

Okaloosa County, Florida

Comprehensive Annual Financial Report

For the Year Ended September 30, 2009



Prepared by Clerk of Circuit Court

Don W. Howard, Clerk

Gary J. Stanford, Finance Officer



Comprehensive
Annual
Financial
Report

Okaloosa County, Florida

For the year ended
September 30, 2009

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

INTRODUCTORY SECTION

**OKALOOSA COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED SEPTEMBER 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Table of Contents	i	
Letter of Transmittal	iv	
GFOA Certificate of Achievement	xiv	
Organization Charts	xv	
County Officials	xvii	
FINANCIAL SECTION		
Independent Auditors' Report	1	
Management's Discussion and Analysis	3	
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	16	I
Statement of Activities	19	II-A & B
Fund Financial Statements		
Balance Sheet - Governmental Funds	21	III-A
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	22	III-B
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	23	IV-A
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25	IV-B
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual		
General Fund	26	V
Fine and Forfeiture Special Revenue Fund	27	VI
Balance Sheet - Proprietary Funds	28	VII
Statement of Revenues, Expenses, and Changes in Equity - Proprietary Funds	31	VIII
Statement of Cash Flows - Proprietary Funds	33	IX
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds	36	X
Notes to Financial Statements	37	
Required Supplementary Information		
Schedule of Funding Progress - Post Employment Benefits Plan	87	

**OKALOOSA COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

TABLE OF CONTENTS

	Page	Statement/ Schedule
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	88	A-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	92	A-2
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
Capital Outlay Construction Trust Capital Projects Fund	96	A-3
County Transportation Trust Special Revenue Fund	97	A-4
Library Cooperative Special Revenue Fund	98	A-5
Tourist Development Special Revenue Fund	99	A-6
Natural Disaster Special Revenue Fund	100	A-7
County Public Health Special Revenue Fund	101	A-8
Municipal Services Benefit Units Special Revenue Funds	102	A-9
Unincorporated County Parks Special Revenue Fund	103	A-10
Courts Special Revenue Fund	104	A-11
Public Records Modernization Trust Special Revenue Fund	105	A-12
Public Records Courts Special Revenue Fund	106	A-13
Public Records 10% Fine Special Revenue Fund	107	A-14
Okaloosa Debt Service Fund	108	A-15
Road and Bridge Construction Capital Projects Fund	109	A-16
Combining Balance Sheet - Nonmajor Enterprise Funds	110	B-1
Combining Statement of Revenues, Expenses, and Changes in Equity - Nonmajor Enterprise Funds	112	B-2
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	113	B-3
Combining Balance Sheet - Internal Service Funds	115	C-1
Combining Statement of Revenues, Expenses, and Changes in Equity - Internal Service Funds	117	C-2
Combining Statement of Cash Flows - Internal Service Funds	118	C-3
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	120	D-1
Combining Statement of Changes in Assets and Liabilities - Agency Funds	122	D-2
 STATISTICAL SECTION (UNAUDITED)		
	Page	Schedule
Net Assets by Category - Last Eight Fiscal Years	125	1
Changes in Net Assets - Last Eight Fiscal Years	127	2
Fund Balances - Governmental Funds - Last Ten Fiscal Years	129	3
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	131	4
Governmental Tax Revenues by Source - Last Ten Fiscal Years	133	5
Taxable Assessed Value and Estimated Actual Value of Property - Last Ten Years	135	6

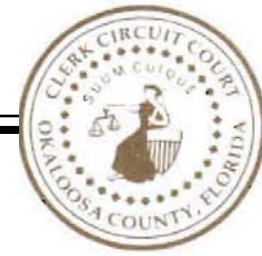
**OKALOOSA COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

TABLE OF CONTENTS

STATISTICAL SECTION (UNAUDITED)	Page	Schedule
Property Tax Millage Rates for Direct and Overlapping Governments - Last Ten Years	137	7
Principal Property Tax Payers - Last Fiscal Year Compared to the Fiscal Year Nine Years Earlier	139	8
Properly Tax Levies and Collections - Last Ten Fiscal Years	141	9
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	143	10
Pledged Revenue Bond Coverage	145	11
Computation of Direct and Underlying Debt	147	12
Demographic and Economic Statistics - Last Ten Years	148	13
Principal Employers - Current Year and Nine Years Ago	150	14
Full-time Equivalent Government Employees by Function - Last Ten Years	152	15
Operating Indicators by Function/Program - Last Ten Fiscal Years	154	16
Capital Indicators by Function/Program - Last Ten Fiscal Years	155	17
 SINGLE AUDIT SECTION		
Schedule of Expenditures of Federal Awards and State Financial Assistance	156	
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	161	
Schedule of Expenditures of Passenger Facility Charges	163	
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 <i>Government Auditing Standards</i>	164	
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A- 133 and Chapter 10.550, Rules of the Auditor General and Compliance with Requirements Applicable to the Passenger Facility Charge Program and Internal Control Over Compliance	166	
Schedule of Findings and Questioned Costs	168	
Management Letter	173	

DON W. HOWARD

CLERK OF THE CIRCUIT COURT, OKALOOSA COUNTY, FLORIDA



March 12, 2010

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida for the fiscal year ended September 30, 2009, is respectfully submitted. This report was prepared by the Finance Department under the supervision of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department. This report contains four major sections: the Introductory, the Financial, the Statistical and the Compliance Sections. All sections, especially the Financial Section are critically important, however, the Statistical Section seems to be a very popular section which reflects financial trends, revenue and debt capacity and demographic, economic, operating information of Okaloosa County.

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

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

The County's financial statements have been audited by a consortium of independent firms of certified public accountants led by the firm of O'Sullivan Creel, L.L.P. The consortium includes the firms of: Allen, Yagow and Carr and Saltmarsh, Cleaveland and Gund, P.A.. 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, 2009, 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

□ 101 E JAMES LEE BLVD. • CRESTVIEW, FLORIDA 32536-1359 • (850) 689-5000

REPLY TO: □ SHALIMAR ANNEX • 1250 N EGLIN PARKWAY, SUITE B-110 • SHALIMAR, FL 32579 • (850) 651-7200

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estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The report of independent accountants is presented as the first component of the financial section of this report.

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

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

ECONOMIC CONDITION AND OUTLOOK

Okaloosa County is one of Florida's youngest counties, created in 1915 by an act of the state legislature. Okaloosa County is located in the Northwest Florida Panhandle and the City of Crestview, near its geographical center, is the County seat. The April 2009 population was 196,237, concentrated most heavily near its southern boundary on the Gulf of Mexico.



Occupying a large portion of Okaloosa County is one of the world's largest military reservations. Established in 1935, Eglin Air Force Base covers over 724 square miles in Okaloosa and two neighboring counties and contains the 919th Special Operations Wing, Duke Field. Eglin Air Force Base, the Air Armament Center, is responsible for development, acquisition, testing, deployment and

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



The tourism industry is the leading private income producing source for the County. The effect of the industry on the local economy is more than \$1 billion income produced annually with the employment of 18,000+ in tourism related businesses. The Tourist Development Council Convention Visitor's Bureau (TDC / CVB) registered hundreds of thousands of inquiries throughout the year. Tourists may visit Okaloosa County's Visitor Welcome Center for information on all

local activities, area information, sightseeing and all other things to do during their visit. An estimated 1.2 million visitors come to the Emerald Coast annually.

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



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

The state Division of Economic Development placed the total labor force in Okaloosa County at 116,516 in 2009 and the 2009 unemployment rate at 7.3 percent. This compares favorably to the state's annual average rate of 11.3 percent and the national average of 9.5 percent. Okaloosa County's cost of living is consistently below the national average and the county has, along with its sister counties in Florida, no state income tax.

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

Relative property valuation strength, although leveling off, continues to provide the County the opportunity to maintain one of the state's lowest millage rates while providing a high level of service to County residents. Property tax values decreased (7.1) percent, although other counties in the State declined by double digits. Construction activity in 2009 was still somewhat strong amounting to \$274 million. Due to some of these declining trends, some of the capital and functional initiatives of the County remained on hold for the year until these trends reverse.

MAJOR FUNCTIONAL INITIATIVES

General Government Initiatives The County continues to discuss and implement many facility and general government projects. The County, with the assistance and support of the local military and the educational community support, continued to expand and further develop the countywide Fiber Optic project to provide high speed connectivity throughout the County. The County continues to plan and develop land for future development, including a major military planning exercise. The County continued the dialogue of constructing a new Judicial Facility Annex for the south end of the County. Over \$55,500,000 was spent on General Government initiatives, or approximately 25% of total expenditures, throughout the year.

Public Safety Initiatives The County dedicates a great deal of financial and personnel resources for public safety initiatives. The County continued construction on the joint facility at Northwest Florida State College EOC and training facility. The facility will soon be a state of the art joint use complex for EOC and education. The County entered into a number of public safety grants. One of the more significant awards, both financially and innovatively, was the Public Safety Interoperability grant awarded to procure radio communication equipment for all public safety operations within Okaloosa County. This grant provided consistent countywide communication services for all of these critical Public Safety agencies. The public safety function of the Emergency Medical activity always stays busy providing valuable countywide service. The Sheriff's operations were active and involved in many of these public safety initiatives throughout the year. Beach Safety continues to be provided through county personnel and other public safety agencies. The County funded approximately \$65,000,000 of Public Safety initiatives, or approximately 30% of total expenditures, in 2009.



Physical Environment Initiatives Physical environment initiatives are concentrated in the areas of water/wastewater improvements, solid waste and stormwater. Water and Sewer's major activity related to the completion of the Arbennie Pritchett Sewer Treatment Plant to replace the existing Garniers Sewer Treatment Plant. The decommissioning and destruction of the old plant has now begun and will soon be completed, also. Stormwater projects continued, as funding allowed in 2009. Solid Waste continues to place a high priority on new ideas as they prepare to bid out their solid waste contracts in the near future. The County complies with State mandates by



monitoring and remediating landfill activity throughout the closed landfill facilities in the County. Grant funds enhanced physical environment activity with the assistance from Florida Department of Environmental Protection. Over \$45,000,000 was spent, plus, as always, a great deal of capital outlay, in the area of

Physical Environment initiatives, or approximately 20% of total expenditures, for 2009.

Transportation Initiatives Transportation needs continue to be an area of vital importance to the citizens of the County. New road paving as well as maintenance and enhancement of existing

roadways continues to be a high priority, as funds become available. Many miles of roadway were resurfaced utilizing the "Cold Mix" and "Overlay" options that continue to be more financially feasible in 2009. The Local Option Gas Tax and the Constitutional State Shared Gas Tax were utilized to complete or begin construction on many projects, including County Road 180, PJ Adams and Fairchild Road and other maintenance construction, along with many Emergency Watershed Projects utilizing funds from the USDA Emergency Watershed Program.



The area of mass transit continues to be addressed with additional grant-funded projects and the ongoing service of Okaloosa Coordinated Transportation(OCT), a nonprofit agency providing mass transportation opportunities for citizens countywide. OCT also provides a shuttle service in the south end of the County, partially supported with Tourist Development funds. The Regional, along with the General Aviation Airports in Destin and in Crestview at Bob Sikes, continue to be funded with fees for services, including Passenger Facility and Customer Facility Fees, along with a significant portion of State and Federal funding for construction activities. The major project for East side development at Okaloosa Regional

was completed during the year. Over \$35,000,000, or approximately 16% of total spent, was spent on transportation expenditures in 2009.

