318,085)	3,072,190		372,406
Total Business-type Activities	<u>\$ 94,913,650</u>	<u>\$ 64,493</u>	<u>\$ (8,700,136)</u>	<u>\$ 86,278,007</u>	<u>\$</u>	<u>5,851,450</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$1,481,639 of internal service funds compensated absences and \$5,028,972 of estimated claims are included in the above amounts.

**NOTE 11 – LONG-TERM DEBT - CONTINUED****Primary Government - Continued**

Compensated absences are liquidated by the general and other governmental funds incurring the expenditure. Claims liabilities are liquidated in the internal service fund.

Debt service requirements to maturity on long-term debt at September 30, 2019 are as follows:

Year Ending September 30,	Governmental Activities			
	Revenue Bonds		Loans, Notes, and Leases	
	Principal	Interest	Principal	Interest
2020	1,977,000	2,495,080	1,073,898	26,013
2021	2,124,000	3,265,599	904,916	6,854
2022	2,266,000	3,159,174	164,766	-
2023	2,373,000	3,045,277	78,823	-
2024	2,490,000	2,924,688	-	-
2025-2029	14,393,000	12,593,881	-	-
2030-2034	17,389,000	8,698,913	-	-
2035-2039	13,400,000	5,126,000	-	-
2040-2044	8,680,000	2,684,312	-	-
2045-2049	7,540,000	970,125	-	-
2050-2054	1,235,000	24,700	-	-
	<u>\$ 73,867,000</u>	<u>\$ 44,987,749</u>	<u>\$ 2,222,403</u>	<u>\$ 32,867</u>

Year Ending September 30,	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,995,000	\$ 3,447,893	\$ 432,285	\$ 95,591	\$ 365,821	\$ -
2021	4,195,000	3,248,437	444,362	83,514	365,821	-
2022	4,395,000	3,039,010	456,777	71,099	365,821	-
2023	4,620,000	2,818,253	469,539	58,337	365,821	-
2024	4,845,000	2,586,336	482,659	45,217	365,821	-
2025-2029	22,640,000	9,277,737	1,266,481	53,208	1,243,085	-
2030-2034	17,860,000	4,252,100	-	-	-	-
2035-2039	7,695,000	483,250	-	-	-	-
	<u>\$ 70,245,000</u>	<u>\$ 29,153,016</u>	<u>\$ 3,552,103</u>	<u>\$ 406,966</u>	<u>\$ 3,072,190</u>	<u>\$ -</u>

**Debt Issuance and Refunding**

In September 2019, the County issued its \$38,300,000 Sales Tax Refunding and Improvement Revenue Bonds, Series 2019 ("Series 2019 Bonds") to provide for an advance refunding of the outstanding principal balance of the Sales Tax Revenue Bonds, Series 2009 ("Series 2009 Bonds"), as well as finance certain capital improvements in the County and the costs of issuance on the borrowing.

Proceeds of \$21,772,016 were deposited into an irrevocable trust fund with an escrow agent to provide for all future debt payments on the refunded debt until such bonds meet the redemption date of October 1, 2039. As a result the Series 2009 Bonds are considered to be defeased and the liability for those bonds have been removed from the financial statement. The County entered into the advance refunding in order to reduce its total debt service over the life of the bonds. The economic gain resulting from the refunding transaction, calculated on a present value basis, totaled \$2,801,504 and the cash flow savings totaled \$4,004,557. The outstanding par amount of the Series 2009 Bonds was \$21,855,000 and had stated interest rates ranging from 3.0 percent to 6.375 percent.

Proceeds of \$16,527,984 can be used to finance certain capital improvements in and for the County. The newly issued Series 2019 Bonds mature on October 1, 2049. Pledged revenues for the repayment of the principal and interest will be half cent sales tax revenues.

**NOTE 12 – CONDUIT DEBT**

Since 1984, 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, 2019, \$13,032,612 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.

**NOTE 13 – FUND BALANCES/RESTRICTED BALANCE**

A schedule of the governmental fund balances for September 30, 2019 is provided below:

	Major Funds				Total
	General Fund	Tourist Development	Road and Bridge	Other	
Fund Balances:					
Nonspendable:					
Inventory	\$ 163,500	\$ -	\$ 220,526	\$ 283,747	\$ 667,773
Prepays	506,984	191,041	-	18,564	716,589
Restricted for:					
Tourist Development 1st Cent	-	17,761,505	-	-	17,761,505
Tourist Development 2nd Cent	-	5,582,222	-	-	5,582,222
Tourist Development 3rd Cent	-	8,583,677	-	-	8,583,677
Tourist Development 4th Cent	-	17,810,691	-	-	17,810,691
Tourist Development 5th Cent	-	5,808,752	-	-	5,808,752
Florida Boating Improvements	-	-	-	578,606	578,606
Capital Projects	-	-	-	539,864	539,864
Emergency and Disaster Relief	-	-	-	1,143,811	1,143,811
Housing and Urban Development	-	-	-	860,086	860,086
E-911 Operations	-	-	-	1,499,857	1,499,857
Radio Communications	-	-	-	187,140	187,140
Law Enforcement Trust Fund	-	-	-	204,392	204,392
Police Academy	-	-	-	83,219	83,219
Park and Stormwater Projects	-	-	-	2,838,137	2,838,137
Prisoner Benefit Fund	-	-	-	1,034,766	1,034,766
Judicial Innovations	-	-	-	416,691	416,691
Drug Abuse Trust Fund	-	-	-	99,408	99,408
Domestic Violence Trust Fund	-	-	-	5,555	5,555
Public Records	-	-	-	117,325	117,325
Traffic Education	-	-	-	221,000	221,000
Debt Service	-	-	-	563,453	563,453
Transportation Projects	-	-	36,068,683	-	36,068,683
Infrastructure Projects	-	-	-	9,193,869	9,193,869
Committed to:					
Planning Projects	35,455	-	-	-	35,455
Municipal Benefits Service Units	-	-	-	548,332	548,332
Assigned to:					
Transportation Projects	-	-	-	2,757,774	2,757,774
Health Department	-	-	-	3,269	3,269
Unassigned:					
Unassigned	12,731,814	-	-	(5,678)	12,726,136
Total Fund Balances	<u>\$ 13,437,753</u>	<u>\$ 55,737,888</u>	<u>\$ 36,289,209</u>	<u>\$ 23,193,187</u>	<u>\$ 128,658,037</u>

**NOTE 14 – ENCUMBRANCES**

The amount of encumbrances outstanding as of September 30, 2019, is as follows:

	Amount
Governmental Funds	
General Fund	\$ 61,584
Tourist Development	1,002,799
Capital Outlay	8,661
Other Governmental	116,009
Total	<u>\$ 1,189,053</u>

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

**NOTE 15 – PENSION PLAN**

The County participates in the Florida Retirement System (FRS) which is a cost sharing multiple employer contributory retirement system administered by the State of Florida (State). The FRS was established in 1970 by Chapter 121, Florida Statutes. In 2002 the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the cost of health insurance.

The State of Florida Retirement System issues a publicly available stand-alone financial report (CAFR) which includes financial statements and required supplementary information. Also available are the pension systems actuarial reports to support the schedules of employer allocations and schedules of pension amounts by employer. These reports are available on the division's website at <http://www.dms.myflorida.com> or by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com). The CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

**State of Florida Department of Management Services**

**Division of Retirement**

**Research and Education Section**

**P.O. Box 9000**

**Tallahassee, FL 32315-9000**

**850-488-5706 or toll free 877-377-1737**

There are six classes of membership applicable to the County. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- **Regular Class, Senior Management Service Class, and Elected Officers' Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

**NOTE 15 – PENSION PLAN – CONTINUED**

- **Special Risk Class and Special Risk Administrative Support Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.
- **The Deferred Retirement Option Program (DROP)** is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months.

**FRS Membership and Plan Benefits** - The FRS Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are established by State Statutes. Retirement benefits are based on a formula comprised of age, average compensation, length of FRS service, and membership class. Average compensation is computed as the average of an individual's five highest years of earnings for employees hired before July 1, 2011 or eight highest years of earnings for employees hired on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the plan participant.

Pension plan participants may choose to receive benefit in retirement under one of four options which will include a 3% cost-of-living adjustment each July (adjustments are only applicable for FRS service earned prior to July 1, 2011).

If a pension plan participant leaves FRS-covered employment, the pension plan benefit is frozen until the employee returns to FRS-covered employment or begins receiving early or normal retirement benefit.

**HIS Membership and Plan Benefits** - The HIS membership is available to all members within the FRS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirements systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Contribution Requirements** - The County is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution. The County's contractually required contribution rate includes the HIS contribution, .06% administrative and educational fee and any applicable unfunded actuarial liability "UAL" rates. The HIS required contribution rate is 1.66% for the 2018 and 2019 FRS plan years. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Descriptions and contribution rates in effect during the period ended September 30, 2019 and two preceding FRS fiscal years are as follows:

	September 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Regular Class	8.47%	8.26%	7.92%	7.52%
Senior Management	25.41%	24.06%	22.71%	21.77%
Elected Officials	48.82%	48.70%	45.50%	42.47%
Deferred Retirement Option Program	14.60%	14.03%	13.26%	12.99%
Special Risk Regular	25.48%	24.50%	23.27%	22.57%
Special Risk Administrative Support	38.59%	34.98%	34.63%	28.06%

**NOTE 15 – PENSION PLAN – CONTINUED**

For the years ending September 30, 2018, 2017, 2016, the County contributed \$10,456,356, \$9,467,107, and \$8,820,596 respectively, equal to 100% of the required contributions for each year.

The Florida Legislature has the authority for establishing or amending retirement legislation and related bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the Governor and approved before they may be enacted into law.

Net pension liability, deferred outflows/inflows of resources and pension expense related to the County defined benefit pension plan - At September 30, 2019, the County reported a liability of \$124,284,916 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's long-term share of contributions to the FRS relative to the contributions of all participating governments. At June 30, 2019, the County's change in proportion was an increase from its proportion measured as of June 30, 2018.

The following table presents the information on the County's proportionate share of the FRS and HIS:

	FRS	HIS	County Total
Proportionate share of Net Pension			
Liability at June 30, 2019	\$ 101,144,655	\$ 23,169,078	\$ 124,313,733
County's proportion at June 30, 2019	0.00293695540	0.00207070154	
County's proportion at June 30, 2018	0.00290145586	0.00203838365	
Change in proportion during current year	<u>0.00003549954</u>	<u>0.00003231789</u>	

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$16,634,346.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS		County Total
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow (Deferred Inflow)
Differences between expected and actual experience	\$ 5,999,179	\$ 62,769	\$ 281,414	\$ 28,370	\$ 6,189,454
Changes in assumptions	25,978,292	-	2,682,760	1,893,652	\$ 26,767,400
Net difference between projected and actual earnings on pension plan investments	-	5,595,850	14,951	-	\$ (5,580,899)
Changes in proportion and differences between County contributions and proportionate share of contributions	3,294,161	1,182,678	1,204,380	378,836	\$ 2,937,027
County contributions subsequent to the measurement date	2,545,281	-	307,800	-	2,853,081
	<u>\$ 37,816,913</u>	<u>\$ 6,841,297</u>	<u>\$ 4,491,305</u>	<u>\$ 2,300,858</u>	<u>\$ 33,166,063</u>

**NOTE 15 – PENSION PLAN – CONTINUED**

\$2,853,081 reported as deferred outflows related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Reporting year Ending June 30,	FRS	HIS	County Total Deferred Outflow (Deferred Inflow)
2020	\$ 9,935,797	\$ 583,649	\$ 10,519,446
2021	3,270,383	493,699	3,764,082
2022	7,347,839	330,514	7,678,353
2023	5,638,986	(10,165)	5,628,821
2024	1,744,444	159,185	1,903,629
Thereafter	492,894	325,767	818,661
Totals	<u>\$ 28,430,343</u>	<u>\$ 1,882,649</u>	<u>\$ 30,312,992</u>

The total FRS pension liability in the June 30, 2019 actuarial valuation was determined based on the discount rate using the following actuarial assumptions, applied to all periods included in the measurement. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method, which differs from the Ultimate Entry Age Normal cost allocation method used in the funding valuation for the system.

FRS actuarial methods and assumptions are:

Actuarial cost allocation method	Individual Entry Age Cost
Amortization method	Level Percentage of Pay, Closed
Equivalent single amortization period	30 years
Asset valuation method	Fair market value
Actuarial Assumptions:	
Discount rate	6.90%
Long Term expected rate of return, net of investment expense, including inflation	6.90%
Municipal bond rate	N/A
Inflation	2.60%
Salary increases including inflation	3.25%

Mortality rates were based on PUB-2010 base table with projections scale

HIS actuarial methods and assumptions are:

Actuarial Assumptions:	
Discount rate	3.50%
Long Term expected rate of return, net of investment expense, including inflation	N/A
Municipal bond rate	3.50%
Inflation	2.60%
Salary increases including inflation	3.25%

Mortality rates were based on Generational RP-2000 with projections scale

**NOTE 15 – PENSION PLAN – CONTINUED**

The Actuarial assumptions that determined the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period of July 1, 2013 – June 30, 2018.

The discount rate used for calculating the total FRS pension liability was 6.90%, The FRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for the FRS Pension Plan were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB tables.

The long term expected rate of return on Pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of returns for each major asset class are summarized in the following table:

Asset Class	Target Allocation <sup>(1)</sup>	Annual Arithmetic Return	Compound Annual (Geometric)	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate (property)	10.0%	6.7%	6.1%	11.7%
Private equity	11.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
	100.0%			
Assumed Inflation - Mean			2.6%	1.7%

<sup>(1)</sup> As outlined in the Plan's investment policy

Sensitivity of the County's proportionate share of the pension liability to changes in the discount rate is calculated using discount rate for the respective plans, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

FRS Net Pension Liability			HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.90%	6.90%	7.90%	2.50%	3.50%	4.50%
\$174,845,427	\$101,144,655	\$39,592,044	\$26,448,690	\$23,169,078	\$20,437,532

Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS financial report.

**NOTE 16 - POSTEMPLOYMENT BENEFITS****Board of County Commissioners**Plan Description

In addition to providing the pension benefits described, the Board of County Commissioners and all other elected officials except for the Sheriff and Tax Collector (the 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. In order for OPEB obligations to be considered funded, an irrevocable trust fund must be used. The County has elected not to “fund” the total OPEB obligation, but instead chose to appropriate and set aside amounts annually in the Board’s Self Insurance Fund so that the total OPEB liability is completely offset by cash and investments over time. 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.

Plan Membership

Inactive plan members or beneficiaries currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	962
	<u>1026</u>

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.

**NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED****Board of County Commissioners - Continued**Contributions

The County contracted Insurance Broker negotiates the premium rates with BCBSFL. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs. 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.

Total OPEB Liability

The total OPEB liability was actuarially determined based on several actuarial assumptions, using the actuarial measurement date of September 30, 2017. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the September 30, 2017 OPEB Plan valuation were based on the results of an actuarial study for the period from October 1, 2016 through September 30, 2017. The actuarial valuation of the liabilities was determined as of September 30, 2017 and "rolled-forward" to the September 30, 2018 measurement date.

Actuarial Assumptions

The following assumptions were used in determining the total OPEB liability:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount rate	The discount rate was changed from 3.5% as of the previous measurement date to 3.83% as of September 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability.
Salary increases	Salary increase rates developed in the 5-year experience study dated January 15, 2019 and covering the period 2012 through 2017; 3.0% - 8.5%, including inflation.
Retirement age	Retirement rates developed in the 5-year experience study dated January 15, 2019 and covering the period 2012 through 2017; varies by age.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013 and include generational projections.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 0% on 10/1/2018 (to reflect actual premiums) followed by 6.75% on 10/1/2019 and gradually decreasing to an ultimate trend rate of 4.24% plus 0.70% increase for excise tax.
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Administrative expenses are included in the per capital health costs.

Change in Net OPEB Liability

	Increase (Decrease)		
	Net OPEB	Plan	Net OPEB
	Liability	Fiduciary	Liability
	(a)	Net Position	(a) - (b)
	(b)		
Balances at September 30, 2018	\$ 4,823,417	\$ -	\$ 4,823,417
Changes for the year:			
Service cost	301,261	- \$	301,261
Interest	175,371	- \$	175,371
Changes of assumptions	(190,963)	- \$	(190,963)
Contributions	(228,144)	228,144 \$	(456,288)
Benefit payments	-	(228,144)	228,144
Net changes	57,525	-	57,525
Balances at September 30, 2019	\$ 4,880,942	\$ -	\$ 4,880,942

**NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED****Board of County Commissioners - Continued***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

	1% Decrease 2.83%	Current Discount Rate 3.83%	1% Increase 4.83%
Net OPEB Liability	\$5,495,218	\$4,880,942	\$4,365,530

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates:*

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$4,388,793	\$4,880,942	\$5,482,217

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
For the year ended September 30, 2019, the Board recognized OPEB expense of \$431,005. On September 30 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 349,269
Contributions subsequent to the measurement date	212,688	-
	<u>\$ 212,688</u>	<u>\$ 349,269</u>

Deferred outflows of resources related to OPEB of \$212,688 resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2020	\$ (45,627)
2021	(45,627)
2022	(45,627)
2023	(45,627)
2024	(45,627)
Thereafter	(121,134)
Total	<u>\$ (349,269)</u>

**NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED****Sheriff**Plan Description

The Okaloosa County Sheriff's Office (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).

Plan Membership

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	360
	385

Contributions and 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.

Total OPEB Liability

The total OPEB liability was actuarially determined based on several actuarial assumptions, using the actuarial measurement date of September 30, 2018. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the September 30, 2017 OPEB Plan valuation were based on the results of an actuarial study for the period from October 1, 2016 through September 30, 2017. The actuarial valuation of the liabilities was determined as of September 30, 2017 and "rolled-forward" to the September 30, 2018 measurement date.

**NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED****Sheriff - Continued***Actuarial Assumptions*

The following assumptions were used in determining the total OPEB liability:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount rate	3.5%, which equals the tax-exempt municipal bond rate on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date. For purposes of this valuation, the municipal bond rate is based on the daily rate closest to but not later than the measurement date of the Fidelity's "20-Year Municipal GO AA Index").
Salary increases	Salary increase rates used in the July 1, 2016 actuarial valuation of the Florida Retirement Systems; 3.7% - 7.8%, including inflation.
Retirement age	Retirement rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a state wide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Trend rates for 2018 of 7.0% for per capita costs and 5.0% for premiums (based on actual premium rates effective October 1, 2018), and thereafter trend based on the Getzen Model, with a trend rate of 6.75% for 2019, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.15% increase for excise tax.
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Administrative expenses are include in the per capital health costs.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2018	\$ 5,402,832	\$ -	\$ 5,402,832
Changes for the year:			
Service cost	289,638	-	289,638
Interest	195,267	-	195,267
Changes of assumptions	(204,160)	-	(204,160)
Contributions	-	226,832	226,832
Benefit payments	(226,832)	(226,832)	(453,664)
Net changes	\$ 53,913	\$ -	\$ 53,913
Balances at September 30, 2019	\$ 5,456,745	\$ -	\$ 5,456,745

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

	1% Decrease	Current Discount Rate	1% Increase
	2.83%	3.83%	4.83%
Net OPEB Liability	\$ 6,112,819	\$ 5,456,745	\$ 4,901,773

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates*

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% -7.50%	4.00% -8.50%	5.00% -9.50%
Net OPEB Liability	\$4,655,699	\$5,456,745	\$6,471,868

**NOTE 16 - POSTEMPLOYMENT BENEFITS - CONTINUED****Sheriff - Continued**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the OCSO recognized OPEB expense of \$448,865. On September 30 2019, the OCSO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ -	\$ 401,705
Contributions subsequent to the measurement date	222,307	-
	<u>\$ 222,307</u>	<u>\$ 401,705</u>

Deferred outflows of resources related to OPEB of \$222,307 resulting from the OCSO's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2020	\$ (36,040)
2021	(36,040)
2022	(36,040)
2023	(36,040)
2024	(36,040)
Thereafter	(221,505)
	<u>\$ (401,705)</u>

**NOTE 17 - RISK MANAGEMENT**

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

**A. Method of Risk Management***Public Liability*

Florida Statutes 768.28(5) limits the maximum County liability for claims and judgments by any one person and any one incident to \$200,000 and \$300,000, respectively. The County self-insures public liability claims for automobile, general and professional liability. A third party administrator manages claims. Currently, the County retains the risk for the first \$50,000 for automobile liability, and \$100,000 for general and professional liability for each claim or incident. A third party administrator manages the claims.

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

*Property Insurance*

The County self-insures the risk of physical loss to its real property, business property and equipment. The County retains the risk of the first \$50,000 of physical damage to County property. In the case of a named storm, the self-insurance retention changes to a 5% deductible on each structure with a minimum deductible of \$100,000 on all damaged structures for a capped deductible of \$5,000,000 per storm. Effective October 2015, the County insures vehicles valued at \$25,000 and above and retains the risk for the first \$10,000 of physical damage.

*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 \$500,000 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 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 position 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 \$105,000 plus an additional corridor of \$275,500. 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.

**NOTE 17 - RISK MANAGEMENT - CONTINUED****A. Method of Risk Management - Continued***Employee Medical Benefits - Continued*

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, 2019, the amount of these liabilities was \$590,384. 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, 2019. 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.

<b>Reconciliation of Claims Liabilities for Medical Benefits</b>	<b>As of September 30, 2019</b>	<b>As of September 30, 2018</b>
Unpaid claims and adjustment expenses at beginning of year	\$ 285,884	\$ 688,739
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	6,509,806	6,166,936
B) Increases (decreases) in provision for insured events of prior fiscal years	-	-
Total incurred claims and claim adjustment expense	<u>6,795,690</u>	<u>6,855,675</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	6,205,306	6,569,791
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	-	-
Total payments	<u>6,205,306</u>	<u>6,569,791</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 590,384</u>	<u>\$ 285,884</u>

*Special Risk Policies*

The Board 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 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, 2019. 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.

**NOTE 17 - RISK MANAGEMENT - CONTINUED****B. Claim Liabilities for Retained Risk - Continued**

Claims liabilities recognized in the Self Insurance Fund of the Board of County Commissioners at September 30, 2019 were as follows:

	Current	Long-term	Total
Workers' compensation	\$ 931,121	\$ 3,116,128	\$ 4,047,249
General liability	95,814	223,707	\$ 319,521
Automobile liability	25,672	38,509	\$ 64,181
Property	6,012	1,625	\$ 7,637
Total claims liability recognized	<u>\$ 1,058,619</u>	<u>\$ 3,379,969</u>	<u>\$ 4,438,588</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.

## NOTE 17 - RISK MANAGEMENT - CONTINUED

## D. Reconciliation of Claims Liabilities

	As of September 30, 2019					As of September 30, 2018				
	Workers' Compensation	General Liability	Automobile	Property	Total	Workers' Compensation	General Liability	Automobile	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 4,811,614	\$ 328,618	\$ 62,864	\$ 7,056	\$ 5,210,152	\$ 4,967,292	\$ 190,219	\$ 58,470	\$ -	\$ 5,215,981
Incurring claims and claim adjustment expenses										
A) Provision for insured events of current fiscal year	1,125,888	137,818	9,102	36,161	1,308,969	1,529,182	138,840	37,139	-	1,705,161
B) Increases (decreases) in provision for insured events of prior fiscal years	(965,482)	959,158	1,317	(4,196)	(9,203)	(2,839)	38,306	17,261	120,131	172,859
Total incurred claims and claim adjustment expenses	160,406	1,096,976	10,419	31,965	1,299,766	1,526,343	177,146	54,400	120,131	1,878,020
Payments										
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	(228,003)	(14,749)	(9,102)	(31,384)	(283,238)	(563,223)	(10,036)	(9,102)	(31,384)	(613,745)
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	(696,768)	(1,091,324)	-	-	(1,788,092)	(1,118,798)	(28,711)	(40,904)	(81,691)	(1,270,104)
Total payments	(924,771)	(1,106,073)	(9,102)	(31,384)	(2,071,330)	(1,682,021)	(38,747)	(50,006)	(113,075)	(1,883,849)
Unpaid claims and claim adjustment expenses at end of year	\$ 4,047,249	\$ 319,521	\$ 64,181	\$ 7,637	\$ 4,438,588	\$ 4,811,614	\$ 328,618	\$ 62,864	\$ 7,056	\$ 5,210,152

**NOTE 18 - COMMITMENTS AND CONTINGENCIES****Wastewater Service Interlocal Agreement with Fort Walton Beach**

In 2009, the Board adopted the Wastewater Service Interlocal Agreement (Agreement) with the City of Fort Walton Beach (City). 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 is to be billed monthly at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow. Additionally, the City pays 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 increases by 3% annually. Service to the City began March 2010. Fees of \$2,700,142 paid by the City during 2019 are reflected as Charges for Services in the Water and Sewer fund. The minimum commitment to the County under the Agreement is as follows:

Fiscal Year Ending September 30,	Payment
2020	\$ 59,594
2021	61,382
2022	63,223
2023	65,120
2024	67,074
2025-2029	366,790
2030-2035	437,973
2036-2039	400,093
Total	<u>\$ 1,521,249</u>

**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 County 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.

**Inmate Health Services Agreement**

The County has in place an Inmate Health Service Agreement for which a contractor has assumed the responsibilities of the provision for certain health care services to be delivered to individuals in the custody and control of the County. The annual compensation is based on an average daily population of the inmates served; however there is an annual limited exposure of \$2,801,172 in the contract. Health service expenses above these amounts are the responsibility of the County. During the year ended September 30, 2019 the County incurred additional expenses of \$642,242 as actual costs exceeded the annual exposure amount.

**NOTE 19 – RELATED ORGANIZATION****Library Cooperative**

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

The current agreement was entered into January 2019 and shall end or be renewed December 2019. The Okaloosa County Board of County Commissioners' contribution to the library cooperative for the year ended September 30, 2019 was \$704,691. In addition, approximately \$95,638 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, 2019. The future commitment to the library cooperative in 2020 is \$738,316.

**NOTE 20 – SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the novel strain of the coronavirus ("COVID-19") a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and services across a range of industries, including but not limited to tourism and travel. The extent of the impact of COVID-19 on the Sheriff's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees, vendors and economical mitigation measures to be taken by federal and state government, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the County's financial condition or results of operations is uncertain and cannot be estimated.



**Required  
Supplementary  
Information**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS****Board of County Commissioners, Clerk of Courts, Supervisor  
of Elections, and Property Appraiser's Plan****Last 10 years (1)**

Reporting Year Ended September 30, <sup>(2)</sup>	2019	2018
Total OPEB Liability		
Service cost	\$ 301,261	\$ 315,544
Interest	175,371	155,871
Changes of benefits terms	-	-
Difference between expected and actual experience	-	-
Changes in assumptions and other inputs (3)	(190,963)	(228,803)
Benefit payments	(228,144)	(263,492)
Net change in total OPEB liability	57,525	(20,880)
Total OPEB liability – beginning	4,823,417	4,844,297
Total OPEB liability – ending	<u>\$ 4,880,942</u>	<u>\$ 4,823,417</u>
Covered Payroll	\$ 46,908,840	\$ 39,785,614
Total OPEB liability as a percentage of covered payroll	10.41%	12.12%

<sup>(1)</sup> This schedule is intended to show information for ten years. Additional years will be displayed as data becomes available.

<sup>(2)</sup> The actuarial valuation of the liabilities was determined as of September 30, 2017 and "rolled-forward" to the September 30, 2018 measurement date.

<sup>(3)</sup> Changes in assumptions and other inputs include the change in the discount rate from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2019. This change is reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS****Sheriff's Plan  
Last 10 years (1)**

Reporting Year Ended September 30, <sup>(2)</sup>	2019	2018
Total OPEB Liability		
Service cost	\$ 289,638	\$ 299,973
Interest	195,267	173,653
Changes of benefits terms	-	-
Difference between expected and actual experience	-	-
Changes in assumptions and other inputs (3)	(204,160)	(253,549)
Benefit payments	(226,832)	(237,985)
Net change in total OPEB liability	53,913	(17,908)
Total OPEB liability – beginning	5,402,832	5,420,740
Total OPEB liability – ending	<u>\$ 5,456,745</u>	<u>\$ 5,402,832</u>
Covered Payroll	\$ 21,725,682	\$ 15,887,651
Total OPEB liability as a percentage of covered payroll	25.12%	34.01%

<sup>(1)</sup> This schedule is intended to show information for ten years. Additional years will be displayed as data becomes available.

<sup>(2)</sup> The actuarial valuation of the liabilities was determined as of September 30, 2017 and "rolled-forward" to the September 30, 2018 measurement date.

<sup>(3)</sup> Changes in assumptions and other inputs include the change in the discount rate from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2019. This change is reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

## SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Last 10 Fiscal Years\*

	2019	2018	Florida Retirement System		2015	2014
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.293695540%	0.290145586%	0.283869579%	0.283557756%	0.269702499%	0.265150180%
County's proportionate share of the net pension liability (asset)	\$ 101,144,655	\$ 87,393,354	\$ 83,995,538	\$ 71,598,556	\$ 34,835,695	\$ 16,322,350
County's covered payroll	\$ 88,574,717	\$ 82,752,416	\$ 76,059,862	\$ 75,588,485	\$ 73,573,015	\$ 70,721,165
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	114.19%	105.61%	110.43%	94.72%	47.35%	23.08%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
			Health Insurance Subsidy		2015	2014
	2019	2018	2017	2016		
County's proportion of the net pension liability (asset)	0.207070154%	0.203838365%	0.198655761%	0.197456901%	0.196252961%	0.195263644%
County's proportionate share of the net pension liability (asset)	\$ 23,169,078	\$ 21,574,482	\$ 21,241,191	\$ 23,012,784	\$ 20,014,715	\$ 18,257,627
County's covered payroll	\$ 88,574,717	\$ 82,752,416	\$ 76,059,862	\$ 75,588,485	\$ 73,573,015	\$ 70,721,165
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	26.16%	26.07%	27.93%	30.44%	27.20%	25.82%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

\*The amounts presented for each fiscal year were determined as of 6/30.

NOTE: This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

### SCHEDULE OF CONTRIBUTIONS

#### Last 10 Fiscal Years\*

	Florida Retirement System				
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,106,681	\$ 8,268,916	\$ 7,389,824	\$ 6,915,008	\$ 6,575,576
Contributions in relation to the contractually required contribution					\$ 5,859,714
Contribution deficiency (excess)	\$ (9,106,681)	\$ (8,268,916)	\$ (7,389,824)	\$ (6,915,008)	\$ (6,575,576)
	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 88,574,717	\$ 82,752,416	\$ 76,059,862	\$ 75,588,485	\$ 73,573,015
Contributions as a percentage of covered payroll	10.28%	9.99%	9.72%	9.15%	8.94%
					8.29%
	Health Insurance Subsidy				
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,149,840	\$ 1,105,421	\$ 1,051,344	\$ 1,012,092	\$ 750,201
Contributions in relation to the contractually required contribution					\$ 668,908
Contribution deficiency (excess)	\$ (1,149,840)	\$ (1,105,421)	\$ (1,051,344)	\$ (1,012,092)	\$ (750,201)
	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 88,574,717	\$ 82,752,416	\$ 76,059,862	\$ 75,588,485	\$ 73,573,015
Contributions as a percentage of covered payroll	1.30%	1.34%	1.38%	1.34%	1.02%
					0.95%

\*The amounts presented for each fiscal year were determined as of 9/30.

NOTE: This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

## Okaloosa County, Florida

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The following changes in actuarial assumptions occurred in 2019:

**FRS:** There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, and payroll growth, including inflation, remained at 3.25%. The long-term expected rate of return decreased from 7.0% to 6.9%, and the active member mortality assumption was updated.

**HIS:** The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%



**Combining  
and Individual  
Fund Statements  
and Schedules**

## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

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

#### **Board of County Commissioners**

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

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

##### **Natural Disaster Fund**

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

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

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

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

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

##### **Radio Communications Fund**

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

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

This fund is used to account for the revenues received as a result of criminal or forfeiture proceedings and used for school resource officer crime prevention safe neighborhood drug abuse education and prevention 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 Municipal Services Taxing Unit 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 in legal aid law library and teen court operations.

**Board of County Commissioners (Continued)****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.

**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 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 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 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 confiscated merchandise and funds and is expended for Law Enforcement Purposes. Funds cannot be used for normal operating expenses.

**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 Sales Tax Revenue Bonds Series 2011, 2014, 2016, 2019 and Tourist Development note.

## CAPITAL PROJECTS FUNDS

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

### **Board of County Commissioners**

#### **Capital Outlay 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.

#### **Infrastructure Surtax Fund**

This fund is used to account for funds received from the imposition of the one-half cent surtax for the purpose of financing, planning, reconstructing, renovating, and improving Okaloosa County's infrastructure related to efficient transportation infrastructure, management of stormwater, provision of law enforcement, public safety and correctional services as authorized by 212.055(2), F.S. and Okaloosa County Ordinance No. 17-24 as amended by 18-09.

# **COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2019**

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Trust Fund	E-911 Operations Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 328,017	\$ 2,813	\$ 17,727	\$ 145,658
Investments	1,988,978	484	1,878,018	1,336,656
Accounts Receivable	1,034	-	31,588	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	800,728	1,224,656	-	17,741
Inventory	283,234	-	-	-
Prepays	8,521	-	-	3,621
<b>Total Assets</b>	<b>\$ 3,410,512</b>	<b>\$ 1,227,953</b>	<b>\$ 1,927,333</b>	<b>\$ 1,503,676</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 107,910	\$ 1,032	\$ 41,706	\$ -
Contracts Payable	42,491	-	8,979	198
Other Accrued Liabilities	143,587	-	-	-
Due to Other Funds	-	35,000	-	-
Due to Other Elected Officials	2,219	-	-	-
Due to Other Governments	-	-	-	-
Due to Depositors	64,776	-	-	-
Unearned Revenue	-	48,110	1,016,562	-
<b>Total Liabilities</b>	<b>360,983</b>	<b>84,142</b>	<b>1,067,247</b>	<b>198</b>
<b>Fund Balances</b>				
Nonspendable	291,755	-	-	3,621
Restricted	-	1,143,811	860,086	1,499,857
Committed	-	-	-	-
Assigned	2,757,774	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>3,049,529</b>	<b>1,143,811</b>	<b>860,086</b>	<b>1,503,478</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,410,512</b>	<b>\$ 1,227,953</b>	<b>\$ 1,927,333</b>	<b>\$ 1,503,676</b>

Radio Communications Special Revenue Fund	Law Enforcement Trust Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Services Benefit Unit Special Revenue Fund
\$ 83,969	\$ 83,559	\$ 46,736	\$ 15,829	\$ 63,391
95,479	120,833	34,148	37,579	567,640
-	-	-	-	-
8,034	-	2,335	-	94
-	-	-	-	5,360
-	-	-	-	-
-	-	-	-	744
<u>\$ 187,482</u>	<u>\$ 204,392</u>	<u>\$ 83,219</u>	<u>\$ 53,408</u>	<u>\$ 637,229</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,203
342	-	-	50,139	-
-	-	-	-	-
-	-	-	-	73,850
-	-	-	-	-
-	-	-	-	-
-	-	-	-	100
-	-	-	-	-
<u>342</u>	<u>-</u>	<u>-</u>	<u>50,139</u>	<u>88,153</u>
-	-	-	-	744
187,140	204,392	83,219	-	-
-	-	-	-	548,332
-	-	-	3,269	-
-	-	-	-	-
<u>187,140</u>	<u>204,392</u>	<u>83,219</u>	<u>3,269</u>	<u>549,076</u>
<u>\$ 187,482</u>	<u>\$ 204,392</u>	<u>\$ 83,219</u>	<u>\$ 53,408</u>	<u>\$ 637,229</u>

Continued...

# **COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2019**

	Unincorporated Municipal Services Taxing Unit Fund	Prisoner Benefit Special Revenue Fund	Additional Court Cost Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,284	\$ 4,267	\$ 626	\$ 48,396
Investments	2,864,508	1,107,944	396,713	49,932
Accounts Receivable	1,100	-	-	-
Due from Other Elected Officials	645	-	110,250	1,275
Due from Other Governments	3	-	4,166	-
Inventory	513	-	-	-
Prepays	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,874,053</b>	<b>\$ 1,112,211</b>	<b>\$ 511,755</b>	<b>\$ 99,603</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 19,794	\$ 3,311	\$ 5,000	\$ 195
Contracts Payable	37	33,532	23,221	-
Other Accrued Liabilities	15,535	6,774	7,309	-
Due to Other Funds	-	-	20,000	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	37	-	39,534	-
Due to Depositors	-	33,828	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>35,403</b>	<b>77,445</b>	<b>95,064</b>	<b>195</b>
<b>Fund Balances</b>				
Nonspendable	513	-	-	-
Restricted	2,838,137	1,034,766	416,691	99,408
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>2,838,650</b>	<b>1,034,766</b>	<b>416,691</b>	<b>99,408</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,874,053</b>	<b>\$ 1,112,211</b>	<b>\$ 511,755</b>	<b>\$ 99,603</b>

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Range Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ 77	\$ 63,722	\$ -	\$ 426,899	\$ 15,106	\$ 114,348
3,272	151,035	-	-	-	-
-	-	-	-	-	-
2,206	6,243	-	-	-	-
-	-	-	82,114	-	-
-	-	-	-	-	-
-	-	-	5,678	-	-
<u>\$ 5,555</u>	<u>\$ 221,000</u>	<u>\$ -</u>	<u>\$ 514,691</u>	<u>\$ 15,106</u>	<u>\$ 114,348</u>
\$ -	\$ -	\$ -	\$ 3,057	\$ -	\$ 2,836
-	-	-	-	-	-
-	-	-	64,288	-	8,416
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	447,346	877	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	514,691	877	11,252
-	-	-	5,678	-	-
5,555	221,000	-	-	14,229	103,096
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(5,678)	-	-
<u>5,555</u>	<u>221,000</u>	<u>-</u>	<u>-</u>	<u>14,229</u>	<u>103,096</u>
<u>\$ 5,555</u>	<u>\$ 221,000</u>	<u>\$ -</u>	<u>\$ 514,691</u>	<u>\$ 15,106</u>	<u>\$ 114,348</u>

Continued...

# **COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2019**

	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Okaloosa Debt Service Fund	Capital Outlay Construction Trust Capital Projects Fund	Infrastructure Surtax Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 199,697	\$ -	\$ 27,864	\$ 20,989	\$ 1,874,774	\$ 3,591,748
Investments	-	-	132,479	1,304,578	6,927,200	18,997,476
Accounts Receivable	-	-	-	-	-	33,722
Due from Other Elected Officials	-	-	-	135,760	-	266,842
Due from Other Governments	-	-	441,799	-	1,407,029	3,983,596
Inventory	-	-	-	-	-	283,747
Prepays	-	-	-	-	-	18,564
<b>Total Assets</b>	<b>\$ 199,697</b>	<b>\$ -</b>	<b>\$ 602,142</b>	<b>\$ 1,461,327</b>	<b>\$ 10,209,003</b>	<b>\$ 27,175,695</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ 335	\$ 332,857	\$ 286	\$ 532,522
Contracts Payable	-	-	38,354	10,000	952,295	1,159,588
Other Accrued Liabilities	-	-	-	-	2,750	248,659
Due to Other Funds	-	-	-	-	-	128,850
Due to Other Elected Officials	-	-	-	-	59,803	62,022
Due to Other Governments	-	-	-	-	-	487,794
Due to Depositors	-	-	-	-	-	98,704
Unearned Revenue	199,697	-	-	-	-	1,264,369
<b>Total Liabilities</b>	<b>199,697</b>	<b>-</b>	<b>38,689</b>	<b>342,857</b>	<b>1,015,134</b>	<b>3,982,508</b>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	302,311
Restricted	-	-	563,453	1,118,470	9,193,869	19,587,179
Committed	-	-	-	-	-	548,332
Assigned	-	-	-	-	-	2,761,043
Unassigned	-	-	-	-	-	(5,678)
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>563,453</b>	<b>1,118,470</b>	<b>9,193,869</b>	<b>23,193,187</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 199,697</b>	<b>\$ -</b>	<b>\$ 602,142</b>	<b>\$ 1,461,327</b>	<b>\$ 10,209,003</b>	<b>\$ 27,175,695</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended September 30, 2019**

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Trust Fund	E-911 Operations Special Revenue Fund
<b>Revenues</b>				
Taxes	\$ 4,945,724	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	2,021,856	719,059	246,505	1,027,252
Charges for Services	448,005	-	-	2,984
Fines	-	-	-	-
Miscellaneous	82,511	(424)	676,666	36,942
<b>Total Revenues</b>	<b>7,498,096</b>	<b>718,635</b>	<b>923,171</b>	<b>1,067,178</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	-	149,539	-
Public Safety	-	-	-	470,000
Physical Environment	1,126,875	67,564	-	-
Transportation	7,907,585	-	-	-
Economic Environment	-	456,857	236,521	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Capital Outlay	829,031	-	-	86,250
<b>Debt Service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>9,863,491</b>	<b>524,421</b>	<b>386,060</b>	<b>556,250</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,365,395)</b>	<b>194,214</b>	<b>537,111</b>	<b>510,928</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,584,075	300,000	-	-
Transfers Out	(4,500)	-	-	(131,586)
Transfers Among Constitutional Officers	-	(353,384)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,579,575</b>	<b>(53,384)</b>	<b>-</b>	<b>(131,586)</b>
<b>Net Change in Fund Balances</b>	<b>214,180</b>	<b>140,830</b>	<b>537,111</b>	<b>379,342</b>
<b>Fund Balances - Beginning</b>	<b>2,835,349</b>	<b>1,002,981</b>	<b>322,975</b>	<b>1,124,136</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,049,529</b>	<b>\$ 1,143,811</b>	<b>\$ 860,086</b>	<b>\$ 1,503,478</b>

Radio Communications Special Revenue Fund	Law Enforcement Trust Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Services Benefit Unit Special Revenue Fund
\$ -	\$ -	\$ -	\$ 594,378	\$ -
-	-	-	-	535,244
-	-	-	-	4,224
-	-	22,860	-	-
71,258	118,470	-	-	-
3,938	4,491	1,985	5,051	18,099
<u>75,196</u>	<u>122,961</u>	<u>24,845</u>	<u>599,429</u>	<u>557,567</u>
-	-	-	-	-
10,162	-	5,592	-	5,633
-	-	-	-	-
-	-	-	-	488,893
-	-	-	-	-
-	-	-	601,779	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,162</u>	<u>-</u>	<u>5,592</u>	<u>601,779</u>	<u>494,526</u>
65,034	122,961	19,253	(2,350)	63,041
-	-	-	4,000	-
-	-	-	-	-
-	(88,550)	-	-	94
-	(88,550)	-	4,000	94
65,034	34,411	19,253	1,650	63,135
122,106	169,981	63,966	1,619	485,941
<u>\$ 187,140</u>	<u>\$ 204,392</u>	<u>\$ 83,219</u>	<u>\$ 3,269</u>	<u>\$ 549,076</u>

Continued...

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended September 30, 2019**

	Unincorporated Municipal Services Taxing Unit Fund	Prisoner Benefit Special Revenue Fund	Additional Court Cost Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
<b>Revenues</b>				
Taxes	\$ 2,360,367	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	15,842	955,927	1,225,866	-
Fines	-	-	-	15,159
Miscellaneous	117,849	31,571	111,859	2,551
<b>Total Revenues</b>	<b>2,494,058</b>	<b>987,498</b>	<b>1,337,725</b>	<b>17,710</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	-	4,420	-
Public Safety	-	935,352	5,952	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	1,142,180	-	-	-
Court-Related	-	-	1,045,777	3,869
Capital Outlay	277,112	4,514	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
<b>Total Expenditures</b>	<b>1,419,292</b>	<b>939,866</b>	<b>1,056,149</b>	<b>3,869</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,074,766</b>	<b>47,632</b>	<b>281,576</b>	<b>13,841</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	126,717	-
Transfers Out	(1,389,613)	-	(433,490)	-
Transfers Among Constitutional Officers	639	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,388,974)</b>	<b>-</b>	<b>(306,773)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(314,208)</b>	<b>47,632</b>	<b>(25,197)</b>	<b>13,841</b>
<b>Fund Balances - Beginning</b>	<b>3,152,858</b>	<b>987,134</b>	<b>441,888</b>	<b>85,567</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,838,650</b>	<b>\$ 1,034,766</b>	<b>\$ 416,691</b>	<b>\$ 99,408</b>

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Range Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	304,327	-	-
-	-	-	3,031,411	126,947	386,168
28,492	63,366	-	875,891	-	-
299	5,566	-	-	-	-
<u>28,791</u>	<u>68,932</u>	<u>-</u>	<u>4,211,629</u>	<u>126,947</u>	<u>386,168</u>
-	-	-	-	179,398	-
-	-	39,378	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,210,873	-	427,137
-	-	396,919	756	11,163	31,586
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>436,297</u>	<u>4,211,629</u>	<u>190,561</u>	<u>458,723</u>
<u>28,791</u>	<u>68,932</u>	<u>(436,297)</u>	<u>-</u>	<u>(63,614)</u>	<u>(72,555)</u>
-	-	-	-	-	-
(30,116)	-	-	-	-	-
-	(34,816)	436,297	-	-	-
<u>(30,116)</u>	<u>(34,816)</u>	<u>436,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,325)	34,116	-	-	(63,614)	(72,555)
6,880	186,884	-	-	77,843	175,651
<u>\$ 5,555</u>	<u>\$ 221,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,229</u>	<u>\$ 103,096</u>

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Okaloosa Debt Service Fund	Capital Outlay Construction Trust Capital Projects Fund	Infrastructure Surtax Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 283	\$ 11,633,311	\$ 19,534,063
Licenses and Permits	-	-	-	-	-	535,244
Intergovernmental	55,371	-	6,339,650	135,761	-	10,854,005
Charges for Services	-	-	-	-	-	6,216,010
Fines	-	-	-	-	-	1,172,636
Miscellaneous	-	-	387,381	122,870	54,896	1,664,101
<b>Total Revenues</b>	<b>55,371</b>	<b>-</b>	<b>6,727,031</b>	<b>258,914</b>	<b>11,688,207</b>	<b>39,976,059</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	-	-	190,750	-	-	524,107
Public Safety	143,921	34,816	-	-	-	1,650,806
Physical Environment	-	-	-	-	-	1,194,439
Transportation	-	-	-	-	44,532	8,441,010
Economic Environment	-	-	-	-	-	693,378
Human Services	-	-	-	-	-	601,779
Culture and Recreation	-	-	-	112,779	-	1,254,959
Court-Related	-	-	-	-	-	5,687,656
Capital Outlay	-	-	-	1,931,085	2,013,509	5,581,925
<b>Debt Service</b>						
Principal	-	-	2,552,000	-	-	2,552,000
Interest	-	-	3,562,239	-	-	3,562,239
Other Debt Service Costs	-	-	1,035	-	-	1,035
<b>Total Expenditures</b>	<b>143,921</b>	<b>34,816</b>	<b>6,306,024</b>	<b>2,043,864</b>	<b>2,058,041</b>	<b>31,745,333</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(88,550)</b>	<b>(34,816)</b>	<b>421,007</b>	<b>(1,784,950)</b>	<b>9,630,166</b>	<b>8,230,726</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	1,103,784	1,285,481	-	5,404,057
Transfers Out	-	-	(1,428,001)	(98,951)	-	(3,516,257)
Transfers Among Constitutional Officers	88,550	34,816	-	-	(436,297)	(352,651)
<b>Total Other Financing Sources (Uses)</b>	<b>88,550</b>	<b>34,816</b>	<b>(324,217)</b>	<b>1,186,530</b>	<b>(436,297)</b>	<b>1,535,149</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>96,790</b>	<b>(598,420)</b>	<b>9,193,869</b>	<b>9,765,875</b>
<b>Fund Balances (Deficit) - Beginning</b>	<b>-</b>	<b>-</b>	<b>466,663</b>	<b>1,716,890</b>	<b>-</b>	<b>13,427,312</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 563,453</b>	<b>\$ 1,118,470</b>	<b>\$ 9,193,869</b>	<b>\$ 23,193,187</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
ROAD AND BRIDGE CONSTRUCTION CAPITAL PROJECTS FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,975,202	\$ 1,975,202	\$ 2,004,369	\$ 29,167
Intergovernmental	2,050,000	16,550,554	4,254,458	(12,296,096)
Miscellaneous	125,000	399,860	340,253	(59,607)
Total Revenues	4,150,202	18,925,616	6,599,080	(12,326,536)
Expenditures				
Current				
Transportation	2,957,469	6,720,727	1,497,975	5,222,752
Capital Outlay	8,094,189	46,924,808	3,531,816	43,392,992
Other Debt Service Costs	-	-	184,842	(184,842)
Total Expenditures	11,051,658	53,645,535	5,214,633	48,430,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,901,456)	(34,719,919)	1,384,447	36,104,366
Other Financing Sources (Uses)				
Transfers In	750,000	750,000	750,000	-
Proceeds of Refunding Bonds	-	-	21,140,000	21,140,000
Payment to Refunded Bond Escrow	-	-	(21,140,000)	(21,140,000)
Bond Proceeds	-	25,000,000	17,160,000	(7,840,000)
Bond Premium	-	-	8,024,842	8,024,842
Total Other Financing Sources (Uses)	750,000	25,750,000	25,934,842	184,842
Net Change in Fund Balance	(6,151,456)	(8,969,919)	27,319,289	36,289,208
Fund Balance - Beginning	6,151,456	8,969,919	8,969,920	1
Fund Balance - Ending	\$ -	\$ -	\$ 36,289,209	\$ 36,289,209

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
COUNTY TRANSPORTATION TRUST SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,799,073	\$ 4,799,073	\$ 4,945,724	\$ 146,651
Intergovernmental	1,852,194	3,543,294	2,021,856	(1,521,438)
Charges for Services	580,232	605,942	448,005	(157,937)
Miscellaneous	30,000	78,737	82,511	3,774
Total Revenues	7,261,499	9,027,046	7,498,096	(1,528,950)
Expenditures				
Current				
Physical Environment	1,595,792	1,547,037	1,126,875	420,162
Transportation	9,219,979	9,746,081	7,907,585	1,838,496
Capital Outlay	1,663,300	3,089,898	829,031	2,260,867
Total Expenditures	12,479,071	14,383,016	9,863,491	4,519,525
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,217,572)	(5,355,970)	(2,365,395)	2,990,575
Other Financing Sources (Uses)				
Transfers In	2,584,075	2,584,075	2,584,075	-
Transfers Out	-	(62,472)	(4,500)	57,972
Total Other Financing Sources (Uses)	2,584,075	2,521,603	2,579,575	57,972
Net Change in Fund Balance	(2,633,497)	(2,834,367)	214,180	3,048,547
Fund Balance - Beginning	2,633,497	2,834,367	2,835,349	982
Fund Balance - Ending	\$ -	\$ -	\$ 3,049,529	\$ 3,049,529

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NATURAL DISASTER SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 917,429	\$ 719,059	\$ (198,370)
Miscellaneous	-	6,681	(425)	(7,106)
Total Revenues	-	924,110	718,634	(205,476)
Expenditures				
Current				
Physical Environment	-	-	67,564	(67,564)
Economic Environment	-	575,836	456,857	118,979
Total Expenditures	-	575,836	524,421	51,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	348,274	194,213	(154,061)
Other Financing Sources (Uses)				
Transfers In	-	-	300,000	300,000
Transfers Among Constitutional Officers	-	(353,385)	(353,384)	1
Total Other Financing Sources (Uses)	-	(353,385)	(53,384)	300,001
Net Change in Fund Balance	-	(5,111)	140,829	145,940
Fund Balance - Beginning	-	5,111	1,002,982	997,871
Fund Balance - Ending	\$ -	\$ -	\$ 1,143,811	\$ 1,143,811

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
LOCAL HOUSING ASSISTANCE TRUST FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 1,088,622	\$ 246,505	\$ (842,117)
Miscellaneous	4,000	704,674	676,666	(28,008)
Total Revenues	4,000	1,793,296	923,171	(870,125)
Expenditures				
Current				
General Government	-	671,914	149,539	522,375
Economic Environment	329,919	1,444,357	236,521	1,207,836
Total Expenditures	329,919	2,116,271	386,060	1,730,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,919)	(322,975)	537,111	860,086
Net Change in Fund Balance	(325,919)	(322,975)	537,111	860,086
Fund Balance - Beginning	325,919	322,975	322,975	-
Fund Balance - Ending	\$ -	\$ -	\$ 860,086	\$ 860,086

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
E-911 OPERATIONS SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 915,000	\$ 1,502,056	\$ 1,027,252	\$ (474,804)
Charges for Services	5,500	5,500	2,984	(2,516)
Miscellaneous	11,000	34,020	36,942	2,922
Total Revenues	931,500	1,541,576	1,067,178	(474,398)
Expenditures				
Current				
Public Safety	1,466,718	1,692,626	470,000	1,222,626
Capital Outlay	275,000	122,378	86,250	36,128
Total Expenditures	1,741,718	1,815,004	556,250	1,258,754
Excess (Deficiency) of Revenues Over (Under) Expenditures	(810,218)	(273,428)	510,928	784,356
Other Financing Sources (Uses)				
Transfers Out	-	(398,650)	(131,585)	267,065
Transfers Among Constitutional Officers	-	(452,058)	-	452,058
Total Other Financing Sources (Uses)	-	(850,708)	(131,585)	719,123
Net Change in Fund Balance	(810,218)	(1,124,136)	379,343	1,503,479
Fund Balance - Beginning	810,218	1,124,136	1,124,135	(1)
Fund Balance - Ending	\$ -	\$ -	\$ 1,503,478	\$ 1,503,478

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
RADIO COMMUNICATIONS SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 70,000	\$ 70,000	\$ 71,258	\$ 1,258
Miscellaneous	1,000	3,578	3,938	360
Total Revenues	71,000	73,578	75,196	1,618
Expenditures				
Current				
Public Safety	58,000	58,000	10,162	47,838
Capital Outlay	70,832	137,684	-	137,684
Total Expenditures	128,832	195,684	10,162	185,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,832)	(122,106)	65,034	187,140
Net Change in Fund Balance	(57,832)	(122,106)	65,034	187,140
Fund Balance - Beginning	57,832	122,106	122,106	-
Fund Balance - Ending	\$ -	\$ -	\$ 187,140	\$ 187,140

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRUST FUND SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ -	\$ 118,500	\$ 118,470	\$ (30)
Miscellaneous	2,000	4,087	4,491	404
Total Revenues	2,000	122,587	122,961	374
Expenditures				
Current				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	122,587	122,961	374
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(137,000)	(292,568)	(88,550)	204,018
Total Other Financing Sources (Uses)	(137,000)	(292,568)	(88,550)	204,018
Net Change in Fund Balance	(135,000)	(169,981)	34,411	204,392
Fund Balance - Beginning	135,000	169,981	169,981	-
Fund Balance - Ending	\$ -	\$ -	\$ 204,392	\$ 204,392

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
POLICE ACADEMY SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 20,000	\$ 20,524	\$ 22,860	\$ 2,336
Miscellaneous	400	1,805	1,985	180
Total Revenues	20,400	22,329	24,845	2,516
Expenditures				
Current				
Public Safety	22,794	36,122	5,592	30,530
Total Expenditures	22,794	36,122	5,592	30,530
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,394)	(13,793)	19,253	33,046
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(45,587)	(50,173)	-	50,173
Total Other Financing Sources (Uses)	(45,587)	(50,173)	-	50,173
Net Change in Fund Balance	(47,981)	(63,966)	19,253	83,219
Fund Balance - Beginning	47,981	63,966	63,966	-
Fund Balance - Ending	\$ -	\$ -	\$ 83,219	\$ 83,219

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
COUNTY PUBLIC HEALTH SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 595,661	\$ 595,661	\$ 594,378	\$ (1,283)
Miscellaneous	2,000	4,959	5,051	92
Total Revenues	597,661	600,620	599,429	(1,191)
Expenditures				
Current				
Human Services	601,661	604,620	601,779	2,841
Total Expenditures	601,661	604,620	601,779	2,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(4,000)	(2,350)	1,650
Other Financing Sources (Uses)				
Transfers In	4,000	4,000	4,000	-
Total Other Financing Sources (Uses)	4,000	4,000	4,000	-
Net Change in Fund Balance	-	-	1,650	1,650
Fund Balance - Beginning	-	-	1,619	1,619
Fund Balance - Ending	\$ -	\$ -	\$ 3,269	\$ 3,269

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MUNICIPAL SERVICES BENEFIT UNIT SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$ 487,647	\$ 487,647	\$ 535,244	\$ 47,597
Intergovernmental	-	187,416	4,224	(183,192)
Miscellaneous	945	945	18,098	17,153
Total Revenues	488,592	676,008	557,566	(118,442)
Expenditures				
Current				
General Government	-	22,000	-	22,000
Public Safety	-	-	5,633	(5,633)
Transportation	950,492	946,930	488,893	458,037
Capital Outlay	27,730	255,491	-	255,491
Total Expenditures	978,222	1,224,421	494,526	729,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(489,630)	(548,413)	63,040	611,453
Other Financing Sources (Uses)				
Transfers In	-	62,472	-	(62,472)
Transfers Among Constitutional Officers	-	-	94	94
Total Other Financing Sources (Uses)	-	62,472	94	(62,378)
Net Change in Fund Balance	(489,630)	(485,941)	63,134	549,075
Fund Balance - Beginning	489,630	485,941	485,942	1
Fund Balance - Ending	\$ -	\$ -	\$ 549,076	\$ 549,076

**UNINCORPORATED MUNICIPAL SERVICES TAXING UNIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 2,361,877	\$ 2,374,697	\$ 2,360,367	\$ (14,330)
Charges for Services	14,300	15,775	15,842	67
Miscellaneous	47,000	118,726	117,849	(877)
Total Revenues	<u>2,423,177</u>	<u>2,509,198</u>	<u>2,494,058</u>	<u>(15,140)</u>
Expenditures				
Current				
Culture and Recreation	1,255,734	1,254,759	1,142,180	112,579
Capital Outlay	1,310,214	1,311,189	277,112	1,034,077
Total Expenditures	<u>2,565,948</u>	<u>2,565,948</u>	<u>1,419,292</u>	<u>1,146,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(142,771)</u>	<u>(56,750)</u>	<u>1,074,766</u>	<u>1,131,516</u>
Other Financing Sources (Uses)				
Transfers Out	(1,389,613)	(1,389,613)	(1,389,613)	-
Transfers Among Constitutional Officers	-	-	639	639
Total Transfers Among Sources (Uses)	<u>(1,389,613)</u>	<u>(1,389,613)</u>	<u>(1,388,974)</u>	<u>639</u>
Net Change in Fund Balance	<u>(1,532,384)</u>	<u>(1,446,363)</u>	<u>(314,208)</u>	<u>1,132,155</u>
Fund Balance - Beginning	<u>1,532,384</u>	<u>1,446,363</u>	<u>3,152,858</u>	<u>1,706,495</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,838,650</u>	<u>\$ 2,838,650</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
PRISONER BENEFIT SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 645,000	\$ 876,302	\$ 955,927	\$ 79,625
Miscellaneous	14,300	29,367	31,570	2,203
Total Revenues	659,300	905,669	987,497	81,828
Expenditures				
Current				
Public Safety	1,527,051	1,886,803	935,352	951,451
Capital Outlay	6,000	6,000	4,514	1,486
Total Expenditures	1,533,051	1,892,803	939,866	952,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	(873,751)	(987,134)	47,631	1,034,765
Net Change in Fund Balance	(873,751)	(987,134)	47,631	1,034,765
Fund Balance - Beginning	873,751	987,134	987,135	1
Fund Balance - Ending	\$ -	\$ -	\$ 1,034,766	\$ 1,034,766

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
ADDITIONAL COURT COST SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,141,500	\$ 1,158,031	\$ 1,225,866	\$ 67,835
Miscellaneous	50,800	60,234	111,859	51,625
Total Revenues	1,192,300	1,218,265	1,337,725	119,460
Expenditures				
Current				
General Government	-	-	4,420	(4,420)
Public Safety	-	-	5,952	(5,952)
Court-Related	1,111,207	1,233,933	1,045,777	188,156
Capital Outlay	181,372	181,372	-	181,372
Total Expenditures	1,292,579	1,415,305	1,056,149	359,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,279)	(197,040)	281,576	478,616
Other Financing Sources (Uses)				
Transfers In	126,717	126,717	126,717	-
Transfers Out	(401,400)	(401,400)	(433,490)	(32,090)
Total Other Financing Sources (Uses)	(274,683)	(274,683)	(306,773)	(32,090)
Net Change in Fund Balance	(374,962)	(471,723)	(25,197)	446,526
Fund Balance - Beginning	374,962	471,723	441,888	(29,835)
Fund Balance - Ending	\$ -	\$ -	\$ 416,691	\$ 416,691

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DRUG ABUSE TRUST SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 15,000	\$ 15,000	\$ 15,159	\$ 159
Miscellaneous	600	2,371	2,551	180
Total Revenues	15,600	17,371	17,710	339
Expenditures				
Current				
Court-Related	84,729	102,938	3,869	99,069
Total Expenditures	84,729	102,938	3,869	99,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,129)	(85,567)	13,841	99,408
Net Change in Fund Balance	(69,129)	(85,567)	13,841	99,408
Fund Balance - Beginning	69,129	85,567	85,567	-
Fund Balance - Ending	\$ -	\$ -	\$ 99,408	\$ 99,408

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DOMESTIC VIOLENCE TRUST SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 30,000	\$ 30,000	\$ 28,492	\$ (1,508)
Miscellaneous	-	300	299	(1)
Total Revenues	30,000	30,300	28,791	(1,509)
Expenditures				
Current				
Court-Related	5,115	5,423	-	5,423
Total Expenditures	5,115	5,423	-	5,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,885	24,877	28,791	3,914
Other Financing Sources (Uses)				
Transfers Out	(30,000)	(31,757)	(30,116)	1,641
Total Other Financing Sources (Uses)	(30,000)	(31,757)	(30,116)	1,641
Net Change in Fund Balance	(5,115)	(6,880)	(1,325)	5,555
Fund Balance - Beginning	5,115	6,880	6,880	-
Fund Balance - Ending	\$ -	\$ -	\$ 5,555	\$ 5,555

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
TRAFFIC EDUCATION SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 65,000	\$ 65,000	\$ 63,366	\$ (1,634)
Miscellaneous	2,000	2,000	5,566	3,566
Total Revenues	67,000	67,000	68,932	1,932
Expenditures				
Current				
Court-Related	155,250	196,351	-	196,351
Total Expenditures	155,250	196,351	-	196,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,250)	(129,351)	68,932	198,283
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(51,750)	(57,533)	(34,816)	22,717
Total Other Financing Sources (Uses)	(51,750)	(57,533)	(34,816)	22,717
Net Change in Fund Balance	(140,000)	(186,884)	34,116	221,000
Fund Balance - Beginning	140,000	186,884	186,884	-
Fund Balance - Ending	\$ -	\$ -	\$ 221,000	\$ 221,000

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
COURTS SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 325,598	\$ 325,598	\$ 304,327	\$ (21,271)
Charges for Services	3,019,765	3,019,765	3,031,411	11,646
Fines	766,642	866,642	875,891	9,249
Total Revenues	4,112,005	4,212,005	4,211,629	(376)
Expenditures				
Current				
Court-Related	4,112,005	4,212,005	4,210,873	1,132
Capital Outlay	-	-	756	(756)
Total Expenditures	4,112,005	4,212,005	4,211,629	376
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC RECORDS MODERNIZATION TRUST SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 135,000	\$ 135,000	\$ 126,946	\$ (8,054)
Fines	500	500	-	(500)
Total Revenues	135,500	135,500	126,946	(8,554)
Expenditures				
Current				
General Government	73,500	183,500	179,398	4,102
Capital Outlay	10,000	10,000	11,163	(1,163)
Total Expenditures	83,500	193,500	190,561	2,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,000	(58,000)	(63,615)	(5,615)
Net Change in Fund Balance	52,000	(58,000)	(63,615)	(5,615)
Fund Balance - Beginning	-	-	77,844	77,844
Fund Balance - Ending	\$ 52,000	\$ (58,000)	\$ 14,229	\$ 72,229

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC RECORDS COURTS SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 423,172	\$ 423,172	\$ 386,169	\$ (37,003)
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	424,172	424,172	386,169	(38,003)
Expenditures				
Current				
Court-Related	412,712	462,712	427,137	35,575
Capital Outlay	25,000	25,000	31,586	(6,586)
Total Expenditures	437,712	487,712	458,723	28,989
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,540)	(63,540)	(72,554)	(9,014)
Net Change in Fund Balance	(13,540)	(63,540)	(72,554)	(9,014)
Fund Balance - Beginning	13,540	63,540	175,650	112,110
Fund Balance - Ending	\$ -	\$ -	\$ 103,096	\$ 103,096

**FEDERAL LAW ENFORCEMENT TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 55,371	\$ 55,371	\$ 55,371	\$ -
Total Revenues	55,371	55,371	55,371	-
Expenditures				
Current				
Public Safety	143,921	143,921	143,921	-
Total Expenditures	143,921	143,921	143,921	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,550)	(88,550)	(88,550)	-
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	88,550	88,550
Total Other Financing Sources (Uses)	-	-	88,550	88,550
Net Change in Fund Balance	(88,550)	(88,550)	-	88,550
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ (88,550)	\$ (88,550)	\$ -	\$ 88,550

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
TEEN DRIVER CHALLENGE FUND**

**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	36,608	36,608	34,816	1,792
Total Expenditures	36,608	36,608	34,816	1,792
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,608)	(36,608)	(34,816)	1,792
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	34,816	34,816
Total Other Financing Sources (Uses)	-	-	34,816	34,816
Net Change in Fund Balance	(36,608)	(36,608)	-	36,608
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ (36,608)</u>	<u>\$ (36,608)</u>	<u>\$ -</u>	<u>\$ 36,608</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
OKALOOSA DEBT SERVICE FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,527,470	\$ 5,527,470	\$ 6,339,650	\$ 812,180
Miscellaneous	450,000	450,000	387,381	(62,619)
Total Revenues	5,977,470	5,977,470	6,727,031	749,561
Expenditures				
Current				
General Government	190,750	190,750	190,750	-
Debt Service				
Principal	2,552,000	2,552,000	2,552,000	-
Interest	2,923,091	2,923,091	3,562,239	(639,148)
Other Debt Service Costs	325,021	421,984	1,035	420,949
Total Expenditures	5,990,862	6,087,825	6,306,024	(218,199)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,392)	(110,355)	421,007	531,362
Other Financing Sources (Uses)				
Transfers In	1,071,694	1,071,694	1,103,784	32,090
Transfers Out	(1,428,002)	(1,428,002)	(1,428,001)	1
Total Other Financing Sources (Uses)	(356,308)	(356,308)	(324,217)	32,091
Net Change in Fund Balance	(369,700)	(466,663)	96,790	563,453
Fund Balance - Beginning	369,700	466,663	466,663	-
Fund Balance - Ending	\$ -	\$ -	\$ 563,453	\$ 563,453

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL OUTLAY CONSTRUCTION TRUST CAPITAL PROJECTS FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ 282	\$ 283	\$ 1
Intergovernmental	120,000	120,000	135,761	15,761
Miscellaneous	-	120,260	122,869	2,609
Total Revenues	120,000	240,542	258,913	18,371
Expenditures				
Current				
Culture and Recreation	200,370	200,370	112,779	87,591
Capital Outlay	2,539,882	3,438,966	1,931,085	1,507,881
Total Expenditures	2,740,252	3,639,336	2,043,864	1,595,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,620,252)	(3,398,794)	(1,784,951)	1,613,843
Other Financing Sources (Uses)				
Transfers In	775,000	1,477,971	1,285,481	(192,490)
Transfers Out	(98,950)	(98,950)	(98,950)	-
Total Other Financing Sources (Uses)	676,050	1,379,021	1,186,531	(192,490)
Net Change in Fund Balance	(1,944,202)	(2,019,773)	(598,420)	1,421,353
Fund Balance - Beginning	1,944,202	2,019,773	1,716,890	(302,883)
Fund Balance - Ending	\$ -	\$ -	\$ 1,118,470	\$ 1,118,470

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
INFRASTRUCTURE SURTAX FUND  
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ 10,521,745	\$ 11,633,311	\$ 1,111,566
Miscellaneous	-	-	54,897	54,897
Total Revenues	-	10,521,745	11,688,208	1,166,463
Expenditures				
Current				
Transportation	-	-	44,532	(44,532)
Capital Outlay	-	8,526,094	2,013,509	6,512,585
Total Expenditures	-	8,526,094	2,058,041	6,468,053
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,995,651	9,630,167	7,634,516
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	(1,995,651)	(436,297)	1,559,354
Total Other Financing Sources (Uses)	-	(1,995,651)	(436,297)	1,559,354
Net Change in Fund Balance	-	-	9,193,870	9,193,870
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 9,193,870	\$ 9,193,870

## 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.

### **Tax Collector**

#### **Building Maintenance Fund**

This fund accounts for certain common area maintenance charges billed to all tenants who occupy space in the building in Niceville, Florida in which the Tax Collector is landlord. The common area maintenance fees accumulated for future repairs and maintenance to the building are accounted for in this fund.

**COMBINING STATEMENT ON NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	Business-type Activities		
	Inspection and Code Enforcement	Tax Collector Building Maintenance	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 160,568	\$ 184,482	\$ 345,050
Investments	2,255,458	-	2,255,458
Receivables, Net of Allowance for Uncollectible	73,620	-	73,620
Prepays	11,375	-	11,375
Total Current Assets	2,501,021	184,482	2,685,503
Capital Assets			
Intangible	42,425	-	42,425
Machinery and Equipment	382,953	-	382,953
Less Accumulated Depreciation/Amortization	(313,419)	-	(313,419)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	111,959	-	111,959
Total Noncurrent Assets	111,959	-	111,959
Total Assets	\$ 2,612,980	\$ 184,482	\$ 2,797,462
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 381,787	\$ -	\$ 381,787
Deferred Charges Related to OPEB	2,765	-	2,765
Total Deferred Outflows of Resources	\$ 384,552	\$ -	\$ 384,552
Total Assets and Deferred Outflows of Resources	\$ 2,997,532	\$ 184,482	\$ 3,182,014

Continued...

**COMBINING STATEMENT ON NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

		Business-type Activities		
		Inspection and Code Enforcement	Tax Collector Building Maintenance	Total Nonmajor Enterprise Funds
<b>LIABILITIES</b>				
Liabilities				
Current Liabilities				
Accounts Payable	\$	6,296	\$ -	\$ 6,296
Contracts Payable		3,792	-	3,792
Accrued Liabilities				
Compensated Absences		131,747	-	131,747
Other Accrued Liabilities		33,339	-	33,339
Due to Other Governments		18,229	-	18,229
Unearned Revenue		12,138	-	12,138
Total Current Liabilities		205,541	-	205,541
Noncurrent Liabilities				
Compensated Absences		100,788	-	100,788
Other Post Employment Benefits		63,453	-	63,453
Net Pension Liability		1,250,554	-	1,250,554
Total Noncurrent Liabilities		1,414,795	-	1,414,795
Total Liabilities	\$	1,620,336	\$ -	\$ 1,620,336
DEFERRED INFLOWS OF RESOURCES				
Deferred Charges Related to Pensions	\$	126,861	\$ -	\$ 126,861
Deferred Charges Related to OPEB		4,540	-	4,540
Total Deferred Inflows of Resources	\$	131,401	\$ -	\$ 131,401
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$	111,959	\$ -	\$ 111,959
Unrestricted (Deficit)		1,133,836	184,482	1,318,318
Total Net Position (Deficit)		1,245,795	184,482	1,430,277
Total Liabilities, Deferred Inflows, and Net Position (Deficit)	\$	2,997,532	\$ 184,482	\$ 3,182,014

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGE IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Business-type Activities		
	Inspection and Code Enforcement	Tax Collector Building Maintenance	Total Nonmajor Enterprise Funds
Operating Revenues			
Licenses and Permits	\$ 2,196,920	\$ -	\$ 2,196,920
Charges for Services	354,322	-	354,322
Miscellaneous	5,008	47,192	52,200
Total Operating Revenues	2,556,250	47,192	2,603,442
Operating Expenses			
Personal services	1,328,403	-	1,328,403
Contractual Services	344,756	-	344,756
Supplies	34,760	-	34,760
Other Operating Expenses	287,856	-	287,856
Depreciation/Amortization	36,647	-	36,647
Total Operating Expenses	2,032,422	-	2,032,422
Operating Income (Loss)	523,828	47,192	571,020
Nonoperating Revenues (Expenses)			
Investment Income	56,515	-	56,515
Total Nonoperating Revenues (Expenses)	56,515	-	56,515
Income (Loss) Before Contributions and Transfers	580,343	47,192	627,535
Change in Net Position	580,343	47,192	627,535
Total Net Position (Deficit) - Beginning	665,452	137,290	802,742
Total Net Position (Deficit) - Ending	\$ 1,245,795	\$ 184,482	\$ 1,430,277

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	Business-type Activities		
	Inspection and Code Enforcement	Tax Collector Building Maintenance	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 2,548,540	\$ 47,192	\$ 2,595,732
Payments to Suppliers	(660,336)	-	(660,336)
Payments to Employees	(1,115,341)	-	(1,115,341)
Net Cash Provided (Used) by Operating Activities	772,863	47,192	820,055
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(79,497)	-	(79,497)
Proceeds from Disposal of Capital Assets	54,356	-	54,356
Net cash provided (used) by capital and related financing activities	(25,141)	-	(25,141)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturities of Investments	99,923	-	99,923
Purchase of Investments	(875,000)	-	(875,000)
Interest Income	56,515	-	56,515
Net Cash Provided (Used) by Investing Activities	(718,562)	-	(718,562)
Net Increase (Decrease) in Cash and Cash Equivalents	29,160	47,192	76,352
Cash and Cash Equivalents - Beginning of Year	131,409	137,290	268,699
Cash and Cash Equivalents - End of Year	\$ 160,569	\$ 184,482	\$ 345,051

Continued...

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	Business-type Activities		
	Inspection and Code Enforcement	Tax Collector Building Maintenance	Total Nonmajor Enterprise Funds (Exhibit IV)
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	160,568	184,482	345,050
Total	<u>\$ 160,568</u>	<u>\$ 184,482</u>	<u>\$ 345,050</u>
Reconciliation of Operating Income (Loss) to Net			
Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 523,829	\$ 47,192	\$ 571,021
Adjustments to Reconcile Operating Income to Net			
Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	36,647	-	36,647
Decrease (Increase) in Assets			
Accounts Receivables	(9,055)	-	(9,055)
Prepaid Expenses	(11,375)	-	(11,375)
Deferred Outflows	43,375	-	43,375
Increase (Decrease) in Liabilities			
Accounts Payable	5,700	-	5,700
Service Contracts Payable	1,825	-	1,825
Due to Other Governments	4,251	-	4,251
Compensated Absences Payable	14,766	-	14,766
Other Accrued Liabilities	6,635	-	6,635
Unearned Revenue	1,344	-	1,344
Other Post Employment Benefits	748	-	748
Net Pension Liability	180,318	-	180,318
Deferred Inflows	(26,145)	-	(26,145)
Net Cash Provided (Used) by Operating Activities	<u>\$ 772,863</u>	<u>\$ 47,192</u>	<u>\$ 820,055</u>

## 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 the Board of County Commissioners 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.

### **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 the retirees of the Sheriff.

# **COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS**

**September 30, 2019**

	Governmental Activities				
	Self-Insurance	Garage Services	Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 54,029	\$ 2,948	\$ 1,282,334	\$ 1,273,888	\$ 2,613,199
Investments	2,507,192	-	-	-	2,507,192
Receivables, Net of Allowance for Uncollectible	47,326	56,648	-	989,112	1,093,086
Due from Other Funds	-	292,486	7,020	515,000	814,506
Due from Other Elected Officials	1,753	-	-	-	1,753
Due from Other Governments	-	100,550	-	-	100,550
Inventory	-	204,147	-	-	204,147
Prepays	349,972	8,815	-	-	358,787
Total Current Assets	2,960,272	665,594	1,289,354	2,778,000	7,693,220
Noncurrent Assets					
Capital Assets					
Land	-	316,861	-	-	316,861
Buildings	-	900,466	-	-	900,466
Machinery and Equipment	11,628	3,651,396	-	-	3,663,024
Infrastructure	-	257,345	-	-	257,345
Depreciation/Amortization	(10,434)	(4,486,945)	-	-	(4,497,379)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	1,194	639,123	-	-	640,317
Total Assets	\$ 2,961,466	\$ 1,304,717	\$ 1,289,354	\$ 2,778,000	\$ 8,333,537
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charges Related to Pensions	\$ 93,777	\$ 659,038	\$ -	\$ -	\$ 752,815
Deferred Charges Related to OPEB	619	3,946	-	222,307	226,872
Total Deferred Outflows of Resources	\$ 94,396	\$ 662,984	\$ -	\$ 222,307	\$ 979,687
Total Assets and Deferred Outflows of Resources	\$ 3,055,862	\$ 1,967,701	\$ 1,289,354	\$ 3,000,307	\$ 9,313,224

Continued...