Economic Environment Initiatives Funding in this area addressed needs of Tourist Development related to certain increasing tourism activities. Financial assistance to countywide citizens in the form of housing assistance through the Community Development Corporation and assistance related to the many veterans located in the area also are included in Economic Environmental initiatives. The 70,000 square-foot Emerald Coast Conference Center continues to provide much needed state of the art meeting space in the County. Community Redevelopment agencies in several cities within the County utilize portions of Ad Valorem Tax dollars to enhance economic development in those designated areas. About \$7,000,000 or approximately 3% was spent in the area of economic environment in 2009.



Human Service Initiatives The ongoing funding for human service activities by the County included mosquito control, animal welfare, health care, Medicaid, elder services, day care service, mental health services and court-related child protection services expenditures. These activities, particularly state aid for Medicare and Medicaid, account for well over half of the dollars spent in this particular functional category. A portion of the operation of the Okaloosa County Health Department is another human service initiative in the County. Over \$5,000,000 or approximately 2% was spent in the area of Human Service activity in 2009.

Culture/Recreation Initiatives Several county and city parks continue to be improved this year with additional funding and with the ongoing support of the countywide Parks Advisory Committee. These park improvements along with funds used to aid in the creation of artificial reef sights for the area fishermen were enhancements to recreational activities provided for all citizens and tourists attracted to our area. Tourist Development continues to work on the process of renourishing critically eroded beaches of the County. An additional penny of Tourist Development Tax continues to be collected to renourish all beaches within the Tourist Development boundary area. Although, the beaches have suffered much damage from several storms in the past, many national magazines proclaim the Okaloosa Island/Destin beaches as the #1 Beach in America, the #1 Beach in the South, as well as, one of the Favorite Family Vacation spots as they have for the past several years consecutively. The Countywide Library Cooperative continued to provide countywide service during this year, although funding issues during these economic times are



extremely difficult. Over \$9,500,000 or approximately 4% was spent for culture/recreational activities throughout the year.

Future Initiatives Some major construction project initiatives ongoing in the County, along with maintaining a high level of service the citizens expect will continue to be a major challenge for the County. The allocation of limited resources for use on these enhancements while continuing to provide the expected services for County residents will continue to stretch somewhat limited resources significantly. Facility needs continue to be a high priority for the immediate future.

The County continues to consider construction of a new Courthouse Annex Extension, the Annex renovation in the south end of the County, along with the renovation of the Courthouse facility in the north end of the County. Those architectural plans have moved forward during the year in several different scenarios, however, with the recent discussion of the need for the facility and the potential of innovative funding possibilities, the projects appear to be moving forward again.



The County Water and Sewer System will continue to expand and enhance its services. Ongoing projects include continued discussion of multiple wastewater treatment needs throughout the County. The stormwater master plan study to address the County's critical need will continue to be addressed and will continue to progress as the County considers funding options in the future.

The County will continue to pave roads and upgrade the condition of roads already paved, consistent with the availability of funds. Other major improvements in transportation will be for ongoing airport projects and continued evaluation and possible enhancement of countywide transportation systems.

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

FINANCIAL INFORMATION

Readers of this report are encouraged to read Management's Discussion and Analysis (MD&A). The MD&A provides basic financial information about the County and an overview of the County's activities. The government-wide financial statements, consisting of a statement of net assets and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all

assets, liabilities, revenues, and expenses of the County are reported. The fund financial statements provide information concerning the County's funds and are prepared from the County's accounting records. The County's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the County's proprietary funds are maintained on the accrual basis. The County's fiscal year is October 1 to September 30.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008.

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

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

A comprehensive annual financial report of this nature could not have been prepared without the dedicated efforts of a considerable number of individuals. I want to especially thank the Clerk and the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the members of the County's consortium of independent external auditors, especially the lead firm of O'Sullivan Creel, L.L.P., along with the efforts of the County's Internal Auditor. 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 and progressive manner.



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Okaloosa County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

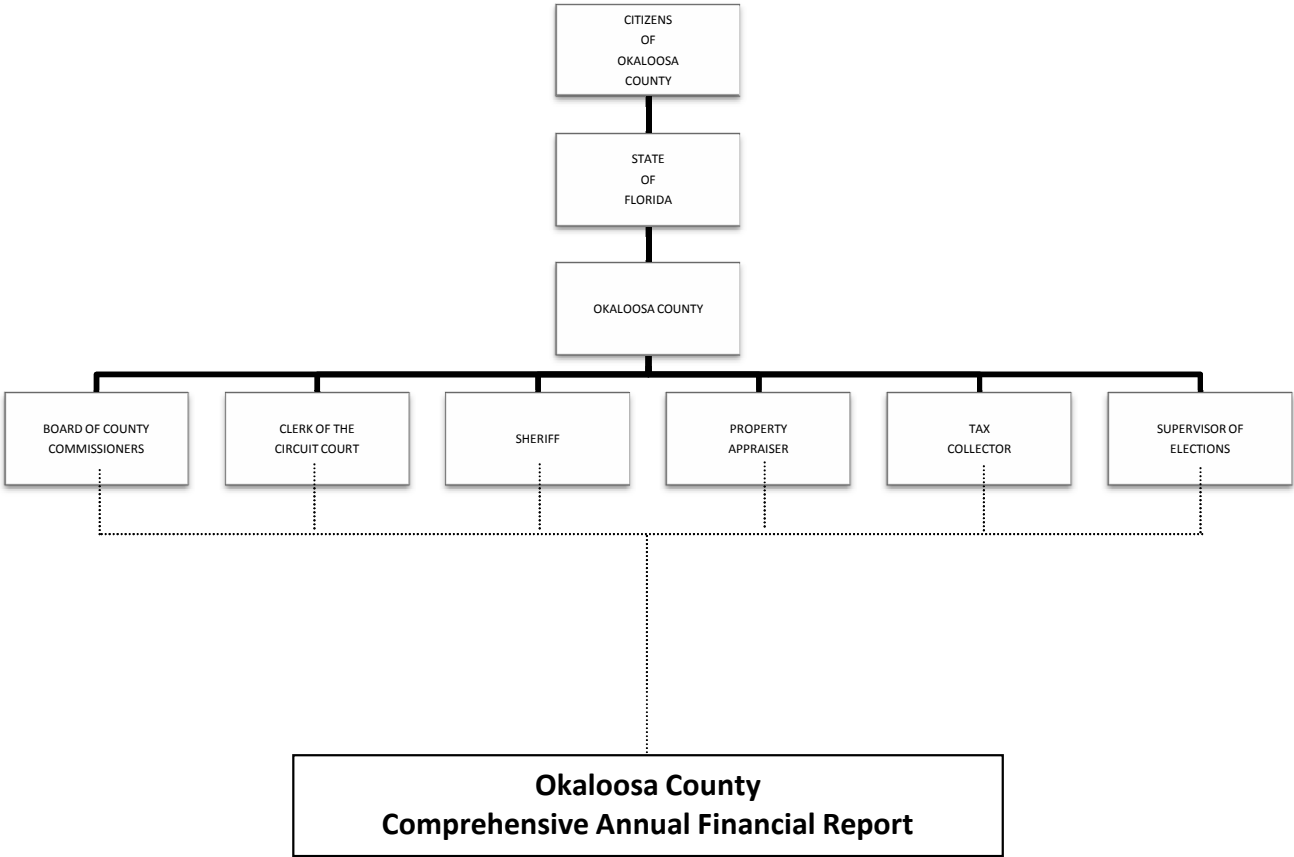
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



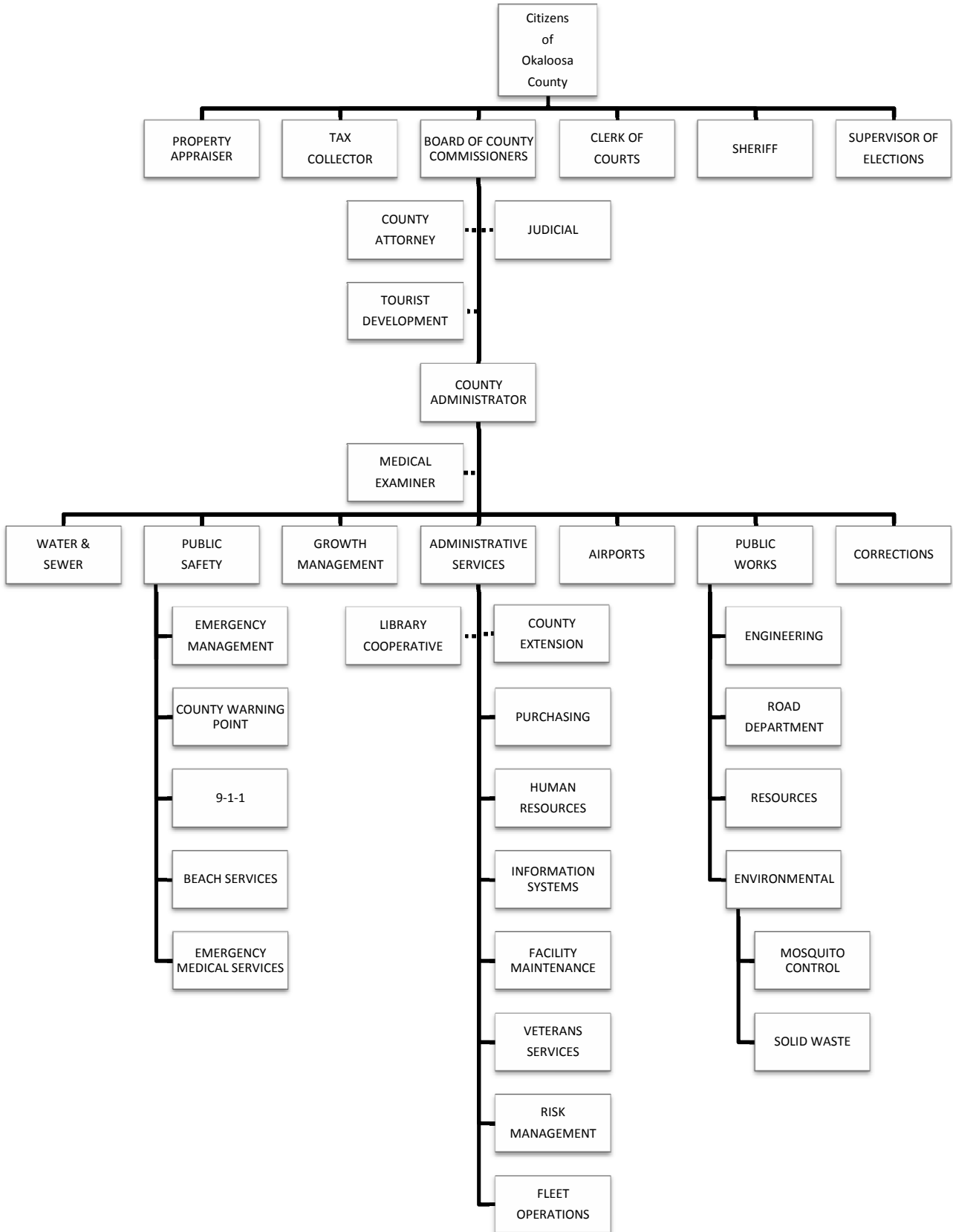
President

Executive Director

OKALOOSA CONUTY, FLORIDA
REPORTING ORGANIZATION



OKALOOSA COUNTY COMMISSIONERS
 OKALOOSA COUNTY, FLORIDA
 ORGANIZATION CHART



OKALOOSA COUNTY, FLORIDA

COUNTY OFFICIALS AS OF SEPTEMBER 30, 2009

COUNTY COMMISSIONERS

Wayne Harris	District I
John Jannazo	District II
Bill Roberts	District III
Don Amunds	District IV
James Campbell	District V

OTHER ELECTED OFFICIALS

Don W. Howard	Clerk of Court
Ed Spooner	Sheriff
Chris Hughes	Tax Collector
Timothy "Pete" Smith	Property Appraiser
Paul Lux	Supervisor of Elections

OTHER OFFICIALS

John Dowd	County Attorney
James D. Curry	County Administrator

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FINANCIAL SECTION

THE CONSORTIUM OF Certified Public Accountants

O'Sullivan Creel L.L.P.
Allen, Yagow & Carr
Saltmarsh, Cleaveland & Gund, P.A.