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2019**

	Governmental Activities				
	Self-Insurance	Garage Services	Sheriff Compensated Absences	Sheriff Compensated Absences	Total Internal Service Funds
<b>LIABILITIES</b>					
Liabilities					
Current Liabilities					
Accounts Payable	\$ 12,622	\$ 93,834	\$ -	\$ 289,870	\$ 396,326
Contracts Payable	55,622	97,654	-	-	153,276
Compensated Absences	12,244	105,704	1,289,354	-	1,407,302
Claims and Judgments	1,058,619	-	-	590,384	1,649,003
Other Accrued Liabilities	9,191	36,780	-	-	45,971
Due to Other Funds	-	730,000	-	-	730,000
Deferred Revenue	15,377	-	-	-	15,377
Restricted Assets					
Total Current Liabilities Payable from					
Total Current Liabilities	1,163,675	1,063,972	1,289,354	880,254	4,397,255
Noncurrent Liabilities					
Compensated Absences	-	74,337	-	-	74,337
Claims and Judgments	3,379,969	-	-	-	3,379,969
Other Post Employment Benefits	14,211	90,547	-	5,456,745	5,561,503
Net Pension Liability	313,842	1,992,070	-	-	2,305,912
Total Noncurrent Liabilities	3,708,022	2,156,954	-	5,456,745	11,321,721
Total Liabilities	\$ 4,871,697	\$ 3,220,926	\$ 1,289,354	\$ 6,336,999	\$ 15,718,976
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Charges Related to Pensions	\$ 31,365	\$ 194,703	\$ -	\$ -	\$ 226,068
Deferred Charges Related to OPEB	1,017	6,479	-	401,705	409,201
Total Deferred Inflows of Resources	\$ 32,382	\$ 201,182	\$ -	\$ 401,705	\$ 635,269
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 1,194	\$ 639,123	\$ -	\$ -	\$ 640,317
Unrestricted (Deficit)	(1,849,411)	(2,093,530)	-	(3,738,397)	(7,681,338)
Total Net Position (Deficit)	(1,848,217)	(1,454,407)	-	(3,738,397)	(7,041,021)
Total Liabilities, Deferred Inflows, and Net Position (Deficit)	\$ 3,055,862	\$ 1,967,701	\$ 1,289,354	\$ 3,000,307	\$ 9,313,224

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Governmental Activities				
	Self-Insurance	Garage Services	Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds
Operating Revenues					
Charges for Services	\$ 14,391,802	\$ 4,870,473	\$ 7,020	\$ 7,006,114	\$ 26,275,409
Miscellaneous	67,537	1,631	-	-	69,168
Total Operating Revenues	14,459,339	4,872,104	7,020	7,006,114	26,344,577
Operating Expenses					
Personal Services	656,782	1,386,215	7,020	448,865	2,498,882
Contractual Services	55,482	-	-	432,502	487,984
Supplies	5,369	3,223,641	-	-	3,229,010
Insurance Premiums and Claims	12,058,003	50,248	-	5,849,226	17,957,477
Utilities	-	4,659	-	-	4,659
Other Operating Expenses	60,656	506,891	-	-	567,547
Depreciation/Amortization	873	82,205	-	-	83,078
Total Operating Expenses	12,837,165	5,253,859	7,020	6,730,593	24,828,637
Operating Income (Loss)	1,622,174	(381,755)	-	275,521	1,515,940
Nonoperating Revenues (Expenses)					
Investment Income (Loss)	63,340	(38,257)	-	19,997	45,080
Gain/Loss on Disposal of Capital Assets	-	86,976	-	-	86,976
Total Nonoperating Revenues (Expenses)	63,340	48,719	-	19,997	132,056
Income (Loss) Before Contributions and Transfers	1,685,514	(333,036)	-	295,518	1,647,996
Operating Transfers In	250,000	250,000	-	-	500,000
Change in Net Position	1,935,514	(83,036)	-	295,518	2,147,996
Total Net Position - Beginning	(3,783,731)	(1,371,371)	-	(4,033,915)	(9,189,017)
Total Net Position (Deficit)- Ending	\$ (1,848,217)	\$ (1,454,407)	\$ -	\$ (3,738,397)	\$ (7,041,021)

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	Governmental			Activities	
	Self-Insurance	Garage Services	Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 14,492,418	\$ 4,940,020	\$ 126,513	\$ 6,333,140	\$ 25,892,091
Payments to Suppliers	(13,209,836)	(3,692,539)	-	(6,302,669)	(23,205,044)
Payments to Employees	(615,717)	(1,176,097)	-	-	(1,791,814)
Net Cash Provided (Used) by Operating Activities	666,865	71,384	126,513	30,471	895,233
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers Out	250,000	250,000	-	-	500,000
Net Interfund Activity	-	(339,766)	-	-	(339,766)
Net Cash Provided (Used) by Non-capital Financing Activities	250,000	(89,766)	-	-	160,234
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of Capital Assets	-	(32,388)	-	-	(32,388)
Proceeds from Disposal of Capital Assets	-	86,975	-	-	86,975
Net Cash Provided (Used) by Capital and Related Financing Activities	-	54,587	-	-	54,587
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from Sale and Maturities of Investments	2,068,817	-	-	-	2,068,817
Purchases on Investments	(3,000,000)	-	-	-	(3,000,000)
Interest Income	63,340	(38,257)	-	19,997	45,080
Net Cash Provided (Used) by Investing Activities	(867,843)	(38,257)	-	19,997	(886,103)
Net Increase (Decrease) in Cash and Cash Equivalents	49,022	(2,052)	126,513	50,468	223,951
Cash and Cash Equivalents - Beginning of Year	5,007	5,000	1,155,821	1,223,420	2,389,248
Cash and Cash Equivalents - End of Year	\$ 54,029	\$ 2,948	\$ 1,282,334	\$ 1,273,888	\$ 2,613,199

Continued...

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	Governmental Activities				
	Self-Insurance	Garage Services	Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds
Cash and Cash Equivalents at End of Year					
Consist of:					
Current assets	\$ 54,029	\$ 2,948	\$ 1,282,334	\$ 1,273,888	\$ 2,613,199
Total	<u>\$ 54,029</u>	<u>\$ 2,948</u>	<u>\$ 1,282,334</u>	<u>\$ 1,273,888</u>	<u>\$ 2,613,199</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 1,622,174	\$ (381,755)	\$ -	\$ 275,521	\$ 1,515,940
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation/Amortization	873	82,205	-	-	83,078
Decrease (Increase) in Assets					
Accounts Receivable	47,585	6,973	-	(378,977)	(324,419)
Due from Other Governments	-	60,943	-	-	60,943
Due from Other Funds	-	-	119,493	(293,997)	(174,504)
Inventories	-	75,999	-	-	75,999
Prepaid Expenses	(314,503)	(419)	-	-	(314,922)
Deferred Outflows	11,408	45,732	-	4,525	61,665
Increase (Decrease) in Liabilities					
Accounts Payable	3,033	(8,205)	-	(103,134)	(108,306)
Service Contracts Payable	50,165	21,089	-	-	71,254
Due to Other Elected Officials	(262)	-	-	-	(262)
Compensated Absences Payable	(11,007)	328	7,020	-	(3,659)
Claims and Judgments Payable	(771,564)	-	-	304,500	(467,064)
Other Accrued Liabilities	2,805	4,434	-	-	7,239
Unearned Revenue	(14,506)	-	-	-	(14,506)
Other Post Employment Benefits	167	1,066	-	53,913	55,146
Net Pension Liability	47,451	189,807	-	-	237,258
Deferred Inflows	(6,954)	(26,813)	-	168,120	134,353
	<u>(955,309)</u>	<u>453,139</u>	<u>126,513</u>	<u>(245,050)</u>	<u>(620,707)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 666,865</u>	<u>\$ 71,384</u>	<u>\$ 126,513</u>	<u>\$ 30,471</u>	<u>\$ 895,233</u>

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**September 30, 2019**

	Fine and Forfeiture	Jury and Witness Fund	Tax Deed	Support	Registry of Court	BOCC Trust	State Trust	Probation Fee Trust
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 39,496	\$ 12,585	\$ 2,480,067	\$ 4,130	\$ 494,862	\$ 144,775	\$ 48,214	\$ 12,102
Investments	-	150,000	-	-	359,000	285,000	275,000	-
Accounts Receivable	-	-	3,631	-	-	-	278	-
Due from Other Governments	-	-	-	-	-	1,800	-	-
<b>Total Assets</b>	<b>\$ 39,496</b>	<b>\$ 162,585</b>	<b>\$ 2,483,698</b>	<b>\$ 4,130</b>	<b>\$ 853,862</b>	<b>\$ 431,575</b>	<b>\$ 323,492</b>	<b>\$ 12,102</b>
<b>LIABILITIES</b>								
Accounts Payable	-	735	-	-	-	-	-	1,624
Due to Other Elected Officials	39,496	-	-	4,130	-	110,284	-	-
Due to Other Governments	-	3,568	13,825	-	-	321,291	24,263	378
Due to Depositors	-	158,282	35,878	-	853,862	-	299,229	10,100
Taxes Collected in Advance for Other Governments	-	-	2,433,995	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 39,496</b>	<b>\$ 162,585</b>	<b>\$ 2,483,698</b>	<b>\$ 4,130</b>	<b>\$ 853,862</b>	<b>\$ 431,575</b>	<b>\$ 323,492</b>	<b>\$ 12,102</b>

Continued...

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**September 30, 2019**

	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Individual Depositors	Suspense (Levies)	Disbursements	Total Agency Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 1,469,993	\$ 4,240	\$ 504,542	\$ 169,539	\$ 80	\$ 4,469	\$ 83,557	\$ 5,472,651
Investments	-	-	330,000	850,000	-	-	-	2,249,000
Accounts Receivable	-	-	-	-	-	-	10,182	14,091
Due from Other Governments	-	-	-	-	-	-	-	1,800
<b>Total Assets</b>	<b>\$ 1,469,993</b>	<b>\$ 4,240</b>	<b>\$ 834,542</b>	<b>\$ 1,019,539</b>	<b>\$ 80</b>	<b>\$ 4,469</b>	<b>\$ 93,739</b>	<b>\$ 7,737,542</b>
<b>LIABILITIES</b>								
Accounts Payable	-	-	-	190	-	-	-	2,549
Due to Other Elected Officials	-	-	-	-	-	-	-	153,910
Due to Other Governments	6,426	1,698	834,542	20,574	-	-	346	1,226,911
Due to Depositors	1,463,567	2,542	-	998,775	80	4,469	93,393	3,920,177
Taxes Collected in Advance for Other Governments	-	-	-	-	-	-	-	2,433,995
<b>Total Liabilities</b>	<b>\$ 1,469,993</b>	<b>\$ 4,240</b>	<b>\$ 834,542</b>	<b>\$ 1,019,539</b>	<b>\$ 80</b>	<b>\$ 4,469</b>	<b>\$ 93,739</b>	<b>\$ 7,737,542</b>

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

For the Fiscal Year Ended September 30, 2019

	Balances October 1, 2018	Additions	Deletions	Balances September 30, 2019
<b>FINE AND FORFEITURE AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 29,521	\$ 5,370,495	\$ 5,255,241	\$ 144,775
Investments	330,000	35,000	80,000	285,000
Due from Other Elected Officials	60		60	-
Due from Other Governments	530	1,800	530	1,800
Total Assets	<u>\$ 360,111</u>	<u>\$ 5,407,295</u>	<u>\$ 5,335,831</u>	<u>\$ 431,575</u>
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 87,373	\$ 1,379,749	\$ 1,356,838	\$ 110,284
Due to Other Governments	272,738	4,047,997	3,999,444	321,291
Total Liabilities	<u>\$ 360,111</u>	<u>\$ 5,427,746</u>	<u>\$ 5,356,282</u>	<u>\$ 431,575</u>
<b>JURY AND WITNESS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,916	\$ 40,960	\$ 33,774	\$ 12,102
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 33,899	\$ 32,275	\$ 1,624
Due to Other Governments	-	538	160	378
Due to Depositors	4,916	41,425	36,241	10,100
Total Liabilities	<u>\$ 4,916</u>	<u>\$ 75,862</u>	<u>\$ 68,676</u>	<u>\$ 12,102</u>
<b>TAX DEED AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 53,902	\$ 1,032,574	\$ 916,937	\$ 169,539
Investments	1,100,000	100,000	350,000	850,000
Total Assets	<u>\$ 1,153,902</u>	<u>\$ 1,132,574</u>	<u>\$ 1,266,937</u>	<u>\$ 1,019,539</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 154,808	\$ 154,618	\$ 190
Due to Other Funds	-	21,474	900	20,574
Due to Depositors	1,153,902	681,827	836,954	998,775
Total Liabilities	<u>\$ 1,153,902</u>	<u>\$ 858,109</u>	<u>\$ 992,472</u>	<u>\$ 1,019,539</u>
<b>SUPPORT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 87,409	\$ 3,193,864	\$ 3,197,716	\$ 83,557
Accounts Receivable	13,005	6,941	9,764	10,182
Total Assets	<u>\$ 100,414</u>	<u>\$ 3,200,805</u>	<u>\$ 3,207,480</u>	<u>\$ 93,739</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 2,781	\$ 6,990	\$ 9,771	\$ -
Due to Other Governments	445	8,106	8,205	346
Due to Depositors	97,188	3,194,588	3,198,383	93,393
Total Liabilities	<u>\$ 100,414</u>	<u>\$ 3,209,684</u>	<u>\$ 3,216,359</u>	<u>\$ 93,739</u>

Continued...

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

For the Fiscal Year Ended September 30, 2019

	Balances October 1, 2018	Additions	Deletions	Balances September 30, 2019
<b>REGISTRY OF COURT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,275,192	\$ 13,634,126	\$ 14,439,325	\$ 1,469,993
<b>LIABILITIES</b>				
Due to Other Funds	\$ 376,041	\$ -	\$ 376,041	\$ -
Due to Other Governments	-	16,252	9,826	6,426
Due to Depositors	1,899,151	11,970,657	12,406,241	1,463,567
Total Liabilities	<u>\$ 2,275,192</u>	<u>\$ 11,986,909</u>	<u>\$ 12,792,108</u>	<u>\$ 1,469,993</u>
<b>BOARD OF COUNTY COMMISSIONERS TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 29,010	\$ 406,751	\$ 396,265	\$ 39,496
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 29,010	\$ 446,002	\$ 435,516	\$ 39,496
<b>STATE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 21,274	\$ 32,712,321	\$ 32,229,053	\$ 504,542
Investments	225,000	555,000	450,000	330,000
Due from Other Funds	450,000	-	450,000	-
Total Assets	<u>\$ 696,274</u>	<u>\$ 33,267,321</u>	<u>\$ 33,129,053</u>	<u>\$ 834,542</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 696,274	\$ 31,814,270	\$ 31,676,002	\$ 834,542
<b>PROBATION FEE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 622	\$ 1,525	\$ 2,067	\$ 80
<b>LIABILITIES</b>				
Due to Depositors	\$ 622	\$ 1,525	\$ 2,067	\$ 80
<b>ESCROW TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 180,801	\$ 637,510	\$ 805,726	\$ 12,585
Investments	-	150,000	-	150,000
Total Assets	<u>\$ 180,801</u>	<u>\$ 787,510</u>	<u>\$ 805,726</u>	<u>\$ 162,585</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 145,526	\$ 144,791	\$ 735
Due to Other Governments	-	6,061	2,493	3,568
Due to Depositors	180,801	632,199	654,718	158,282
Total Liabilities	<u>\$ 180,801</u>	<u>\$ 783,786</u>	<u>\$ 802,002</u>	<u>\$ 162,585</u>

Continued...

# **COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Balances October 1, 2018	Additions	Deletions	Balances September 30, 2019
<b>JUVENILE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 489	\$ 35,607	\$ 31,856	\$ 4,240
<b>LIABILITIES</b>				
Due to Other Governments	\$ 489	\$ 1,758	\$ 549	\$ 1,698
Due to Depositors	-	33,848	31,306	2,542
Total Liabilities	\$ 489	\$ 35,606	\$ 31,855	\$ 4,240
<b>FORECLOSURE ESCROW TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 921,655	\$ 2,791,281	\$ 3,218,074	\$ 494,862
Investments	-	359,000	-	359,000
Due from Other Funds	25	-	25	-
Total Assets	\$ 921,680	\$ 3,150,281	\$ 3,218,099	\$ 853,862
<b>LIABILITIES</b>				
Due to Depositors	\$ 921,680	\$ 2,443,256	\$ 2,511,074	\$ 853,862
<b>CASH BOND TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 258,242	\$ 940,337	\$ 1,150,365	\$ 48,214
Investments	-	275,000	-	275,000
Accounts Receivable	-	556	278	278
Total Assets	\$ 258,242	\$ 1,215,893	\$ 1,150,643	\$ 323,492
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 39,251	\$ 14,988	\$ 24,263
Due to Depositors	258,242	908,991	868,004	299,229
Total Liabilities	\$ 258,242	\$ 948,242	\$ 882,992	\$ 323,492
<b>INDIVIDUAL DEPOSITORS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,470	\$ -	\$ 1,340	\$ 4,130
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 5,470	\$ -	\$ 1,340	\$ 4,130
<b>SUSPENSE (LEVIES) AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,880	\$ -	\$ 6,411	\$ 4,469
<b>LIABILITIES</b>				
Due to Depositors	\$ 10,880	\$ -	\$ 6,411	\$ 4,469

Continued...

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

For the Fiscal Year Ended September 30, 2019

	Balances October 1, 2018	Additions	Deletions	Balances September 30, 2019
<b>DISBURSEMENTS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,262,980	\$ 268,109,583	\$ 267,892,496	\$ 2,480,067
Accounts Receivable	3,233	3,631	3,233	3,631
Total Assets	<u>\$ 2,266,213</u>	<u>\$ 268,113,214</u>	<u>\$ 267,895,729</u>	<u>\$ 2,483,698</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,126	\$ -	\$ 2,126	\$ -
Due to Other Funds	1,636	6,092,282	6,093,918	-
Due to Other Elected Officials	1,363	205,834,913	205,836,276	-
Due to Other Governments	13,158	51,082,717	51,082,050	13,825
Due to Depositors	18,099	35,878	18,099	35,878
Taxes Collected in Advance	2,229,831	5,067,424	4,863,260	2,433,995
Total Liabilities	<u>\$ 2,266,213</u>	<u>\$ 268,113,214</u>	<u>\$ 267,895,729</u>	<u>\$ 2,483,698</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,142,363	\$ 328,906,934	\$ 329,576,646	\$ 5,472,651
Investments	1,655,000	1,474,000	880,000	2,249,000
Accounts Receivable	16,238	11,128	13,275	14,091
Due from Other Funds	450,025	-	450,025	-
Due from Other Elected Officials	60	-	60	-
Due from Other Governments	530	1,800	530	1,800
Total Assets	<u>\$ 8,264,216</u>	<u>\$ 330,393,862</u>	<u>\$ 330,920,536</u>	<u>\$ 7,737,542</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,126	\$ 334,233	\$ 333,810	\$ 2,549
Due to Other Funds	380,458	6,120,746	6,480,630	20,574
Due to Other Elected Officials	123,216	207,660,664	207,629,970	153,910
Due to Other Governments	983,104	87,016,950	86,793,717	1,206,337
Due to Depositors	4,545,481	19,944,194	20,569,498	3,920,177
Taxes Collected in Advance	2,229,831	5,067,424	4,863,260	2,433,995
Total Liabilities	<u>\$ 8,264,216</u>	<u>\$ 326,144,211</u>	<u>\$ 326,670,885</u>	<u>\$ 7,737,542</u>

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## **Statistical Section**

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

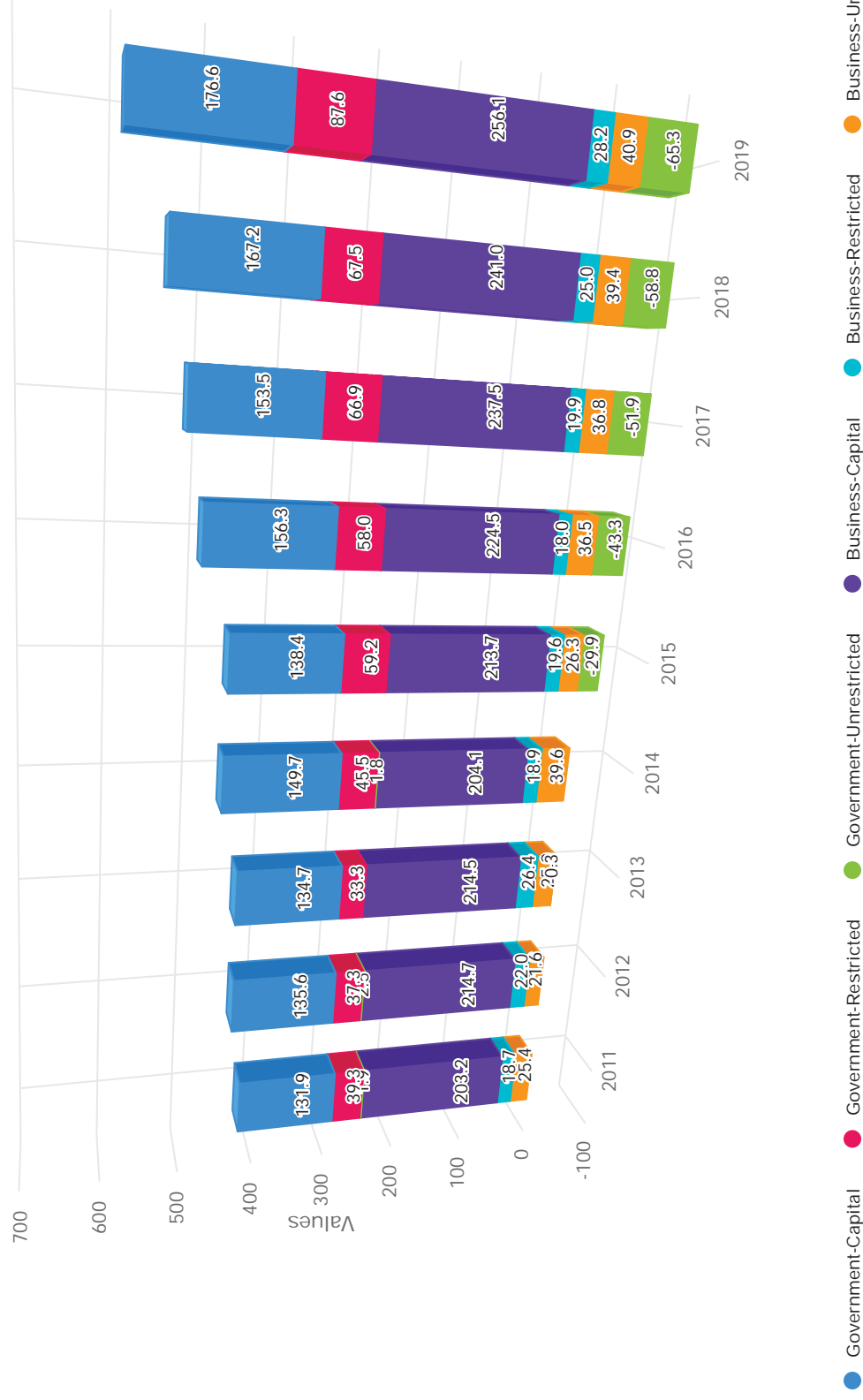
## UNAUDITED

## SCHEDULE 1

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

(amounts in thousands)	2011	2012	2013	2014	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES:									
NET INVESTMENT IN CAPITAL ASSETS	\$ 131,864	\$ 135,627	\$ 134,735	\$ 149,700	\$ 138,402	\$ 156,262	\$ 153,520	\$ 167,159	\$ 176,565
RESTRICTED:									
DEBT SERVICE	431	994	463	504	1,039	-	435	467	563
OTHER PURPOSES	38,864	36,326	32,871	45,004	58,132	57,959	66,498	67,034	86,997
UNRESTRICTED (DEFICIT)	1,865	2,534	(265)	1,846	(29,906)	(43,267)	(51,926)	(58,761)	(65,276)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	173,024	175,481	167,804	197,054	167,667	170,954	168,527	175,899	198,849
BUSINESS-TYPE ACTIVITIES									
NET INVESTMENT IN CAPITAL ASSETS	203,224	214,734	214,514	204,110	213,694	224,457	237,458	241,039	256,056
RESTRICTED:									
DEBT SERVICE	7,579	10,262	9,496	9,964	8,643	5,837	5,150	4,156	4,200
OTHER PURPOSES	11,090	11,773	16,888	8,956	10,969	12,194	14,778	20,843	24,019
UNRESTRICTED	25,367	21,613	25,916	39,603	26,319	36,495	36,799	39,410	40,876
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	247,260	258,382	266,814	262,633	259,625	278,983	294,185	305,449	325,151
PRIMARY GOVERNMENT									
NET INVESTMENT IN CAPITAL ASSETS	335,088	350,361	349,249	353,810	352,096	380,719	390,978	408,199	432,621
RESTRICTED:									
DEBT SERVICE	8,010	11,256	9,959	10,468	9,682	5,837	5,585	4,623	4,764
OTHER PURPOSES	49,954	48,099	49,759	53,960	69,101	70,153	81,276	87,876	111,015
UNRESTRICTED	27,232	24,147	25,651	41,449	(3,587)	(6,772)	(15,127)	(19,350)	(24,400)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 420,284	\$ 433,863	\$ 434,618	\$ 459,687	\$ 427,292	\$ 449,937	\$ 462,712	\$ 481,348	\$ 524,000

Net Position by Category  
Last Nine Fiscal Years



## UNAUDITED

## SCHEDULE 2

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

(amounts in thousands)	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>EXPENSES</b>									
<b>GOVERNMENTAL ACTIVITIES:</b>									
GENERAL GOVERNMENT	\$ 31,726 \$	\$ 30,552 \$	\$ 28,715 \$	\$ 29,543 \$	\$ 30,449 \$	\$ 33,975 \$	\$ 33,691 \$	\$ 33,716 \$	\$ 35,902
PUBLIC SAFETY	45,335	46,360	45,296	47,804	49,096	52,621	59,924	62,277	68,591
PHYSICAL ENVIRONMENT	2,148	933	1,502	1,178	1,139	1,376	1,864	1,993	2,176
TRANSPORTATION	17,728	16,245	14,632	13,712	14,349	17,224	17,788	17,752	18,747
ECONOMIC ENVIRONMENT	9,290	5,563	4,983	6,174	6,432	8,501	10,730	10,333	7,616
HUMAN SERVICES	4,454	4,352	4,500	4,277	4,535	4,931	5,325	5,011	5,318
CULTURE AND RECREATION	4,007	5,902	11,997	7,521	7,317	8,238	9,480	10,488	16,834
COURT-RELATED	7,118	6,634	7,589	7,406	8,154	8,147	9,135	9,405	9,242
INTEREST AND FISCAL CHARGES	1,531	1,692	1,745	1,526	2,659	2,471	2,595	2,716	2,786
<b>TOTAL GOVERNMENTAL EXPENSES</b>	<b>\$ 123,337 \$</b>	<b>\$ 118,233 \$</b>	<b>\$ 120,959 \$</b>	<b>\$ 119,141 \$</b>	<b>\$ 124,130 \$</b>	<b>\$ 137,484 \$</b>	<b>\$ 150,532 \$</b>	<b>\$ 153,691 \$</b>	<b>\$ 167,212</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>									
WATER AND SEWER	\$ 27,124 \$	\$ 26,149 \$	\$ 27,657 \$	\$ 25,122 \$	\$ 26,444 \$	\$ 26,004 \$	\$ 26,832 \$	\$ 29,224 \$	\$ 29,359
AIRPORT	12,527	12,928	12,450	13,223	12,415	13,966	13,134	14,618	15,775
SOLID WASTE	6,874	7,438	7,684	8,566	7,155	7,913	9,053	9,907	10,417
INSPECTIONS	1,149	1,600	1,588	1,541	1,678	1,671	1,975	1,917	2,032
EMERGENCY MEDICAL SERVICES	7,495	6,933	7,234	7,587	7,440	8,553	9,292	10,876	11,513
CONFERENCE CENTER	3,754	4,301	3,153	-	-	-	-	-	-
<b>TOTAL BUSINESS-TYPE EXPENSES</b>	<b>\$ 58,923 \$</b>	<b>\$ 59,349 \$</b>	<b>\$ 59,766 \$</b>	<b>\$ 56,039 \$</b>	<b>\$ 55,132 \$</b>	<b>\$ 58,107 \$</b>	<b>\$ 60,286 \$</b>	<b>\$ 66,542 \$</b>	<b>\$ 69,096</b>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 182,260 \$</b>	<b>\$ 177,582 \$</b>	<b>\$ 180,725 \$</b>	<b>\$ 175,180 \$</b>	<b>\$ 179,262 \$</b>	<b>\$ 195,591 \$</b>	<b>\$ 210,818 \$</b>	<b>\$ 220,233 \$</b>	<b>\$ 236,308</b>
<b>PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:</b>									
CHARGES FOR SERVICES									
GENERAL GOVERNMENTAL	\$ 11,002 \$	\$ 12,364 \$	\$ 11,378 \$	\$ 11,482 \$	\$ 12,538 \$	\$ 12,124 \$	\$ 22,252 \$	\$ 19,914 \$	\$ 13,405
OTHER	15,752	13,332	14,090	11,829	13,423	13,338	3,874	5,897	15,788
OPERATING GRANTS AND CONTRIBUTIONS	7,675	8,354	5,845	7,379	6,738	8,959	15,761	9,173	7,738
CAPITAL GRANTS AND CONTRIBUTIONS	2,611	6,240	1,249	1,716	1,393	984	1,047	3,288	9,969
<b>TOTAL GOVERNMENT PROGRAM REVENUE</b>	<b>\$ 37,040 \$</b>	<b>\$ 40,290 \$</b>	<b>\$ 32,562 \$</b>	<b>\$ 32,406 \$</b>	<b>\$ 34,092 \$</b>	<b>\$ 35,405 \$</b>	<b>\$ 42,934 \$</b>	<b>\$ 38,271 \$</b>	<b>\$ 46,899</b>

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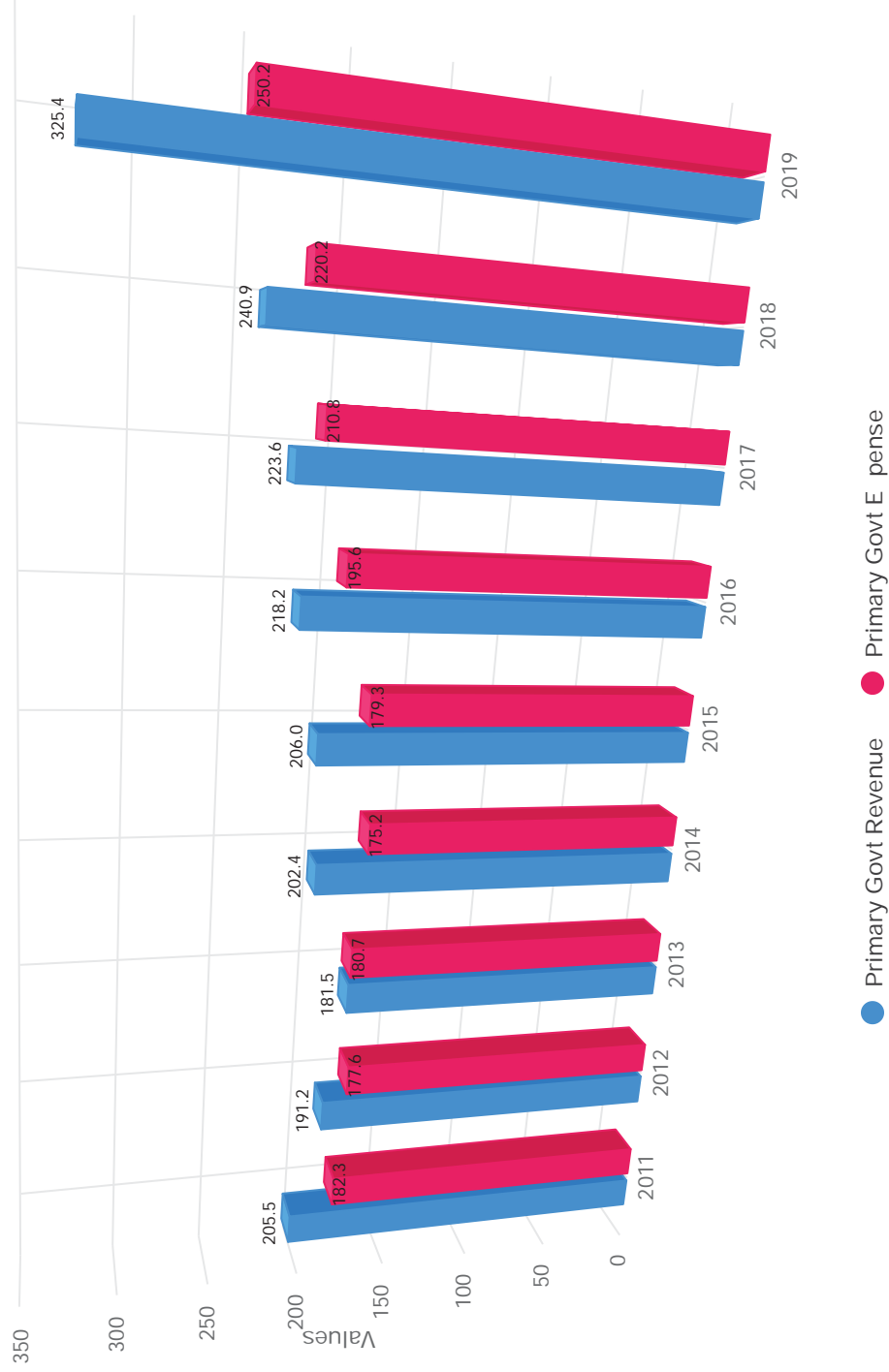
## UNAUDITED

## SCHEDULE 2

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

(amounts in thousands)	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>BUSINESS-TYPE ACTIVITIES:</b>									
CHARGES FOR SERVICES									
WATER & SEWER	\$ 25,686	\$ 26,025	\$ 26,778	\$ 28,746	\$ 28,239	\$ 33,038	\$ 34,063	\$ 33,819	\$ 37,015
OTHER	27,742	28,186	29,176	25,461	25,255	29,401	30,898	36,678	38,252
OPERATING GRANTS AND CONTRIBUTIONS	548	338	528	264	272	455	893	628	408
CAPITAL GRANTS AND CONTRIBUTIONS	18,035	10,292	4,720	18,962	10,860	11,697	9,059	7,737	11,299
TOTAL BUSINESS-TYPE PROGRAM REVENUE \$	72,011	\$ 64,841	\$ 61,202	\$ 73,433	\$ 64,626	\$ 74,591	\$ 74,913	\$ 78,862	\$ 86,974
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 109,051	\$ 105,131	\$ 93,764	\$ 105,839	\$ 98,718	\$ 109,996	\$ 117,847	\$ 117,133	\$ 133,872
NET (EXPENSE)/REVENUE									
GOVERNMENT ACTIVITIES	\$ (86,297)	\$ (77,943)	\$ (88,397)	\$ (86,735)	\$ (90,038)	\$ (102,079)	\$ (107,598)	\$ (115,419)	\$ (120,313)
BUSINESS-TYPE ACTIVITIES	13,088	5,492	1,436	17,394	9,494	16,484	14,627	12,319	17,877
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(73,209)	(72,451)	(86,961)	(69,341)	(80,544)	(85,595)	(92,971)	(103,100)	(102,436)
GENERAL REVENUES									
GOVERNMENTAL ACTIVITIES:									
TAXES									
STATE SHARED REVENUE	61,192	58,759	58,010	68,740	73,101	77,192	82,104	92,802	107,468
GRANT AND CONTRIBUTIONS NOT RESTRICTED	16,880	17,041	17,801	22,673	23,228	24,643	17,977	25,795	28,978
OTHER	6,622	360	124	146	3	3	-	-	-
	4,137	4,241	4,785	2,951	5,831	3,527	5,090	6,378	6,817
TOTAL GOVERNMENTAL ACTIVITIES	88,831	80,401	80,720	94,510	102,163	105,365	105,171	124,975	143,263
BUSINESS-TYPE ACTIVITIES:									
TAXES									
STATE SHARED REVENUE	6,810	6,780	6,709	1,111	1,504	1,122	2	1	1,247
GRANT AND CONTRIBUTIONS NOT RESTRICTED	-	-	-	-	-	-	-	-	-
OTHER	-	-	-	-	-	-	-	-	-
	823	(1,151)	287	927	3,641	1,752	572	(209)	578
TOTAL BUSINESS-TYPE ACTIVITIES	7,633	5,629	6,996	2,038	5,145	2,874	574	(208)	1,825
CHANGES IN NET POSITION									
GOVERNMENTAL ACTIVITIES	2,534	2,458	(7,677)	7,775	12,125	3,286	(2,427)	9,556	22,950
BUSINESS-TYPE ACTIVITIES	20,721	11,121	8,432	19,432	14,639	19,358	15,201	12,111	19,702
TOTAL PRIMARY GOVERNMENT	\$ 23,255	\$ 13,579	\$ 755	\$ 27,207	\$ 26,764	\$ 22,644	\$ 12,774	\$ 21,667	\$ 42,652

Changes in Net Position  
Last Nine Fiscal Years



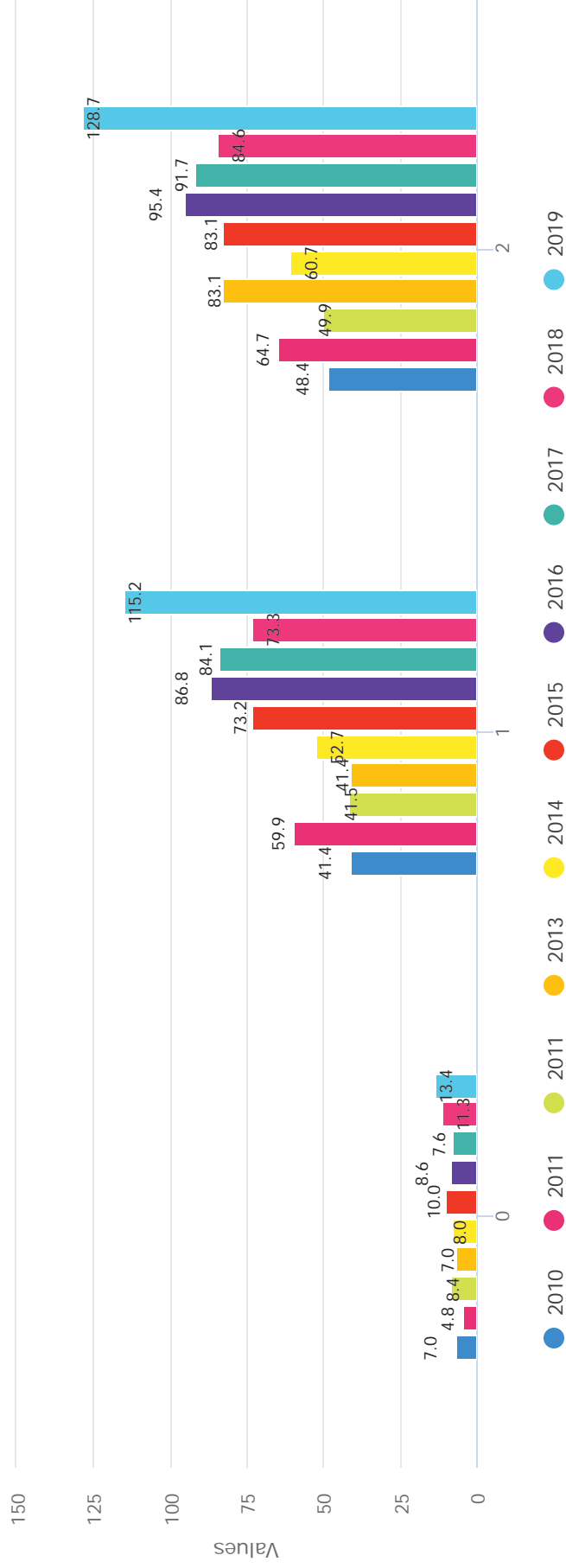
## UNAUDITED

## SCHEDULE 3

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

FISCAL YEAR		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PRE-GASB 54											
(modified accrual basis of accounting)											
GENERAL FUND											
RESERVED		\$ 4,150,682	\$ 2,897,805								
UNRESERVED		2,866,210	1,879,189								
TOTAL GENERAL FUND		7,016,892	4,776,994								
ALL OTHER GOVERNMENTAL FUNDS											
RESERVED		15,218,909	35,273,294								
UNRESERVED, REPORTED IN:											
SPECIAL REVENUE FUNDS		8,143,049	10,305,647								
CAPITAL OUTLAY FUNDS		18,039,439	14,324,892								
TOTAL ALL OTHER GOVERNMENTAL FUNDS		41,401,397	59,903,833								
TOTAL FUND BALANCES		\$ 48,418,289	\$ 64,680,827								
POST-GASB 54											
GENERAL FUND											
NONSPENDABLE:											
NONSPENDABLE		\$ 284,264	\$ 346,136	\$ 288,101	\$ 380,834	\$ 439,248	\$ 244,992	\$ 684,298	\$ 670,484		
SPENDABLE:											
RESTRICTED		-	-	-	-	-	-	-	-	-	-
COMMITTED		26,808	26,808	28,271	32,811	32,229	35,829	33,732	35,455		
ASSIGNED		-	-	-	4,269,298	3,739,233	1,074,730	-	-		
UNASSIGNED		8,112,239	6,595,043	7,700,502	5,309,928	4,404,725	6,268,994	10,577,270	12,731,814		
TOTAL GENERAL FUND		8,423,311	6,967,987	8,016,874	9,992,871	8,615,435	7,624,545	11,295,300	13,437,753		
ALL OTHER GOVERNMENTAL FUNDS											
NONSPENDABLE:											
NONSPENDABLE		644,538	89,494	50,299	63,714	150,989	123,806	823,802	713,878		
SPENDABLE:											
RESTRICTED		35,934,149	37,677,535	49,600,151	69,362,485	85,406,990	79,617,856	69,574,098	111,202,709		
COMMITTED		579,899	562,599	519,514	556,145	584,502	525,437	486,014	548,332		
ASSIGNED		4,992,479	3,103,981	3,378,819	3,238,048	3,421,017	3,923,588	2,398,598	2,761,043		
UNASSIGNED		(630,376)	(68,114)	(833,541)	(63,714)	(2,794,019)	(123,806)	-	(5,678)		
TOTAL ALL OTHER GOVERNMENTAL FUNDS		41,520,689	41,365,495	52,715,242	73,156,678	86,769,479	84,066,881	73,282,512	115,220,284		
TOTAL FUND BALANCES		\$ 49,944,000	\$ 48,333,482	\$ 60,732,116	\$ 83,149,549	\$ 95,384,914	\$ 91,691,426	\$ 84,577,812	\$ 128,658,037		