45 Eglin Parkway N.E.
Suite 301
Fort Walton Beach,
Florida 32548
(850) 244-5121

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of and for the fiscal year ended September 30, 2009, which collectively comprise the Okaloosa County Florida's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Okaloosa County, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

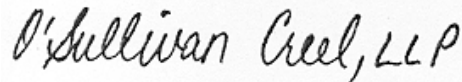
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of September 30, 2009, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Fine and Forfeiture Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2010, on our consideration of Okaloosa County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 15 and the Post Employment Benefits Plans Schedule of Funding Progress on page 86 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okaloosa County, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits*, and is also not a required part of the basic financial statements of Okaloosa County, Florida. The accompanying schedule of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements of Okaloosa County, Florida. The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance and the schedule of expenditures of passenger facility charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



O'SULLIVAN CREEL, L.L.P.
Certified Public Accountants and Consultants
For the Consortium

March 12, 2010

Okaloosa County, Florida

Management Discussion and Analysis

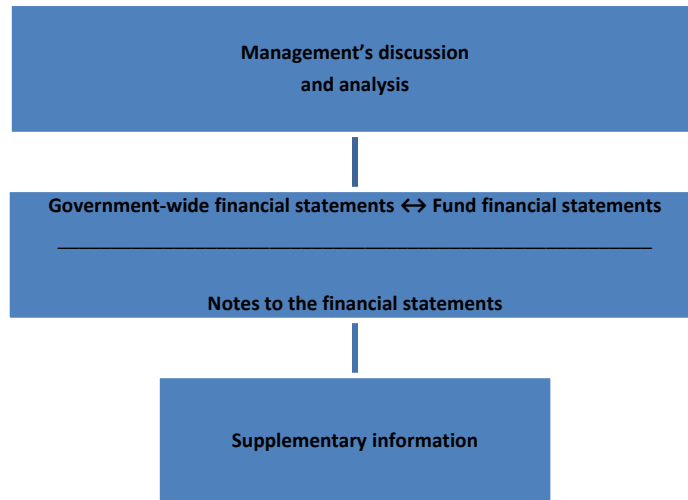
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2009. We hope this, in conjunction with additional information provided in our letter of transmittal, will assist readers in identifying significant financial issues and changes in the County's financial position. In this Management Discussion and Analysis (MD&A), all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- At the close of fiscal year 2009 the County's assets exceeded its liabilities, resulting in net assets of \$392,819. Governmental and business-type assets exceeded its liabilities by \$174,602 and \$218,217, respectively.
- The County's total net assets increased \$14,560, or 3.8 percent, in comparison to the prior year, including a restatement of beginning net assets of \$9,289.
- The County had \$33,909 of unrestricted net assets at the close of this year compared to \$46,050 last year that can be used to meet the County's obligations.
- Total revenues decreased **(\$8,607)**, or **(4.2)** percent, from \$206,023 to \$197,416.
- Total expenses decreased **(\$141)**, or **(0.0)** percent, from \$185,521 to \$185,380.
- The County's governmental activities reported total net assets of \$174,602, which is an increase of \$15,781, or 9.9 percent, in comparison to prior year. 10.5 percent of the total is unrestricted.
- The County's business-type activities reported total net assets of \$218,217, which is a decrease of **(\$1,221)**, or **(.6)** percent, in comparison to prior year. Approximately 7.0 percent of the total, or \$15,201, is unrestricted, and thus available for spending at the County's discretion.

Overview of the Financial Statements

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



Government-wide financial statements

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

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

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

Fund Financial Statements

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

Governmental Fund Financial Statements

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

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

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

Proprietary Fund Financial Statements

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

The County reports the Water and Sewer, Airport, Solid Waste and Conference Center as major funds in the proprietary fund financial statements. These enterprise funds are used to

present the same functions that are presented in the government-wide financial statements. The other enterprise funds are grouped together and reported in a separate column entitled Other Enterprise Funds. The internal service funds are combined into a single column on the proprietary fund financial statements. Individual fund data is presented in combining statements as supplemental financial data.

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

Fiduciary Fund Financial Statement

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

Notes to the financial statements

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

Other information

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

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

Government-wide Financial Analysis

Over time, net assets may serve as the most useful indicator of a government's financial position. At September 30, 2009, the County's total net assets or total assets less liabilities, was \$392,819. A significant portion of the County's net assets, 80.5 percent, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those assets. Since the County uses capital assets to provide services to its residents, the net assets represented by "investment in capital assets, net of related debt" are not available for future spending. In fact, the payment of maintenance and debt service costs on those capital assets will themselves require governmental resources. The invested in capital assets, net of related debt balance of \$316,360 increased \$20,793 or 7.0 percent, in comparison to the prior year.

Another portion of the County's net assets is restricted net assets which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The restricted net asset balance of \$42,550 (10.8 percent of total net assets) increased \$5,908, or 16.1 percent, in comparison to prior year.

Unrestricted net assets are net assets that are available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers. The unrestricted net asset balance of \$33,909 (8.6 percent of total net assets) decreased (\$12,141), or (26.4) percent, in comparison to prior year for the third consecutive year since adoption of GASB 34 reporting.

As shown on the following chart, the County reported positive, as well as, increasing balances at September 30, 2009, in all three categories of net assets for governmental activities, business-type activities, as well as the County as a whole.

The following is a condensed summary of net assets for the primary government for fiscal years 2009 and 2008.

Okaloosa County, Florida
 Summary of Net Assets
 September 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 64,301	\$ 62,491	\$ 61,706	\$ 98,919	\$ 126,007	\$ 161,410
Capital Assets	136,400	119,256	304,796	273,177	441,196	392,433
Total Assets	200,701	181,747	366,502	372,096	567,203	553,843
Current and Other Liabilities	14,269	12,221	23,159	23,228	37,428	35,449
Long-term Liabilities	11,830	10,705	125,126	129,430	136,956	140,135
Total Liabilities	26,099	22,926	148,285	152,658	174,384	175,584
Net Asset:						
Investment in Capital						
Assets, Net of Related Debt	136,255	118,399	180,105	177,168	316,360	295,567
Restricted for						
Debt Service	485	467	12,650	10,068	13,135	10,535
Public Safety	1,964	1,482	-	-	1,964	1,482
Transportation	445	448	-	-	445	448
Eco Environment	9,263	5,978	-	-	9,263	5,978
Culture Recreation	584	616	-	-	584	616
Court-Related	4,062	5,013	-	-	4,062	5,013
Other Purposes	2,835	2,000	10,262	10,570	13,097	12,570
Unrestricted	18,709	24,418	15,200	21,632	33,909	46,050
Total Net Assets	\$ 174,602	\$ 158,821	\$ 218,217	\$ 219,438	\$ 392,819	\$ 378,259

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, 2009 and 2008						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 27,949	\$ 29,214	\$ 48,274	\$ 50,064	\$ 76,223	\$ 79,278
Operating Grants and Contributions	10,843	6,167	585	771	11,428	6,938
Capital Grants and Contributions	7,611	579	6,226	9,204	13,837	9,783
General Revenues:						
Taxes	68,952	76,704	5,825	6,869	74,777	83,573
State Shared Revenue	16,130	17,573	-	-	16,130	17,573
Grant and Contributions not Restricted Specific Programs	256	2,033	25	96	281	2,129
Other	3,052	3,710	1,688	3,039	4,740	6,749
Total Revenues	134,793	135,980	62,623	70,043	197,416	206,023
Expenses:						
Program Activities:						
General Government	31,008	34,777	-	-	31,008	34,777
Public Safety	53,499	49,963	-	-	53,499	49,963
Physical Environment	867	1,138	-	-	867	1,138
Transportation	18,901	17,229	-	-	18,901	17,229
Economic Environment	7,456	6,471	-	-	7,456	6,471
Human Services	5,110	4,964	-	-	5,110	4,964
Culture and Recreation	4,500	5,069	-	-	4,500	5,069
Court-Related	8,082	9,088	-	-	8,082	9,088
Interest and Fiscal Charges	116	181	-	-	116	181
Business-type Activities:						
Water and Sewer	-	-	24,067	25,057	24,067	25,057
Airport	-	-	9,804	8,363	9,804	8,363
Solid Waste	-	-	8,404	9,757	8,404	9,757
Inspections	-	-	1,245	1,582	1,245	1,582
Emergency Medical	-	-	7,504	7,326	7,504	7,326
Conference Center	-	-	4,817	4,556	4,817	4,556
Total Expenses	129,539	128,880	55,841	56,641	185,380	185,521
Inc in Net Assets Before Trf	5,254	7,100	6,782	13,402	12,036	20,502
Special Item - Impairment	-	-	(7,551)	-	(7,551)	-
Transfers	731	1,284	(731)	(1,284)	-	-
Inc/(Dec) in Net Assets	5,985	8,384	(1,500)	12,118	4,485	20,502
Net Assets October 1 (Restated)	159,329	150,437	219,717	207,320	379,046	357,757
Prior Period Adjustment	9,288	-	-	-	9,288	-
Net Assets September 30	\$ 174,602	\$ 158,821	\$ 218,217	\$ 219,438	\$ 392,819	\$ 378,259

Revenues decreased slightly by **(\$1,187)** or **(.9)** percent in Governmental activities, due to a significant decrease in taxes and primarily an increase in Public Safety grant revenue. Revenues in Business-type activity decreased sharply by **(\$7,421)** or **(10.6)** percent from the

prior year, mainly due to a decrease in tax support for Emergency Medical along with reductions in contributions and investment earnings for Water and Sewer for the year. Expenses increased slightly by \$659 or .5 percent in Governmental activities, due to slight increases in functional categories of Public Safety and Transportation grant activities for mainly communication and mass transit improvements, respectively. Expenses in Business type expenses decreased slightly (\$800) or (1.4) percent due mainly to the decline in interest payments in Water & Sewer during the year. Revenues and expenses decreased from 2008, although in 2009, the revenue totals were greater than expenses for the year which caused the net assets to increase by 3.8 percent, from \$378,259 in 2008 to \$392,819 in 2009, including a prior period adjustment related to infrastructure donations.

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.

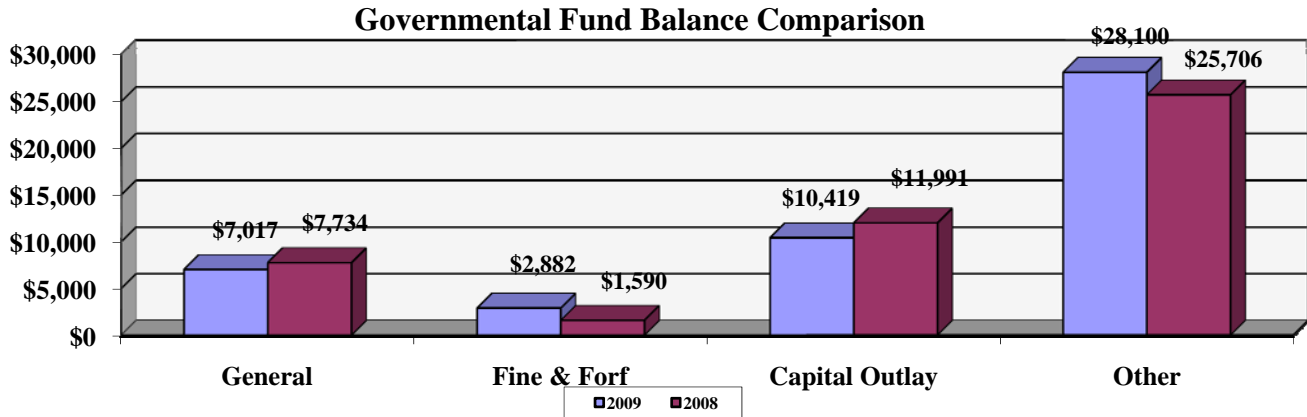
As of September 30, 2009, the County governmental funds reported combined fund balances of \$48,418, an increase of \$1,397 over the prior year balances. Most of the major governmental funds had slight increases in total assets, although some fund cash and receivable balances declined. The major decrease in deferral of state shared revenues generated the overall increase in fund balance for the year, although some significant contracts were in progress.