Fund Balances - Governmental Funds  
Last Ten Fiscal Years



## UNAUDITED

## SCHEDULE 4

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
TAXES	\$ 64,566,859	\$ 61,193,262	\$ 58,759,403	\$ 58,009,904	\$ 68,739,375	\$ 73,100,840	\$ 77,192,003	\$ 82,103,975	\$ 91,202,391	\$ 109,068,378
LICENSES & PERMITS	1,327,905	1,325,765	1,335,069	816,294	822,400	848,363	865,485	462,139	514,511	561,794
INTERGOVERNMENTAL	36,535,915	33,113,485	34,752,396	30,863,164	30,120,655	31,928,295	33,791,368	34,785,503	38,255,522	40,162,037
CHARGES FOR SERVICES	16,832,903	16,703,982	18,066,625	18,655,266	21,372,281	23,045,957	23,862,806	24,412,780	24,257,996	26,016,319
FINES & FORFEITURES	263,008	366,891	465,016	476,561	1,164,801	1,384,872	1,431,519	1,251,298	1,038,282	1,183,846
MISCELLANEOUS	6,474,468	9,896,129	6,602,495	3,307,732	4,307,247	7,076,827	3,616,291	4,282,219	4,634,083	6,858,396
<b>TOTAL REVENUES</b>	<b>126,001,058</b>	<b>122,599,514</b>	<b>119,981,004</b>	<b>112,128,921</b>	<b>126,526,759</b>	<b>137,385,154</b>	<b>140,759,472</b>	<b>147,297,914</b>	<b>159,902,785</b>	<b>183,850,770</b>
<b>EXPENDITURES</b>										
GENERAL GOVERNMENT SERVICES	30,831,739	29,385,011	28,153,161	26,836,490	28,079,338	29,330,828	30,551,262	29,095,006	29,395,459	30,973,435
PUBLIC SAFETY	44,472,469	43,923,618	43,331,001	44,072,056	46,091,455	47,208,844	48,955,445	53,315,581	56,403,035	60,761,166
PHYSICAL ENVIRONMENT	2,267,404	2,190,121	1,012,021	1,052,328	1,121,652	1,065,957	1,211,921	1,640,119	1,750,746	1,866,941
TRANSPORTATION	14,276,604	13,049,151	12,403,808	11,660,285	11,423,718	11,610,886	13,847,394	13,487,051	13,524,697	13,873,338
ECONOMIC ENVIRONMENT	9,052,837	9,158,215	5,077,420	4,941,758	6,336,515	6,408,961	8,466,893	9,948,113	9,800,565	6,985,903
HUMAN SERVICES	4,323,033	4,111,405	4,020,503	4,185,618	4,051,161	4,213,371	4,639,176	4,684,444	4,495,950	4,669,920
CULTURE AND RECREATION	4,452,522	3,419,210	5,330,917	11,418,463	6,603,579	6,311,704	6,914,218	7,649,712	8,575,412	14,257,158
COURT RELATED	7,102,441	6,824,745	6,795,357	7,158,838	7,400,259	8,111,902	7,808,128	8,057,760	8,296,348	8,474,981
CAPITAL OUTLAY	18,693,921	25,526,067	10,304,163	5,427,895	11,282,675	23,602,553	13,705,605	20,824,074	31,018,577	17,733,232
PRINCIPAL RETIREMENT	587,505	582,411	3,050,000	713,000	1,329,000	3,094,789	3,938,378	790,899	3,207,112	3,222,444
INTEREST	435,901	1,479,158	1,587,593	1,626,624	1,648,372	2,032,150	4,131,798	1,654,726	3,051,861	3,600,263
OTHER CHARGES	692,498	96,448	19,768	41,210	13,101	212,836	150,124	3,622	1,305	185,877
<b>TOTAL EXPENDITURES</b>	<b>137,188,874</b>	<b>139,745,560</b>	<b>121,085,712</b>	<b>119,134,565</b>	<b>125,380,825</b>	<b>143,204,781</b>	<b>144,320,342</b>	<b>151,151,107</b>	<b>169,521,067</b>	<b>166,604,658</b>
<b>EXCESS OF REVENUES OVER(UNDER) EXPENDITURES</b>	<b>(11,187,816)</b>	<b>(17,146,046)</b>	<b>(1,104,708)</b>	<b>(7,005,644)</b>	<b>1,145,934</b>	<b>(5,819,627)</b>	<b>(3,560,870)</b>	<b>(3,853,193)</b>	<b>(9,618,282)</b>	<b>17,246,112</b>

Continued

## UNAUDITED

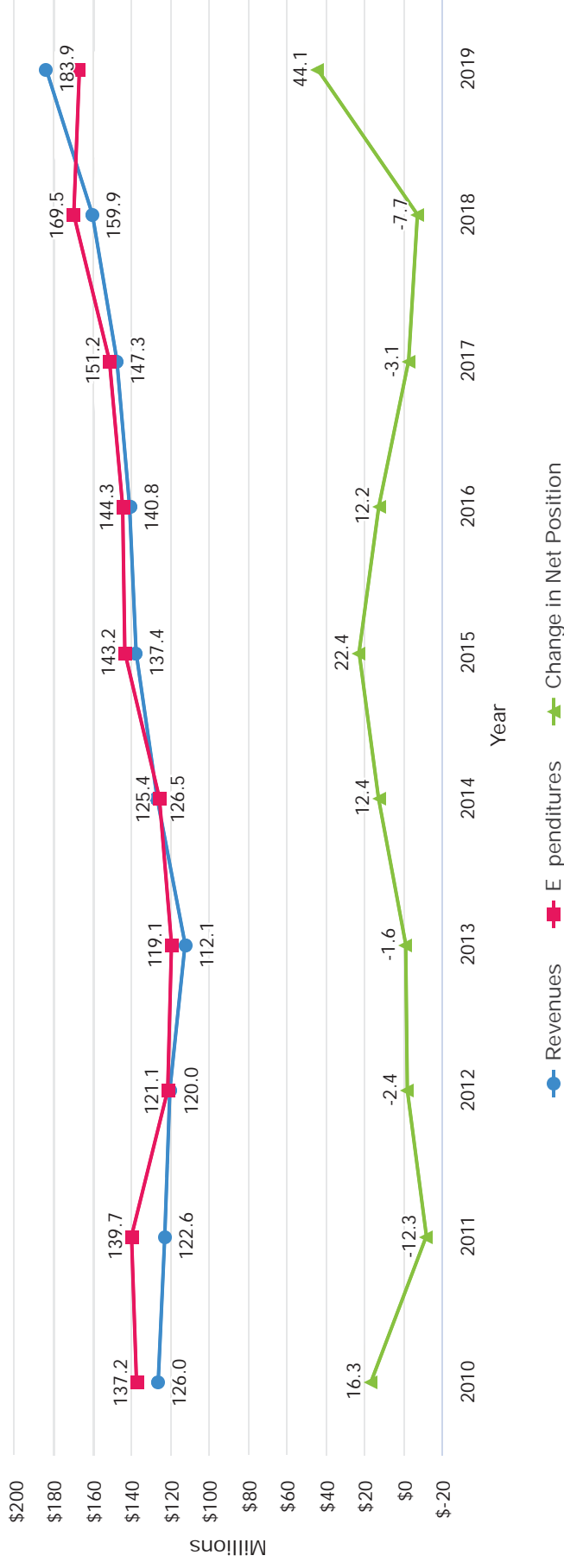
## SCHEDULE 4

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES)										
SPECIAL ITEM	-	-	(2,007,041)	-	-	-	-	-	-	-
TRANSFERS IN	7,963,351	11,551,302	11,920,643	6,333,962	16,598,302	9,263,264	8,841,151	7,920,212	8,726,549	10,727,023
TRANSFERS OUT	(6,876,756)	(10,293,670)	(11,257,307)	(5,938,836)	(7,820,602)	(8,499,093)	(7,829,475)	(7,210,946)	(6,771,442)	(9,077,752)
BUDGET TRANSFERS AMOUNT										
CONSTITUTIONAL OFFICERS	-	-	-	-	825,000	-	-	-	-	-
ISSUANCE OF DEBT	26,363,759	3,600,000	-	5,000,000	1,650,000	27,472,889	13,584,438	-	-	17,160,000
ORIGINAL ISSUE PREMIUM	-	-	-	-	-	-	1,200,121	-	-	8,024,842
TOTAL OTHER FINANCING SOURCES (USES)	27,450,354	4,857,632	(1,343,705)	5,395,126	11,252,700	28,237,060	15,796,235	709,266	1,955,107	26,834,113
NET CHANGE IN FUND BALANCES	\$ 16,262,538	\$ (12,288,414)	\$ (2,448,413)	\$ (1,610,518)	\$ 12,398,634	\$ 22,417,433	\$ 12,235,365	\$ (3,143,927)	\$ (7,663,175)	\$ 44,080,225
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	1.45%	1.89%	4.20%	2.09%	2.62%	4.46%	6.29%	1.88%	4.52%	4.71%

# Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

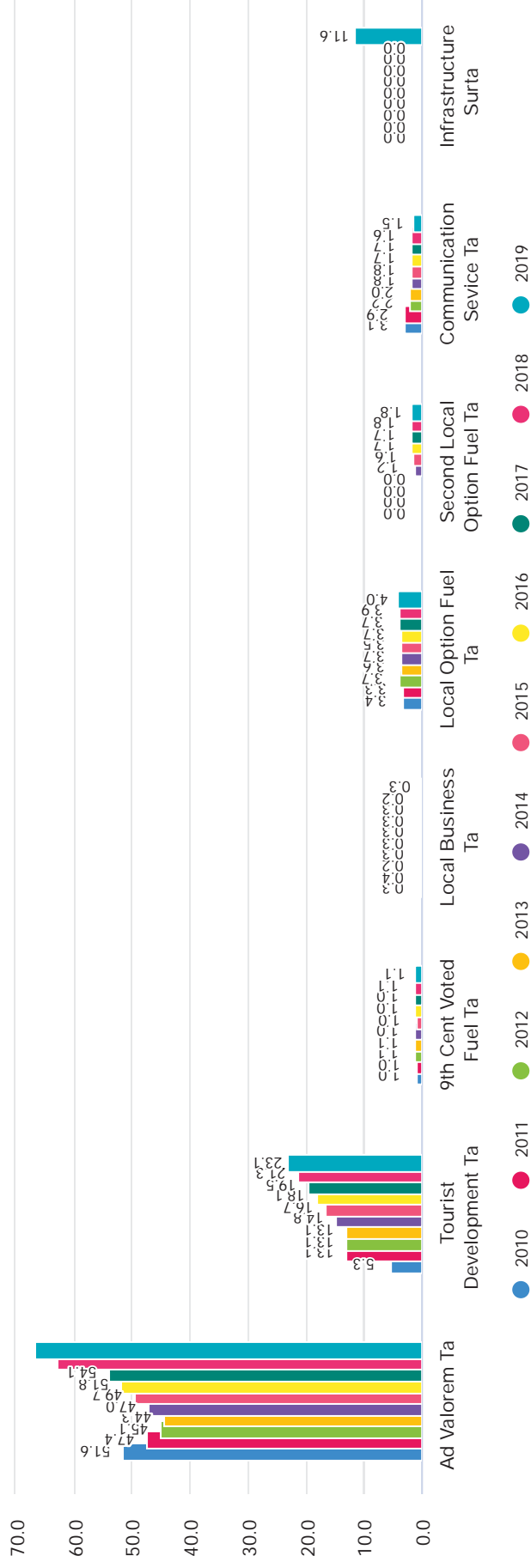


## UNAUDITED

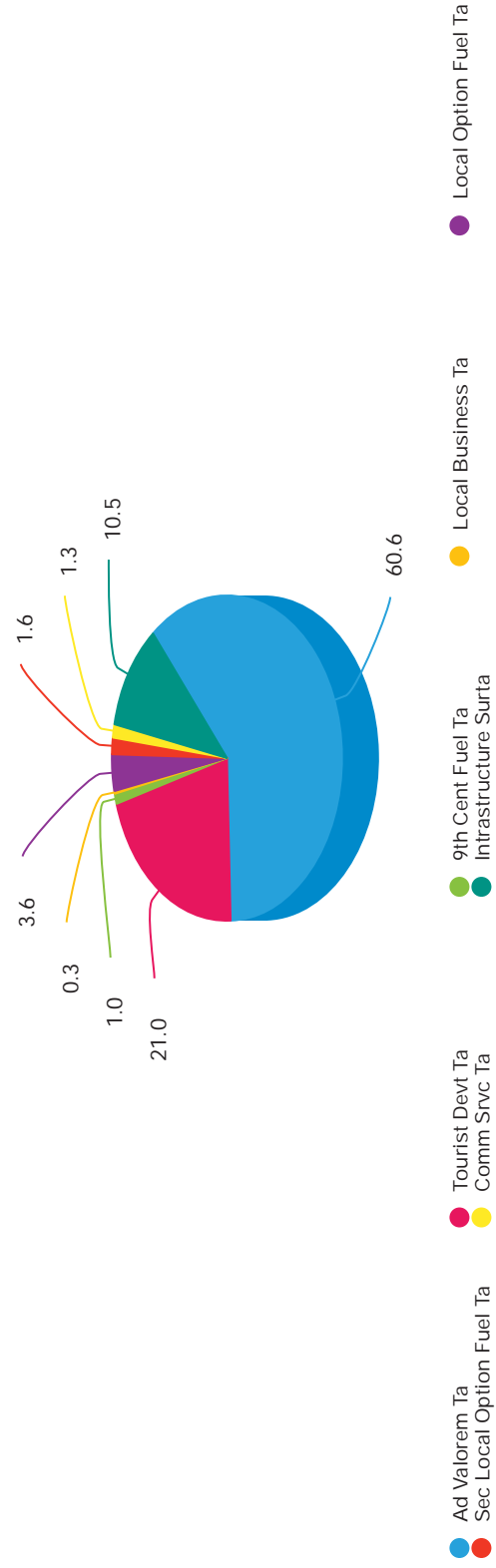
## SCHEDULE 5

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

FISCAL YEAR	AD VALOREM TAX	TOURIST DEVELOPMENT TAX	9TH CENT VOTED FUEL TAX	LOCAL BUSINESS TAX	LOCAL OPTION FUEL TAX	SECOND LOCAL OPTION FUEL TAX	COMMUNICATION SERVICE TAX	INFRA- STRUCTURE SURTAX	TOTAL TAXES
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
2014	\$ 47,044,564 \$	14,780,313 \$	1,038,703 \$	276,084 \$	3,694,824 \$	1,167,117 \$	1,848,458 \$	- \$	69,850,063
2015	\$ 49,668,734 \$	16,713,548 \$	992,766 \$	324,402 \$	3,533,694 \$	1,604,709 \$	1,766,987 \$	- \$	74,604,840
2016	\$ 51,839,796 \$	18,078,186 \$	1,039,247 \$	283,877 \$	3,699,205 \$	1,680,999 \$	1,692,888 \$	- \$	78,314,199
2017	\$ 54,096,832 \$	19,534,276 \$	1,049,857 \$	304,577 \$	3,737,446 \$	1,682,579 \$	1,700,212 \$	- \$	82,105,778
2018	\$ 62,942,101 \$	21,252,688 \$	1,093,007 \$	215,021 \$	3,891,258 \$	1,762,082 \$	1,646,991 \$	- \$	92,803,148
2019	\$ 66,852,871 \$	23,136,045 \$	1,126,931 \$	285,849 \$	4,008,738 \$	1,814,424 \$	1,457,663 \$	11,633,311 \$	110,315,832



Governmental Ta Revenues by Source  
Fiscal Year 2019



## UNAUDITED

## SCHEDULE 6

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

FISCAL YEAR	ASSESSED VALUE			CENTRALLY ASSESSED PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE, <sup>(1)</sup>	ASSESSED TO ESTIMATED ACTUAL
	REAL PROPERTY	PERSONAL PROPERTY						
2010	13,745,152,717	748,267,784		6,451,134	14,499,871,635	11.1089	17,058,672,512	85.00%
2011	13,067,292,712	706,920,964		7,025,754	13,781,239,430	11.0039	16,213,222,859	85.00%
2012	12,804,470,883	753,956,598		7,314,456	13,565,741,937	11.2389	15,959,696,396	85.00%
2013	13,030,999,186	756,578,546		7,592,401	13,795,170,133	10.9459	16,229,611,921	85.00%
2014	13,638,594,459	729,296,565		7,839,711	14,375,730,735	11.1618	16,912,624,394	85.00%
2015	14,250,207,252	776,305,018		7,960,210	15,034,472,480	11.0088	17,687,614,682	85.00%
2016	14,888,659,305	784,426,652		8,494,897	15,681,580,854	10.6368	18,448,918,652	85.00%
2017	15,600,116,012	807,013,281		8,353,692	16,415,482,985	10.7178	19,312,332,924	85.00%
2018	16,605,239,655	839,650,782		8,662,999	17,453,553,436	10.5246	20,533,592,278	85.00%
2019	17,703,889,423	865,862,150		8,524,526	18,578,276,099	10.3685	21,856,795,411	85.00%

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

Table Assessed Value  
Last Ten Fiscal Years



## UNAUDITED

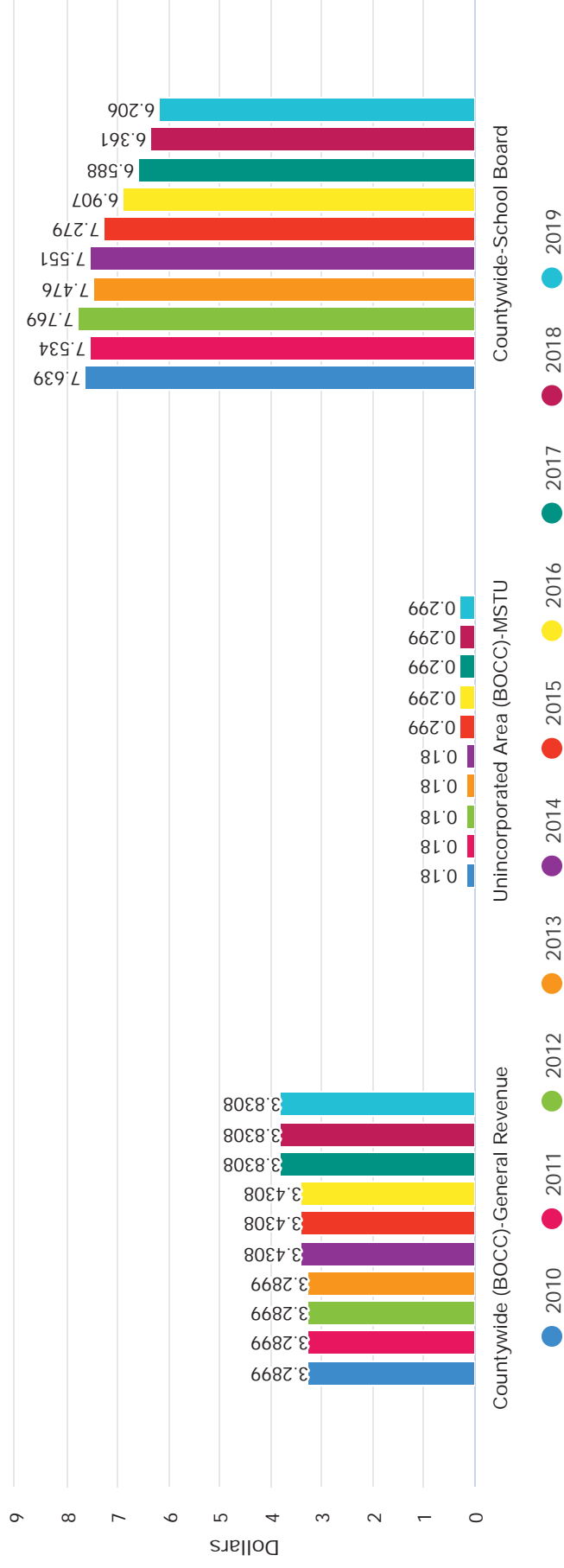
## SCHEDULE 7

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
COUNTYWIDE (BOCC)										
GENERAL REVENUE	3.2899	3.2899	3.2899	3.2899	3.4308	3.4308	3.4308	3.8308	3.8308	3.8308
UNINCORPORATED AREA (BOCC)										
MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.1800	0.1800	0.1800	0.1800	0.1800	0.2990	0.2990	0.2990	0.2990	0.2990
COUNTYWIDE (OTHER)										
SCHOOL BOARD	7.6390	7.5340	7.7690	7.4760	7.5510	7.2790	6.9070	6.5880	6.3610	6.2060
TOTAL MILLAGES	11.1089	11.0039	11.2389	10.9459	11.1618	11.0088	10.6368	10.7178	10.4908	10.3358
MUNICIPALITIES										
CINCO BAYOU	2.0639	2.1000	2.3000	2.3500	2.3500	3.0000	3.0000	3.0000	3.0000	3.0000
CRESTVIEW	5.8466	5.8466	5.5966	5.5966	5.8466	6.9466	6.9466	6.9466	6.9466	6.9466
DESTIN	1.4550	1.4550	1.4550	1.4550	1.5000	1.5000	1.6150	1.6150	1.6150	1.6150
FORT WALTON BEACH	4.1986	4.5383	4.5383	4.5383	5.7697	5.7697	5.7697	5.7697	5.7697	5.6395
LAUREL HILL	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
MARY ESTHER	2.6996	2.6435	2.6435	2.6435	2.6435	3.5000	3.8880	4.2347	4.2347	5.0261
NICEVILLE	3.4500	3.6301	3.6500	3.7000	3.7000	3.7000	3.7000	3.7000	3.7000	3.7000
SHALIMAR	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
VALPARAISO	4.1591	3.9330	4.0644	4.5240	4.5240	5.0240	5.0240	5.0240	5.0240	5.0240
SPECIAL DISTRICTS										
NW FLORIDA WATER MANAGEMENT	0.0450	0.0450	0.0400	0.0400	0.0400	0.0378	0.0366	0.0353	0.0338	0.0327
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EAST NICEVILLE FIRE	2.3500	2.3500	2.3700	2.3700	2.3700	2.7000	3.0176	3.0176	3.0176	3.0176
FLOROSA FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.5000
NORTH BAY FIRE	2.0500	2.2500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500
OCEAN CITY-WRIGHT FIRE	1.8144	2.0000	2.0000	2.0000	2.2500	2.4000	2.5800	2.5800	2.7500	2.7500
OKALOOSA ISLAND FIRE	2.1900	2.7949	2.9950	3.1154	3.5550	3.4500	3.3699	3.6000	3.4308	3.2033
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



UNAUDITED

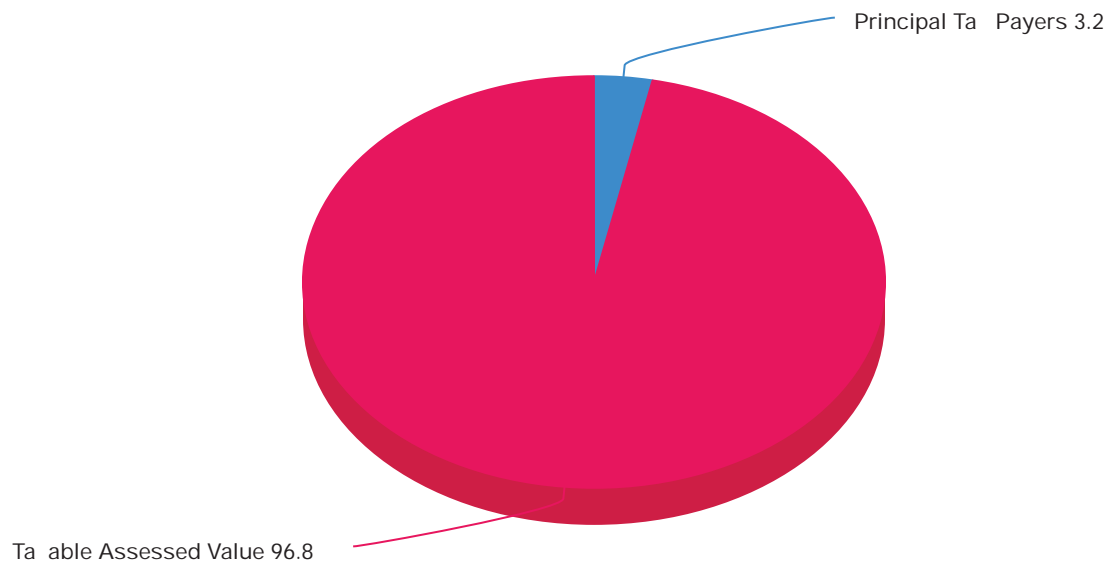
SCHEDULE 8

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

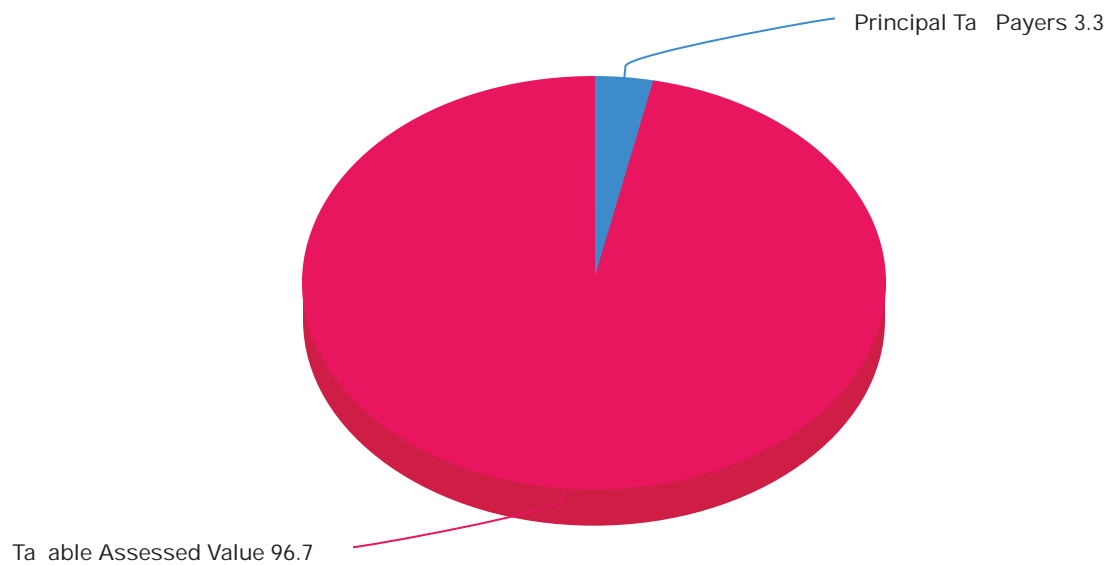
TAXPAYER	2019		2010	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Gulf Power Co.	\$ 187,515,811	1.01%	130,283,893	0.90%
Florida Gas Transmission	62,506,494	0.34%		
Emerald Grande Inc	57,684,180	0.31%	64,649,530	0.45%
Passco Sea Glass DST	50,600,294	0.27%		
Destin Commons LTD	48,050,765	0.26%	39,655,906	0.27%
Ft Walton Beach Medical Center	45,741,723	0.25%		
US GOVT	41,402,700	0.22%		
Choctawhatchee Electric Co	36,051,755	0.19%		
Embarq Corp	36,049,844	0.19%	65,340,361	0.45%
Henderson Beach Resort Holdings	33,528,597	0.18%		
SRM-SPE LLC			38,300,727	0.26%
Cox Com INC			34,995,393	0.24%
USO Norge Waterscape LLC			29,918,480	0.21%
Choctawhatchee Electric Co			29,550,646	0.20%
Valparaiso Realty			23,949,178	0.17%
HCA			23,827,205	0.16%
TOTAL PRINCIPAL TAXPAYER VALUE	599,132,163	3.22%	480,471,319	3.31%
TOTAL OTHER TAXPAYER VALUE	17,979,143,936	96.78%	\$ 14,019,400,316	96.69%
TOTAL TAXABLE ASSESSED VALUE	<u>\$ 18,578,276,099</u>	<u>100.00%</u>	<u>\$ 14,499,871,635</u>	<u>100.00%</u>

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

### Principal Property Tax Payers Current Year 2019



### Principal Property Tax Payers Year 2010



## UNAUDITED

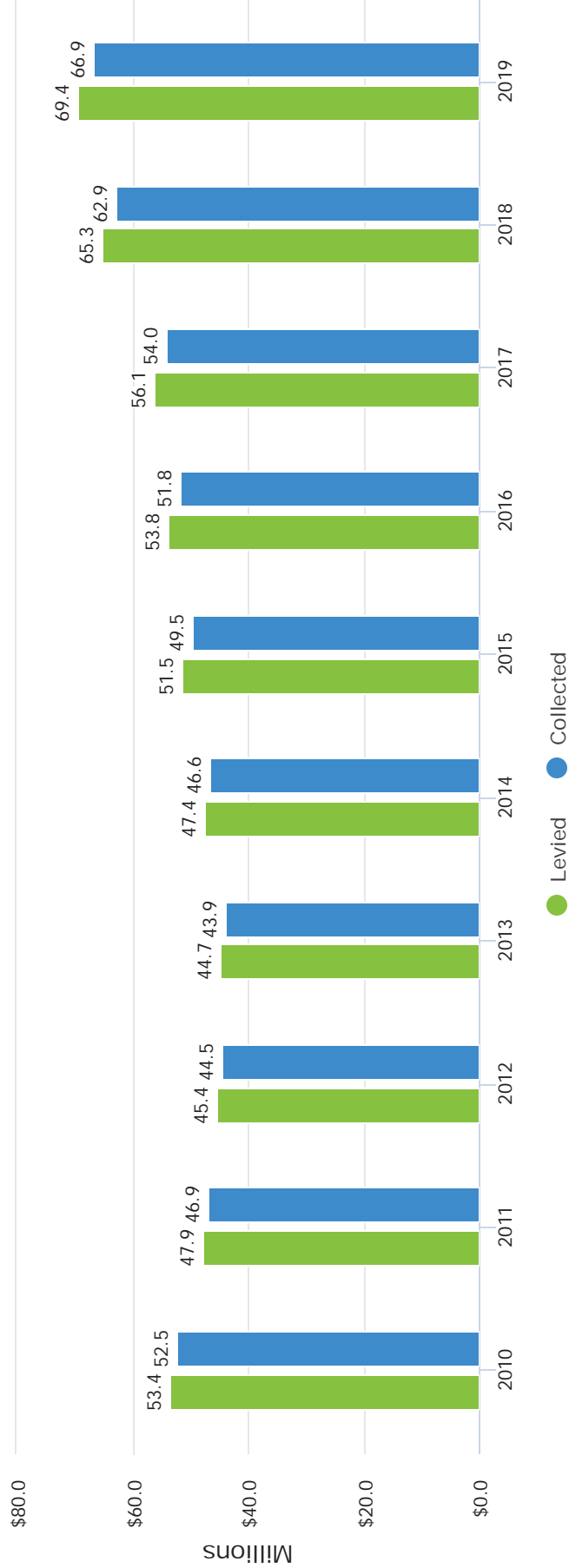
## SCHEDULE 9

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

FISCAL YEAR	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2010	\$ 53,408,513	\$ 52,477,263	98.3%	\$ 137,394	\$ 52,614,657	98.5%
2011	\$ 47,862,708	\$ 46,941,453	98.1%	\$ 235,856	\$ 47,177,309	98.6%
2012	\$ 45,434,311	\$ 44,537,852	98.0%	\$ 283,894	\$ 44,821,746	98.7%
2013	\$ 44,715,750	\$ 43,934,031	98.3%	\$ 168,991	\$ 44,103,022	98.6%
2014	\$ 47,418,367	\$ 46,623,220	98.3%	\$ 210,673	\$ 46,833,893	98.8%
2015	\$ 51,479,158	\$ 49,506,421	96.2%	\$ 162,314	\$ 49,668,735	96.5%
2016	\$ 53,794,633	\$ 51,776,803	96.2%	\$ 62,994	\$ 51,839,797	96.4%
2017	\$ 56,098,297	\$ 54,031,657	96.3%	\$ 65,175	\$ 54,096,832	96.4%
2018	\$ 65,279,339	\$ 62,899,736	96.4%	\$ 42,365	\$ 62,942,100	96.4%
2019	\$ 69,420,530	\$ 66,809,436	96.2%	\$ 43,434	\$ 66,852,871	96.3%

SOURCE: OKALOOSA COUNTY TAX COLLECTOR RECAPITULATION OF THE TAX ROLL

Property Tax Levies and Collections  
Last Ten Fiscal Years



## UNAUDITED

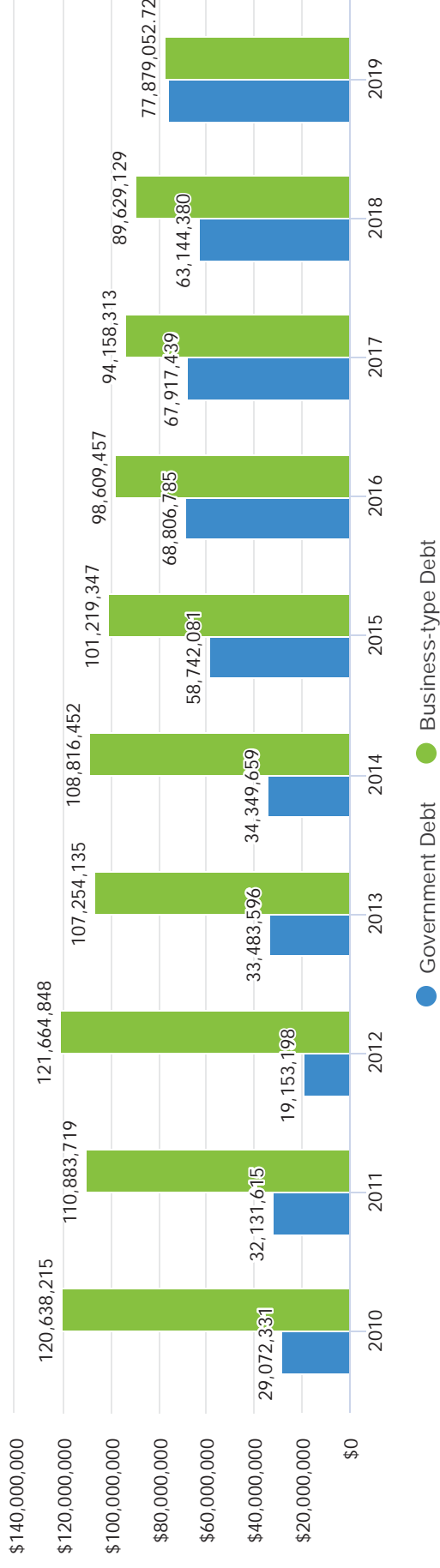
## SCHEDULE 10

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

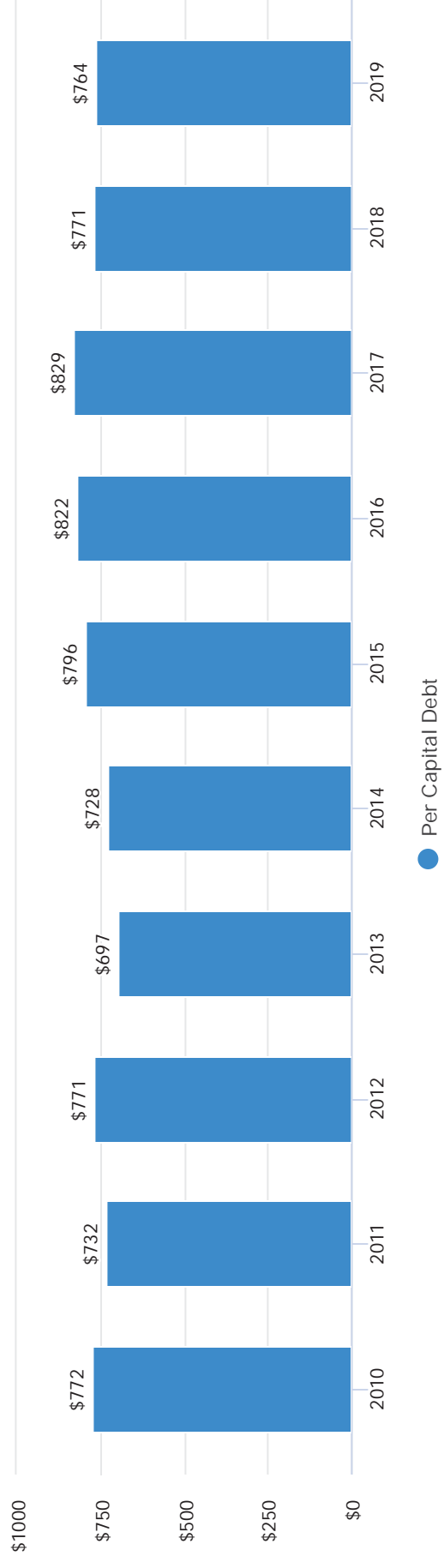
FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES								TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	SPECIAL OBLIGATION BONDS <sup>(1)</sup>	REVENUE BONDS <sup>(2)</sup>	CAPITAL LEASES <sup>(3)</sup>	COMMERCIAL PAPER, NOTES AND LOANS <sup>(4)</sup>	WATER BONDS, NOTES, AND LOANS <sup>(5)</sup>	AIRPORT BONDS, NOTES, AND LOANS <sup>(6)</sup>	SOLID WASTE BONDS <sup>(7)</sup>	CONFERENCE CENTER BONDS <sup>(8)</sup>	CAPITAL LEASES					
2010	\$ 182,412	\$ 25,749,919	\$ -	\$ 3,140,000	\$ 88,476,519	\$ 20,283,475	\$ 153,221	\$ 11,725,000	\$ -	\$ 151,751,057	2.03%	\$ 772		
2011	-	\$ 29,391,615	\$ -	\$ 2,740,000	\$ 84,700,701	\$ 22,693,018	-	\$ 3,490,000	\$ -	\$ 143,838,719	1.92%	\$ 732		
2012	-	\$ 19,153,198	\$ -	-	\$ 95,984,441	\$ 23,995,407	-	\$ 1,685,000	\$ -	\$ 151,569,848	2.03%	\$ 771		
2013	-	\$ 28,510,203	\$ -	\$ 4,973,393	\$ 84,863,512	\$ 22,235,623	-	\$ 155,000	\$ -	\$ 137,070,512	1.83%	\$ 697		
2014	-	\$ 28,290,659	\$ -	\$ 6,059,000	\$ 88,566,870	\$ 20,249,582	-	\$ -	\$ -	\$ 143,166,111	1.92%	\$ 728		
2015	-	\$ 52,719,870	\$ -	\$ 6,022,211	\$ 81,984,312	\$ 19,235,035	-	\$ -	\$ -	\$ 159,961,428	1.77%	\$ 796		
2016	-	\$ 63,899,514	\$ 416,292	\$ 4,490,979	\$ 79,094,314	\$ 19,515,143	-	\$ -	\$ -	\$ 167,416,242	1.86%	\$ 822		
2017	-	\$ 63,368,537	\$ 208,146	\$ 4,340,756	\$ 75,459,990	\$ 18,698,323	-	\$ -	\$ -	\$ 162,075,753	1.68%	\$ 829		
2018	-	\$ 61,187,380	\$ -	\$ 1,957,000	\$ 71,789,364	\$ 17,839,765	-	\$ -	\$ -	\$ 152,773,509	1.54%	\$ 771		
2019	-	\$ 73,867,000	\$ -	\$ 2,222,403	\$ 64,439,535	\$ 13,439,518	-	\$ -	\$ -	\$ 153,968,456	1.50%	\$ 764		