The General Fund is the chief operating fund of the County. At September 30, 2009, total fund balance in the general fund was \$7,017, of which \$2,866 was unreserved, which is a decrease from the prior year. The general fund expenditures for the fiscal year exceeded revenues by \$35,435, primarily due to tax decreases. The Net change in Fund Balance for the General Fund for fiscal year 2009 amounted to a decrease of (\$718), while the prior year showed an increase of \$701. The decrease in fiscal year 2009 was mainly due to reduction in ad valorem tax support, although intergovernmental support increased. The expenditure increases were primarily in the area of public safety and transportation grant activity.

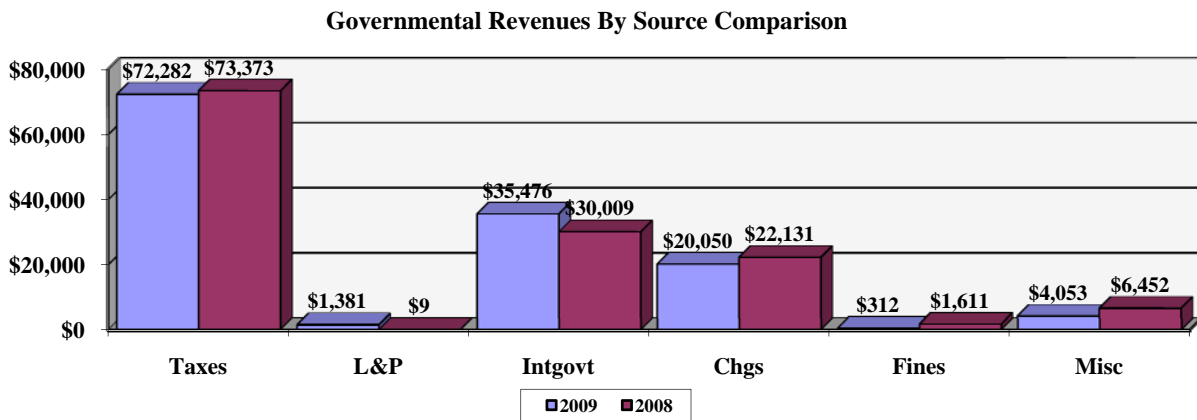
The Fine and Forfeiture Fund is a special revenue fund that is used to account for revenues and expenditures related primarily to public safety and judicial activity in the County. The Fine and Forfeiture Fund balance increased by \$1,292 from the prior year. The increase in fund balance occurred primarily because of the shift in tax support and increase in state shared revenue support for public safety. Expenditure increases were minimal in public safety.

The Capital Outlay Construction Fund is a capital fund that contains all general government related capital projects related to government facilities, public safety facilities and culture and recreation facilities. Capital Outlay's fund balance declined by (\$1,571). The fund had minor declines in revenue and substantial declines in expenditures due to some capital projects being put on hold. The transfer out of general fund monies set aside for future capital projects that are being suspended was the primary cause of the fund balance decline.

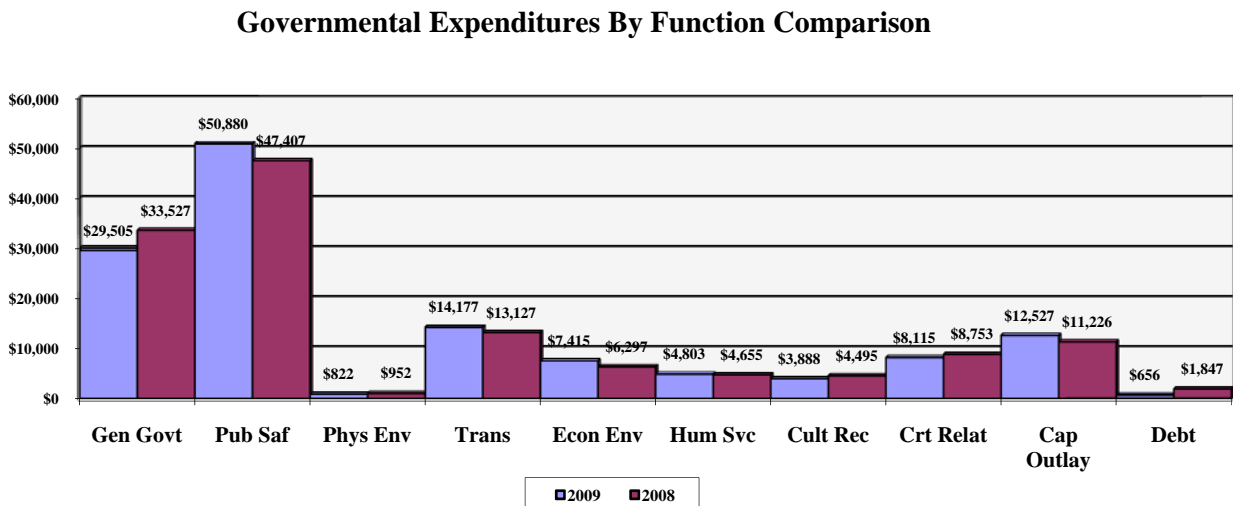
The following is a chart of all Governmental Fund Balances for the fiscal years 2008 and 2009.



The following is a chart of revenues by source for governmental activities for the last two fiscal years.



The following is a chart of expenditures by program for governmental activities for the last two fiscal years.



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, 2009, total equity amounted to \$218,217 for enterprise funds as compared to \$219,438 at September 30, 2008. Equity balances are most significantly the result of total operations and capital contributions in the Water and Sewer and Airport Enterprise funds.

Business-type activities decreased the County's total equity by **(\$1,500)**. Major components of this decrease are as follows:

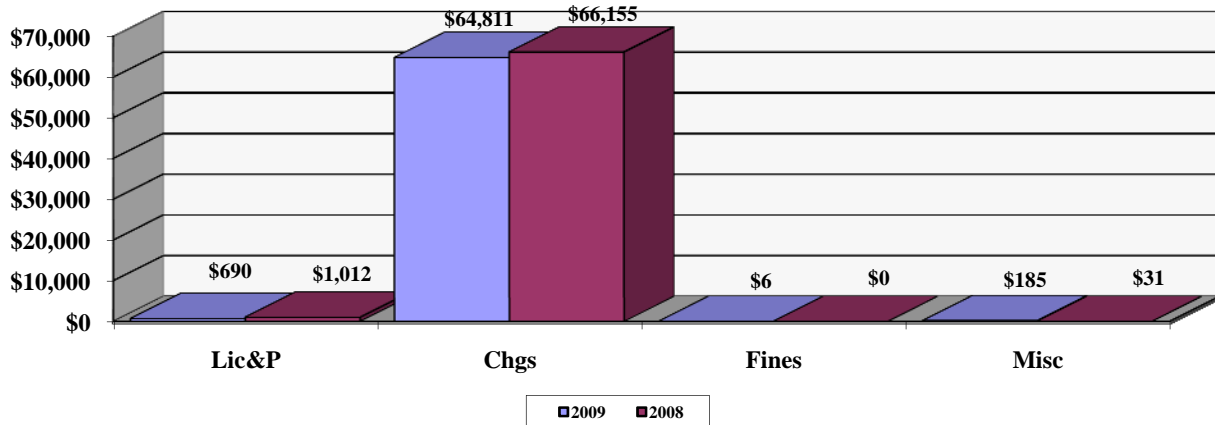
- The Water and Sewer Fund decreased its equity by **(\$4,331)**. Operating income was \$313 during the year which was less than last year. Income before contributions rose, but significantly less than last year due primarily to an increase in operating expenses related to additional system enhancements throughout the year and a decline in investment earnings. An Impairment Loss of **(\$7,551)** due to the decommissioning and abandonment of a Wastewater Treatment Plant largely contributed to the decreased equity.
- The Airport Fund increased its equity by \$3,167. Net Operating income decreased over last year, although the operating income increased the operating expenses, mainly due to contract activity and increases in depreciation for capital assets coming online throughout the year, increased more significantly.
- The Solid Waste Fund increased its equity slightly by \$79. Solid Waste Operating fees decreased and operating expense, mainly contractual services, although less than last year, related to closure activity, increased creating operating losses for the year.

The net operating income of the enterprise funds for fiscal years 2009 and 2008, is as follows:

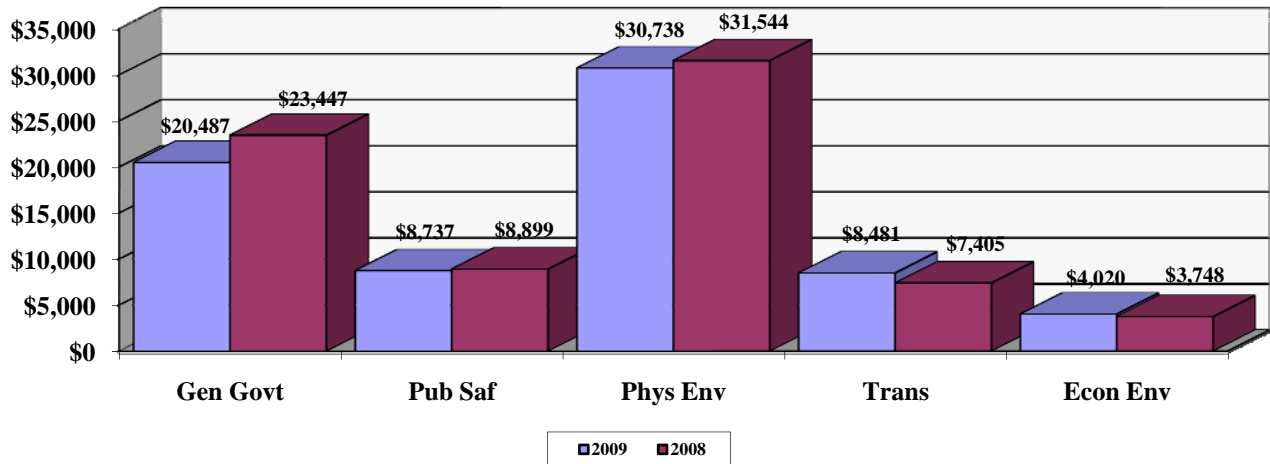
Enterprise Net Operating Income (Loss)

	2009	2008
Water and Sewer	\$313	\$907
Airport	(277)	201
Solid Waste	(194)	(687)
Inspections	(427)	(393)
Emergency Medical Services	(2,456)	(2,838)
Conference Center	(3,138)	(2,911)
	<u>(\$6,179)</u>	<u>(\$5,721)</u>

Proprietary Fund Operating Revenue by Source Comparison



Proprietary Fund Operating Expense by Program Comparison



Budgetary Highlights

A Budget to actual statement is provided for the General Fund, along with each of the other major special revenue funds as part of the basic financial statements. A budget column for both the original budget adopted for fiscal year 2009 as well as the final budget is presented.

A comparison of the General Fund original to the final operating budget shows an increase of \$16,671. The most significant area that increased was a \$15,660 rise in intergovernmental revenue funded primarily from additional state and federal grants, especially related to public safety and mass transit activity. A significant portion of the increase in grants was not received or expended during the fiscal year making the variance large. The expenditures incurred during the year were almost all well within budget limitations in all functional categories, except slight overages in the functional category for human services due to underestimated Medicaid reimbursement activity. The major difference between actual and final budget totals in expenditures were due to grants budgeted in accordance with executed documents for these general government, public safety, especially 911 and transportation, especially related to mass transit.

Capital Asset and Debt Administration

Capital Assets. Okaloosa County's investment in capital assets for its governmental and business type activities as of September 30, 2009 amounts to \$441,196 (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 \$17,144 or 14.4 percent increase, which was concentrated in increases in improvements other than buildings, construction in progress and the addition of intangibles, new to this year. The business-type activities capital assets amounted to \$304,796 or an increase of \$31,619 or 11.6 percent, mainly increasing in the areas of buildings, infrastructure and newly added intangibles.

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

Okaloosa County, Florida
 Capital Assets
 September 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 9,898	\$ 9,875	\$ 10,489	\$ 10,489	\$ 20,387	\$ 20,364
Buildings	41,356	41,125	75,609	64,787	116,965	105,912
Improvements other than buildings	27,520	22,061	287	287	27,807	22,348
Intangibles	2,576	-	761	-	3,337	-
Mach/Equipment	48,609	45,978	20,659	20,379	69,268	66,357
Const in Progress	5,544	10,071	9,964	59,618	15,508	69,689
Infrastructure	128,568	109,200	283,209	212,423	411,777	321,623
Art	-	-	69	69	69	69
Total Capital Assets	264,071	238,310	401,047	368,052	665,118	606,362
Accum Deprec	(127,671)	(119,054)	(96,251)	(94,875)	(223,922)	(213,929)
Total	<u>\$ 136,400</u>	<u>\$ 119,256</u>	<u>\$ 304,796</u>	<u>\$ 273,177</u>	<u>\$ 441,196</u>	<u>\$ 392,433</u>

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

Long-term debt. At the end of the current fiscal year, the primary government, Okaloosa County, had bonded and revolving loans long-term debt outstanding of \$130,428. Of this amount, only \$531 comprises governmental activities bonds payable and \$3,360 comprises a

governmental bank and individual loan while the remaining \$113,794 in revenue bonds and \$12,743 in revolving loans and an individual personal loan is secured solely by specified revenue sources in business-type activities.

Okaloosa County, Florida
 Outstanding Debt
 September 30, 2009 and 2008

	Governmental		Busines-type		Total	
	2009	2008	2009	2008	2009	2008
Governmental Lns	\$ 3,360	\$ 3,580	\$ -	\$ -	\$ 3,360	\$ 3,580
Revenue Bonds	531	858	113,794	116,794	114,325	117,652
Revolv & Comm Ln	-	-	12,743	13,796	12,743	13,796
Total	\$ 3,891	\$ 4,438	\$ 126,537	\$ 130,590	\$ 130,428	\$ 135,028

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

Okaloosa County, Florida, Debt Ratings at September 30, 2009

Type of Debt Issue:	S & P	Moody's
1991 Capital Improv Bonds	AAA	Aa2
Water and Sewer System Enterprise revenue bonds:		
1985 Subordinated	Not rated	Not rated
2004 Series	AAA	Aaa
2006 Series	AAA	Aaa
2000 Tourist Develop Tax Revenue	AAA	Aa2
2003 Airport Revenue Bonds	A	Not Rated
Taxable Airport Rev Bond 2007	AA	Not Rated

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

Economic Factors

Local, national, and international economic factors influence the County's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, state sales taxes, fuel taxes, charges for services, state revenue sharing as

well as state and federal grants. 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 decreased from 92,856 in 2008 to 89,786 in 2009, a decrease of approximately (3.3%). Nationally employment decreased about (3.8%) in 2008. Increasing labor force coupled with slower economic times led to the County's unemployment rate rising to 7.3% in 2009 compared to 4.6% for 2008. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 10.5 percent and 9.3 percent, respectively, for 2009.
- The assessed value of real property located in the County after exemptions shrank from \$17.922 billion in 2008 to \$16.606 billion, while the total assessed value of the County decreased from \$18.807 billion to \$17.411 billion in 2009. This represented a decrease of (\$1.369) billion or (7.4) percent in property valuation.
- Okaloosa County has a diversified property tax base. The ten largest property tax payers in the County represent approximately only 1.25 percent of the total ad valorem property tax levy.
- During 2009, total value of new residential construction in the County was valued at \$518 million and total value of new non-residential construction was valued at \$129 million for a total of \$647 million in new construction. The total construction figure for 2009 represented a (\$160.1) million decrease from 2008.

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

Request for information

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

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

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Basic Financial Statements

Okaloosa County, Florida
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emerald Coast Bridge Authority
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 11,220,375	\$ 2,750,041	\$ 13,970,416	\$ -
Investments	39,811,651	39,123,601	78,935,252	-
Receivables, Net of Allowance for Uncollectibles	1,178,982	7,098,207	8,277,189	-
Internal Balances	105,832	(105,832)	-	-
Due from Other Governments	11,430,887	1,994,421	13,425,308	-
Inventories	351,075	1,613,284	1,964,359	-
Prepaid Expenses	201,387	80,374	281,761	-
Restricted Assets				
Cash and Cash Equivalents				
Customer Deposits	-	1,414,778	1,414,778	-
Other Deposits	-	2,352,125	2,352,125	-
Investments	-	5,075,177	5,075,177	-
Total Current Assets	64,300,189	61,396,176	125,696,365	-
Noncurrent Assets				
Deferred Charges	848	-	848	-
Investment in Joint Venture, at Equity	-	310,102	310,102	-
Capital Assets (Net of Accumulated Depreciation)				
Land	9,898,076	10,488,917	20,386,993	-
Buildings	24,419,002	64,370,336	88,789,338	-
Improvements Other Than Buildings	21,488,155	162,828	21,650,983	-
Intangibles	1,909,907	589,602	2,499,509	-
Machinery and Equipment	14,001,053	5,660,770	19,661,823	-
Construction in Progress	5,543,977	9,963,550	15,507,527	-
Infrastructure	59,139,831	213,490,201	272,630,032	-
Works of Art	-	69,865	69,865	-
Total Noncurrent Assets	136,400,849	305,106,171	441,507,020	-
Total Assets	\$ 200,701,038	\$ 366,502,347	\$ 567,203,385	\$ -
LIABILITIES				
Current Liabilities				
Accounts Payable and Other Accrued Liabilities	6,871,928	8,102,921	14,974,849	-
Due to Other Governments	418,117	16,873	434,990	-
Unearned Revenue	495,060	5,630,654	6,125,714	-
Due to Depositors	363,627	-	363,627	-

Continued...

Okaloosa County, Florida
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emerald Coast Bridge Authority
Current Liabilities (Continued)				
Liabilities Payable from Restricted Assets				
Customer Deposits	-	1,540,198	1,540,198	-
Interest Payable	-	1,935,122	1,935,122	-
Loans and Revenue Bonds Payable	-	4,291,633	4,291,633	-
Current Portion of Long-term Obligations				
Compensated Absences	3,324,391	958,677	4,283,068	-
Closure Costs Payable	-	235,267	235,267	-
Claims and Judgments	2,208,172	-	2,208,172	-
Notes Payable	220,000	88,860	308,860	-
Leases Payable	-	-	-	-
Revenue Bonds Payable	367,505	358,653	726,158	-
Total Current Liabilities	14,268,800	23,158,858	37,427,658	-
Noncurrent Liabilities				
Noncurrent Portion of Long-term Obligations				
Compensated Absences	3,985,040	695,470	4,680,510	-
Closure Costs Payable	-	3,910,522	3,910,522	-
Claims and Judgments	1,725,604	-	1,725,604	-
Notes Payable	3,140,000	2,166,511	5,306,511	1,777,289
Loans and Bonds Payable, Net of Unamortized Loan costs	163,021	118,232,027	118,395,048	-
Other Post Employment Benefits	2,816,563	121,733	2,938,296	-
Total Noncurrent Liabilities	11,830,228	125,126,263	136,956,491	1,777,289
Total Liabilities	26,099,028	148,285,121	174,384,149	1,777,289

Continued...

Okaloosa County, Florida
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emerald Coast Bridge Authority
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	136,254,916	180,104,858	316,359,774	-
Restricted for				
Debt Service	484,864	12,649,722	13,134,586	-
Public Safety	1,963,727	-	1,963,727	-
Transportation	445,050	-	445,050	-
Economic Environment	9,263,348	-	9,263,348	-
Culture and Recreation	584,224	-	584,224	-
Court-Related	4,061,725	-	4,061,725	-
Other Purposes	2,834,670	10,261,927	13,096,597	-
Unrestricted	18,709,486	15,200,719	33,910,205	(1,777,289)
Total Net Assets	174,602,010	218,217,226	392,819,236	(1,777,289)
Total Liabilities and Net Assets	\$ 200,701,038	\$ 366,502,347	\$ 567,203,385	\$ -

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

Okaloosa County, Florida
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

	Program Revenues				Net (Expense) Revenue (To Ex II-B)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 31,007,870	\$ 10,589,828	\$ 2,647,113	\$ 27,782	\$ (17,743,147)
Public Safety	53,499,390	4,741,681	3,233,201	373,610	(45,150,898)
Physical Environment	866,712	116,929	2,891	81,297	(665,595)
Transportation	18,901,609	3,794,124	4,071,174	5,745,696	(5,290,615)
Economic Environment	7,455,708	1,824,513	481,321	299,225	(4,850,649)
Human Services	5,109,645	483,361	13,056	-	(4,613,228)
Culture and Recreation	4,500,545	397,048	207,084	1,083,758	(2,812,655)
Court-Related	8,082,003	6,001,759	186,736	-	(1,893,508)
Interest and Fiscal Charges	115,870	-	-	-	(115,870)
Total Governmental Activities	129,539,352	27,949,243	10,842,576	7,611,368	(83,136,165)
Business-type Activities					
Water & Sewer	24,067,020	22,661,577	3,001	3,396,831	1,994,389
Airport	9,804,406	10,756,223	196,799	2,646,716	3,795,332
Solid Waste	8,403,520	8,166,041	315,224	-	77,745
Conference Center	4,816,616	881,574	-	137,921	(3,797,121)
Other Programs	8,749,156	5,808,738	69,428	44,776	(2,826,214)
Total Business- type Activities	55,840,718	48,274,153	584,452	6,226,244	(755,869)
Total Primary Government	\$ 185,380,070	\$ 76,223,396	\$ 11,427,028	\$ 13,837,612	\$ (83,892,034)
Component Unit					
Emerald Coast					
Bridge Authority	\$ -	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
STATEMENT OF ACTIVITIES (CONTINUED)
For the Fiscal Year Ended September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in Net Assets				
Net (Expenses) Revenue (From Exhibit II-A)	\$ (83,136,165)	\$ (755,869)	\$ (83,892,034)	\$ -
Unrestricted General Revenues				
Taxes				
Ad Valorem Tax	55,342,840	1,558,130	56,900,970	-
Tourist Development Tax	6,226,986	4,151,324	10,378,310	-
Local Option Fuel Tax	3,188,176	-	3,188,176	-
Communication Services Tax	2,983,413	-	2,983,413	-
Ninth-Cent Voted Fuel Tax	957,813	-	957,813	-
Local Business Tax	252,511	115,642	368,153	-
State Revenue Sharing				
Miscellaneous Revenue	4,910,417	-	4,910,417	-
Local Government Sales Tax	11,219,873	-	11,219,873	-
Contributions Not Restricted to Specific Programs				
Contributions from				
Other Governments	5,182	-	5,182	-
Other Donations	251,100	25,276	276,376	-
Investment Earnings	1,283,708	1,316,005	2,599,713	-
Miscellaneous	1,768,035	371,056	2,139,091	-
Special Item - Impairment	-	(7,551,164)	(7,551,164)	-
Transfers - Internal Activities	730,427	(730,427)	-	-
Total Unrestricted-General Revenues and Transfers	89,120,481	(744,158)	88,376,323	-
Change in Net Assets	5,984,316	(1,500,027)	4,484,289	-
Net Assets - Beginning, Restated for GASB 51	159,329,033	219,717,253	379,046,286	(1,777,289)
Prior Period Adjustment	9,288,661	-	9,288,661	-
Net Assets - Beginning Restated	168,617,694	219,717,253	388,334,947	(1,777,289)
Net Assets - Ending	<u>\$ 174,602,010</u>	<u>\$ 218,217,226</u>	<u>\$ 392,819,236</u>	<u>\$ (1,777,289)</u>