<sup>(1)</sup> Includes Refunding, Revenue & Improvement Bonds, 1985 and Capital Improvement Bonds, 1991<sup>(2)</sup> Includes Sales Tax Revenue Bonds, Series 2009 (Net issuance discount), Capital Improvement Revenue Bond, Series 2011, Sales Tax Revenue Bonds, Series 2014, and Sales Tax Revenue Bonds, Series 2016<sup>(3)</sup> Includes Capital Leases and Operating Leases with Escalator Clauses<sup>(4)</sup> Includes Florida Local Government Finance Commission Pooled Paper Loan and Private Bank Note, 2015<sup>(5)</sup> Includes State Pollution Control Bonds, and Revenue Bonds, Series 2015 (Net issuance premium)<sup>(6)</sup> Includes Revenue Bonds 2007 (Net issuance discount) and 2014, State Infrastructure Bank Loans, and 2015 Commercial Paper Loan<sup>(7)</sup> Includes Capital Improvement Bonds, 1991<sup>(8)</sup> Includes Fourth Cent Tourist Development Tax Revenue Bonds, 2000

Debt by Type  
Last Ten Fiscal Years



Per Capita Debt  
Last Ten Fiscal Years



## UNAUDITED

## SCHEDULE 11

## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail-Debt Serv	WATER REVENUE BONDS AND NOTES (PRINCIPAL + INTEREST)							TOTAL	COVERAGE
				1985	1992	2004	2006	2012	2015	2015		
2010	\$24,831,872	\$15,267,581	\$ 9,564,291	\$ 67,648	\$ -	\$ 801,210	\$ 5,171,437	\$ -	\$ -	\$ -	\$ 6,040,295	1.58
2011	\$25,895,709	\$16,650,924	\$ 9,244,785	\$ 67,542	\$ -	\$ 982,850	\$ 4,989,988	\$ -	\$ -	\$ -	\$ 6,040,380	1.53
2012	\$26,581,965	\$15,571,980	\$ 11,009,985	\$ 67,426	\$ -	\$ 3,728,770	\$ -	\$ 533,531	\$ -	\$ -	\$ 4,329,727	2.54
2013	\$26,685,108	\$15,295,914	\$ 11,389,194	\$ 68,003	\$ -	\$ 3,754,732	\$ 2,837,287	\$ 489,839	\$ -	\$ -	\$ 7,149,861	1.59
2014	\$29,122,953	\$14,809,770	\$ 14,313,183	\$ 66,451	\$ -	\$ 3,790,065	\$ -	\$ 536,674	\$ -	\$ -	\$ 4,393,190	3.26
2015	\$33,938,933	\$15,992,250	\$ 17,946,683	\$ 33,520	\$ -	\$ 5,037,556	\$ 3,077,105	\$ 300,731	\$ 1,902,096	\$ 10,351,008	\$ 10,351,008	1.73
2016	\$33,971,112	\$15,844,441	\$ 18,126,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,899,300	\$ 4,899,300	\$ 4,899,300	3.70
2017	\$34,491,900	\$16,807,625	\$ 17,684,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,807,763	\$ 5,807,763	\$ 5,807,763	3.04
2018	\$34,473,966	\$19,128,076	\$ 15,345,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,799,050	\$ 5,799,050	\$ 5,799,050	2.65
2019	\$38,369,807	\$18,314,645	\$ 20,055,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,794,585	\$ 5,794,585	\$ 5,794,585	3.46

Continued

## UNAUDITED

## SCHEDULE 11

## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Passenger Facility Charges	Direct Operating Expense	Net Revenue Avail - Debt Serv	AIRPORT REVENUE BONDS (PRINCIPAL + INTEREST)			
					2003	2007	2014	COVERAGE
2010	\$9,118,672	\$1,466,902	\$6,036,864	\$ 4,548,710	\$ 799,213	\$ 891,775	\$ -	1,690,988 2.69
2011	\$9,602,757	\$1,732,199	\$7,893,609	\$ 3,441,347	\$ 797,950	\$ 887,675	\$ -	1,685,625 2.04
2012	\$9,502,093	\$1,451,015	\$8,056,047	\$ 2,897,061	\$ 795,575	\$ 892,975	\$ -	1,688,550 1.72
2013	\$9,334,305	\$1,384,486	\$7,117,500	\$ 3,601,291	\$ 797,393	\$ 887,075	\$ -	1,684,468 2.14
2014	\$9,052,923	\$1,488,823	\$7,864,096	\$ 2,677,650	\$ 353,691	\$ 6,250,575	\$ 559,028	7,163,294 0.37
2015	\$8,448,925	\$1,321,169	\$7,776,146	\$ 1,993,948	\$ -	\$ 300,087	\$ 269,150	569,237 3.50
2016	\$10,073,560	\$1,756,663	\$8,554,275	\$ 3,275,948	\$ -	\$ 1,160,662	\$ 894,380	2,055,042 1.59
2017	\$12,013,833	\$2,243,640	\$7,991,528	\$ 6,265,945	\$ -	\$ 866,938	\$ 747,825	1,614,763 3.88
2018	\$14,165,274	\$2,776,566	\$9,235,558	\$ 7,706,282	\$ -	\$ 864,906	\$ 751,130	1,616,036 4.77
2019	\$16,263,239	\$3,392,550	\$10,251,267	\$ 9,404,522	\$ -	\$ 880,550	\$ 750,313	1,630,863 5.77

Continued

## SCHEDULE 11

## PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail - Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)		
				Bond	TOTAL	COVERAGE
2010	\$4,617,857	\$3,094,242	\$ 1,523,615	\$ 942,038	\$ 942,038	1.62
2011	\$6,062,145	\$2,597,664	\$ 3,464,481	\$ 8,929,631	\$ 8,929,631	0.39
2012	\$6,110,432	\$3,509,121	\$ 2,601,311	\$ 1,903,563	\$ 1,903,563	1.37
2013	\$6,258,565	\$2,437,430	\$ 3,821,135	\$ 1,535,370	\$ 1,535,370	2.49

Note: Conference Center debt was paid in full in fiscal year 2014.

UNAUDITED

SCHEDULE 12

DIRECT AND OVERLAPPING GOVENMENTAL ACTIVITIES  
DEBT AND COMPUTATION

DIRECT:	DEBT OUTSTANDING	PERCENT APPLICABLE TO THIS GOVERNMENTAL UNIT
OKALOOSA COUNTY - REVENUE BONDS	\$ 70,245,000	100%
OKALOOSA COUNTY - PRIVATE BANK NOTES	\$ 3,552,103	100%
OKALOOSA COUNTY - CAPITAL LEASE	\$ -	0%

OVERLAPPING:

OKALOOSA GOVERNMENTS ARE ENCOURAGED, BUT NOT REQUIRED TO PRESENT INFORMATION ABOUT DIRECT OR OVERLAPPING DEBT.  
OVERLAPPING DEBT IS NOT PRESENTED.

## UNAUDITED

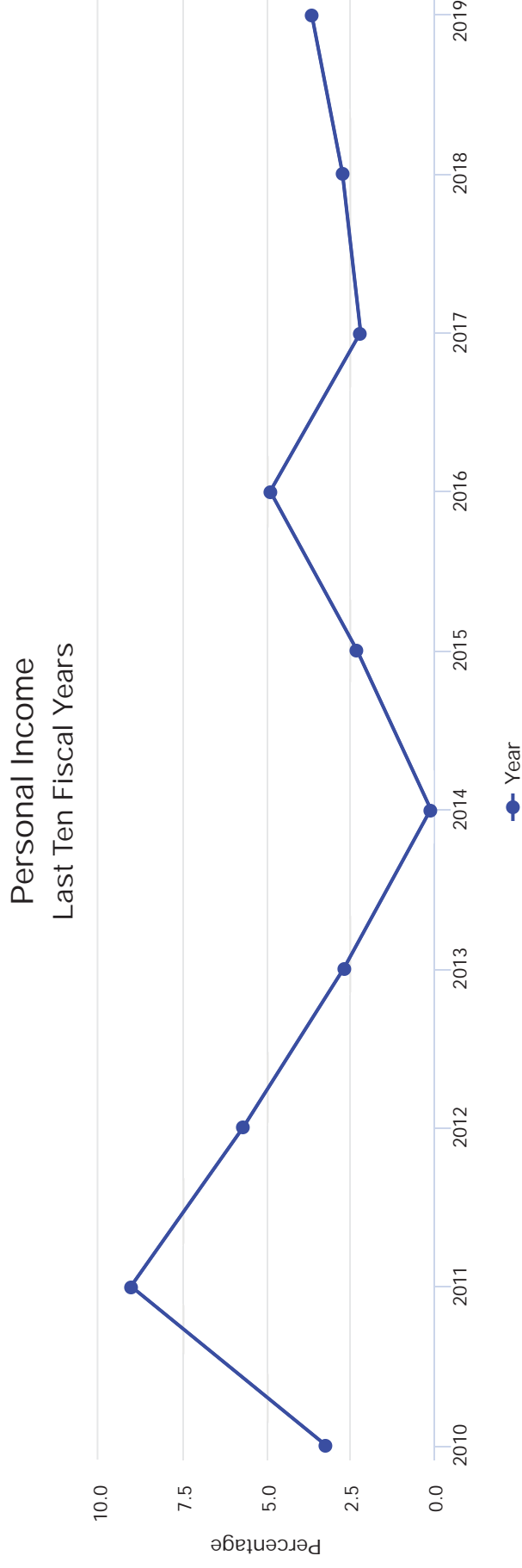
## SCHEDULE 13

## DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

YEAR	POPULATION	PERCENT +/-	PERSONAL INCOME IN THOUSANDS	PERCENT +/-	PER CAPITA PERSONAL INCOME	PERCENT +/-	UNEMPLOYMENT RATE
2010	196,800	0.3%	\$ 7,417,181	3.2%	\$ 43,383	9.4%	8.40%
2011	181,679	-7.7%	\$ 8,086,833	9.0%	\$ 44,479	2.5%	7.80%
2012	187,280	3.1%	\$ 8,546,210	5.7%	\$ 44,903	1.0%	6.70%
2013	187,486	0.1%	\$ 8,775,211	2.7%	\$ 45,277	0.8%	5.70%
2014	190,666	1.7%	\$ 8,783,041	0.1%	\$ 44,695	-1.3%	5.10%
2015	200,895	5.4%	\$ 8,983,919	2.3%	\$ 45,222	1.2%	3.80%
2016	202,183	0.6%	\$ 9,422,078	4.9%	\$ 46,836	3.6%	4.00%
2017	195,488	-3.3%	\$ 9,627,521	2.2%	\$ 47,433	1.3%	3.40%
2018	198,152	1.4%	\$ 9,889,567	2.7%	\$ 48,128	1.5%	3.40%
2019	201,514	1.7%	\$ 10,249,557 <sup>(1)</sup>	3.6%	\$ 49,191 <sup>(1)</sup>	2.2%	2.30%

<sup>(1)</sup> Estimated income figures based upon average percent in prior years.

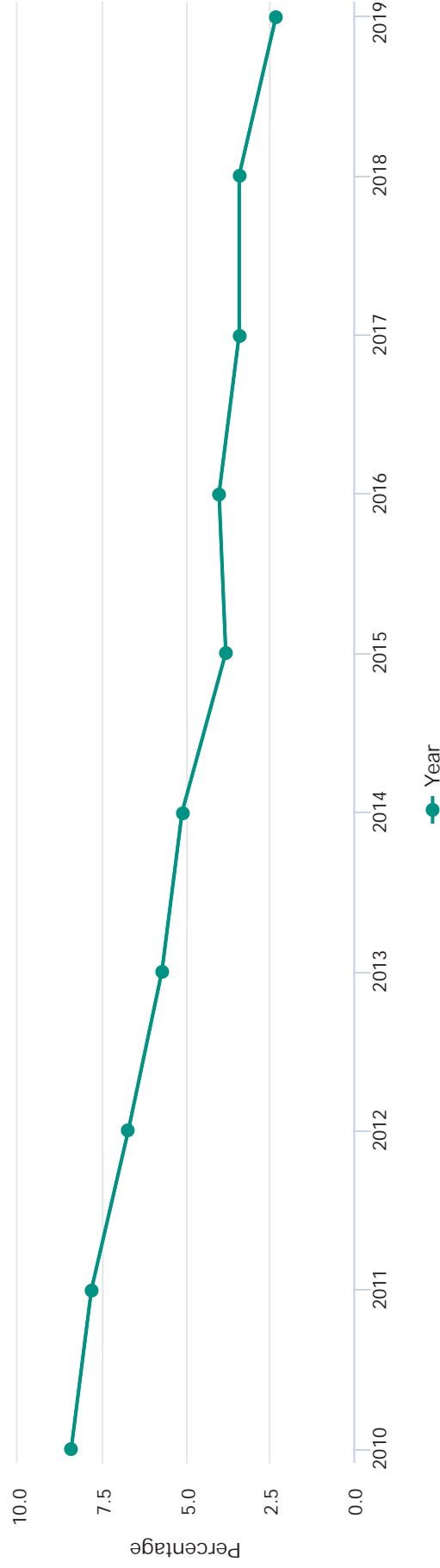
SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE



Per Capita Income  
Last Ten Fiscal Years



Unemployment Rate  
Last Ten Fiscal Years



## UNAUDITED

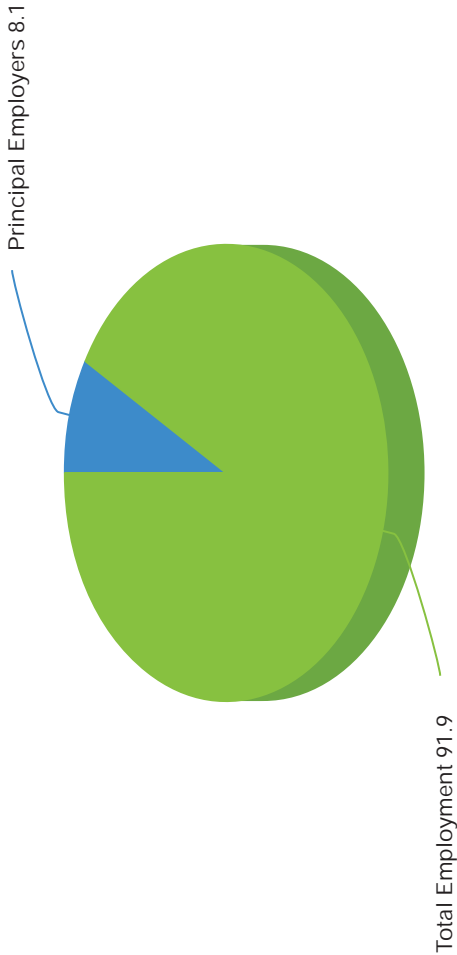
## SCHEDULE 14

## PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

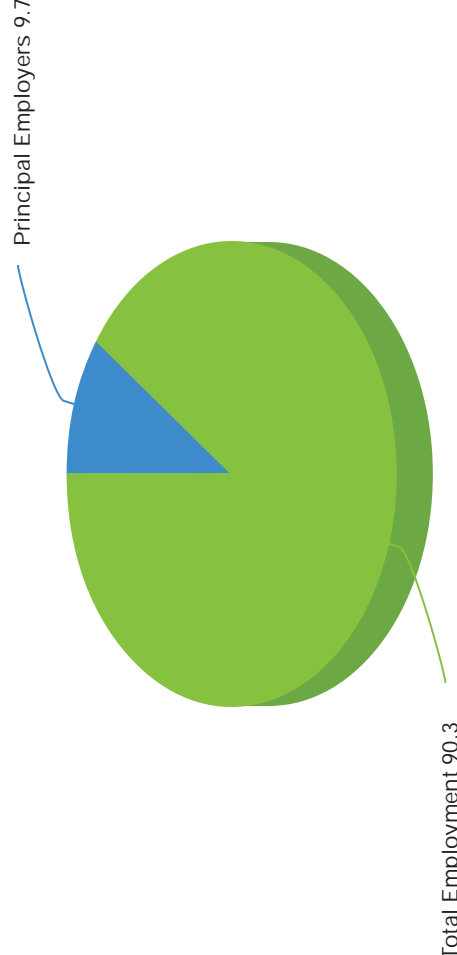
EMPLOYER	2019		2010	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
WALMART, COMBINED	1,419	1.77%		
L-3 CRESTVIEW AEROSPACE	1,000	1.25%	973	1.22%
NORTHWEST FL STATE COLLEGE	930	1.16%		
FT WALTON BEACH MEDICAL CENTER	850	1.06%	992	1.24%
NORTH OKALOOSA MEDICAL CENTER	605	0.75%	673	0.84%
RELIANCE TEST AND TECHNOLOGY	500	0.62%		
WHITE WILSON MEDICAL CENTER	400	0.50%		
HENDERSON BEACH RESORT HOTEL	300	0.37%		
BOEING AEROSPACE	267	0.33%		
BAE SYSTEMS	264	0.33%		
RESORT QUEST			930	1.17%
INDYNE INC			861	1.08%
DRS TRAINING & CONTROL SYSTEMS			860	1.08%
SVERDRUP TECHNOLOGY			700	0.88%
N.E.W			590	0.74%
TYBRIN CORPORATION			584	0.73%
COX COMMUNICATIONS			575	0.72%
TOTAL	6,535	8.15%	7,738	9.69%
TOTAL COUNTY EMPLOYMENT	80,195		79,825	

SOURCE: Office of Economic Development and Engagement of UWF

Principal Employers  
Current Year 2019



Principal Employers  
Nine Years Ago 2010



## UNAUDITED

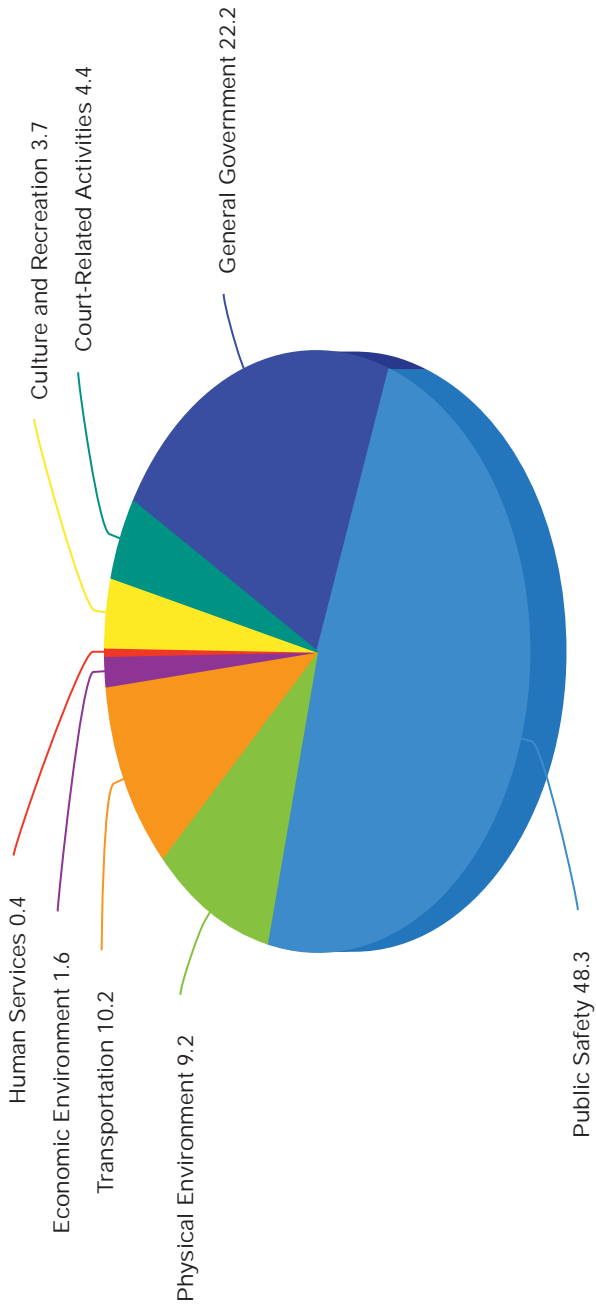
## SCHEDULE 15

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

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT	316	313	303	309	314	315	325	308	355	355
PUBLIC SAFETY	635	657	629	649	649	669	701	706	745	773
PHYSICAL ENVIRONMENT	161	156	147	144	146	151	164	155	145	147
TRANSPORTATION	166	154	146	156	166	167	162	138	157	163
ECONOMIC ENVIRONMENT	17	18	14	14	14	14	15	15	22	26
HUMAN SERVICES	8	8	8	8	8	8	8	8	8	7
CULTURE AND RECREATION	43	42	42	42	47	53	54	44	59	60
COURT-RELATED ACTIVITIES	82	82	86	86	85	89	78	76	74	70
TOTAL	1,427	1,430	1,375	1,408	1,429	1,465	1,507	1,450	1,565	1,601

SOURCE: BUDGET OFFICE

FTE by Function  
Fiscal Year 2019



## UNAUDITED

## SCHEDULE 16

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

FUNCTION/PROGRAM	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TRANSIT										
TOTAL ROUTE MILES	163	168	168	215	215	215	220	220	220	220
PASSENGERS	162,820	175,595	179,946	182,584	161,878	139,389	137,644	123,473	119,761	119,658
LIBRARY										
CIRCULATION	751,432	713,416	699,532	696,234	736,264	739,882	762,052	764,595	768,370	787,847
REGISTERED BORROWERS	94,493	77,616	72,730	70,908	70,739	71,322	72,555	73,401	73,883	72,711
PUBLIC WORKS										
ASPHALT OVERLAY (SQUARE YARDS)	61,778	58,809	24,547	42,280	61,219	57,523	78,044	90,624	218,500	218,496
BRIDGES REPAIRED/REPLACED	14	8	7	1	0	1	15	1	10	5
WATER										
NEW CONNECTIONS	134	320	757	140	119	169	189	179	182	190
WATER MAINS REPAIRED	52	74	55	63	124	32	36	28	24	34
ANNUAL WATER UNITS BILLED	434,148	437,682	442,834	444,340	451,427	456,066	423,601	469,014	476,239	480,260
SEWER										
ANNUAL SEWER UNITS BILLED	399,660	402,977	407,625	414,612	414,188	418,921	424,767	432,917	438,480	443,196
AIRPORTS										
ENPLANEMENTS	369,230	448,870	385,165	374,431	373,143	385,109	436,410	566,212	680,151	820,940
DEPLANEMENTS	364,118	451,692	387,574	379,194	372,268	385,936	437,957	567,997	681,597	826,290
GROWTH MANAGEMENT										
DEVELOPMENT PERMITS ISSUED	893	1,049	842	908	837	965	998	1,105	1,053	1,158
HOME OCCUPATIONS	359	370	379	463	440	456	521	515	476	447
REFUSE COLLECTION										
TRANSFER STATION TONNAGE	128,360	109,099	121,443	125,755	118,022	117,689	132,475	142,104	150,105	147,917
RECYCLING TONNAGE	5,898	6,584	8,139	6,196	7,278	8,700	8,922	9,391	12,567	13,681
PUBLIC SAFETY										
EMERGENCY CALLS (EMS)	21,997	23,782	23,591	23,986	25,105	25,973	27,139	29,127	31,101	32,301
SYSTEM CALLS (9-1-1)	111,065	117,530	129,530	131,147	103,320	101,451	188,631	130,395	209,675	393,408

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

## UNAUDITED

## SCHEDULE 17

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

FUNCTION/PROGRAM	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>PARKS AND RECREATION</b>										
COUNTY PARKS	18	18	18	18	19	19	19	19	18	18
UNINCORPORATED PARKS	32	33	34	33	35	35	36	37	38	39
PARK ACERAGE										
<b>TRANSIT</b>										
BUSES/PASSENGER VAN	17	17	17	17	11	11	11	13	14	14
<b>LIBRARY</b>										
COLLECTION	312,747	321,797	311,899	310,302	309,368	320,095	316,684	327,913	331,790	330,790
<b>PUBLIC WORKS</b>										
PAVED ROADS MAINTAINED (MILES)	652	652	666	670	674	670	678	682	682	705
DIRT ROADS MAINTAINED (MILES)	207	207	201	199	198	199	196	196	185	171
COLD MIX ROADS MAINTAINED (MILES)	74	74	74	72	70	74	71	67	60	53
TRAFFIC SIGNALS	11	13	13	13	13	13	10	10	11	11
<b>WATER</b>										
WATER MAINS (MILES)	455	422	767	726	741	466	513	486	493	501
FIRE HYDRANTS	2,267	4,038	5,519	5,546	5,777	3,980	4,138	3,332	3,232	2,930
MAXIMUM DAILY CAPACITY (THOUSANDS OF GALLONS)	17,200	17,200	17,200	17,200	17,200	17,200	10,620	10,620	10,620	10,620
<b>SEWER</b>										
SANITARY SEWERS (MILES)	400	340	558	561	593	448	521	499	479	473
MAXIMUM DAILY TREATMENT CAPACITY (THOUSANDS OF GALLONS)	13,206	13,206	13,206	13,206	13,206	11,980	11,980	11,980	16,980	16,980

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

The graphic features a large, light blue curved shape at the top and a solid blue curved shape at the bottom. A white circle is centered in the middle, containing the text "Compliance Section". The circle is surrounded by a thick blue ring that is part of a larger blue shape extending from the bottom. A horizontal white line passes behind the circle.

## **Compliance Section**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements (hereinafter referred to as "financial statements") of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida (the County) as of and for the year ended September 30, 2019, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 15, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of 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*.

**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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*  
Fort Walton Beach, Florida  
May 15, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

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

We have examined Okaloosa County, Florida's (hereinafter referred to as the "County") compliance with the following requirements for the year ended September 30, 2019:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 28.35 and 28.36 in regards to certain court-related functions
- (3) Florida Statutes 61.181 in regards to operation of a depository for alimony and child support
- (4) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil spill receipts and expenditures
- (5) Florida Statute 365.172 and 365.173 in regards to the E911 revenues and expenditures

Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Okaloosa County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
May 15, 2020

## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of Okaloosa County, Florida (hereinafter referred to as "County") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*.

### Other Reports and Schedules

We have issued:

- Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*;
- Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and Compliance with Requirements Applicable to the Passenger Facility Charge Program;
- Schedule of Findings and Questioned Costs;
- Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Florida Auditor General*, and

Disclosures in those reports which are dated May 15, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations in the preceding annual financial report

**Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Okaloosa County, Florida is a political subdivision of the State of Florida organized under Title VIII, Section 1(e) of the Florida constitution. The primary government includes the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections. As of September 30, 2019, Okaloosa County had no component units, as defined by GASB 61, with a significant operational or financial relationship with the County.

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not Okaloosa County, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Okaloosa County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor Okaloosa County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not identify any such matters.


**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.



Fort Walton Beach, Florida  
May 15, 2020

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

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

**Report on Compliance for Each Major Federal Program, State Project and Passenger Facility Charge Program**

We have audited the compliance of Okaloosa County, Florida (hereinafter referred to as "County"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement*; 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 could have a direct and material effect on each of the County's major federal programs, state projects and passenger facility charge program for the year ended September 30, 2019. The County's major federal programs and state projects are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

In our opinion, the County 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, 2019.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements that could have a direct and material effect on each major federal program, 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 the Uniform Guidance, Florida Department of Financial Services *State Projects Compliance Supplement*, 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 the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program, 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.

**Purpose of this Report**

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

*Warren Averett, LLC*

Fort Walton Beach, Florida

May 15, 2020

**Okaloosa County, Florida**  
**Airports Enterprise Fund**  
**SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES**  
**Fiscal Year Ended September 30, 2019**

	Date Approved	Amount Approved For Use	Cumulative Total - September 30, 2018	Quarter Ended December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	Year Ended September 30, 2019	Cumulative Total - September 30, 2019
<b>Revenues</b>									
Passenger facility charge revenues received			\$ 27,041,805	\$ 519,770	\$ 872,169	\$ 1,114,689	\$ 829,621	\$ 3,336,249	\$ 30,378,054
Interest earned			1,897,491	100,753	111,400	98,077	100,599	410,829	2,308,320
Total passenger facility charge revenue received			\$ 28,939,296	\$ 620,523	\$ 983,569	\$ 1,212,766	\$ 930,220	\$ 3,747,078	\$ 32,686,374
<b>Expenditures</b>									
Application 00-01-C-01-VPS	October 2000	\$ 16,080,970	\$ 9,478,616	\$ 527,594	\$ -	\$ -	\$ -	\$ 527,594	\$ 10,006,210
Application 03-02-C-00-VPS	July 2003	1,349,009	795,720	45,193	-	-	-	45,193	840,913
Application 07-03-C-01-VPS	October 2007	758,782	758,782	-	-	-	-	-	758,782
Application 08-04-C-00-VPS	June 2008	117,636	110,083	-	-	-	-	-	110,083
Application 10-05-C-01-VPS	August 2010	1,396,924	1,396,924	-	-	-	-	-	1,396,924
Application 15-06-C-00-VPS	July 2015	5,398,994	3,069,509	55,152	21,554	16,859	1,993,162	2,086,727	5,156,236
Application 19-07-C-00-VPS	August 2019	19,116,456	-	-	-	-	778,408	778,408	778,408
Total passenger facility charge revenue expended		\$ 44,218,771	\$ 15,609,634	\$ 627,939	\$ 21,554	\$ 16,859	\$ 2,771,570	\$ 3,437,922	\$ 19,047,556

**Okaloosa County, Florida**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF PASSENGER FACILITY CHARGES**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Passenger Facility Charges Collected and Expended includes all the PFCs and the interest earnings thereon collected by the County from January 1, 2001 (original date of approval) through September 30, 2019. The County currently collects \$4.50 per enplaned passenger. The current approval for charges as approved by the Federal Aviation Administration is estimated to end on October 1, 2027.

**NOTE 2 – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Passenger Facility Charges was prepared on the accrual basis of accounting. Passenger Facility Charges are recorded as revenue when earned and expenditures for debt service and approved capital projects are recorded as expenditures are made. Expenditures are made under an approved FAA application for use.

**NOTE 3 – PROGRAM COSTS**

The amounts shown as current year revenues and expenses represent only the Passenger Facility Charges portions of the project costs. Entire project costs may be more than shown.



# **Single Audit**

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2019**

<b>Federal/State Agency Pass-through Entity Federal Program/State Project</b>	<b>CFDA/CSFA Number</b>	<b>Contract or Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b><u>FEDERAL AWARDS</u></b>				
<b><u>U.S. Department of Agriculture</u></b>				
<b>Passed Through Florida Department of Agriculture &amp; Consumer Services</b>				
Food Distribution Program	10.550	82002	\$ 1,153	\$ -
Child Nutrition Cluster				
School Breakfast Program	10.553	01-0303	2,887	-
National School Lunch Program	10.555	01-0303	4,516	-
Total Child Nutrition Cluster			7,403	-
<b>Passed Through Florida Department of Financial Services</b>				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665	N/A	274	-
Total U.S. Department of Agriculture			8,830	-
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>Passed Through Florida Department of Economic Opportunity</b>				
Community Development Block Grants	14.228	10DB-4X-01-56-01-F18	147,722	-
Community Development Block Grants	14.228	10DB-4X-01-56-01-F18	1,817	-
Total U.S. Department of Housing and Urban Development			149,539	-
<b><u>U.S. Department of the Interior</u></b>				
<b>Passed Through Florida Fish and Wildlife Conservation Commission</b>				
Community Development Block Grants	15.605	FWC18104	40,000	-
Community Development Block Grants Matching			20,000	-
Total U.S. Department of the Interior			40,000	-
Sub-Total Florida Matching			20,000	
<b><u>U.S. Department of the Interior</u></b>				
<b>Direct Program</b>				
Payments in Lieu of Taxes	15.226	N/A	10,777	-
Total U.S. Department of the Interior			10,777	-
<b><u>U.S. Department of Justice</u></b>				
<b>Direct Programs</b>				
Justice Systems Response to Families	16.021	2016-FJ-AX-0016	151,694	150,672
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0068	6,863	-
Public Safety Partnership and Community Policing Grants	16.710	2016-UL-WX-0016	269,035	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0910	40,917	-
Equitable Sharing Program	16.922	N/A	55,371	-
<b>Passed Through Florida Department of Law Enforcement</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-JAGC-OKAL-2-N2-016	17,200	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-JAGC-OKAL-4-N2-129	17,053	17,053
Total U.S. Department of Justice			558,133	167,725
<b><u>U.S. Department of Transportation</u></b>				
<b>Direct Programs</b>				
<b><u>Federal Aviation Administration</u></b>				
Airport Improvement Program	20.106	3-12-0081-029-2018	832,929	-
Airport Improvement Program	20.106	3-12-0081-030-2109	622,472	-
Airport Improvement Program	20.106	3-12-0014-025-2109	24,472	-
Airport Improvement Program	20.106	3-12-0020-019-2017	51,951	-
Airport Improvement Program	20.106	3-12-0014-024-2017	52,080	-
Airport Improvement Program	20.106	3-12-0081-028-2017	24,177	-
Airport Improvement Program	20.106	3-12-0081-027-2017	905,062	-

The accompanying notes are an integral part of this schedule.

(Continued)

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE – CONTINUED**  
**Fiscal Year Ended September 30, 2019**

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/CSFA Number	Contract or Grant Number	Expenditures	Passed Through to Subrecipients
<b><u>FEDERAL AWARDS (continued)</u></b>				
<b><u>U.S. Department of Transportation (continued)</u></b>				
<b>Direct Programs (continued)</b>				
<b><u>Federal Transit Administration</u></b>				
Federal Transit Cluster				
Federal Transit Formula Grants	20.507	FL-90-X642-00	\$ 38,343	\$ -
Federal Transit Formula Grants	20.507	FL-90-X680-00	472,236	-
Federal Transit Formula Grants	20.507	FL-90-X715-00	93,056	-
Federal Transit Formula Grants	20.507	FL-90-X716-00	65,578	-
Federal Transit Formula Grants	20.507	FL-90-X761-00	14,375	-
Federal Transit Formula Grants	20.507	FL-90-X795-00	1,478	-
Federal Transit Formula Grants	20.507	FL-90-X815-00	3,765	-
Federal Transit Formula Grants	20.507	FL-90-X867-00	73,175	-
Federal Transit Formula Grants	20.507	FL-2017-064-00	24,844	-
Federal Transit Formula Grants	20.507	FL-2018-093-00	457,229	-
Federal Transit Formula Grants	20.507	FL-2019-017-00	865,151	-
<b>Passed Through Florida Department of Transportation</b>				
Highway Planning and Construction	20.205	ANZ38, 409797-1-88-01	254,802	-
Highway Planning and Construction	20.205	G1593, 43391025801/43391026801	341,399	-
Highway Planning and Construction	20.205	G0N75, 421997-7-58-01/421997-7-68-01	15,614	-
Highway Planning and Construction	20.205	G0Z29, 442260-1-38-01	7,894	-
Highway Planning and Construction	20.205	G1892, 421997-8-A8-01	14,013	-
Highway Planning and Construction	20.205	G0H05, 421997-8-48-01/421997-9-48-01	149,167	-
Formula Grants for Rural Areas	20.509	G0Z54, 4213653-84-17	281,659	-
Highway Safety Cluster				
National Priority Safety Programs	20.600	G1124; SC-19-13-16	22,752	-
<b>Total U.S. Department of Transportation</b>			<u>5,709,673</u>	<u>-</u>
<b><u>National Foundation on the Arts and the Humanities</u></b>				
<b>Passed Through Florida Department of State</b>				
Grants to States	45.310	18-LSTA-D-25	2,875	-
<b>Total National Foundation on the Arts and the Humanities</b>			<u>2,875</u>	<u>-</u>
<b><u>Election Assistance Commission</u></b>				
<b>Passed Through Florida Department of State</b>				
Help America Vote Act Requirements Payments	90.401	MOA # 2016-2017-001-OKA	25,490	-
Help America Vote Act Requirements Payments	90.401	MOA # 2018-2019-0004-OKA	21,382	-
Help America Vote Act Requirements Payments	90.401	MOA # 2017-2018-0001-HAVA	114,452	-
Help America Vote Act Requirements Payments	90.401	MOA # 2018-2019-002-HAVA	7,645	-
<b>Total Election Assistance Commission</b>			<u>168,969</u>	<u>-</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
<b>Passed Through Florida Department of Revenue</b>				
Child Support Enforcement	93.563	CSU46	13,081	-
<b>Passed Through Florida Department of Children and Families</b>				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	AH105	26,416	-
Matching			<u>128,975</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>39,497</u>	<u>-</u>
<b>Sub-Total Florida Matching</b>			128,975	-

The accompanying notes are an integral part of this schedule.