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

Okaloosa County, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	General Fund	Fine and Forfeiture Special Revenue Fund
ASSETS		
Cash and Cash Equivalents	\$ 4,257,271	\$ 55,979
Investments	5,768,535	1,362,348
Receivables	225,520	149,593
Due from Other Funds	476,323	-
Due from Other Elected Officials	2,328,234	1,010,539
Due from Other Governments	3,886,795	2,124,468
Inventory	113,139	-
Prepays	150,977	18,632
Deposits	848	-
Total Assets	\$ 17,207,642	\$ 4,721,559
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 1,158,198	\$ 41,378
Contracts Payable	622,622	150,857
Other Accrued Liabilities	1,627,877	307,392
Due to Other Funds	398,812	-
Due to Other Elected Officials	2,278,848	1,135,816
Due to Other Governments	371,895	26,107
Due to Depositors	151,771	131,761
Deferred Revenue	3,580,727	46,423
Total Liabilities	10,190,750	1,839,734
Fund Balances		
Reserved for		
Encumbrances	2,200,969	319,599
Inventory	113,139	-
Prepays	150,977	18,632
Debt Service	-	-
Other Restricted Purposes	1,685,597	1,751,910
Unreserved Reported in		
General Fund	2,866,210	-
Special Revenue Funds	-	791,684
Capital Project Funds	-	-
Total Fund Balances	7,016,892	2,881,825
Total Liabilities and Fund Balances	\$ 17,207,642	\$ 4,721,559

Exhibit III-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 165,637	\$ 3,694,427	\$ 8,173,314
9,444,302	22,053,258	38,628,443
2,629	794,589	1,172,331
-	52,417	528,740
87,847	22,357	3,448,977
1,814,350	3,485,984	11,311,597
-	-	113,139
-	25,916	195,525
-	-	848
<u>\$ 11,514,765</u>	<u>\$ 30,128,948</u>	<u>\$ 63,572,914</u>
\$ 13,892	\$ 185,211	\$ 1,398,679
1,081,515	959,154	2,814,148
-	255,364	2,190,633
-	335,391	734,203
-	20,986	3,435,650
50	7,142	405,194
-	80,095	363,627
-	185,341	3,812,491
<u>1,095,457</u>	<u>2,028,684</u>	<u>15,154,625</u>
5,169	269	2,526,006
-	-	113,139
-	25,916	195,525
-	216,846	216,846
1,710,287	11,170,281	16,318,075
-	-	2,866,210
-	7,351,365	8,143,049
8,703,852	9,335,587	18,039,439
<u>10,419,308</u>	<u>28,100,264</u>	<u>48,418,289</u>
<u>\$ 11,514,765</u>	<u>\$ 30,128,948</u>	<u>\$ 63,572,914</u>

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

Okaloosa County, Florida
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2009

Fund balances - total governmental funds (Exhibit III-A)	\$	48,418,289
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:</p>		
Land	\$ 9,581,215	
Construction in progress	5,543,977	
Buildings, net of \$16,371,479 accumulated depreciation	24,084,457	
Improvements other than buildings, net of \$5,799,640 accumulated depreciation	21,462,584	
Intangibles, net of \$666,029 accumulated amortization	1,909,907	
Machinery and equipment, net of \$32,426,185 accumulated depreciation	13,961,301	
Infrastructure, net of \$69,428,550 accumulated depreciation	59,139,831	135,683,272
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
		3,324,831
<p>Internal service funds (see Exhibit VII) are used by management to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:</p>		
		(2,809,873)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net assets.</p> <p>Balances changed at September 30, 2009 are:</p>		
Accrued interest on bonds		(268,018)
Revenue bonds payable	\$ (530,526)	
Notes payable	(3,360,000)	
Compensated absences	(5,586,054)	
Other Post Employment Benefits	(269,911)	
Total long-term liabilities		(9,746,491)
Net assets of governmental activities (Exhibit I)	\$	174,602,010

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



Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	<u>General Fund</u>	<u>Fine and Forfeiture Special Revenue Fund</u>
Revenues		
Taxes	\$ 23,502,073	\$ 36,181,728
Licenses and Permits	10,300	-
Intergovernmental	9,448,729	9,715,498
Charges for Services	10,893,071	4,823,638
Fines	21,612	290,201
Miscellaneous	1,614,444	538,336
	<hr/>	<hr/>
Total Revenues	45,490,229	51,549,401
	<hr/>	<hr/>
Expenditures		
Current		
General Government	29,002,648	-
Public Safety	34,860,288	13,958,835
Physical Environment	782,583	-
Transportation	2,065,265	-
Economic Environment	4,270,627	-
Human Services	3,923,050	-
Culture and Recreation	660,936	-
Court-Related	1,621,235	1,585,078
Capital Outlay	3,738,545	70,741
Debt Service		
Principal	-	-
Interest	-	-
Other Debt Service Costs	-	-
	<hr/>	<hr/>
Total Expenditures	80,925,177	15,614,654
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,434,948)	35,934,747

Exhibit IV-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 835	\$ 12,597,180	\$ 72,281,816
-	1,370,459	1,380,759
1,937,823	14,373,775	35,475,825
-	3,438,971	19,155,680
-	894,544	1,206,357
427,194	1,473,207	4,053,181
<u>2,365,852</u>	<u>34,148,136</u>	<u>133,553,618</u>
157,781	344,072	29,504,501
2,060,578	-	50,879,701
-	39,420	822,003
-	12,112,165	14,177,430
-	3,144,845	7,415,472
-	880,193	4,803,243
37,916	3,189,038	3,887,890
-	4,908,352	8,114,665
2,281,613	6,534,990	12,625,889
-	587,575	587,575
-	45,532	45,532
-	22,836	22,836
<u>4,537,888</u>	<u>31,809,018</u>	<u>132,886,737</u>
<u>(2,172,036)</u>	<u>2,339,118</u>	<u>666,881</u>

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	General Fund	Fine and Forfeiture Special Revenue Fund
Other Financing Sources (Uses)		
Transfers In	1,578,000	1,013,427
Transfers Out	(50,000)	(2,450,643)
Transfers Among Constitutional Officers	33,189,468	(33,205,438)
	34,717,468	(34,642,654)
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	(717,480)	1,292,093
Fund Balances - Beginning	7,734,372	1,589,732
Fund Balances - Ending	\$ 7,016,892	\$ 2,881,825

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
2,000,643	4,373,139	8,965,209
(1,400,000)	(4,334,139)	(8,234,782)
-	15,970	-
600,643	54,970	730,427
(1,571,393)	2,394,088	1,397,308
11,990,701	25,706,176	47,020,981
\$ 10,419,308	\$ 28,100,264	\$ 48,418,289

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

Okaloosa County, Florida
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

Net change in fund balances - total governmental funds (Exhibit IV-A) \$ 1,397,308

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$12,526,724) exceed depreciation/amortization (\$9,764,142) in the current period. (See Note 5.) 2,859,269

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

Grant Revenue	\$	3,324,830	
Reversal of Prior Year Deferred Revenues		(5,624,108)	
Capital Contributions		4,705,176	
Gain/Loss on Disposal of Capital Assets		<u>(746,851)</u>	
Net adjustment			1,659,047

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

Accrued interest on bonds	\$	(47,501)	
Compensated absences		<u>(51,955)</u>	
Net adjustment			(99,456)

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

Bonds	\$	367,576	
Notes		<u>220,000</u>	
Net adjustment			587,576

Internal service funds (See Exhibit VIII) 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. (419,428)

Change in net assets of governmental activities (Exhibit II-B)	\$	<u>5,984,316</u>	
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The notes to the financial statements are an integral part of this statement.

Okaloosa County, Florida
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 23,260,442	\$ 23,493,442	\$ 23,502,073	\$ 8,631
Licenses and Permits	300	10,300	10,300	-
Intergovernmental	3,625,658	19,285,638	9,448,729	(9,836,909)
Charges for Services	11,299,877	10,814,640	10,893,071	78,431
Fines	-	11,450	21,612	10,162
Miscellaneous	8,264,406	9,506,431	1,614,444	(7,891,987)
Total Revenues	<u>46,450,683</u>	<u>63,121,901</u>	<u>45,490,229</u>	<u>(17,631,672)</u>
Expenditures				
Current				
General Government	32,525,011	35,085,531	29,002,648	6,082,883
Public Safety	32,474,134	39,387,966	34,860,288	4,527,678
Physical Environment	789,539	810,039	782,583	27,456
Transportation	456,904	4,113,180	2,065,265	2,047,915
Economic Environment	4,566,251	4,806,748	4,270,627	536,121
Human Services	3,731,554	3,908,575	3,923,050	(14,475)
Culture and Recreation	919,921	908,456	660,936	247,520
Court-Related	1,790,700	1,790,700	1,621,235	169,465
Capital Outlay	1,276,336	8,173,265	3,738,545	4,434,720
Debt Service				
Principal	40,000	-	-	-
Interest	1,000	-	-	-
Total Expenditures	<u>78,571,350</u>	<u>98,984,460</u>	<u>80,925,177</u>	<u>18,059,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32,120,667)</u>	<u>(35,862,559)</u>	<u>(35,434,948)</u>	<u>427,611</u>
Other Financing Sources (Uses)				
Transfers In	778,000	1,778,000	1,578,000	(200,000)
Transfers Out	-	(50,000)	(50,000)	-
Transfers Among Constitutional Officers	<u>31,342,667</u>	<u>34,134,559</u>	<u>33,189,468</u>	<u>(945,091)</u>
Total Other Financing Sources (Uses)	<u>32,120,667</u>	<u>35,862,559</u>	<u>34,717,468</u>	<u>(1,145,091)</u>
Net Change in Fund Balance	-	-	(717,480)	(717,480)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>7,734,372</u>	<u>7,734,372</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,016,892</u>	<u>\$ 7,016,892</u>

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

Board of County Commissioners
Okaloosa County, Florida
FINE AND FORFEITURE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 33,076,793	\$ 35,781,674	\$ 36,181,728	\$ 400,054
Intergovernmental	8,968,950	11,964,528	9,715,498	(2,249,030)
Charges for Services	2,310,934	4,951,519	4,823,638	(127,881)
Fines	270,000	339,211	290,201	(49,010)
Miscellaneous	2,007,000	2,026,852	538,336	(1,488,516)
Total Revenues	46,633,677	55,063,784	51,549,401	(3,514,383)
Expenditures				
Current				
Public Safety	14,449,775	14,745,284	13,958,835	786,449
Court-Related	2,469,409	2,844,798	1,585,078	1,259,720
Capital Outlay	250,500	549,499	70,741	478,758
Total Expenditures	17,169,684	18,139,581	15,614,654	2,524,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,463,993	36,924,203	35,934,747	(989,456)
Other Financing Sources (Uses)				
Transfers In	1,013,427	1,013,427	1,013,427	-
Transfers Out	(610,000)	(2,760,000)	(2,450,643)	309,357
Transfers Among	(29,867,420)	(35,177,630)	(33,205,438)	1,972,192
Total Other Financing	(29,463,993)	(36,924,203)	(34,642,654)	2,281,549
Net Change in Fund Balance	-	-	1,292,093	1,292,093
Fund Balance - Beginning	-	-	1,589,732	1,589,732
Fund Balance - Ending	\$ -	\$ -	\$ 2,881,825	\$ 2,881,825

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



Okaloosa County, Florida
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2009

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 120,133	\$ 2,234,989	\$ 2,467
Investments	15,263,619	12,229,126	499
Receivables, Net of Allowance for Uncollectibles	2,092,023	1,047,651	855,704
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	-	-
Due from Other Governments	675,913	1,243,822	74,686
Inventory	1,569,773	43,511	-
Prepays	67,949	8,442	-
Restricted Assets			
Cash and Cash Equivalents			
Customer Deposits	1,370,760	23,375	20,643
Other Deposits	2,352,125	-	-
Investments	1,229,702	2,852,600	-
Total Restricted Assets	4,952,587	2,875,975	20,643
Total Current Assets	24,741,997	19,683,516	953,999
Noncurrent Assets			
Capital Assets			
Land	4,802,034	5,553,582	133,301
Buildings	6,019,663	51,438,460	106,268
Improvements Other Than Buildings	-	-	276,776
Intangibles	570,116	94,400	-
Machinery and Equipment	9,393,346	2,288,171	3,275,116
Construction in Progress	8,639,635	1,295,408	-
Infrastructure	222,483,586	60,361,975	-
Works of Art	-	69,865	-
Less Accumulated Depreciation	(69,866,375)	(16,496,146)	(3,134,601)
Total Capital Assets (Net of Accumulated Depreciation)	182,042,005	104,605,715	656,860

Exhibit VII

Activities			Governmental
Conference Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ 392,452	\$ -	\$ 2,750,041	\$ 3,047,061
11,628,378	1,979	39,123,601	1,183,208
2,415	3,100,414	7,098,207	6,651
314,554	-	314,554	354,809
-	438	438	360
-	-	1,994,421	119,290
-	-	1,613,284	237,936
1,963	2,020	80,374	5,862
-	-	1,414,778	-
-	-	2,352,125	-
992,875	-	5,075,177	-
992,875	-	8,842,080	-
13,332,637	3,104,851	61,817,000	4,955,177
-	-	10,488,917	316,861
17,895,784	148,857	75,609,032	900,466
9,915	-	286,691	257,345
23,840	72,575	760,931	-
1,045,729	4,656,864	20,659,226	2,221,912
28,507	-	9,963,550	-
363,670	-	283,209,231	-
-	-	69,865	-
(3,789,133)	(2,965,119)	(96,251,374)	(2,979,856)
15,578,312	1,913,177	304,796,069	716,728

Continued...

Okaloosa County, Florida
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2009

	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Business-type Solid Waste Enterprise Fund
Other Assets			
Investment in Joint Venture, at Equity	310,102	-	-
Total Other Assets	310,102	-	-
Total Noncurrent Assets	182,352,107	104,605,715	656,860
Total Assets	\$ 207,094,104	\$ 124,289,231	\$ 1,610,859
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 455,189	\$ 487,913	\$ 462,192
Contracts Payable	5,567,899	373,425	88,916
Accrued Liabilities			
Compensated Absences	516,436	75,958	66,549
Closure Costs Payable	-	-	235,267
Claims and Judgments	-	-	-
Other Accrued Liabilities	209,630	37,666	26,342
Due to Other Funds	-	-	-
Due to Other Elected Officials	54	80	-
Due to Other Governments	1,422	10,277	82
Notes Payable	88,860	-	-
Revenue Bonds Payable	41,158	-	317,495
Deferred Revenue	5,301,162	230,213	-
Current Liabilities Payable from Restricted Assets			
Customer Deposits Payable	1,496,180	23,375	20,643
Interest Payable	992,142	607,194	-
Loan - State of Florida	1,046,633	-	-
Revenue Bonds Payable	2,485,000	475,000	-
Total Current Liabilities Payable from Restricted Assets	6,019,955	1,105,569	20,643
Total Current Liabilities	18,201,765	2,321,101	1,217,486

Exhibit VII

Activities			Governmental Activities -- Internal Service Funds
Conference Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
-	-	310,102	-
-	-	310,102	-
15,578,312	1,913,177	305,106,171	716,728
<u>\$ 28,910,949</u>	<u>\$ 5,018,028</u>	<u>\$ 366,923,171</u>	<u>\$ 5,671,905</u>
\$ 12,608	\$ 71,924	\$ 1,489,826	\$ 146,266
40,531	30,878	6,101,649	17,305
45,101	254,633	958,677	1,630,094
-	-	235,267	-
-	-	-	2,208,172
25,994	211,814	511,446	36,880
-	406,700	406,700	57,200
13,990	-	14,124	-
845	4,247	16,873	12,923
-	-	88,860	-
-	-	358,653	-
54,415	44,864	5,630,654	7,400
-	-	1,540,198	-
335,786	-	1,935,122	-
-	-	1,046,633	-
285,000	-	3,245,000	-
620,786	-	7,766,953	-
814,270	1,025,060	23,579,682	4,116,240

Continued...

Okaloosa County, Florida
BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2009

	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Business-type Solid Waste Enterprise Fund
Noncurrent Liabilities			
Compensated Absences	422,804	55,096	64,147
Closure Costs Payable	-	-	3,910,522
Claims and Judgments	-	-	-
Notes Payable	166,511	2,000,000	-
Loan- State of Florida (Net of Unamortized Discounts)	9,276,231	-	-
Revenue Bonds Payable (Net of Unamortized Discounts and Deferred Amount on Refunding)	78,944,569	18,157,248	128,979
Other Post Employment Benefits	49,841	8,772	5,659
Total Noncurrent Liabilities	88,859,956	20,221,116	4,109,307
Total Liabilities	107,061,721	22,542,217	5,326,793
Equity			
Invested in Capital Assets, Net of Related Debt	89,993,042	83,973,467	656,860
Restricted for Debt Service	2,589,686	2,051,775	-
Restricted for Other Purposes	-	5,506,398	-
Unrestricted	7,449,655	10,215,374	(4,372,794)
Total Equity	100,032,383	101,747,014	(3,715,934)
Total Liabilities and Equity	\$ 207,094,104	\$ 124,289,231	\$ 1,610,859

Exhibit VII

Activities			Governmental Activities -- Internal Service Funds
Conference Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
32,269	121,154	695,470	93,283
-	-	3,910,522	-
-	-	-	1,725,604
-	-	2,166,511	-
-	-	9,276,231	-
11,725,000	-	108,955,796	-
7,308	50,153	121,733	2,546,651
11,764,577	171,307	125,126,263	4,365,538
12,578,847	1,196,367	148,705,945	8,481,778
3,568,312	1,913,177	180,104,858	716,729
8,008,261	-	12,649,722	-
4,755,529	-	10,261,927	-
-	1,908,484	15,200,719	(3,526,602)
16,332,102	3,821,661	218,217,226	(2,809,873)
\$ 28,910,949	\$ 5,018,028	\$ 366,923,171	\$ 5,671,905

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

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Operating Revenues			
Licenses and Permits	\$ -	\$ -	\$ -
Charges for Services	22,661,577	8,202,533	8,166,040
Fines	-	-	-
Miscellaneous	28,809	908	488
Total Operating Revenues	22,690,386	8,203,441	8,166,528
Operating Expenses			
Personal Services	6,940,417	1,336,415	815,480
Contractual Services	3,723,403	1,644,117	6,569,238
Supplies	789,350	381,504	107,524
Insurance Premiums and Claims	-	-	-
Utilities	1,666,526	827,692	9,698
Other Operating Expenses	3,251,942	1,484,741	712,269
Depreciation/Amortization	6,006,033	2,806,403	146,544
Total Operating Expenses	22,377,671	8,480,872	8,360,753
Operating Income (Loss)	312,715	(277,431)	(194,225)
Nonoperating Revenues (Expenses)			
Taxes	-	-	-
Intergovernmental	4,654	367,054	315,224
Investment Income	728,404	353,769	690
Net Gain/(Loss) from Joint Ventures	62,557	-	-
Other Non-Operating Revenue	255,274	30,276	-
Interest Expenses	(1,414,589)	(776,553)	(34,824)
Other Debt Service Costs	(264,800)	(166,581)	(7,489)
Gain/(Loss) on Disposal of Capital Assets	6,801	(380,398)	(453)
Passenger and Customer Facility Charges	-	2,553,688	-
Administrative Charges	-	-	-
Total Nonoperating Revenues (Expenses)	(621,699)	1,981,255	273,148
Income (Loss) Before Contributions and Transfers	(308,984)	1,703,824	78,923

Exhibit VIII

Activities			Governmental
Conference Center	Other	Total	Activities --
Enterprise Fund	Enterprise Funds	Enterprise Funds	Internal
			Service Funds
\$ -	\$ 690,258	\$ 690,258	\$ -
881,574	5,157,757	45,069,481	19,741,507
-	5,500	5,500	-
313	947	31,465	153,908
881,887	5,854,462	45,796,704	19,895,415
892,322	6,518,982	16,503,616	2,838,774
1,360,075	434,833	13,731,666	355,101
128,634	560,395	1,967,407	2,321,399
-	-	-	14,648,033
301,669	33,126	2,838,711	9,153
737,002	555,710	6,741,664	222,320
600,590	633,709	10,193,279	92,548
4,020,292	8,736,755	51,976,343	20,487,328
(3,138,405)	(2,882,293)	(6,179,639)	(591,913)
4,151,324	1,673,772	5,825,096	-
-	69,428	756,360	-
216,359	16,783	1,316,005	29,011
-	-	62,557	-
-	-	285,550	-
(671,573)	-	(2,897,539)	-
(975)	-	(439,845)	-
-	(12,403)	(386,453)	(14,366)
-	-	2,553,688	-
(123,776)	-	(123,776)	-
3,571,359	1,747,580	6,951,643	14,645
432,954	(1,134,713)	772,004	(577,268)

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund
Capital Contributions	3,395,179	2,476,460	-
Special Item - Impairment Loss	(7,551,164)	-	-
Transfers In	-	-	-
Transfers Out	-	(1,013,427)	-
Change in Equity	(4,464,969)	3,166,857	78,923
Total Equity - Beginning as Restated	104,497,352	98,580,157	(3,794,857)
Total Equity - Ending	\$ 100,032,383	\$ 101,747,014	\$ (3,715,934)

Exhibit VIII

Activities			Governmental Activities -- Internal Service Funds
Conference Center Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds	
-	137,921	6,009,560	157,840
-	-	(7,551,164)	-
-	533,000	533,000	-
(250,000)	-	(1,263,427)	-
182,954	(463,792)	(1,500,027)	(419,428)
16,149,148	4,285,453	219,717,253	(2,390,445)
<u>\$ 16,332,102</u>	<u>\$ 3,821,661</u>	<u>\$ 218,217,226</u>	<u>\$ (2,809,873)</u>