(Continued)

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE – CONTINUED**  
**Fiscal Year Ended September 30, 2019**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/CSFA Number	Contract or Grant Number	Expenditures	Passed Through to Subrecipients
<b><u>FEDERAL AWARDS (continued)</u></b>				
<b><u>U.S. Department of Homeland Security</u></b>				
<b>Direct Programs</b>				
Law Enforcement Officer Reimbursement Agreement Program - (OTA)	97.090	HSTS02-16-H-SLR794	\$ 113,150	\$ -
<b>Passed Through Florida Division of Emergency Management</b>				
Flood Mitigation Assistance Grant Program	97.029	18FM-X8-01-56-01-354	24,690	-
Flood Mitigation Assistance Grant Program	97.029	18FM-X8-01-56-01-380	64,749	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0863	412,723	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0863	6,881	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	92,560	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	179,700	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0957	173,684	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	4,600	-
Hazard Mitigation Grant	97.039	18HM-H4-01-56-01-388; 4177-06-A	4,224	-
Emergency Management Performance Grants	97.042	19-FG-AF-01-56-01-074	75,346	-
Homeland Security Grant Program	97.067	19-DS-06-01-56-01-285	77,414	-
Homeland Security Grant Program	97.067	18-DS-X5-01-56-23-232	60,685	-
<b>Total U.S. Department of Homeland Security</b>			<u>1,290,406</u>	<u>-</u>
<b>Sub-Total Florida Matching</b>			<u>-</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 7,978,699</u>	<u>\$ 167,725</u>
<b>TOTAL FLORIDA MATCHING FUNDS</b>			<u>\$ 148,975</u>	<u>\$ -</u>
<b><u>STATE FINANCIAL ASSISTANCE</u></b>				
<b><u>Executive Office of the Governor</u></b>				
<b>Direct Projects</b>				
<b><u>Florida Division of Emergency Management</u></b>				
Emergency Management Programs	31.063	19-BG-21-01-56-01-009	\$ 89,430	\$ -
Emergency Management Programs	31.063	A0022	25,008	-
Emergency Management Projects	31.067	19-CP-11-01-56-01-125	12,940	-
Emergency Management Projects	31.067	18-CP-11-01-56-01-079	421	-
<b>Total Executive Office of the Governor</b>			<u>127,799</u>	<u>-</u>
<b><u>Florida Department of Environmental Protection</u></b>				
<b>Direct Projects</b>				
Beach Management Funding Assistance Program	37.003	18OK1	191,402	-
Beach Management Funding Assistance Program	37.003	19OK1	59,724	-
Cooperative Collection Center Grant	37.007	HW005	53,413	-
Cooperative Collection Center Grant	37.007	HW905	156,625	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46043	8,283	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46042	473,170	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46041	310,577	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	S0881	826,828	-
Early Restoration Deepwater Horizon Oil Spill	37.081	DH002	164,226	-
<b>Total Florida Department of Environmental Protection</b>			<u>2,244,248</u>	<u>-</u>
<b><u>Florida Department of Agriculture and Consumer Services</u></b>				
<b>Direct Projects</b>				
Mosquito Control	42.003	024750	16,352	-
<b>Total Florida Department of Agriculture and Consumer Services</b>			<u>16,352</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

(Continued)

**Okaloosa County, Florida**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE – CONTINUED**  
**Fiscal Year Ended September 30, 2019**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/CSFA Number	Contract or Grant Number	Expenditures	Passed Through to Subrecipients
<b><u>STATE FINANCIAL ASSISTANCE (continued)</u></b>				
<b><u>Florida Department of State</u></b>				
Direct Projects				
State Aid to Libraries	45.030	16-ST-46	\$ 79,366	\$ -
State Aid to Libraries	45.030	15-ST-47	34,806	-
Total Florida Department of State			114,172	-
<b><u>Florida Housing Finance Corporation</u></b>				
Direct Projects				
State Housing Initiative Partnership (SHIP)	40.901	2016/2017	102,564	102,564
State Housing Initiative Partnership (SHIP)	40.901	2017/2018	118,582	67,680
State Housing Initiative Partnership (SHIP)	40.901	2018/2019	15,375	-
Total Florida Housing Finance Corporation			236,521	170,244
<b><u>Florida Department of Education and Commissioner of Education</u></b>				
Direct Projects				
Coach Aaron Feis Guardian Program	48.140	97J-90210-9D001	80,226	-
Total Florida Department of Education and Commissioner of Education			80,226	-
<b><u>Florida Department of Transportation</u></b>				
Direct Projects				
Traffic Management Control Project	55.UNKNOWN	220239-4-88-01	30,599	-
Advanced Transportation Management System	55.UNKNOWN	439966-1-58-01	22,249	-
Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	G1A53, 43202718401/43202818401	141,838	-
Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	GOX50, 43202911401	409,552	-
Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	G0Y29, 43202718401	16,968	-
Aviation Development Grant	55.004	G1800, 42561449401	82,518	-
Aviation Development Grant	55.004	G1200, 42230369401	250,000	-
Aviation Development Grant	55.004	G1972, 42230379401	18,750	-
Aviation Development Grant	55.004	AR859, 42561729401	384	-
Aviation Development Grant	55.004	G0602, 42561849401	52,703	-
Aviation Development Grant	55.004	ARQ63, 42561839401	8,540	-
Aviation Development Grant	55.004	AR742, 42561819401	78,339	-
Aviation Development Grant	55.004	ARQ67, 42561829401	125,169	-
Aviation Development Grant	55.004	ARQ65, 42230339401	232,473	-
Aviation Development Grant	55.004	G0604, 41819339401	86,854	-
Commuter Assistance / Rideshare Grants	55.007	G1377, 420315-2-84-01	5,000	-
Public Transit Block Grant Program	55.010	G0Z77, 4222531-84-01	370,922	-
Transit Corridor Program	55.013	G1305, 42225618401	211,353	-
Transportation Regional Incentive Program (TRIP)	55.026	G0J40, 42199735801	63,212	-
Transportation Regional Incentive Program (TRIP)	55.026	ARB51,421997-33801.34801, 43801,44801,53801,63801	42,776	-
Total Florida Department of Transportation			2,250,199	-
<b><u>Florida Department of Health</u></b>				
Direct Projects				
County Grant Awards	64.005	C6046	9,715	-
County Grant Awards	64.005	C7046	38,733	-
County Grant Awards	64.005	C5046	-	-
Domestic Mosquito Control for Zika Virus	64.UNKNOWN	SOW 18-101	55,000	-
Total Florida Department of Health			103,448	-
<b><u>Florida Fish and Wildlife Conservation Commission</u></b>				
Direct Projects				
Artificial Reef Grants Program	77.007	FWC-15155	1,698,440	-
Artificial Reef Grants Program	77.007	FWC-15274	-	-
Bear Resistant Equipment	77.034	FY18-19	18,000	-
Lionfish Education Exhibit Program	77.UNKNOWN	BCAB6A	2,499	-
Total Florida Fish and Wildlife Conservation Commission			1,718,939	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 6,891,904	\$ 170,244
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			\$ 14,870,603	\$ 337,969

The accompanying notes are an integral part of this schedule.

**Okaloosa County, Florida**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**Fiscal Year Ended September 30, 2019**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal funded programs and state funded projects of Okaloosa County, Florida for the year ended September 30, 2019. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Funds received and expended as state financial assistance reported on the schedule include only those state funds provided from state resources to carry out state projects. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Okaloosa County, Florida, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Okaloosa County, Florida.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for all governmental fund grants and the accrual basis of accounting for all proprietary fund grants. The basis of accounting is described in Note 1 C to the County's financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

Okaloosa County, Florida has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2019**

**1. SUMMARY OF AUDITOR RESULTS**

***Financial Statements***

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ Yes        X   No
- Significant deficiencies identified that are not considered to be material weakness? \_\_\_\_\_ Yes        X   None reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

***Federal Awards and State Projects***

Internal control over major programs/projects:

- Material weakness identified? \_\_\_\_\_ Yes        X   No
- Significant deficiency identified that is/ not considered to be material weakness? \_\_\_\_\_ Yes        X   None reported

Type of auditor's report issues on compliance for major programs/projects: Unmodified Opinion

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*? \_\_\_\_\_ Yes        X   No

Identification of Major Programs/Projects:

Federal:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Okaloosa County, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**  
**For the Fiscal Year Ended September 30, 2019**

**1. SUMMARY OF AUDITOR RESULTS (CONTINUED)**

***Federal Awards and State Projects (continued)***

Identification of Major Programs/Projects (continued):

State:

<u>CSFA #</u>	<u>Name of State Project</u>
37.039	Statewide Surface Water Restoration and Wastewater Project
55.004	Aviation Development Grant
77.007	Artificial Reef Grants Program

Dollar threshold used to distinguish between Type A  
and B programs for Federal Awards:

\$750,000

Dollar threshold used to distinguish between Type A  
and B projects for State Projects:

\$750,000

Auditee qualified as low-risk auditee?

           Yes      X   No

**2. FINANCIAL STATEMENT FINDINGS**

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

**3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS**

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

**4. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE**

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

**Okaloosa County, Florida**  
**SUMMARY OF PRIOR AUDIT FINDINGS**  
**For the Fiscal Year Ended September 30, 2019**

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

***FINDING 2018-1 BANK RECONCILIATIONS***

***Condition***

Bank reconciliations for certain cash accounts related to accounts of the Clerk of the Circuit Court and Comptroller and the Board of County Commissioners were not performed on a timely basis at the end of each month. Reconciling items were not researched promptly so corrective action may be taken, when necessary, to dispose of them. The bank reconciliations after preparation were also not reviewed in a timely manner. The amount of activity in these accounts on a monthly basis is voluminous and data is captured from various transaction sources making timely monthly reconciliations critical to the internal control over cash.

***Status***

Corrective action taken.

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**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# INTRODUCTORY SECTION

CLERK OF CIRCUIT COURT AND COMPTROLLER

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**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# FINANCIAL SECTION

CLERK OF CIRCUIT COURT AND COMPTROLLER

## INDEPENDENT AUDITORS' REPORT

Honorable JD Peacock II  
Clerk of the Circuit Court and Comptroller  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of each major fund and the aggregate remaining fund information of the Office of the Clerk of the Circuit Court and Comptroller of Okaloosa County, Florida, ("Clerk") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clerk'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 Clerk'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 each major fund and the aggregate remaining fund information of the Clerk, as of September 30, 2019, and the respective budgetary comparison for the General Fund, the Courts Special Revenue Fund, the Public Records Modernization Trust Special Revenue Fund, and the Public Records Courts Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Okaloosa County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Okaloosa County, Florida as of September 30, 2019 and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Clerk'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 included under the heading "*Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Fort Walton Beach, Florida

March 19, 2020

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# BASIC FINANCIAL STATEMENTS

CLERK OF CIRCUIT COURT AND COMPTROLLER

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**September 30, 2019**

	General Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 260,465	\$ 426,899	\$ 15,106	\$ 114,348	\$ 816,818
Investments	107,143	-	-	-	107,143
Accounts Receivable	342	-	-	-	342
Due from Other Elected Officials	8,462	-	-	-	8,462
Due from Other Governments	20,170	82,114	-	-	102,284
Prepays	34,760	5,678	-	-	40,438
<b>Total Assets</b>	<b>\$ 431,342</b>	<b>\$ 514,691</b>	<b>\$ 15,106</b>	<b>\$ 114,348</b>	<b>\$ 1,075,487</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 14,964	\$ 3,057	\$ -	\$ 2,836	\$ 20,857
Accrued Liabilities	394,780	64,288	-	8,416	467,484
Due to Other Elected Officials	3,472	-	-	-	3,472
Due to Other Governments	7,359	447,346	877	-	455,582
Due to Depositors	2,855	-	-	-	2,855
Unearned Revenue	7,912	-	-	-	7,912
<b>Total Liabilities</b>	<b>431,342</b>	<b>514,691</b>	<b>877</b>	<b>11,252</b>	<b>958,162</b>
<b>Fund Balance</b>					
Nonspendable	34,760	5,678	-	-	40,438
Restricted	-	-	14,229	103,096	117,325
Unassigned	(34,760)	(5,678)	-	-	(40,438)
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>14,229</b>	<b>103,096</b>	<b>117,325</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 431,342</b>	<b>\$ 514,691</b>	<b>\$ 15,106</b>	<b>\$ 114,348</b>	<b>\$ 1,075,487</b>

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

**STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Fiscal Year Ended September 30 2019**

	General Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental	\$ 130,253	\$ 304,327	\$ -	\$ -	\$ 434,580
Charges for Services	1,354,349	3,031,411	126,946	386,169	4,898,875
Fines	-	875,891	-	-	875,891
Miscellaneous	77,540	-	-	-	77,540
<b>Total Revenues</b>	<b>1,562,142</b>	<b>4,211,629</b>	<b>126,946</b>	<b>386,169</b>	<b>6,286,886</b>
<b>Expenditures</b>					
Current					
General Government	3,372,895	-	179,397	-	3,552,292
Court-Related	-	4,210,873	-	427,138	4,638,011
Capital Outlay	18,887	756	11,163	31,586	62,392
<b>Total Expenditures</b>	<b>3,391,782</b>	<b>4,211,629</b>	<b>190,560</b>	<b>458,724</b>	<b>8,252,695</b>
Over (Under) Expenditures	(1,829,640)	-	(63,614)	(72,555)	(1,965,809)
Transfers Among Constitutional Officers	1,883,250	-	-	-	1,883,250
Total Other Financing Sources (Uses)	1,883,250	-	-	-	1,883,250
Net Change in Fund Balances	53,610	-	(63,614)	(72,555)	(82,559)
Fund Balances - Beginning	(53,610)	-	77,843	175,651	199,884
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,229</b>	<b>\$ 103,096</b>	<b>\$ 117,325</b>

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

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 130,253	\$ (29,747)
Charges for Services	1,389,400	1,389,400	1,354,349	(35,051)
Miscellaneous	45,100	45,100	77,540	32,440
<b>Total Revenues</b>	<b>1,594,500</b>	<b>1,594,500</b>	<b>1,562,142</b>	<b>(32,358)</b>
Expenditures				
Current				
General Government	3,181,202	3,474,250	3,372,895	101,355
Capital Outlay	3,500	3,500	18,887	(15,387)
<b>Total Expenditures</b>	<b>3,184,702</b>	<b>3,477,750</b>	<b>3,391,782</b>	<b>85,968</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,590,202)	(1,883,250)	(1,829,640)	53,610
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	1,590,202	1,883,250	1,883,250	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,590,202</b>	<b>1,883,250</b>	<b>1,883,250</b>	<b>-</b>
Net Change in Fund Balance	-	-	53,610	53,610
Fund Balance - Beginning	-	-	(53,610)	(53,610)
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**COURTS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 325,598	\$ 325,598	\$ 304,327	\$ (21,271)
Charges for Services	3,019,765	3,019,765	3,031,411	11,646
Fines	766,642	866,642	875,891	9,249
<b>Total Revenues</b>	<b>4,112,005</b>	<b>4,212,005</b>	<b>4,211,629</b>	<b>(376)</b>
Expenditures				
Current				
Court-Related	4,112,005	4,212,005	4,210,873	1,132
Capital Outlay	-	-	756	(756)
<b>Total Expenditures</b>	<b>4,112,005</b>	<b>4,212,005</b>	<b>4,211,629</b>	<b>376</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**PUBLIC RECORDS MODERNIZATION TRUST SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 135,000	\$ 135,000	\$ 126,946	\$ (8,054)
Miscellaneous	500	500	-	(500)
<b>Total Revenues</b>	<b>135,500</b>	<b>135,500</b>	<b>126,946</b>	<b>(8,554)</b>
Expenditures				
Current				
General Government	73,500	183,500	179,397	4,103
Capital Outlay	10,000	10,000	11,163	(1,163)
<b>Total Expenditures</b>	<b>83,500</b>	<b>193,500</b>	<b>190,560</b>	<b>2,940</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,000	(58,000)	(63,614)	(5,614)
Net Change in Fund Balance	52,000	(58,000)	(63,614)	(5,614)
Fund Balance - Beginning	(52,000)	58,000	77,843	19,843
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,229</b>	<b>\$ 14,229</b>

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

**PUBLIC RECORDS COURTS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 423,172	\$ 423,172	\$ 386,169	\$ (37,003)
Miscellaneous	1,000	1,000	-	(1,000)
<b>Total Revenues</b>	<b>424,172</b>	<b>424,172</b>	<b>386,169</b>	<b>(38,003)</b>
Expenditures				
Current				
Court-Related	412,712	462,712	427,138	35,574
Capital Outlay	25,000	25,000	31,586	(6,586)
<b>Total Expenditures</b>	<b>437,712</b>	<b>487,712</b>	<b>458,724</b>	<b>28,988</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,540)	(63,540)	(72,555)	(9,015)
Net Change in Fund Balance	(13,540)	(63,540)	(72,555)	(9,015)
Fund Balance - Beginning	13,540	63,540	175,651	112,111
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,096</b>	<b>\$ 103,096</b>

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

## STATEMENT OF ASSETS AND LIABILITIES

## FIDUCIARY FUNDS

September 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,983,985
Investments	2,249,000
Accounts Receivable	10,460
Due from Other Governments	1,800
<b>Total Assets</b>	<b><u>\$ 5,245,245</u></b>
LIABILITIES	
Accounts Payable	\$ 2,549
Due to Other Elected Officials	149,780
Due to Other Governments	1,213,086
Due to Depositors	3,879,830
<b>Total Liabilities</b>	<b><u>\$ 5,245,245</u></b>

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

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**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# NOTES TO FINANCIAL STATEMENTS

CLERK OF CIRCUIT COURT AND COMPTROLLER

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

The Clerk of Circuit Court and Comptroller (Clerk) is an elected official established pursuant to the Constitution of the State of Florida. The Clerk is elected by the citizenry at-large and functions independently of the Board of County Commissioners of Okaloosa County, Florida.

The financial statements of the Clerk 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 Clerk uses the Uniform Accounting System (UAS) mandated by Chapter 218.33, Florida Statutes.

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

**A. The Reporting Entity**

The Clerk is part of the legal entity of Okaloosa County, Florida and is, therefore, reported as part of the primary government. The Clerk's individual financial statements do not purport to reflect the financial position or the results of operations of the primary government of Okaloosa County, Florida taken as a whole. The combined financial statements of the primary government of Okaloosa County, Florida include the individual statements of the following elected officials and those of separately administered organizations that are controlled by or are dependent upon the County:

- Board of County Commissioners
- Clerk of Circuit Court and Comptroller
- Sheriff
- Tax Collector
- Property Appraiser
- Supervisor of Elections

Financial activities of other component units that form the reporting entity of the primary government of Okaloosa County are not included in these financial statements.

**B. Basis of Presentation – Fund Financial Statements**

The financial statements have been prepared for the purpose of complying with *Rules of the Auditor General, State of Florida*, which require presentation of the fund level only financial statements and permit omission of entity-wide full accrual financial statements, related disclosures, and management's discussion and analysis. Therefore, these financial statements are intended to present only the financial position and changes in financial position of that portion of Okaloosa County, Florida, that relate to transactions of the Clerk and are not intended to present the financial position and changes in financial position of Okaloosa County, Florida.

The Clerk segregates transactions related to certain functions or activities in 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. Separate financial statements are provided for governmental funds, the proprietary fund and the fiduciary funds of the Clerk. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Governmental Fund Financial Statements**

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. 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 Clerk considers all revenues reported in the governmental funds to be available if the revenues are collected within 30 days after year-end as the Clerk must remit excess appropriations and fees back to the Board of County Commissioners by October 31. Those revenues susceptible to accrual are interest, charges for service, and intergovernmental.

Expenditures are recorded when the related fund liability is incurred. 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.

**2. Fiduciary Fund Financial Statements**

The only fiduciary funds of the Clerk are agency funds and as such do not record revenues and expenses.

**3. Financial Statement Presentation**

The Clerk reports the following major governmental funds:

**General Fund**

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

**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 Special Revenue Fund**

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

The Clerk reports the additional fund types:

**Agency Funds**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund 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; Security and Exchange Commission (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. The Clerk has elected to follow the County's investment policy.

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 Clerk 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 established registration procedures for securities and dealers. Investments are reported at fair value.

The Clerk maintains a pooled cash account available for use by all funds. Some agency funds maintain individual deposit type investment accounts. Each fund's portion of the pooled cash and individual deposit type investments are displayed on the balance sheet as "cash and cash equivalents."

**2. Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds or elected officials for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" or "due to/from other elected officials" on the balance sheet. Short-term interfund loans are also classified as "interfund receivables/payables."

The Clerk maintains no allowance for uncollectible trade accounts. Accounts receivable write offs are insignificant.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

**4. 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 position of Okaloosa County.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **5. Compensated Absences**

The liability for compensated absences consisting of unpaid accumulated Paid Time Off (PTO) balances is reported on the government-wide statement of net position of Okaloosa County. The liability is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds financial statements of the Clerk only if they have matured, for example, as a result of employee resignations and retirements.

### **6. Fund Balance**

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

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

The Clerk has a non-spendable fund balance for amounts representing prepaid items. All other fund balance of the Clerk is considered restricted due to spending constraints on the resources imposed by Florida State statutes. The Clerk does not have a formal minimum fund balance policy.

### **7. 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 - LEGAL COMPLIANCE BUDGETS**

The Clerk and Comptroller functions are funded by two primary sources, the State of Florida and the Board of County Commissioners.

The State provides operating funds for court-side activities of the Clerk through a State of Florida Clerk of Court Trust Fund. Clerks retain their revenues up to the budget amount appropriated from the Trust Fund. Also, any shortage of revenues up to the approved budget is funded by the Trust Fund. Excess revenues are returned to the State.

The Board of County Commissioners funds operating activities and capital expenditures for the comptroller functions. The Clerk submits a proposed budget to the Board for approval for each fiscal year. Funding by the Board is recorded as a "transfer out" in the financial statements of the County, and as a "transfer in" on the financial statements of the Clerk.

Florida Statutes require that the excess of the Board's appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year.

## **NOTE 3 - DEPOSITS AND INVESTMENTS**

The Clerk 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.

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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 Clerk deposits, including certificates of deposit, would be considered fully insured.

State Statutes and the formal investments and portfolio policies adopted by the Board of County Commissioners of Okaloosa County restrict the types of investments that can be made. 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 details the methods used to manage the risks inherent to the investment process. The authority for investment of County funds rests with the Clerk who has delegated management of the investment program to the Finance Director. Although the policies allow investments in many types of instruments, the Clerk has chosen to limit investment risks by investing mainly in allowed investment pools. Investments in the Local Government State Investment Pool are accounted for in the books and records of the Clerk during the fiscal year ended September 30, 2019.

Additionally, funds are placed with the State Board of Administration for participation in the Florida Prime Investment Pool, created by Section 218.405, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The County's investment in the Florida Prime Investment Pool, a Security and Exchange Commission (SEC) Rule 2a7-like external investment pool is reported at amortized cost, which is not materially different from fair value. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant Net Asset Value (NAV) of \$1.00 per share, provided that such funds meet certain conditions. The Florida Prime Investment Pool has a dollar weighted average days to maturity "WAM" of 37 days as of September 30, 2019. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida Prime at September 30, 2019 is 85 days. There are no restrictions on redemptions. The Florida Prime Investment Pool is rated by Standard and Poors. The current rating is AAAM.

As of September 30, 2019, the carrying value of the Clerk's deposits and investments was as follows:

Type	Amount
Cash on hand	\$ 2,500
Demand deposits	3,798,303
Local Government Surplus Funds Trust Fund:	
Florida PRIME	2,356,143
Total deposits and investments	<u>\$ 6,156,946</u>

## NOTE 4 – INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2019 is as follows:

Due to/from other funds and elected officials:

Receivable Fund	Payable Fund	Amount	Purpose
Other Elected Officials			
General	Board of County Commissioners	\$ 8,462	Fees collected
Board of County Commissioners	General	3,472	Fuel and maintenance
Board of County Commissioners	Fiduciary Fund	149,780	Collected fines and fees
Total		<u>\$ 161,714</u>	
Transfer In	Transfer Out	Amount	Purpose
Other Elected Officials			
General	Board of County Commissioners	\$ (1,883,250)	Appropriations
Total		<u>\$ (1,883,250)</u>	

## NOTE 5 - OPERATING LEASES

The Clerk of the Circuit Court leases copier equipment under non-cancelable operating leases effective for four years. Monthly payments under the original lease were \$4,014 thru 2/28/2018. The previous contracted monthly payment was \$2,468 effective 3/1/2018 and ended 2/28/2019. The current monthly payment of \$3,020 is effective through 11/1/2022. Future minimum lease payments for the equipment leases total \$111,740 through November 2022. Total lease expenditures for fiscal year ended September 30, 2019 were \$33,342.

The Clerk of the Circuit Court leases postal equipment for the Crestview office under an operating lease effective for five years. Monthly payments under the previous lease were \$395. The current lease began 4/1/2019 and has a minimum lease payment of \$423.67 per month effective through 3/31/2024. Future minimum lease payments for the equipment leases total \$22,455 through March 2024. Total lease expenditures for fiscal year ended September 30, 2019 were \$4,826.

The Clerk of the Circuit Court entered a new lease January 30, 2015 for postal equipment for the Fort Walton Beach office under an operating lease effective for five years. Monthly payments under the lease are \$376 effective through 12/1/2019. Future minimum lease payments for the equipment leases total \$1,128 through December 2019. Total lease expenditures for fiscal year ended September 30, 2019 were \$3,666.

Total lease expenditure/expense for operating leases in which the Clerk is the lessee for fiscal year ended September 30, 2019 was \$41,834. Future minimum lease payments for these leases are as follows:

Fiscal Year Ended September 30	
2020	\$ 42,452
2021	41,324
2022	41,324
2023	8,104
2024	2,119
	<u>\$ 135,323</u>

**NOTE 6 - RESTRICTED FUND BALANCES**

The governmental fund balance sheet contains the line item "Restricted". Following is a list of the detail balances contained in that line item for September 30, 2019:

Fund	Amount	Purpose
Special Revenue Funds		
Public Record Modernization	\$ 14,229	General Information Technology
Public Records Courts	103,096	Judicial Information Technology
Total Restricted for Other Purposes	<u>\$ 117,325</u>	

**NOTE 7 - PENSION PLAN**

The Clerk participates in the Florida Retirement System (FRS) which is a cost sharing multiple employer contributory retirement system administered by the State of Florida (State). The FRS was established in 1970 by Chapter 121, Florida Statutes. In 2002 the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the cost of health insurance.

The State of Florida Retirement System issues a publicly available stand-alone financial report (CAFR) which includes financial statements and required supplementary information. Also available are the pension systems actuarial reports to support the schedules of employer allocations and schedules of pension amounts by employer. These reports are available on the division's website at <http://www.dms.myflorida.com> or by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com). The CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

**State of Florida Division of Retirement Department of Management Services**  
**Bureau of Research and Member Contributions**  
**P.O. Box 9000**  
**Tallahassee, FL 32315-9000**  
**850-907-6500 or toll free 844-377-1888**

There are six classes of membership applicable to the Clerk. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- **Regular Class, Senior Management Service Class, and Elected Officers' Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.
- **Special Risk Class and Special Risk Administrative Support Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk

**NOTE 7 - PENSION PLAN (CONTINUED)**

- Administrative Support Class must meet the requirements of the Regular Class.
- The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months.

**FRS Membership and Plan Benefits** - The FRS Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are established by State Statutes. Retirement benefits are based on a formula comprised of age, average compensation, length of FRS service, and membership class. Average compensation is computed as the average of an individual's five highest years of earnings for employees hired before July 1, 2011 or eight highest years of earnings for employees hired on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the plan participant.

Pension plan participants may choose to receive benefit in retirement under one of four options which will include a 3% cost-of-living adjustment each July (adjustments are only applicable for FRS service earned prior to July 1, 2011).

If a pension plan participant leaves FRS-covered employment, the pension plan benefit is frozen until the employee returns to FRS-covered employment or begins receiving early or normal retirement benefit.

**HIS Membership and Plan Benefits** - The HIS membership is available to all members within the FRS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Contribution Requirements** - The Clerk is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution. The Clerk's contractually required contribution rate includes the HIS contribution, .06% administrative and educational fee and any applicable unfunded actuarial liability "UAL" rates. The HIS required contribution rate is 1.66% for the 2018 and 2019 FRS plan years. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Descriptions and contribution rates in effect during the period ended September 30, 2019 and two preceding FRS fiscal years are as follows:

	September 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Regular Class	8.47%	8.26%	7.92%	7.52%
Senior Management	25.41%	24.06%	22.71%	21.77%
Elected Officials	48.82%	48.70%	45.50%	42.47%
Deferred Retirement Option Program	14.60%	14.03%	13.26%	12.99%
Special Risk Regular	25.48%	24.50%	23.27%	22.57%
Special Risk Administrative Support	38.59%	34.98%	34.63%	28.06%

**NOTE 7 - PENSION PLAN (CONTINUED)**

For the years ending September 30, 2019, 2018, and 2017, the Clerk contributed \$609,042, \$576,570 and \$575,411 respectively, equal to 100% of the required contributions for each year.

The Florida Legislature has the authority for establishing or amending retirement legislation and related bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the Governor and approved before they may be enacted into law.

The Florida Legislature has the authority for establishing or amending retirement legislation and related bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the Governor and approved before they may be enacted into law.

**Net Pension Liability – Proportionate Share**

The Clerk has a net FRS pension liability determined in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

The Board offers post-employment health care benefits to all retired employees of the Clerk's Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium costs, which is netted against the premium payments, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate which includes active, lower cost employees. This implicit subsidy has a cost, however, this annual cost and the total post employment benefit liability have been calculated for the County as a whole, and not separately for the Clerk's Office. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

**NOTE 9 - RISK MANAGEMENT**

The Clerk is exposed to risk of loss for claims and judgments for public liability, workers' compensation, and other special risks. Special risks are covered by commercial insurance policies that are accounted for in the Clerk's general fund. The Clerk bears no risk of loss under this type of coverage. There has been no significant reduction in insurance coverage from the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three (3) fiscal years.

The Clerk has chosen to participate in a group medical insurance plan along with all other elected official offices of Okaloosa County except for the Sheriff. The plan is administered by the Risk Management Department of the Board of County Commissioners and uses a fully insured commercial insurance policy to fund employee medical benefits. The Clerk bears no risk of loss under this type of coverage.

The Clerk has chosen to participate in the Self-Insurance Internal Service Fund of the Okaloosa County Board of County Commissioners to handle claims for public liability and workers' compensation. The Self-Insurance Internal Service Fund charges the Clerk a fee to participate based upon actuarially projected budget requirements for expected yearly cash payouts. No claim liability for this self-insurance program is recognized in the financial statements of the Clerk.

**NOTE 10 - FLORIDA DEPARTMENT OF REVENUE, CHILD SUPPORT ENFORCEMENT PROGRAM**

In October 2017, the Clerk received notice from the Florida Department of Revenue (FDOR) that its contractor, Maximus, had completed an analysis of allowable indirect costs rates used in the Child Support Enforcement Program for 2016 and determined the rate used by the Clerk was overstated resulting in overpayments by the FDOR to the Clerk. The indirect cost rate being used also created overpayments in 2017 and 2018.

The total amount due to FDOR at September 30, 2018 is \$634,266 of which \$235,404 is due during the year ended September 30, 2020. The Clerk is making monthly installment payments, via reductions in monthly funding allocations from FDOR, through March 2023 to satisfy the payable.

**NOTE 11 - SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the novel strain of the coronavirus ("COVID-19") a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and services across a range of industries, including but not limited to tourism and travel. The extent of the impact of COVID-19 on the Clerk's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees, vendors and economical mitigation measures to be taken by federal and state government, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Clerk's financial condition or results of operations is uncertain and cannot be estimated.

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**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS**

**September 30, 2019**

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	BCC Trust
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 144,775	\$ 12,102	\$ 169,539	\$ 83,557	\$ 1,469,993	\$ 39,496
Investments	285,000	-	850,000	-	-	-
Accounts Receivable	-	-	-	10,182	-	-
Due from Other Governments	1,800	-	-	-	-	-
<b>Total Assets</b>	<b>431,575</b>	<b>12,102</b>	<b>1,019,539</b>	<b>93,739</b>	<b>1,469,993</b>	<b>39,496</b>
<b>LIABILITIES</b>						
Liabilities						
Accounts Payable	\$ -	\$ 1,624	\$ 190	\$ -	\$ -	\$ -
Due to Other Elected Officials	110,284	-	-	-	-	39,496
Due to Other Governments	321,291	378	20,574	346	6,426	-
Due to Depositors	-	10,100	998,775	93,393	1,463,567	-
<b>Total Liabilities</b>	<b>\$ 431,575</b>	<b>\$ 12,102</b>	<b>\$ 1,019,539</b>	<b>\$ 93,739</b>	<b>\$ 1,469,993</b>	<b>\$ 39,496</b>

Continued...

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**September 30, 2019**

	State Trust	Probation Fee Trust	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 504,542	\$ 80	\$ 12,585	\$ 4,240	\$ 494,862	\$ 48,214	\$ 2,983,985
Investments	330,000	-	150,000	-	359,000	275,000	2,249,000
Accounts Receivable	-	-	-	-	-	278	10,460
Due from Other Governments	-	-	-	-	-	-	1,800
<b>Total Assets</b>	<b>834,542</b>	<b>80</b>	<b>162,585</b>	<b>4,240</b>	<b>853,862</b>	<b>323,492</b>	<b>5,245,245</b>
<b>LIABILITIES</b>							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 735	\$ -	\$ -	\$ -	\$ 2,549
Due to Other Elected Officials	-	-	-	-	-	-	149,780
Due to Other Governments	834,542	-	3,568	1,698	-	24,263	1,213,086
Due to Depositors	-	80	158,282	2,542	853,862	299,229	3,879,830
<b>Total Liabilities</b>	<b>\$ 834,542</b>	<b>\$ 80</b>	<b>\$ 162,585</b>	<b>\$ 4,240</b>	<b>\$ 853,862</b>	<b>\$ 323,492</b>	<b>\$ 5,245,245</b>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Balances September 30, 2018	Additions	Deletions	Balances September 30, 2019
<b>FINE AND FORFEITURE AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 29,521	\$ 5,370,495	\$ 5,255,241	\$ 144,775
Investments	330,000	35,000	80,000	285,000
Due from Other Elected Officials	60	-	60	-
Due from Other Governments	530	1,800	530	1,800
Total Assets	<u>\$ 360,111</u>	<u>\$ 36,800</u>	<u>\$ 5,335,831</u>	<u>\$ 431,575</u>
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 87,373	\$ 1,379,749	\$ 1,356,838	\$ 110,284
Due to Other Governments	272,738	4,047,997	3,999,444	321,291
Total Liabilities	<u>\$ 360,111</u>	<u>\$ 5,427,746</u>	<u>\$ 5,356,282</u>	<u>\$ 431,575</u>
<b>JURY AND WITNESS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 4,916</u>	<u>\$ 40,960</u>	<u>\$ 33,774</u>	<u>\$ 12,102</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 33,899	\$ 32,275	\$ 1,624
Due to Other Governments	-	538	160	378
Due to Depositors	4,916	41,425	36,241	10,100
Total Liabilities	<u>\$ 4,916</u>	<u>\$ 75,862</u>	<u>\$ 68,676</u>	<u>\$ 12,102</u>
<b>TAX DEED AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 53,902	\$ 1,032,574	\$ 916,937	\$ 169,539
Investments	1,100,000	100,000	350,000	850,000
Total Assets	<u>\$ 1,153,902</u>	<u>\$ 1,132,574</u>	<u>\$ 1,266,937</u>	<u>\$ 1,019,539</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 154,808	\$ 154,618	\$ 190
Due to Other Governments	-	21,474	900	20,574
Due to Depositors	1,153,902	681,827	836,954	998,775
Total Liabilities	<u>\$ 1,153,902</u>	<u>\$ 858,109</u>	<u>\$ 992,472</u>	<u>\$ 1,019,539</u>

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# **COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES** **AGENCY FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Balances September 30, 2018	Additions	Deletions	Balances September 30, 2019
<b>SUPPORT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 87,409	\$ 3,193,864	\$ 3,197,716	\$ 83,557
Accounts Receivable	13,005	6,941	9,764	10,182
Total Assets	<u>\$ 100,414</u>	<u>\$ 3,200,805</u>	<u>\$ 3,207,480</u>	<u>\$ 93,739</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 2,781	\$ 6,990	\$ 9,771	\$ -
Due to Other Governments	445	8,106	8,205	346
Due to Depositors	97,188	3,194,588	3,198,383	93,393
Total Liabilities	<u>\$ 100,414</u>	<u>\$ 3,209,684</u>	<u>\$ 3,216,359</u>	<u>\$ 93,739</u>
<b>REGISTRY OF COURT AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 2,275,192</u>	<u>\$ 13,634,126</u>	<u>\$ 14,439,325</u>	<u>\$ 1,469,993</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 376,041	\$ -	\$ 376,041	\$ -
Due to Other Governments	-	16,252	9,826	6,426
Due to Depositors	1,899,151	11,970,657	12,406,241	1,463,567
Total Liabilities	<u>\$ 2,275,192</u>	<u>\$ 11,986,909</u>	<u>\$ 12,792,108</u>	<u>\$ 1,469,993</u>
<b>BOARD OF COUNTY COMMISSIONERS TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 29,010</u>	<u>\$ 406,751</u>	<u>\$ 396,265</u>	<u>\$ 39,496</u>
<b>LIABILITIES</b>				
Due to Other Elected Officials	<u>\$ 29,010</u>	<u>\$ 446,002</u>	<u>\$ 435,516</u>	<u>\$ 39,496</u>
<b>STATE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 21,274	\$ 32,712,321	\$ 32,229,053	\$ 504,542
Investments	225,000	555,000	450,000	330,000
Due from Other Funds	450,000	-	450,000	-
Total Assets	<u>\$ 696,274</u>	<u>\$ 33,267,321</u>	<u>\$ 33,129,053</u>	<u>\$ 834,542</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 696,274</u>	<u>\$ 31,814,270</u>	<u>\$ 31,676,002</u>	<u>\$ 834,542</u>

Continued...

# **COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES** **AGENCY FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Balances September 30, 2018	Additions	Deletions	Balances September 30, 2019
<b>PROBATION FEE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 622	\$ 1,525	\$ 2,067	\$ 80
<b>LIABILITIES</b>				
Due to Depositors	\$ 622	\$ 1,525	\$ 2,067	\$ 80
<b>ESCROW TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 180,801	\$ 637,510	\$ 805,726	\$ 12,585
Investments	-	150,000	-	150,000
Total Assets	\$ 180,801	\$ 787,510	\$ 805,726	\$ 162,585
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 145,526	\$ 144,791	\$ 735
Due to Other Governments	-	6,061	2,493	3,568
Due to Depositors	180,801	632,199	654,718	158,282
Total Liabilities	\$ 180,801	\$ 783,786	\$ 802,002	\$ 162,585
<b>JUVENILE TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 489	\$ 35,607	\$ 31,856	\$ 4,240
<b>LIABILITIES</b>				
Due to Other Governments	\$ 489	\$ 1,758	\$ 549	\$ 1,698
Due to Depositors	-	33,848	31,306	2,542
Total Liabilities	\$ 489	\$ 35,606	\$ 31,855	\$ 4,240
<b>FORECLOSURE ESCROW TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 921,655	\$ 2,791,281	\$ 3,218,074	\$ 494,862
Investments	-	359,000	-	359,000
Due from Other Funds	25	-	25	-
Total Assets	\$ 921,680	\$ 3,150,281	\$ 3,218,099	\$ 853,862
<b>LIABILITIES</b>				
Due to Depositors	\$ 921,680	\$ 2,443,256	\$ 2,511,074	\$ 853,862

Continued...

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**For the Fiscal Year Ended September 30, 2019**

	Balances September 30, 2018	Additions	Deletions	Balances September 30, 2019
<b>CASH BOND TRUST AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 258,242	\$ 940,337	\$ 1,150,365	\$ 48,214
Investments	-	275,000	-	275,000
Accounts Receivable	-	556	278	278
<b>Total Assets</b>	<u>\$ 258,242</u>	<u>\$ 1,215,893</u>	<u>\$ 1,150,643</u>	<u>\$ 323,492</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 39,251	\$ 14,988	\$ 24,263
Due to Depositors	258,242	908,991	868,004	299,229
<b>Total Liabilities</b>	<u>\$ 258,242</u>	<u>\$ 948,242</u>	<u>\$ 882,992</u>	<u>\$ 323,492</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,863,033	\$ 60,797,351	\$ 61,676,399	\$ 2,983,985
Investments	1,655,000	1,474,000	880,000	2,249,000
Accounts Receivable	13,005	7,497	10,042	10,460
Due from Other Funds	450,025	-	450,025	-
Due from Other Elected Officials	60	-	60	-
Due from Other Governments	530	1,800	530	1,800
<b>Total Assets</b>	<u>\$ 5,981,653</u>	<u>\$ 62,280,648</u>	<u>\$ 63,017,056</u>	<u>\$ 5,245,245</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 334,233	\$ 331,684	\$ 2,549
Due to Other Funds	378,822	6,990	385,812	-
Due to Other Elected Officials	116,383	1,825,751	1,792,354	149,780
Due to Other Governments	969,946	35,955,707	35,712,567	1,213,086
Due to Depositors	4,516,502	19,908,316	20,544,988	3,879,830
<b>Total Liabilities</b>	<u>\$ 5,981,653</u>	<u>\$ 58,030,997</u>	<u>\$ 58,767,405</u>	<u>\$ 5,245,245</u>

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# OTHER REPORTS

CLERK OF CIRCUIT COURT AND COMPTROLLER

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Honorable JD Peacock II  
Clerk of the Circuit Court and Comptroller  
Okaloosa County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements (hereinafter referred to as "financial statements") of each major fund and the aggregate remaining fund information of the Office of the Clerk of the Circuit Court and Comptroller of Okaloosa County, Florida (hereinafter referred to as the "Clerk"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated March 19, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Clerk'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 the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk'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*.