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

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 22,205,916	\$ 8,433,458	\$ 8,079,180
Receipts from Interfund Services Provided	334,123	-	38,648
Payments to Suppliers	(6,018,259)	(3,207,458)	(7,172,678)
Payments to Employees	(6,687,568)	(1,292,231)	(797,455)
Payments for Interfund Services Used	(2,719,334)	(930,304)	(522,867)
Net Cash Provided (Used) by Operating Activities	<u>7,114,878</u>	<u>3,003,465</u>	<u>(375,172)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Taxes	-	-	-
Operating Subsidy - Intergovernmental Revenue	2,999	234,724	275,765
Interest Expense	-	-	(5,798)
Transfers In	-	-	-
Transfers (Out)	-	(1,013,427)	-
Interest Paid on Non-Capital Debt	-	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>2,999</u>	<u>(778,703)</u>	<u>269,967</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(33,836,878)	(15,501,806)	(6,900)
Passenger Facility Charges	-	1,378,313	-
Customer Facility Charges	-	1,175,375	-
Proceeds from Disposal of Capital Assets	15,994	-	-
Net Borrowing (Repayments)			
Proceeds from Capital Debt	-	-	34,824
Principal Paid on Capital Debt	(3,526,054)	(245,000)	(317,555)
Interest Paid on Capital Debt	(3,930,009)	(1,242,717)	-
Other Debt Service Costs	(4,235)	(24,489)	(34,824)
Taxes	-	-	-
Tap Fees in Excess of Cost	621,178	-	-
Capital Contributions	5,573,907	8,917,171	-
Net cash provided (used) by capital and related Financing Activities	<u>(35,086,097)</u>	<u>(5,543,153)</u>	<u>(324,455)</u>

Exhibit IX

- Enterprise Funds			Governmental
Conference Center	Other Enterprise Funds	Total	Activities Internal Service Funds
\$ 879,460	\$ 5,848,625	\$ 45,446,639	\$ 10,030,726
-	-	372,771	10,464,205
(2,256,127)	(769,873)	(19,424,395)	(17,737,510)
(871,004)	(6,128,373)	(15,776,631)	(1,245,211)
(354,626)	(709,188)	(5,236,319)	(154,879)
<u>(2,602,297)</u>	<u>(1,758,809)</u>	<u>5,382,065</u>	<u>1,357,331</u>
2,061,577	1,673,395	3,734,972	-
-	16,319	529,807	-
-	-	(5,798)	(993)
-	533,000	533,000	-
(250,000)	-	(1,263,427)	-
-	(1,104)	(1,104)	-
<u>1,811,577</u>	<u>2,221,610</u>	<u>3,527,450</u>	<u>(993)</u>
(105,094)	(480,234)	(49,930,912)	(2,190)
-	-	1,378,313	-
-	-	1,175,375	-
-	-	15,994	20,309
-	-	34,824	-
-	-	(4,088,609)	-
(335,786)	-	(5,508,512)	-
(125,754)	-	(189,302)	-
2,061,577	-	2,061,577	-
-	-	621,178	-
-	73,052	14,564,130	-
<u>1,494,943</u>	<u>(407,182)</u>	<u>(39,865,944)</u>	<u>18,119</u>

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	38,174,107	7,938,048	371,574
Interest Income	806,873	404,010	-
Purchases of Investments	(12,630,613)	(4,462,249)	(147,252)
Net Cash Provided (Used) by Investing Activities	<u>26,350,367</u>	<u>3,879,809</u>	<u>224,322</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,617,853)	561,418	(205,338)
Cash and Cash Equivalents - Beginning of Year	<u>5,460,871</u>	<u>1,696,946</u>	<u>228,448</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,843,018</u>	<u>\$ 2,258,364</u>	<u>\$ 23,110</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current Assets	\$ 120,133	\$ 2,234,989	\$ 2,467
Restricted Assets	3,722,885	23,375	20,643
Total	<u>\$ 3,843,018</u>	<u>\$ 2,258,364</u>	<u>\$ 23,110</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 312,715	\$ (277,431)	\$ (194,225)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	6,006,033	2,806,403	146,544
Other revenue	255,274	30,276	-
Decrease (Increase) in Assets			
Accounts Receivable	82,808	140,235	(45,950)
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Inventories	992,609	(37,734)	-
Prepaid Expenses	(45,229)	2,574	169

Exhibit IX

- Enterprise Funds			Governmental
Conference Center	Other Enterprise Funds	Total	Activities Internal Service Funds
3,847,802	16,128	50,347,659	500,000
276,450	13,512	1,500,845	37,766
(6,371,398)	-	(23,611,512)	(668,594)
(2,247,146)	29,640	28,236,992	(130,828)
(1,542,923)	85,259	(2,719,437)	1,243,629
1,935,375	(85,259)	9,236,381	1,803,432
<u>\$ 392,452</u>	<u>\$ -</u>	<u>\$ 6,516,944</u>	<u>\$ 3,047,061</u>
\$ 392,452	\$ -	\$ 2,750,041	\$ 3,047,061
-	-	3,766,903	-
<u>\$ 392,452</u>	<u>\$ -</u>	<u>\$ 6,516,944</u>	<u>\$ 3,047,061</u>
\$ (3,138,405)	\$ (2,882,293)	\$ (6,179,639)	\$ (591,913)
600,590	633,709	10,193,279	92,548
-	-	285,550	-
(49)	(11,730)	165,314	1,471
-	-	-	154,448
-	-	-	36,829
-	-	954,875	63,454
(1,162)	41	(43,607)	2,542

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type Activities		
	Water and Sewer System	Airport Enterprise	Solid Waste
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	(45,605)	421,353	(125,485)
Service Contracts Payable	(18,983)	(160,338)	(9,332)
Due to Other Funds	54	(370)	-
Due to Other Governments	750	7,810	73
Compensated Absences Payable	53,332	13,377	2,262
Closure Cost Payable	-	-	(128,381)
Claims and Judgments Payable	-	-	-
Other Accrued Liabilities	(14,900)	1,066	(20,940)
Deposits	3,010	-	(2,750)
Deferred Revenue	(492,189)	51,696	-
Other Post Employment Benefits	25,199	4,548	2,843
Total Adjustments	<u>6,802,163</u>	<u>3,280,896</u>	<u>(180,947)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,114,878</u>	<u>\$ 3,003,465</u>	<u>\$ (375,172)</u>
Noncash Investing, Capital, and Financing Activities:			
Improvements Acquired Through Contributions	\$ 613,950	\$ -	\$ -
Amortization of Loan Costs and Refunding Losses	\$ (260,566)	\$ (142,092)	\$ (7,489)
Transfer of Capital Assets From Other Funds	\$ -	\$ -	\$ -
Gain on Joint Venture	\$ 62,557	\$ -	\$ -
Loss on Disposal of Capital Assets	\$ (7,561,124)	\$ -	\$ -
Unrealized Gain/(Loss) on Investments	\$ (76,042)	\$ (53,226)	\$ 837

Exhibit IX

<u>- Enterprise Funds</u>			Governmental
Conference	Other		Activities
Center	Enterprise	Total	Internal
	Funds		Service Funds
(23,100)	3,696	230,859	67,156
(46,729)	(8,604)	(243,986)	15,173
-	406,646	406,330	57,200
(665)	1,015	8,983	12,923
6,763	53,264	128,998	371,327
-	-	(128,381)	-
-	-	-	(207,027)
(1,955)	15,661	(21,068)	3,166
-	-	260	-
(1,373)	5,155	(436,711)	(5,241)
3,788	24,631	61,009	1,283,275
<u>536,108</u>	<u>1,123,484</u>	<u>11,561,704</u>	<u>1,949,244</u>
<u>\$ (2,602,297)</u>	<u>\$ (1,758,809)</u>	<u>\$ 5,382,065</u>	<u>\$ 1,357,331</u>
\$ -	\$ -	\$ 613,950	\$ -
\$ -	\$ -	\$ (410,147)	\$ -
\$ -	\$ -	\$ -	\$ 157,840
\$ -	\$ -	\$ 62,557	\$ -
\$ -	\$ (15,316)	\$ (7,576,440)	\$ (17,776)
\$ (46,260)	\$ 2,681	\$ (172,010)	\$ (5,782)

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

Okaloosa County, Florida
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
September 30, 2009

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 4,086,654
Account Receivables	24,430
Due from Other Governments	2
Total Assets	4,111,086
LIABILITIES	
Liabilities	
Due to Other Governments	\$ 1,275,731
Due to Depositors	1,885,991
Taxes Collected in Advance for Other Governments	949,364
Total Liabilities	4,111,086
NET ASSETS	\$ -

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The County also applies those Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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

A. The Reporting Entity

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

As required by generally accepted accounting principles, these financial statements present Okaloosa County (the primary government) and its component units. As of September 30, 2009, the County had one component unit as defined by GASB 14, the Emerald Coast Bridge Authority (Authority). It is included in the County's reporting entity as a result of fiscal dependency upon the County and is presented as a governmental fund type. The Authority is discretely presented in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. The Authority has a September 30 year-end. The Authority does not issue separate financial statements. Following is a description.

Emerald Coast Bridge Authority

The Emerald Coast Bridge Authority was established in May 2001 by legislative action amending Chapter 90-412, Laws of Florida. The legislative action changed the name of the Fort Walton Bridge Authority to the Emerald Coast Bridge Authority (hereinafter referred to as the Authority). The Authority consists of five members all appointed by the Governor of Florida. The purpose of the Authority is the planning, constructing, operating, and maintaining of a bridge or bridges transversing Choctawhatchee Bay or Santa Rosa Sound, or both, and access roads to the bridge or bridges. The Board of County Commissioners has the responsibility to review and change the Authority's budget. The Authority had been in the planning state of its mission statement and had conducted feasibility studies to determine the best location for a bridge. During fiscal year 2006, public meetings were held to discuss the bridge corridor options recommended by the studies. It was determined that none of the options were acceptable to the local public. In May of 2006, the Authority requested that the Okaloosa County Board of County Commissioners forward a letter to the Florida Legislature asking that they, 1) dissolve the Authority, 2) forgive the debt owed and 3) state that the bridge corridor options have no public support. No action has been taken by the Florida Legislature. The Authority is now dormant. Following are their last available fund statements as of September 30, 2009.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. The Reporting Entity – Continued

Emerald Coast Bridge Authority
Balance Sheet
September 30, 2009

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

Emerald Coast Bridge Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Fiscal Year Ended September 30, 2009

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

B. Government-Wide and Fund Financial Statements

1. Government-Wide Statements

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements - Continued

1. Government-Wide Statements - Continued

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the different business-type activities of the County. A *function* is an assembly of similar activities and may include portions of a fund or summarize more than one fund to report the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities.

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

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

2. Fund Financial Statements

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

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

1. Exchange and Non-exchange Transactions

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

2. Government-Wide and Fiduciary Fund Financial Statements

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

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

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

3. Governmental Fund Financial Statements

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

3. Governmental Fund Financial Statements - Continued

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

4. Proprietary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

5. Other Financial Statement Presentation Information

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

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

The County reports the following major governmental funds:

General Fund

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

Fine and Forfeiture Fund

This fund is used to account for all criminal justice activity of Okaloosa County including the concession sales and expenses related to prisoner activities. This fund includes appropriations to the Sheriff, the County Department of Corrections, the Clerk of the Circuit and County Courts, the Circuit and County Judges, the County Medical Examiner, the State Attorney and the State Public Defender. The fund accounts for most restricted activity related to fees generated from the assessment of court costs or fees collected by the Clerk of the Circuit Court for the County such as those for the improving of court facilities, providing education and training for law enforcement officers, activities of the Law Library and Legal Aid that are funded under Chapter 67-1787, Laws of Florida from assessment of a court cost and the proceeds from the sale of confiscated property declared forfeited by the Circuit Court.

Capital Outlay Construction Trust Fund

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

The County reports the following major enterprise funds:

Water and Sewer Fund

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

5. Other Financial Statement Presentation