**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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Fort Walton Beach, Florida

March 19, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE  
REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL**

We have examined the Office of the Clerk of the Circuit Court and Comptroller of Okaloosa County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statutes 218.415 in regards to investments, Florida Statutes 28.35 and 28.36 in regards to certain court-related functions, and 61.181 in regards to operation of a depository for alimony and child support for the year ended September 30, 2019.

Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
March 19, 2020

## MANAGEMENT LETTER

Honorable JD Peacock II  
Clerk of Circuit Court and Comptroller  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court and Comptroller of Okaloosa County, Florida (hereinafter referred to as "Clerk") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Florida Auditor General*.

### Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports which are dated March 19, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report.

### Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, 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

March 19, 2020

**Clerk of the Circuit Clerk and Comptroller  
Okaloosa County, Florida  
SUMMARY OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended September 30, 2019**

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

***FINDING 2018-1 BANK RECONCILIATIONS***

***Condition***

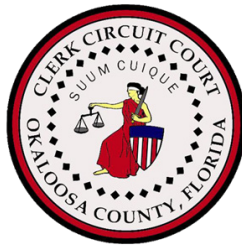
Bank reconciliations for certain cash accounts related to accounts of the Clerk of the Circuit Court and Comptroller and the Board of County Commissioners were not performed on a timely basis at the end of each month. Reconciling items were not researched promptly so corrective action may be taken, when necessary, to dispose of them. The bank reconciliations after preparation were also not reviewed in a timely manner. The amount of activity in these accounts on a monthly basis is voluminous and data is captured from various transaction sources making timely monthly reconciliations critical to the internal control over cash.

***Status***

Corrective action taken.



# Okaloosa County, Florida



Fiscal Year Ended  
September 30, 2019

# Sheriff

## OKALOOSA COUNTY, FLORIDA

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**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# INTRODUCTORY SECTION

SHERIFF

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## INTRODUCTORY SECTION

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# FINANCIAL SECTION

SHERIFF

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Fort Walton Beach, FL 32548  
850.244.5121  
[warrenaverett.com](http://warrenaverett.com)

## INDEPENDENT AUDITORS' REPORT

The Honorable Larry Ashley  
Sheriff  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the Office of the Sheriff of Okaloosa County, Florida (the "Sheriff"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Sheriff, as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and Special Revenue Funds (Law Enforcement Trust Fund and Teen Driver Challenge Fund) for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information of Okaloosa County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Okaloosa County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying combining and individual non major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2019, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters under the heading "*Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

*Warren Auerst, LLC*

Fort Walton Beach, Florida  
April 2, 2019



OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# BASIC FINANCIAL STATEMENTS

SHERIFF

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BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2019

	General Fund	Law Enforcement Trust Fund	Teen Driver Challenge Fund	Range Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 637,433	\$ 199,697	\$ -	\$ -	\$ 837,130
Accounts Receivable	4,700	-	-	-	4,700
Due from Other Elected Officials	723,410	-	-	-	723,410
Due from Other Governments	610,920	-	-	-	610,920
Total Assets	<u>\$ 1,976,463</u>	<u>\$ 199,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,176,160</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 183,728	\$ -	\$ -	\$ -	\$ 183,728
Other Accrued Liabilities	722,783	-	-	-	722,783
Due to Other Funds	449,272	-	-	-	449,272
Due to Other Elected Officials	522,020	-	-	-	522,020
Due to Other Governments	98,660	-	-	-	98,660
Unearned Revenue	-	199,697	-	-	199,697
Total Liabilities	<u>1,976,463</u>	<u>199,697</u>	<u>-</u>	<u>-</u>	<u>2,176,160</u>
<b>Fund Balance</b>					
Unassigned	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,976,463</u>	<u>\$ 199,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,176,160</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Fiscal Year Ended September 30, 2019

	General Fund	Law Enforcement Trust Fund	Teen Driver Challenge Fund	Range Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental	\$ -	\$ 55,371	\$ -	\$ -	\$ 55,371
Total Revenues	-	55,371	-	-	55,371
<b>Expenditures</b>					
Current					
Public Safety	42,211,644	143,921	34,816	39,378	42,429,759
Court-Related	1,902,329	-	-	-	1,902,329
Capital Outlay	2,877,219	-	-	396,919	3,274,138
Total Expenditures	46,991,192	143,921	34,816	436,297	47,606,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,991,192)	(88,550)	(34,816)	(436,297)	(47,550,855)
<b>Other Financing Sources (Uses)</b>					
Transfers Among Constitutional Officers	46,991,192	88,550	34,816	436,297	47,550,855
Total Other Financing Sources (Uses)	46,991,192	88,550	34,816	436,297	47,550,855
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	37,357,703	42,552,218	42,211,644	340,574
Court-Related	1,887,984	1,887,984	1,902,329	(14,345)
Capital Outlay	2,335,633	2,559,562	2,877,219	(317,657)
Total Expenditures	41,581,320	46,999,764	46,991,192	8,572
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,581,320)	(46,999,764)	(46,991,192)	8,572
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	41,581,320	46,999,764	46,991,192	(8,572)
Total Other Financing Sources (Uses)	41,581,320	46,999,764	46,991,192	(8,572)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT TRUST FUND**  
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 55,371	\$ 55,371	\$ 55,371	\$ -
Total Revenues	55,371	55,371	55,371	-
Expenditures				
Current				
Public Safety	143,921	143,921	143,921	-
Capital Outlay	-	-	-	-
Total E penditures	143,921	143,921	143,921	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,550)	(88,550)	(88,550)	-
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	88,550	88,550	88,550	-
Total Other Financing Sources (Uses)	88,550	88,550	88,550	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
TEEN DRIVER CHALLENGE FUND  
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	36,608	36,608	34,816	1,792
Total E penditures	36,608	36,608	34,816	1,792
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,608)	(36,608)	(34,816)	1,792
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	36,608	36,608	34,816	(1,792)
Total Other Financing Sources (Uses)	36,608	36,608	34,816	(1,792)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
RANGE FUND

For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	39,378	39,378	39,378	-
Capital Outlay	396,919	396,919	396,919	-
Total E penditures	436,297	436,297	436,297	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(436,297)	(436,297)	(436,297)	-
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	436,297	436,297	436,297	-
Total Other Financing Sources (Uses)	436,297	436,297	436,297	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 September 30, 2019

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,556,222
Receivables, Net of Allowance for Uncollectible	989,112
Due from Other Funds	522,020
Total Assets	4,067,354
Deferred Outflow of Resources	
Deferred Charges Related to OPEB	222,307
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	526,260
Compensated Absences	1,289,354
Other Accrued Liabilities	353,994
Total Current Liabilities	2,169,608
Noncurrent Liabilities	
Other Post Employment Benefits	5,456,745
Total Noncurrent Liabilities	5,456,745
Total Liabilities	7,626,353
Deferred Inflow of Resources	
Deferred Charges Related to OPEB	401,705
Net Position	
Unrestricted (Deficit)	(3,738,397)
Total Net Position	\$ (3,738,397)

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

For the Fiscal Year Ended September 30, 2019

	Governmental Activities Internal Service Funds
Operating Revenues	
Charges for Services	\$ 7,006,114
Total Operating Revenues	7,006,114
Operating Expenses	
Personal Services	448,865
Contractual Services	432,502
Insurance Premiums and Claims	5,849,226
Total Operating Expenses	6,730,593
Operating Income (Loss)	275,521
Nonoperating Revenues (Expenses)	
Investment Income	19,997
Total Nonoperating Revenues (Expenses)	19,997
Change in Net Position	295,518
Total Net Postion (Deficit) - Beginning	(4,033,915)
<b>Total Net Position (Deficit) - Ending</b>	<b>\$ (3,738,397)</b>

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

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Fiscal Year Ended September 30, 2019

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Interfund Services Provided	\$ 6,459,653
Payments to Suppliers	(6,302,669)
Net Cash Provided (Used) by Operating Activities	156,984
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	19,997
Net Increase (Decrease) in Cash and Cash Equivalents	176,981
Cash and Cash Equivalents - Beginning of Year	2,379,241
Cash and Cash Equivalents - End of Year	\$ 2,556,222
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 275,521
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Increase (Decrease) in Assets	
Receivables	(378,977)
Due from General Fund	(174,504)
Deferred Outflows	4,525
Increase (Decrease) in Liabilities	
Accounts Payable	(103,304)
Deferred Inflows	168,120
Compensated Absences Payable	7,020
Other Post Employment Benefits	53,913
Claims and Judgements Payable	304,500
Net Cash Provided (Used) by Operating Activities	\$ 156,814

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

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
September 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 8,599
 Total Assets	 \$ 8,599
<b>LIABILITIES</b>	
Due to Other Elected Officials	\$ 4,130
Due to Depositors	4,469
 Total Liabilities	 \$ 8,599

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

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# NOTES TO FINANCIAL STATEMENTS

SHERIFF

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sheriff is an elected official established pursuant to the Constitution of the State of Florida. The Sheriff is elected by the citizenry at-large and functions independently of the Board of County Commissioners of Okaloosa County, Florida.

The financial statements of the Sheriff 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 Sheriff uses the Uniform Accounting System (UAS) mandated by Chapter 218.33, Florida Statutes.

The following is a summary of the more significant accounting policies of the Sheriff of Okaloosa County, Florida.

## A. The Reporting Entity

The Sheriff is part of the legal entity of Okaloosa County, Florida and is, therefore, reported as part of the primary government. The Sheriff's individual financial statements do not purport to reflect the financial position or the results of operations of the primary government of Okaloosa County, Florida taken as a whole. The combined financial statements of the primary government of Okaloosa County, Florida include the individual statements of the following elected officials and those of separately administered organizations that are controlled by or are dependent upon the County.

Board of County Commissioners

Clerk of the Circuit Court

Sheriff

Tax Collector

Property Appraiser

Supervisor of Elections

Financial activities of other component units that form the reporting entity of the primary government of Okaloosa County are not included in these financial statements.

## B. Basis of Presentation - Fund Financials Statements

The financial statements have been prepared for the purpose of complying with Rules of the *Auditor General, State of Florida*, which require presentation of the *fund level* only financial statements and permit omission of entity-wide full accrual financial statements and management's discussion and analysis. Therefore, these financial statements are intended to present only the financial position and changes in financial position of that portion of Okaloosa County, Florida, that relate to transactions of the Sheriff and are not intended to present the financial position and changes in financial position of Okaloosa County, Florida.

The Sheriff segregates transactions related to certain functions or activities in 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. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 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 purchase of equipment in exchange for cash or in exchange for another asset such as an used car. Non-exchange transactions are those in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange. An example of a non-exchange transaction is the fines revenue received by the Sheriff from specific citizens which is used to fund various police services provided to the citizens of the County.

The revenue from these exchange and non-exchange transactions are recognized in the financial statements in varying ways depending on the basis of accounting used.

## 2. Governmental Fund Financial Statements

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. 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 Sheriff considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Those revenues susceptible to accrual are fines, charges for service, and intergovernmental revenue.

Expenditures are recorded when the related fund liability is incurred. 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.

## 3. Proprietary and Fiduciary 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 net position 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 self-insurance, and compensated absences internal service operations. Operating expenses for the internal service funds include the cost of providing services and administrative expenses.

Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. On an accrual basis, revenue from interest is recorded when earned. The only fiduciary funds of the Sheriff are agency funds and as such do not record revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Financial Statement Presentation

The Sheriff reports the following major governmental funds:

General Fund

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

Law Enforcement Trust Fund

This fund is used to account for confiscated merchandise and funds and is expended for Law Enforcement Purposes. Funds cannot be used for normal operating expenses.

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.

The Sheriff reports the following fund types:

Internal Service Fund

These funds account for the funding of short-term compensated absence debt provided to the general fund of the Sheriff on a cost reimbursement basis and for risks from medical benefit claims of the self-funded health insurance plan.

Agency Funds

These funds account for monies held on behalf of individuals and companies. The funds account for the collection and disbursement of statutory fees for services performed by the Sheriff or monies collected and disbursed pursuant to levies.

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

Sheriff 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 established registration procedures for securities and dealers. Investments are reported at fair value.

The Sheriff maintains a separate cash account available for use by all funds. Each account is displayed on the balance sheet as "cash and cash equivalents." For purposes of these statements, all highly liquid investments with maturity of ninety days or less when purchased are considered to be cash equivalents.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 balance sheet. Short-term interfund loans are also classified as “inter-fund receivables/payables.”

The Sheriff maintains no allowance for uncollectible trade accounts. Accounts receivable write offs are insignificant.

**3. 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.

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 Sheriff's capitalization level is \$1,000 on tangible personal property and \$5,000 on building improvements. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the government-wide statement of activities of Okaloosa County using the straight-line basis over the following estimated useful lives:

Assets	Years
Equipment	3-7
Vehicles	2-15
Building Improvements	20

**4. Compensated Absences**

The liability for compensated absences reported in the governmental and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances. 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. The liability is accrued when incurred in the proprietary fund financial statements. The Sheriff uses an internal service fund to accumulate the resources to fund the short-term portion of this compensated absences liability. Long-term liability is reported on the government-wide statement of net position of Okaloosa County.

**5. Unearned Revenues**

Unearned revenues include amounts collected before revenue recognition criteria are met. Expenditure driven grants (to include forfeiture funds) are reported as unearned at the end of the fiscal year.

**6. Deferred outflows/inflows of resources**

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

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

The deferred outflows and inflows for OPEB are an aggregate of items related to changes in assumptions and other inputs as calculated in accordance with GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. These deferred outflows for OPEB will be recognized as benefit expense or a reduction of the net OPEB liability in future reporting years.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7. Fund Balance**

Governmental funds report zero or deficit unassigned fund balance at year end as all excess appropriations must be returned to the Board of County Commissioners. The Sheriff, in its general fund, presents nonspendable fund balance for prepaid items which is offset by the deficit residual unassigned fund balance. When both restricted and unrestricted resources are available for use, it is the policy of the Sheriff to use restricted resources first, and then unrestricted resources as they are needed.

**8. 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. Budget Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds. 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 Fort Walton Beach 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 budget is adopted by resolution of the Board of County Commissioners.

The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The County Administrator is authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, the Board of County Commissioners must approve any revisions that alter the total expenditures of any fund. Each constitutional officer is authorized to make line item transfers but must request approval from the Board for increases in appropriations.

Budget amounts are originally adopted amounts as amended by action of the Board of County Commissioners by revision of fund totals. Supplemental budgetary appropriations of \$5,418,444 representing a 12.9% increase over the original adopted budget were necessary during the fiscal year.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**
**B. Deficit Fund Equity**

The Sheriff's Self-Insurance Fund is reflecting a deficit fund equity of \$3,738,397. This is the result of the implementation of GAS 75 which requires the unfunded liability for future employee benefits (OPEB) to be recorded at September 30, 2019.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The Sheriff 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% 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 Sheriff deposits, including certificates of deposit, are considered fully insured.

State Statutes restrict the types of investments that can be made by Okaloosa County and its agencies. 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 Sheriff maintained no investment accounts during the fiscal year ended September 30, 2019.

**NOTE 4 – UNEARNED REVENUE**

At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Fund	Unearned
Law Enforcement Trust Fund	\$ 199,697

## NOTE 5 - CAPITAL ASSETS

The following capital asset activity for the Sheriff of Okaloosa County, Florida is included in the government-wide financial statements of Okaloosa County, Florida for the year ended September 30, 2019.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Building improvements	\$ 540,561	\$ 319,717	\$ -	\$ 860,278
Machinery and equipment	18,579,701	2,954,421	(1,358,122)	20,176,000
Total Capital assets, being depreciated	19,120,262	3,274,138	(1,358,122)	21,036,278
Less accumulated depreciation for:				
Building improvements	(93,899)	(27,874)	-	(121,773)
Machinery and equipment	(12,776,154)	(2,043,484)	1,263,388	(13,556,250)
Total accumulated depreciation	(12,870,053)	(2,071,358)	1,263,388	(13,678,023)
Governmental activities capital assets, net	\$ 6,250,209	\$ 1,202,780	\$ (94,734)	\$ 7,358,255

Depreciation expense was charged to functions/programs as follows:

Public safety	\$ 2,071,358
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## NOTE 6 – COMPENSATED ABSENCES

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. Certain employees are also eligible to bank over time hours for future leave up to 120 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.

The vested portion of accumulated annual leave for the Sheriff as of September 30, 2019 follows:

	Current Portion	Long-Term Portion	Totals
Annual Leave	\$ 1,289,354	\$ 2,617,780	\$ 3,907,134

The compensated absences internal service fund, established in 2004, was designated to record and accumulate funds for the estimated short-term liability related to OCSO compensated absences policies.

**NOTE 7 – INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances as of September 30, 2019 is as follows:

Due to/from other funds and elected officials:

Receivable Fund	Payable Fund	Amount	Purpose
<b>Other Funds</b>			
Internal Service	General	\$ 7,000	Compensated Absences
Internal Service	General	515,002	Health Insurance
Total		<u>\$ 522,002</u>	
<b>Other Elected Officials</b>			
General	Board of County Commissioners	\$ 17,200	Grant revenue
General	Board of County Commissioners	646,407	Appropriations
General	Board of County Commissioners	59,803	Appropriations
Board of County Commissioners	General	(449,272)	Reimbursements
Board of County Commissioners	Fiduciary Fund Type	(4,130)	Court fees
Total		<u>\$ 270,008</u>	

Interfund transfers:

Transfer In	Transfer Out	Amount	Purpose
<b>Other Elected Officials</b>			
General	Board of County Commissioners	\$ 46,064,619	Budget appropriations
General	Board of County Commissioners	926,572	Grant appropriations
Law Enforcement Trust Fund	Board of County Commissioners	88,550	Appropriations
Teen Driver Challenge	Board of County Commissioners	34,816	Appropriations
Teen Driver Challenge	Board of County Commissioners	436,297	Appropriations
Total		<u>\$ 47,550,854</u>	

**NOTE 8 – LONG-TERM DEBT**

The following long-term debt activity for the Sheriff of Okaloosa County, Florida is included in the government-wide financial statements of Okaloosa County, Florida for the year ended September 30, 2019. The Sheriff had no outstanding debt issues at September 30, 2019.

The following is a summary of long-term debt transactions of the Sheriff for the fiscal year ended September 30, 2019:

	Balance Due September 30, 2018	Increases	Decreases	Balance Due September 30, 2019	Due Within One Year
<b>Governmental Activities:</b>					
Accrued Compensated Absences	\$ 3,663,811	\$ 1,914,677	\$ (1,671,354)	\$ 3,907,134	\$ 1,289,354
Estimated Claims Payable	285,884	304,500	-	590,384	590,384
Net OPEB Obligation	5,402,832	53,913	-	5,456,745	-
Total Governmental Activities					
Long-Term Debt	<u>\$ 9,352,527</u>	<u>\$ 2,273,090</u>	<u>\$ (1,671,354)</u>	<u>\$ 9,954,263</u>	<u>\$ 1,879,738</u>

## NOTE 8 – LONG-TERM DEBT (CONTINUED)

Internal service funds predominantly serve the governmental funds. Accordingly, liabilities for them are included as part of the above totals for governmental activities. At year end \$3,907,134 of internal service fund compensated absences and \$880,254 of internal service fund “estimated” claims payable-reserves and \$5,456,745 of internal service fund OPEB obligation are included in the above amounts.

Compensated absences typically have been liquidated in the general fund. While the estimated claims and OPEB obligations are liquidated from the internal service self-insurance fund.

## NOTE 9 - PENSION PLAN

The Sheriff participates in the Florida Retirement System (FRS) which is a cost sharing multiple employer contributory retirement system administered by the State of Florida (State). The FRS was established in 1970 by Chapter 121, Florida Statutes. In 2002 the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the cost of health insurance.

The State of Florida Retirement System issues a publicly available stand-alone financial report (CAFR) which includes financial statements and required supplementary information. Also available are the pension systems actuarial reports to support the schedules of employer allocations and schedules of pension amounts by employer. These reports are available on the division’s website at <http://www.dms.myflorida.com> or by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com). The CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

State of Florida Division of Retirement Department of Management Services  
Bureau of Research and Member Contributions  
P.O. Bo 9000  
Tallahassee, FL 32315-9000  
850-907-6500 or toll free 844-377-1888

There are six classes of membership applicable to the Sheriff. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- **Regular Class, Senior Management Service Class, and Elected Officers’ Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.
- **Special Risk Class and Special Risk Administrative Support Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

## NOTE 9 - PENSION PLAN (CONTINUED)

- **The Deferred Retirement Option Program DRO** is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DRO allows a member to retire while continuing employment for up to 60 months.

**FRS Membership and Plan Benefits** - The FRS Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are established by State Statutes. Retirement benefits are based on a formula comprised of age, average compensation, length of FRS service, and membership class. Average compensation is computed as the average of an individual's five highest years of earnings for employees hired before July 1, 2011 or eight highest years of earnings for employees hired on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the plan participant.

Pension plan participants may choose to receive benefit in retirement under one of four options which will include a 3% cost-of-living adjustment each July (adjustments are only applicable for FRS service earned prior to July 1, 2011).

If a pension plan participant leaves FRS-covered employment, the pension plan benefit is frozen until the employee returns to FRS-covered employment or begins receiving early or normal retirement benefit.

**HIS Membership and Plan Benefits** - The HIS membership is available to all members within the FRS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state- administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 112.363 Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state- administered retirements systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Contribution Requirements** -The Sheriff is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in

DROP are not required to make the 3% contribution. The Sheriff's contractually required contribution rate includes the HIS contribution, .06% administrative and educational fee and any applicable unfunded actuarial liability "UAL" rates.

The HIS required contribution rate is 1.66% for the 2018 and 2019 FRS plan years. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Descriptions and contribution rates in effect during the period ended September 30, 2019 and two preceding FRS fiscal years are as follows:

	September 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Regular Class	8.47%	8.26%	7.92%	7.52%
Senior Management	25.41%	24.06%	22.71%	21.77%
Elected Officials	48.82%	48.70%	45.50%	42.47%
Deferred Retirement Option Program	14.60%	14.03%	13.26%	12.99%
Special Risk Regular	25.48%	24.50%	23.27%	22.57%
Special Risk Administrative Support	38.59%	34.98%	34.63%	28.06%

For years ending September 30 2019, 2018, and 2017, the Sheriff contributed \$0, \$4,202,838, and \$3,824,211, respectively, equal to 100% of the required contributions for each year.

## NOTE 9 - PENSION PLAN (CONTINUED)

The Florida Legislature has the authority for establishing or amending retirement legislation and related bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the Governor and approved before they may be enacted into law.

Net Pension Liability – Proportionate Share

The Sheriff has a net FRS pension liability determined in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the county-wide financial statements of Okaloosa County, Florida.

## NOTE 10- POSTEMPLOYMENT BENEFITS

Plan Description

The Okaloosa County Sheriff's Office (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).

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.

## NOTE 11 - RIS MANAGEMENT

The Sheriff is exposed to risk of loss for claims and judgments for public liability, workers' compensation, and other special risks. Public liability and special risks are covered by commercial insurance policies which are accounted for in the Sheriff's general fund. The Sheriff bears no risk of loss under this type of coverage. There has been no significant reduction in insurance coverage from the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years. 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.

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.

## NOTE 11 - RIS MANAGEMENT (CONTINUED)

Excess insurance is purchased from a commercial carrier to provide a specific claim and aggregate limits coverage. Specific claim coverage benefits the covered individual by providing unlimited coverage to begin when a specific claim exceeds \$105,000 plus an additional corridor of \$275,000. 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 the costs of 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, 2019, the amount of these liabilities was \$880,254. 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, 2019. 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**

	As of September 30, 2019	As of September 30, 2018
Unpaid claims and adjustment expenses at beginning of year	\$ 285,884	\$ 688,739
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	6,509,806	6,166,936
B) Increases (decreases) in provision for insured events of prior fiscal years	-	-
Total incurred claims and claim adjustment expenses	6,795,690	6,855,675
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	6,205,306	6,539,791
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	-	-
Total payments	6,205,306	6,539,791
Unpaid claims and claim adjustment expenses at end of year	\$ 590,384	\$ 315,884

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INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
September 30, 2019

	Compensated Absences	Health Benefits Self Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,282,334	\$ 1,273,888	\$ 2,556,222
Receivables, Net of Allowance for Uncollectible	-	989,112	989,112
Due from Other Funds	7,020	515,000	522,020
Total Assets	1,289,354	2,778,000	4,067,354
Deferred Outflow of Resources			
Deferred Charges Related to Pensions	-	222,307	222,307
<b>LIABILITIES AND NET POSITION</b>			
Liabilities			
Current Liabilities			
Accounts Payable	-	526,260	526,260
Accrued Liabilities			
Compensated Absences	1,289,354	-	1,289,354
Other Accrued Liabilities	-	353,994	353,994
Total Current Liabilities	1,289,354	880,254	2,169,608
Noncurrent Liabilities			
Other Post Employment Benefits	-	5,456,745	5,456,745
Total Noncurrent Liabilities	-	5,456,745	5,456,745
Total Liabilities	1,289,354	6,336,999	7,626,353
Deferred Inflow of Resources			
Deferred Charges Related to Pensions	-	401,705	401,705
Net Position			
Unrestricted (Deficit)	-	(3,738,397)	(3,738,397)
Total Net Position	\$ -	\$ (3,738,397)	\$ (3,738,397)

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

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
For the Fiscal Year Ended September 30, 2019

	Compensated Absences	Health Benefits Self Insurance	Total Internal Service Funds
Operating Revenues			
Charges for Services	\$ -	\$ 7,006,114	\$ 7,006,114
Total Operating	-	7,006,114	7,006,114
Operating Expenses			
Personal Services	-	448,865	448,865
Contractual Services	-	432,502	432,502
Insurance Premiums and Claims	-	5,849,226	5,849,226
Total Operating Expenses	-	6,730,593	6,730,593
Operating Income (Loss)	-	275,521	275,521
Nonoperating Revenues (Expenses)			
Investment Income	-	19,997	19,997
Income (Loss) Before Contributions and Transfers	-	19,997	19,997
Change in Net Position	-	295,518	295,518
Total Net Position (Deficit) - Beginning	-	(4,033,915)	(4,033,915)
<b>Total Net Position (Deficit) - Ending</b>	<b>\$ -</b>	<b>\$ (3,738,397)</b>	<b>\$ (3,738,397)</b>

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

**INTERNAL SERVICE FUNDS COMBINING  
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2019

	Compensated Absences	Health Benefits Self Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Services Provided	\$ 126,513	\$ 6,333,140	\$ 6,459,653
Payments to Suppliers	-	(6,302,669)	(6,302,669)
Net Cash Provided (Used) by Operating Activities	126,513	30,471	156,984
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income	-	19,997	19,997
Net Increase (Decrease) in Cash and Cash Equivalents	126,513	50,468	176,981
Cash and Cash Equivalents - Beginning of Year	1,155,821	1,223,420	2,379,241
Cash and Cash Equivalents - End of Year	\$ 1,282,334	\$ 1,273,888	\$ 2,556,222
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ -	\$ 275,521	\$ 275,521
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Increase (Decrease) in Assets			
Receivables	-	(378,977)	(378,977)
Due from General Fund	119,493	(293,997)	(174,504)
Deferred Outflows	-	4,525	4,525
Increase (Decrease) in Liabilities			
Accounts Payable	-	(103,134)	(103,134)
Due to General Fund	-	-	-
Deferred Inflows	-	168,120	168,120
Compensated Absences Payable	7,020	-	7,020
Other Post Employment Benefits	-	53,913	53,913
Claims and Judgement Payable	-	304,500	304,500
Net Cash Provided (Used) by Operating Activities	\$ 126,513	\$ 30,471	\$ 156,984

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

AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
September 30, 2019

	Individual Depositors	Suspense (Levies)	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,130	\$ 4,469	\$ 8,599
LIABILITIES			
Due to Other Elected Officials	\$ 4,130	\$ -	\$ 4,130
Due to Depositors	-	4,469	4,469
Total Liabilities	\$ 4,130	\$ 4,469	\$ 8,599

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

For the Fiscal Year Ended September 30, 2019

	Balances September 30, 2018	Additions	Deletions	Balances September 30, 2019
<b>INDIVIDUAL DEPOSITORS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,470	\$ -	\$ 1,340	\$ 4,130
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 5,470	\$ -	\$ 1,340	\$ 4,130
<b>SUSPENSE (LEVIES) AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,880	\$ -	\$ 6,411	\$ 4,469
<b>LIABILITIES</b>				
Due to Depositors	\$ 10,880	\$ -	\$ 6,411	\$ 4,469
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,350	\$ -	\$ 7,751	\$ 8,599
<b>LIABILITIES</b>				
Due to Other Elected Officials	\$ 5,470	\$ -	\$ 1,340	\$ 4,130
Due to Depositors	10,880	-	6,411	4,469
Total Liabilities	\$ 16,350	\$ -	\$ 7,751	\$ 8,599

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

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# OTHER REPORTS

SHERIFF



45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Larry Ashley  
Sheriff  
Okaloosa County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, and aggregate remaining fund information of the Office of the Sheriff of Okaloosa County, Florida (the "Sheriff"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated April 2, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Sheriff'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 the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff'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*.

**Purpose of this Report**

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

*Warren Everett, LLC*

Fort Walton Beach, Florida  
April 2, 2019



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**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

The Honorable Larry Ashley  
Sheriff  
Okaloosa County, Florida

We have examined the Office of the Sheriff of Okaloosa County, Florida's (the "Sheriff") compliance with Section 218.415, Florida Statutes, in regards to investment policies during the year ended September 30, 2018. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and the use of the Florida Auditor General and the Sheriff and is not intended to be and should not be used by anyone other than these specified parties.

*Warren Averett, LLC*

April 2, 2019  
Fort Walton Beach, Florida



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## MANAGEMENT LETTER

The Honorable Larry Ashley  
Sheriff  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as “financial statements”) of the general fund and the aggregate remaining fund information of the Office of the Sheriff of Okaloosa County, Florida (hereinafter referred to as “Sheriff”), as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 2, 2019.

### Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Florida Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 2, 2019, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Sheriff of Okaloosa County, Florida was established by the Constitution of the State of Florida, Article VIII, Section 1(e), as part of the primary government of Okaloosa County, Florida. There are no component units related to the Sheriff of Okaloosa County.

**Financial Management**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

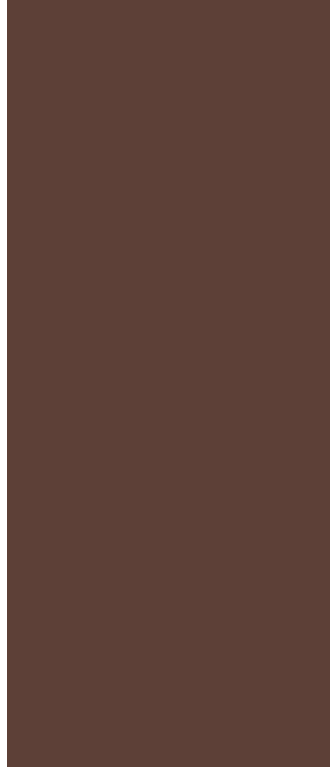
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff, the Okaloosa County Board of County Commissioners, and applicable management, and 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.

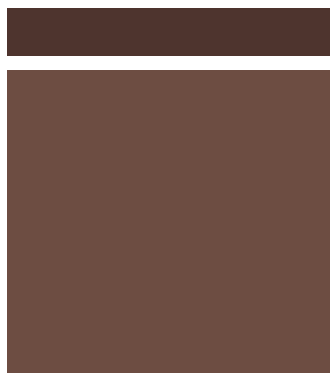
*Warren Averett, LLC*

April 2, 2019

Fort Walton Beach, Florida



# Okaloosa County, Florida



Fiscal Year Ended  
September 30, 2019

# Supervisor Of Elections

## OKALOOSA COUNTY, FLORIDA

2019



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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# INTRODUCTORY SECTION

SUPERVISOR OF ELECTIONS REPORT

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# FINANCIAL SECTION

SUPERVISOR OF ELECTIONS REPORT

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## INDEPENDENT AUDITORS' REPORT

Honorable Paul Lux  
Supervisor of Elections  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the General Fund of the Office of the Supervisor of Elections of Okaloosa County, Florida ("Supervisor of Elections"), as of and for the year ended September 30, 2018, as listed in the table of contents, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Supervisor of Elections' 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 Supervisor of Elections' 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Supervisor of Elections, as of September 30, 2018, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the General Fund attributable solely to the operation of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Okaloosa County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2019, on our consideration of the Supervisor of Elections' 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 included under the heading "Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards". 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 and should be considered in assessing the results of our audit.



Fort Walton Beach, Florida  
March 25, 2019



OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019

# BASIC FINANCIAL STATEMENTS

SUPERVISOR OF ELECTIONS REPORT

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BALANCE SHEET  
GOVERNMENTAL FUND

September 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 37,808
Investments	105,471
Accounts Receivable	39
Prepays	<u>148,914</u>
Total Assets	<u>\$ 292,232</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 27,956
Other Accrued Liabilities	31,453
Due to Other Elected Officials	188,047
Unearned Revenue	<u>44,776</u>
Total Liabilities	<u>292,232</u>
Fund Balances	
Nonspendable	148,914
Unassigned	<u>(148,914)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 292,232</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND**

For the Fiscal Year Ended September 30, 2019

	<u>General Fund</u>
Revenues	
Intergovernmental	\$ 168,764
Charges for Services	<u>46,493</u>
Total Revenues	<u>215,257</u>
Expenditures	
Current	
General Government	1,696,890
Capital Outlay	<u>151,299</u>
Total Expenditures	<u>1,848,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,632,932)</u>
Other Financing Sources (Uses)	
Transfers Among Constitutional Officers	<u>1,632,932</u>
Total Other Financing Sources (Uses)	<u>1,632,932</u>
Fund Balances - Beginning	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>

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

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 233,488	\$ 168,764	\$ (64,724)
Charges for Services	35,100	36,788	46,493	9,705
Total Revenues	35,100	270,276	215,257	(55,019)
Expenditures				
Current				
General Government	1,774,283	1,892,633	1,696,890	195,743
Capital Outlay	23,600	140,426	151,299	(10,873)
Total Expenditures	1,797,883	2,033,059	1,848,189	184,870
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,762,783)	(1,762,783)	(1,632,932)	129,851
Other Financing Sources (Uses)				
Constitutional Officers	1,762,783	1,762,783	1,632,932	(129,851)
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	1,762,783	1,762,783	1,632,932	(129,851)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# NOTES TO FINANCIAL STATEMENTS

SUPERVISOR OF ELECTIONS REPORT

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

The Supervisor of Elections is an elected official established pursuant to the Constitution of the State of Florida. The Supervisor of Elections is elected by the citizenry at-large and functions independently of the Board of County Commissioners of Okaloosa County, Florida.

The financial statements of the Supervisor of Elections 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 Supervisor of Elections uses the Uniform Accounting System (UAS) mandated by Chapter 218.33, Florida Statutes.

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

**A. The Reporting Entity**

The Supervisor of Elections is part of the legal entity of Okaloosa County, Florida and is, therefore, reported as part of the primary government. The Supervisor of Elections' individual financial statements do not purport to reflect the financial position or the results of operations of the primary government of Okaloosa County, Florida taken as a whole. The combined financial statements of the primary government of Okaloosa County, Florida include the individual statements of the following elected officials and those of separately administered organizations that are controlled by or are dependent upon the County:

Board of County Commissioners

Clerk of the Circuit Court

Sheriff

Tax Collector

Property Appraiser

Supervisor of Elections

Financial statements of other component units that form the reporting entity of the primary government of Okaloosa County are not included in these financial statements.

**B. Basis of Presentation – Fund Financial Statements**

The financial statements have been prepared for the purpose of complying with Rules of the Auditor General, State of Florida, which require presentation of the fund level only financial statements and permit omission of entity-wide full accrual financial statements, related disclosures, and management's discussion and analysis. Therefore, these financial statements are intended to present only the financial position and changes in financial position of that portion of Okaloosa County, Florida, that relate to transactions of the Supervisor of Elections and are not intended to present the financial position and changes in financial position of Okaloosa County, Florida.

The Supervisor of Elections segregates transactions related to certain functions or activities in 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 emphasis of fund financial statements is on major governmental funds. The only governmental fund of the Supervisor of Elections is the General Fund. This is the Supervisor of Elections' only operating fund. The General Fund accounts for all financial resources of the general government.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

## Governmental Fund Financial Statements

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 balance report the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. 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 Supervisor of Elections considers all revenues reported in the governmental fund to be available if the revenues are collected within 60 days after year-end. Those revenues susceptible to accrual are charges for service and intergovernmental revenue.

Expenditures are recorded when the related fund liability is incurred. 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.

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Assets 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; Securities and Exchange Commission (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 Supervisor of Elections 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.

## 2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds of the primary government of Okaloosa County for goods provided or services rendered. These receivables and payables are classified as "due from other elected officials" or "due to other elected officials" on the balance sheet of the Supervisor of Elections, if applicable. Short-term interfund loans are also classified as "interfund receivables/payables."

The Supervisor of Elections maintains no allowance for uncollectible trade accounts. Accounts receivable write offs are insignificant.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

3. 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 position of Okaloosa County.

4. Compensated Absences

The liability for compensated absences consisting of unpaid, accumulated annual and sick leave and compensatory time balances is reported on the government-wide statement of net position of Okaloosa County. The liability is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds financial statements of the Supervisor of Elections under the modified accrual basis of accounting only if they have matured, for example, as a result of employee resignations and retirements.

5. Fund Balance

Governmental funds report zero or deficit unassigned fund balance at year end as all excess appropriations must be returned to the Board of County Commissioners. The Supervisor of Elections, in its general fund, presents nonspendable fund balance for prepaid items which is offset by the deficit residual unassigned fund balance. When both restricted and unrestricted resources are available for use, it is the policy of the Supervisor of Elections to use restricted resources first, and then unrestricted resources as they are needed.

6. 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 – LEGAL COMPLIANCE BUDGETS**

The Board funds the majority of the operating budget of the Supervisor of Elections. Payment by the Board to fund the operations of the Supervisor of Elections is recorded as a “transfer out” in the basic financial statements of the Board, and as an operating “transfer in” on the financial statements of the Supervisor of Elections.

In accordance with Florida Statutes, the General Fund’s excess of revenues over expenditures is returned to the Board at the end of the fiscal year. Repayments to the Board are recorded as a reduction to “transfer in” in the financial statements of the Supervisor of Elections and the amount of the undistributed excess appropriations at the end of the fiscal year is reported as amounts due the Board.

The annual budget is legally adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is at the fund level.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The Supervisor of Elections 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% 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 Supervisor of Elections' deposits, including certificates of deposit, are considered fully insured.

State Statutes restrict the types of investments that can be made by Okaloosa County and its agencies. 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. Although the policies allow investments in many types of instruments, the Clerk has chosen to limit investment risks by investing mainly in allowed investment pools. Investments in the Local Government State Investment Pool are accounted for in the books and records of the Supervisor of Elections during the fiscal year ended September 30, 2019.

**NOTE 4 – UNEARNED REVENUE**

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 unearned revenue reported in the governmental fund were as follows:

	Unearned
General Fund	
Grant	\$ 44,776

**NOTE 5 – INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances as of September 30, 2019 is as follows:

Due to/from elected officials:

Receivable Fund	Pavable Fund	Amount	Purpose
Board of County Commissioners	General Fund	\$ (188,047)	Excess appropriations
Total		\$ (188,047)	

Interfund transfers:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Board of County Commissioners	\$ 1,632,932	Budget appropriations

## NOTE 6 – LONG-TERM DEBT

The following long-term debt activity for the Supervisor of Elections of Okaloosa County, Florida is included in the government-wide financial statements of Okaloosa County, Florida for the year ended September 30, 2019:

## CAPITAL LEASES

The County has entered into a lease agreement for financing the acquisition of election equipment for the Supervisor of Elections. The lease agreement qualifies as capital lease for accounting purposes as a result of the transfer of title or bargain purchase option and therefore have been recorded at the present value of the future minimum lease payments as of the inception date in the General Fund.

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Election equipment	\$ 570,100
Accumulated depreciation	(344,179)
Assets acquired by lease, net	<u>\$ 225,921</u>

## NOTE 7 - PENSION PLAN

The Supervisor of Elections participates in the Florida Retirement System (FRS) which is a cost sharing multiple employer contributory retirement system administered by the State of Florida (State). The FRS was established in 1970 by Chapter 121, Florida Statutes. In 2002 the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the cost of health insurance.

The State of Florida Retirement System issues a publicly available stand-alone financial report (CAFR) which includes financial statements and required supplementary information. Also available are the pension systems actuarial reports to support the schedules of employer allocations and schedules of pension amounts by employer. These reports are available on the division's website at <http://www.dms.myflorida.com> or by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com). The CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

State of Florida Division of Retirement Department of Management Services  
Bureau of Research and Member Contributions  
P.O. Bo 9000  
Tallahassee, FL 32315-9000  
850-907-6500 or toll free 844-377-1888

There are six classes of membership applicable to the Supervisor of Elections. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- **Regular Class, Senior Management Service Class, and Elected Officers' Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.
- **Special Risk Class and Special Risk Administrative Support Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of

**NOTE 7 - PENSION PLAN (Continued)**

- special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.
- The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months.

**FRS Membership and Plan Benefits** - The FRS Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are established by State Statutes. Retirement benefits are based on a formula comprised of age, average compensation, length of FRS service, and membership class. Average compensation is computed as the average of an individual's five highest years of earnings for employees hired before July 1, 2011 or eight highest years of earnings for employees hired on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the plan participant.

Pension plan participants may choose to receive benefit in retirement under one of four options which will include a 3% cost-of-living adjustment each July (adjustments are only applicable for FRS service earned prior to July 1, 2011).

If a pension plan participant leaves FRS-covered employment, the pension plan benefit is frozen until the employee returns to FRS-covered employment or begins receiving early or normal retirement benefit.

**HIS Membership and Plan Benefits** - The HIS membership is available to all members within the FRS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 112.363 Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirements systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Contribution Requirements** - The Supervisor of Elections is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution. The Supervisor of Elections' contractually required contribution rate includes the HIS contribution, .06% administrative and educational fee and any applicable unfunded actuarial liability "UAL" rates. The HIS required contribution rate is 1.66% for the 2018 and 2019 FRS plan years. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Descriptions and contribution rates in effect during the period ended September 30, 2019 and two preceding FRS fiscal years are as follows:

	September 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Regular Class	8.47%	8.26%	7.92%	7.52%
Senior Management	25.41%	24.06%	22.71%	21.77%
Elected Officials	48.82%	48.70%	45.50%	42.47%
Deferred Retirement Option Program	14.60%	14.03%	13.26%	12.99%
Special Risk Regular	25.48%	24.50%	23.27%	22.57%
Special Risk Administrative Support	38.59%	34.98%	34.63%	28.06%

**NOTE 7 - PENSION PLAN (Continued)**

For the years ending September 30, 2019, 2018, and 2017, the Supervisor of Elections contributed \$121,103, \$113,867, and \$104,886 respectively, equal to 100% of the required contributions for each year.

The Florida Legislature has the authority for establishing or amending retirement legislation and related bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the Governor and approved before they may be enacted into law.

**Net Pension Liability – Proportionate Share**

The Supervisor of Elections has a net FRS pension liability determined in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the County's comprehensive annual financial report.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

The Board offers post-employment health care benefits to all retired employees of the Supervisor of Election's Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium costs, which is netted against the premium payments, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate which includes active, lower cost employees. This implicit subsidy has a cost, however, this annual cost and the total post employment benefit liability have been calculated for the County as a whole, and not separately for the Supervisor of Election's Office. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

**NOTE 9 - RIS MANAGEMENT**

The Supervisor of Elections is exposed to risk of loss for claims and judgments for public liability, workers' compensation, and other special risks. Special risks are covered by commercial insurance policies that are accounted for in the Supervisor of Elections' general fund. The Supervisor of Elections bears no risk of loss under this type of coverage. There has been no significant reduction in insurance coverage from the prior fiscal year.

Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years. The Supervisor of Elections has chosen to participate in a group medical insurance plan along with all other elected officials' offices of Okaloosa County except for the Sheriff. The plan is administered by the Risk Management Department of the Board of County Commissioners and uses a fully insured commercial insurance policy to fund employee medical benefits. The Supervisor of Elections bears no risk of loss under this type of coverage.

The Supervisor of Elections has chosen to participate in the Self-Insurance Internal Service Fund of the Okaloosa County Board of County Commissioners to handle claims for public liability and workers' compensation. The Self-Insurance Internal Service Fund charges the Supervisor of Elections a fee to participate based upon actuarially projected budget requirements for expected yearly cash payouts. No claim liability for this self-insurance program is recognized in the financial statements of the Supervisor of Elections.

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# OTHER REPORTS

SUPERVISOR OF ELECTIONS REPORT



45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
[warrenaverett.com](http://warrenaverett.com)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Honorable Paul Lux  
Supervisor of Elections  
Okaloosa County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements (hereinafter referred to as "financial statements") of the General Fund of the Office of the Supervisor of Elections of Okaloosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2018, and the notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, and have issued our report thereon dated March 25, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' 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 the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election' 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 exit that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Fort Walton Beach, Florida

March 25, 2019



45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
[warrenaverett.com](http://warrenaverett.com)

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

Honorable Paul Lux  
Supervisor of Elections  
Okaloosa County, Florida

We have examined the Office of the Supervisor of Elections of Okaloosa County, Florida's (hereinafter referred to as the "Supervisor of Elections") compliance with Florida Statutes 218.415 in regards to investments for the year ended September 30, 2018.

Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Supervisor of Elections' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections' complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

*Warren Averett, LLC*  
Fort Walton Beach, Florida  
March 25, 2019

## **MANAGEMENT LETTER**

Honorable Paul Lux  
Supervisor of Elections  
Okaloosa County, Florida

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

We have audited the financial statements of the General Fund of the Supervisor of Elections of Okaloosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements and have issued our report thereon dated March 25, 2019.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountants' Report on Examination of Compliance Requirements Performed in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 25, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial audit report.

### **Financial Management**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

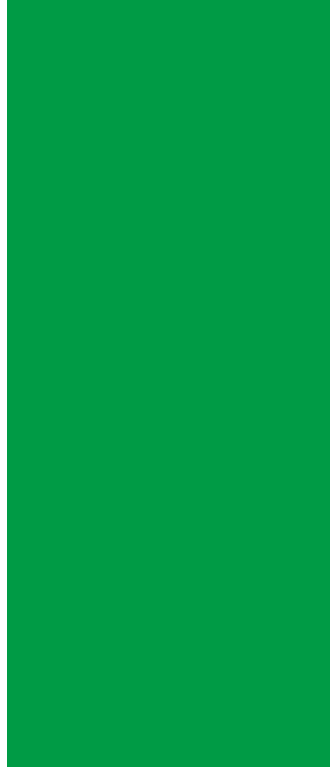
**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, Okaloosa County Board of County Commissioners, 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.

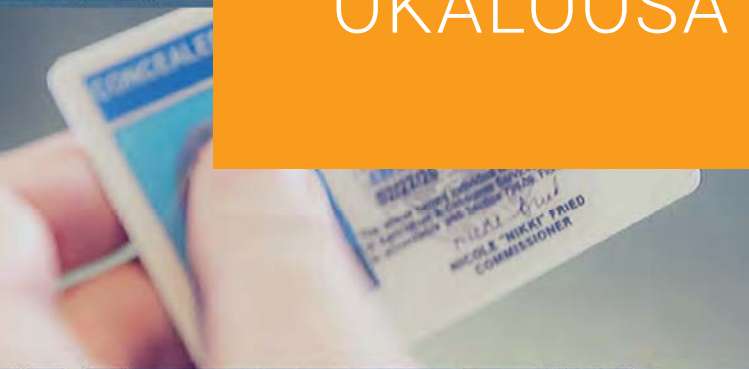
*Warren Averett, LLC*  
Fort Walton Beach, Florida  
March 25, 2019

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# Okaloosa County, Florida





Fiscal Year Ended  
September 30, 2019



# TAX COLLECTOR

## OKALOOSA COUNTY, FLORIDA



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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# FINANCIAL SECTION

TAX COLLECTOR

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## INDEPENDENT AUDITORS' REPORT

Honorable Benjamin F. Anderson  
Tax Collector  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the Office of the Tax Collector of Okaloosa County, Florida ("Tax Collector"), as of and for the fiscal year ended September 30, 2019, as listed in the table of contents, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 each major fund, and the aggregate remaining fund information for the Tax Collector as of September 30, 2019, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis on Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate fund information of Okaloosa County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Okaloosa County, Florida as of September 30, 2019 and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### Other Matters

##### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying statement of changes in assets and liabilities – agency fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading "Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Warren Averett, LLC*

Fort Walton Beach, Florida

March 3, 2020



**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# BASIC FINANCIAL STATEMENTS

TAX COLLECTOR

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BALANCE SHEET  
GOVERNMENTAL FUND

September 30, 2019

	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 635,240
Due from Other Elected Officials	98
Total Assets	<u>\$ 635,338</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 149,730
Other Accrued Liabilities	89,732
Due to Other Elected Officials	221,665
Due to Other Governments	7,684
Due to Depositors	6,022
Unearned Revenue	160,505
Total Liabilities	<u>635,338</u>
Fund Balances	-
Total Liabilities and Fund Balances	<u>\$ 635,338</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND**

For the Fiscal Year Ended September 30, 2019

	<u>General Fund</u>
Revenues	
Charges for Services	6,353,849
Miscellaneous	414,007
Total Revenues	<u>6,767,856</u>
Expenditures	
Current	
General Government	5,878,840
Capital Outlay	131,161
Debt Service	
Principal	670,444
Interest	38,024
Total Expenditures	<u>6,718,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>49,387</u>
Other Financing Sources (Uses)	
Transfers Among Constitutional Officers	(49,387)
Total Other Financing Sources (Uses)	<u>(49,387)</u>
Net Change in Fund Balances	-
Fund Balances - Beginning	-
Fund Balances - Ending	<u>\$ -</u>

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

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	6,304,000	6,304,000	6,353,849	49,849
Miscellaneous	371,000	371,000	414,007	43,007
Total Revenues	6,675,000	6,675,000	6,767,856	92,856
Expenditures				
Current				
General Government	6,349,344	5,890,833	5,878,840	11,993
Capital Outlay	261,118	839,629	131,161	708,468
Debt Service				
Principal	-	-	670,444	(670,444)
Interest	-	-	38,024	(38,024)
Total Expenditures	6,610,462	6,730,462	6,718,469	11,993
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,538	(55,462)	49,387	104,849
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(64,538)	55,462	(49,387)	(104,849)
Total Other Financing Sources (Uses)	(64,538)	55,462	(49,387)	(104,849)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

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

STATEMENT OF NET POSITION  
PROPRIETARY FUND

September 30, 2019

	Business-type Activities
	Building Maintenance Enterprise Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 184,482
Total Current Assets	184,482
Total Assets	184,482
NET POSITION	
Unrestricted (Deficit)	184,482
Total Net Position (Deficit)	184,482
<b>Total Liabilities and Net Position (Deficit)</b>	<b>\$ 184,482</b>

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

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2019

	Business-type Activities
	Building Maintenance Enterprise Fund
Operating Revenues	
Miscellaneous	\$ 47,192
	<hr/>
Total Operating Revenues	47,192
	<hr/>
Operating Income	47,192
	<hr/>
Income (Loss) Before Contributions and Transfers	47,192
	<hr/>
Change in Net Position	47,192
	<hr/>
Total Net Position- Beginning	137,290
	<hr/>
Total Net Position - Ending	\$ 184,482
	<hr/> <hr/>

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**

For the Fiscal Year Ended September 30, 2019

	Business-type Activities
	Building Maintenance Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Users	\$ 47,192
Net Cash Provided (Used) by Operating Activities	47,192
Net Increase (Decrease) in Cash and Cash Equivalents	47,192
Cash and Cash Equivalents - Beginning of Year	137,290
Cash and Cash Equivalents - End of Year	\$ 184,482
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 47,192
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 47,192</b>

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

**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
September 30, 2019

	Disbursements Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,480,067
Accounts Receivable	3,631
Total Assets	<u>\$ 2,483,698</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 13,825
Due to Depositors	35,878
Taxes Collected in Advance	2,433,995
Total Liabilities	<u>\$ 2,483,698</u>

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

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**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# NOTES TO FINANCIAL STATEMENTS

TAX COLLECTOR

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

The Tax Collector is an elected official established pursuant to the Constitution of the State of Florida. The Tax Collector is elected by the citizenry at-large and functions independently of the Board of County Commissioners of Okaloosa County, Florida.

The financial statements of the Tax Collector 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 Tax Collector uses the Uniform Accounting System (UAS) mandated by Chapter 218.33, Florida Statutes.

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

**A. The Reporting Entity**

The Tax Collector is part of the legal entity of Okaloosa County, Florida and is, therefore, reported as part of the primary government. The Tax Collector's individual financial statements do not purport to reflect the financial position or the results of operations of the primary government of Okaloosa County, Florida taken as a whole. The combined financial statements of the primary government of Okaloosa County, Florida include the individual statements of the following elected officials and those of separately administered organizations that are controlled by or are dependent upon the County:

Board of County Commissioners

Clerk of the Circuit Court

Sheriff

Tax Collector

Property Appraiser

Supervisor of Elections

Financial activities of other component units that form the reporting entity of the primary government of Okaloosa County are not included in these financial statements.

**B. Basis of Presentation – Fund Financial Statements**

The financial statements have been prepared for the purpose of complying with Rules of the Auditor General, State of Florida, which require presentation of the fund level only financial statements and permit omission of entity-wide full accrual financial statements, related disclosures and management's discussion and analysis. Therefore, these financial statements are intended to present only the financial position and changes in financial position of that portion of Okaloosa County, Florida, that relate to transactions of the Tax Collector and are not intended to present the financial position and changes in financial position of Okaloosa County, Florida.

The Tax Collector segregates transactions related to certain functions or activities in 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. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental funds. The only governmental fund of the Tax Collector is the General Fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation****1. Governmental Fund Financial Statements**

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 balance reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. 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 Tax Collector considers all revenues reported in the governmental fund to be available if the revenues are collected within 60 days after year-end. Those revenues susceptible to accrual are 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.

Expenditures are recorded when the related fund liability is incurred. 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.

**2. 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 net position 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. On an accrual basis, revenue from interest is recorded when earned.

**3. Fiduciary Fund Financial Statements**

The only fiduciary funds of the Tax Collector are agency funds and as such do not record revenues and expenses.

**4. Financial Statement Presentation**

The Tax Collector reports the following major governmental fund:

**General Fund**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Enterprise Fund**

The Enterprise Fund accounts for certain common area maintenance charges billed to all tenants who occupy space in the building in Niceville, Florida in which the Tax Collector is the landlord. The common area maintenance fees accumulated for future repairs and maintenance to the building are accounted for in this fund.

**Agency Fund**

The Disbursements Agency Fund accounts for the collection of both current and delinquent property tax assessments as well as licenses and fees, birth certificate fees, passports, and concealed weapon licenses collected on behalf of Okaloosa County, municipalities other taxing districts, and state agencies.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Assets or Fund 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; Securities and Exchange Commission (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 Tax Collector 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 by securities of the United States Government or any agency or instrumentality thereof; tax exempt bonds, notes or obligations rated in the highest classification; 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 Tax Collector 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 established registration procedures for securities and dealers. Investments are reported at fair value, however, the Tax Collector does not have any assets of an investment nature as of September 30, 2019.

The Tax Collector maintains a pooled cash account available for use by all funds. Each fund's portion of the pooled cash is displayed on the balance sheet as "cash and cash equivalents."

**2. Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds or elected officials 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 balance sheet. Short-term inter-fund loans are also classified as "interfund receivables/payables." The Tax Collector maintains no allowance for uncollectible trade accounts. Accounts receivable write offs are insignificant.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3. 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 position of Okaloosa County.

**4. Compensated Absences**

The liability for compensated absences consisting of unpaid, accumulated annual compensatory time balances is reported on the government-wide statement of net position of Okaloosa County. The liability is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the general fund of the Tax Collector under the modified accrual basis of accounting only if they have matured, for example, because of employee resignations and retirements.

**5. Fund Balance**

In the fund financial statements, GASB Statement 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are nonspendable, restricted, committed, assigned and unassigned. These classifications reflect not only the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

**6. 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 - LEGAL COMPLIANCE BUDGETS**

The Okaloosa County Tax Collector submits its budget, for approval, to the State of Florida Department of Revenue, and files a copy with the Board of County Commissioners by August 1st of each year for the upcoming budget year. The Florida Department of Revenue sets the Tax Collector's budget.

The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The Tax Collector may transfer budget amounts between line items within his budget without approval but may not reallocate amounts between personnel services, capital outlay and operating expenditures. The Department of Revenue must approve transfer of amounts between these major groups of budgetary items, and any modification of the budget that increases the total of the budget. The Department of Revenue notifies the Board of County Commissioners of all budget modifications approved by the Department. In the current year there were supplemental budgetary appropriations.

The Department of Revenue directs the Tax Collector to budget the annual debt service principal and interest payments on the Niceville office building as capital outlay expenditures. The actual debt service payments are classified appropriately for financial reporting purposes which results in significant variances in the budget to actual information presented between capital outlay and debt service.

## NOTE 3 - DEPOSITS AND INVESTMENTS

The Tax Collector 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 Tax Collector deposits, including certificates of deposit, are considered fully insured.

State Statutes restrict the types of investments that can be made by Okaloosa County and its agencies. 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. In accordance with the Tax Collector's policy, no investment accounts were held during the fiscal year ended September 30, 2019.

## NOTE 4 – INTERFUND BALANCES AND ACTIVITY

The composition of inter-fund balances as of September 30, 2019 is as follows:

Due to/from other funds and elected officials:

Receivable Fund	Payable Fund	Amount	Purpose
Other Elected Officials			
Board of County Commissioners	General	\$ 49,387	Excess fees
Board of County Commissioners	General	2,713	Interest
Board of County Commissioners	General	135,760	Vessel commissions
Board of County Commissioners	General	33,804	Bank fees
Board of County Commissioners	General	(98)	Delq real TPP BCC Vehl Reg
Total		<u>\$ 221,566</u>	
Interfund transfers:			
Transfer In	Transfer Out	Amount	Purpose
Other Elected Officials			
Board of County Commissioners	General	<u>\$ 49,387</u>	E cess fees

**NOTE 5 – OPERATING LEASES**

Operating Leases - Lessor

The Tax Collector leases space in its Niceville building to third parties under lease agreements with varying terms. Lease income earned during the year ending September 30, 2019 was \$107,888. Future minimum rents to be earned under the terms of the lease agreement are as follows:

Fiscal Year Ended September 30	
2020	76,254
2021	64,828
2022	47,160
2023	35,260
Total minimum lease payments	<u>\$ 223,502</u>

**NOTE 6 – LONG-TERM DEBT**

The following debt issue is outstanding for September 30, 2019:

LOAN

\$2,300,000 Private Bank Loan from Summit Bank / BancorpSouth with fixed rate of interest of 4.25% through February 25, 2025; principal and interest of \$17,372 due beginning March 26, 2015, with a final balloon payment of \$953,676 due at maturity. Collateral for loan is specific revenue within the Tax Collector's annual budget earmarked for loan repayment, until loan is paid in full.

Total Governmental Activities Loans	<u>\$ 285,818</u>
-------------------------------------	-------------------

The debt is not a "fund level" debt under the current resources measurement focus and is not reported as a liability of the general fund. Instead, this debt is reported in the Okaloosa County government wide financial statements in the county's comprehensive annual financial report.

The Tax Collector made additional principal payments of \$500,000 to reduce the balance on the note payable during the year ended September 30, 2019.

**NOTE 7 – RESERVES FOR RENEWAL AND REPLACEMENTS**

During fiscal year 2019, the Tax Collector assessed common area maintenance charges to all occupants of the Niceville building designated for future repairs and replacements. Monthly assessments are charged to tenants based on management's estimate of future replacement costs of the related repairs or replacements. During the year ended September 30, 2019 \$34,179 of the assessments were charged to the Tax Collector's general fund and \$13,013 were assessed to third party tenants. Accumulated funds are held in a separate bank account and reported in the Building Enterprise Fund.

**NOTE 7 – RESERVES FOR RENEWAL AND REPLACEMENTS (Continued)**

Component	September 30, 2018	Assessments	Charges to Fund	Interest	September 30, 2019
Parking Lot	\$ 19,399	\$ 6,667	\$ -	\$ -	\$ 26,066
Restripe Parking Lot	8,229	2,500	-	-	10,729
Irrigation/Landscaping	3,947	300	-	-	4,247
Exterior Paint/Seal	6,258	2,917	-	-	9,175
Roof	9,434	4,659	-	-	14,093
Circuit Breaker Panel	2,940	725	-	-	3,665
Elevator Controls	8,434	1,750	-	-	10,184
Elevator Hydraulics	500	500	-	-	1,000
HVAC Air Handlers	6,298	1,333	-	-	7,631
Plumbing	7,461	300	-	-	7,761
HVAC	35,659	10,833	-	-	46,492
Hot Water Heater	931	167	-	-	1,098
Recirculation Pump	125	125	-	-	250
Interior Paint	2,500	2,500	-	-	5,000
Elevator Cab	1,400	1,400	-	-	2,800
Flooring	7,617	2,500	-	-	10,117
Life Safety Systems	7,615	1,250	-	-	8,865
HVAC Controls	3,110	1,200	-	-	4,310
Emergency/Disaster Contingency Plan	5,433	5,566	-	-	10,999
	<u>\$ 137,290</u>	<u>\$ 47,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,482</u>

**NOTE 8 - PENSION PLAN**

The Tax Collector participates in the Florida Retirement System (FRS) which is a cost sharing multiple employer contributory retirement system administered by the State of Florida (State). The FRS was established in 1970 by Chapter 121, Florida Statutes. In 2002 the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the cost of health insurance.

The State of Florida Retirement System issues a publicly available stand-alone financial report (CAFR) which includes financial statements and required supplementary information. Also available are the pension systems actuarial reports to support the schedules of employer allocations and schedules of pension amounts by employer. These reports are available on the division's website at <http://www.dms.myflorida.com> or by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com). The CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

State of Florida Division of Retirement Department of Management Services  
Bureau of Research and Member Contributions  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-907-6500 or toll free 844-377-1888

**NOTE 8 - PENSION PLAN (Continued)**

There are six classes of membership applicable to the Tax Collector. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- **Regular Class, Senior Management Service Class, and Elected Officers' Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.
- **Special Risk Class and Special Risk Administrative Support Class Members** – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.
- **Deferred Retirement Option Program (DRO)** – is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DRO allows a member to retire while continuing employment for up to 60 months.

**FRS Membership and Plan Benefits** - The FRS Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are established by State Statutes. Retirement benefits are based on a formula comprised of age, average compensation, length of FRS service, and membership class. Average compensation is computed as the average of an individual's five highest years of earnings for employees hired before July 1, 2011 or eight highest years of earnings for employees hired on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the plan participant.

Pension plan participants may choose to receive benefit in retirement under one of four options which will include a 3% cost-of-living adjustment each July (adjustments are only applicable for FRS service earned prior to July 1, 2011).

If a pension plan participant leaves FRS-covered employment, the pension plan benefit is frozen until the employee returns to FRS-covered employment or begins receiving early or normal retirement benefit.

**HIS Membership and Plan Benefits** - The HIS membership is available to all members within the FRS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 112.363 Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**NOTE 8 - PENSION PLAN (Continued)**

Contribution Requirements - The Tax Collector is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution. The Tax Collector's contractually required contribution rate includes the HIS contribution, .06% administrative and educational fee and any applicable unfunded actuarial liability "UAL" rates. The HIS required contribution rate is 1.66% for the 2018 and 2019 FRS plan years. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Descriptions and contribution rates in effect during the period ended September 30, 2019 and two preceding FRS fiscal years are as follows:

	September 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Regular Class	8.47%	8.26%	7.92%	7.52%
Senior Management	25.41%	24.06%	22.71%	21.77%
Elected Officials	48.82%	48.70%	45.50%	42.47%
Deferred Retirement Option Program	14.60%	14.03%	13.26%	12.99%
Special Risk Regular	25.48%	24.50%	23.27%	22.57%
Special Risk Administrative Support	38.59%	34.98%	34.63%	28.06%

For the years ending September 30, 2019, 2018, 2017, the Tax Collector contributed \$527,264, \$499,423, and \$469,130 respectively, equal to 100% of the required contributions for each year.

The Florida Legislature has the authority for establishing or amending retirement legislation and related bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the Governor and approved before they may be enacted into law.

#### Net Pension Liability – Proportionate Share

The Tax Collector has a net FRS pension liability determined in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the County's comprehensive annual financial report.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

The Tax Collector is required by Florida Statute to provide post-employment health care benefits to eligible retired employees and their spouses. The retirees are responsible for the monthly premiums if they chose to participate. The Tax Collector provides health insurance coverage to its current employees and retirees through a commercial policy. This implicit subsidy has a cost, however, this annual cost and the total post-employment benefit liability have been calculated for the County as a whole, and not separately for the Tax Collector's Office. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

**NOTE 10 - RIS MANAGEMENT**

The Tax Collector is exposed various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical benefits and natural disasters. The Tax Collector purchases insurance through commercial carriers. There has been no significant reduction in insurance coverage from the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three (3) fiscal years.

Special risks and employee medical benefits are covered by commercial insurance policies that are accounted for in the Tax Collector's general fund. The Tax Collector bears no risk of loss under this type of coverage.

The Tax Collector has chosen to participate in the Self-Insurance Internal Service Fund of the Okaloosa County Board of County Commissioners to handle claims for public liability and workers' compensation. The Self-Insurance Internal Service fund charges the Tax Collector a fee to participate based upon actuarially projected budget requirements for cash payouts. No claim for this self-insurance program is recognized in the financial statements of the Tax Collector.



OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019

# INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TAX COLLECTOR

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Statement A-1

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**

For the Fiscal Year Ended September 30, 2019

	Balances October 1, 2018	Additions	Deletions	Balances September 30, 2019
DISBURSEMENTS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 2,262,980	\$ 268,109,583	\$ 267,892,496	\$ 2,480,067
Accounts Receivable	3,233	3,631	3,233	3,631
Total Assets	<u>\$ 2,266,213</u>	<u>\$ 256,208,089</u>	<u>\$ 255,978,665</u>	<u>\$ 2,483,698</u>
LIABILITIES				
Accrued Liabilities	\$ 2,126	\$ -	\$ 2,126	\$ -
Due to Other Funds	1,636	\$ 6,092,282	\$ 6,093,918	-
Due to Other Elected Officials	1,363	\$ 205,834,913	\$ 205,836,276	-
Due to Other Governments	13,158	51,082,717	51,082,050	13,825
Due to Depositors	18,099	35,878	18,099	35,878
Taxes Collected in Advance	2,229,831	5,067,424	4,863,260	2,433,995
Total Liabilities	<u>\$ 2,266,213</u>	<u>\$ 268,113,214</u>	<u>\$ 267,895,729</u>	<u>\$ 2,483,698</u>

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# OTHER REPORTS

TAX COLLECTOR

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45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
[warrenaverett.com](http://warrenaverett.com)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

Honorable Benjamin F. Anderson  
Tax Collector  
Okaloosa County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements (hereinafter referred to as "financial statements") of each major fund and aggregate remaining fund information of the Office of the Tax Collector of Okaloosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated March 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector's internal control over financial reporting (internal control) 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 the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

#### Purpose of this Report

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

*Warren Averett, LLC*

Fort Walton Beach, Florida

March 3, 2020



45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
[warrenaverett.com](http://warrenaverett.com)

INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL

Honorable Benjamin F. Anderson  
Tax Collector  
Okaloosa County, Florida

We have examined the Office of the Tax Collector of Okaloosa County, Florida's (hereinafter referred to as the "Tax Collector") compliance with Florida Statutes 218.415 in regards to investments for the year ended September 30, 2019.

Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
March 3, 2020

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## MANAGEMENT LETTER

Honorable Benjamin F. Anderson  
Tax Collector  
Okaloosa County, Florida

### Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as “financial statements”) of each major fund and the aggregate remaining fund information of the Office of the Tax Collector of Okaloosa County, Florida (hereinafter referred to as “Tax Collector”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2020.

### Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of *the Florida Auditor General*.

### Other Reports and Schedule

We have issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountants’ Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports, which are dated March 3, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the previous annual financial audit report.

### Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector, the Okaloosa County Board of County Commissioners, 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

March 3, 2020

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# Okaloosa County, Florida



**Fiscal Year Ended**  
September 30, 2019

# Property Appraiser

## OKALOOSA COUNTY, FLORIDA

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**OKALOOSA COUNTY, FLORIDA**  
YEAR ENDED SEPTEMBER 30, 2019



# INTRODUCTORY SECTION

PROPERTY APPRAISER REPORT

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# FINANCIAL SECTION

PROPERTY APPRAISER REPORT

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## INDEPENDENT AUDITORS' REPORT

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*Warren Averett, LLC*  
F B F



OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019

# BASIC FINANCIAL STATEMENTS

PROPERTY APPRAISER REPORT

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**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
September 30, 2019

	G	F
ASSETS		
E		
Total Assets	\$	730,614
LIABILITIES AND FUND BALANCE		
L		
A        P		
O        A        L		
Due to Other Elected Officials		
O        G		
Total Liabilities		730,614
F        B		
Total Liabilities and Fund Balance		

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
For the Fiscal Year Ended September 30, 2019

	G	F
S		
T		
E		
G O		
T E		
Excess (Deficiency) of Revenues		
O E		
O F S		
Transfers Among Constitutional Officers		
T O F S		
N F B		
F B B		
Fund Balance - Ending	\$	-

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

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2019

	B	A		F	B
	O	F	A	P	N
S					
T					
E					
G					
O					
T					
E					
Excess (Deficiency) of					
O					
E					
O					
F					
S					
T					
A					
Constitutional Officers					
T					
O					
F					
S					
N					
F					
B					
B					
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

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

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OKALOOSA COUNTY, FLORIDA  
YEAR ENDED SEPTEMBER 30, 2019



# NOTES TO FINANCIAL STATEMENTS

PROPERTY APPRAISER REPORT

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Property Appraiser is an elected official established pursuant to the Constitution of the State of Florida.

T P A O F B

The financial statements of the Property Appraiser have been prepared in conformity with accounting principles

S GAAP T G A  
Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial  
T P A A S AS  
F S

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

## A. The Reporting Entity

T P A O F  
of the primary government. The Property Appraiser's individual financial statements do not purport to reflect the financial position or the results of operations of the primary government of Okaloosa County, Florida taken as a whole. The combined financial statements of the primary government of Okaloosa County, Florida include the individual statements of the following elected officials and those of separately administered organizations

B

Sheriff

T

P A

S E

F

Okaloosa County are not included in these financial statements.

## B. Basis of Presentation – Fund Financial Statements

The financial statements have been prepared for the purpose of complying with Rules of the Auditor General, State of Florida, which require presentation of the fund level only financial statements and permit omission of entity-wide full accrual financial statements, related disclosures, and management's discussion and analysis. Therefore, these financial statements are intended to present only the financial position and changes in financial position of that portion of Okaloosa County, Florida, that relate to transactions of the Property Appraiser and are not intended to present the financial position and changes in financial

O F

T P A

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 emphasis of fund financial statements is on

T P A G F

This is the Property Appraiser's primary operating fund. It accounts for all financial resources of the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental funds are accounted for using a flow of current financial resources measurement focus.

T  
(i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Governmental fund financial statements are reported using the modified

T P A T  
E G  
P  
under capital leases are reported as other financing sources.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance

1. Deposits and Investments

S F S  
prescribe the instruments in which those investments are authorized, specifically the State of Florida Local  
G S F T F S E SE  
in qualified public depositories as defined in s.280.02; direct obligations of the United States Treasury,

S G  
T P A B  
S G  
trust department; tax exempt bonds, notes or obligations rated in the two highest classifications; inventory-  
SE F B  
S G  
F L G I  
T T P A S  
F S

2. Receivables and Payables

P A  
officials 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 balance sheet.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance (Continued)

3. Capital Assets

I  
reflected as expenditures and the related assets are reported on the government-wide statement of net  
O

4. Compensated Absences

The liability for compensated absences consisting of unpaid, accumulated paid days off balances is  
O A  
amounts is reported in the general fund of the Property Appraiser under the modified accrual basis of

5. 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

NOTE 2 – LEGAL COMPLIANCE BUDGETS

T B P A P B  
fund the operations of the Property Appraiser is recorded as a “transfer out” in the basic financial statements of the Board, and as an operating “transfer in” on the financial statements of the Property Appraiser.

I F S G F  
the Board at the end of the fiscal year. Repayments to the Board are recorded as a reduction to “transfer in” in the financial statements of the Property Appraiser and the amount of the undistributed excess appropriations at the end of the fiscal year is reported as amounts due the Board.

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NOTE 3 - DEPOSITS AND INVESTMENTS

The Property Appraiser maintains its deposits only with qualified public depositories as defined in Chapter  
F S T  
or savings association designated by the State Chief Financial Officer as a “Qualified Public Depository”. All qualified public depositories must maintain deposit insurance. In the event of default by a qualified public depository excess loss over insurance and collateral will be recovered through assessments to all qualified  
P A  
deposits, including certificates of deposit, are considered fully insured.

S S O A

N T P A  
accounts during the fiscal year ended September 30, 2019.

NOTE 4 - INTERFUND BALANCES AND ACTIVITY

T	S		
Due to/from other elected officials:			
F	P	F	A
B	G		E
I			
T	I	T	O
G	B		B

NOTE 5 - PENSION PLAN

T P A F S F S  
S F S T F S  
in 1970 by Chapter 121, Florida Statutes. In 2002 the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation  
S F A  
F S H I S HIS P  
employer defined benefit pension plan to assist retired members of any state- administered retirement system

The State of Florida Retirement System issues a publicly available stand-alone financial report (CAFR) which includes financial statements and required supplementary information. Also available are the pension

T <http://www.dms.myflorida.com>  
[rep@dms.myflorida.com](mailto:rep@dms.myflorida.com) T AF

State of Florida Division of Retirement Department of Management Services  
Bureau of Research and Member Contributions  
P.O. Bo 9000  
Tallahassee, FL 32315-9000  
850-907-6500 or toll free 844-377-1888

T P A  
E  
vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year

- **Regular Class, Senior Management Service Class, and Elected Officers' Class Members** – F members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age T service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011,

T

## NOTE 5 - PENSION PLAN (Continued)

- **Special Risk Class and Special Risk Administrative Support Class Members** – F enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty- five years of

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S A S

the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years

S S

T

S A S

- The Deferred Retirement Option Program (DRO) allows a member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing

FRS Membership and Plan Benefits - The FRS Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are established by State Statutes. Retirement benefits

F S

class. Average compensation is computed as the average of an individual's five highest years of earnings for employees hired before July 1, 2011 or eight highest years of earnings for employees hired on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the

Pension plan participants may choose to receive benefit in retirement under one of four options which will include a 3% cost-of-living adjustment each July (adjustments are only applicable for FRS service earned prior to July 1, 2011).

If a pension plan participant leaves FRS-covered employment, the pension plan benefit is frozen until the employee returns to FRS-covered employment or begins receiving early or normal retirement benefit.

HIS Membership and Plan Benefits - The HIS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries

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112.363 Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered

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contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 5 - PENSION PLAN (Continued)

Descriptions and contribution rates in effect during the period ended September 30, 2019 and two preceding FRS fiscal years are as follows:

	September 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
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bills of significance to members of the Florida Retirement System (FRS). Passed bills are presented to the  
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Net Pension Liability – Proportionate Share

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wide financial statements and is not a current liability of the General Fund. All required disclosures and  
schedules may be found in the County’s comprehensive annual financial report.

NOTE 6 – POST EMPLOYMENT BENEFITS

The Board offers post-employment health care benefits to all retired employees of the Property Appraiser’s  
Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the  
in the Board’s financial statements. However, these retirees are receiving an “implicit subsidy” because  
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however, this annual cost and the total post employment benefit liability have been calculated for the County  
as a whole, and not separately for the Property Appraiser’s Office. Accordingly, these calculations and  
disclosures can be found in the County’s comprehensive annual financial report.

NOTE 7 - RIS MANAGEMENT

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compensation, and other special risks. There has been no significant reduction in insurance coverage from  
the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three (3)  
fiscal years.  
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officials’ offices of Okaloosa County except for the Sheriff. The plan is administered by the Risk Management  
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benefits.

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 expected yearly cash payouts. No claim liability for this self-insurance program is recognized in the financial  
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The Property Appraiser is occasionally involved with lawsuits or other claims filed in the ordinary course of business or claims outstanding which might have a material adverse effect on the financial position of the Property Appraiser.

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# OTHER REPORTS

PROPERTY APPRAISER REPORT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

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Standards

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Government Auditing

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Internal Control over Financial Reporting

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A deficiency in internal control

A material weakness

A significant deficiency

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Compliance and Other Matters  
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Government Auditing

Standards

Purpose of this Report  
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Government Auditing Standards

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*Warren Averett, LLC*  
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INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE  
REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL

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*Warren Averett, LLC*  
F B F

## MANAGEMENT LETTER

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Report on the Financial Statements

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Auditors' Responsibility

S A Government Auditing  
Standards, the Auditor General. G S Rules of

Other Reporting Requirements

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Prior Audit Findings

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Financial Management

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Additional Matters

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### Purpose of this Letter

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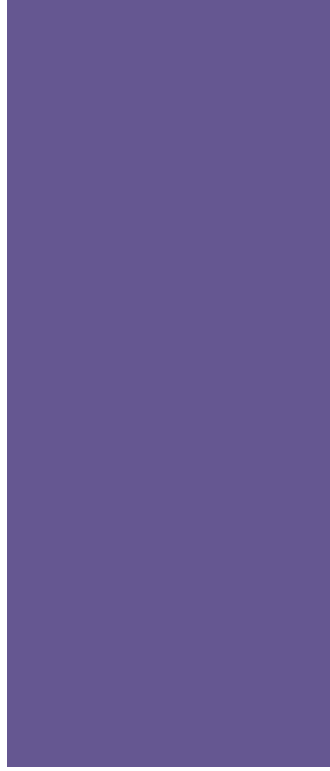
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Warren Averett, LLC  
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# Okaloosa County, Florida

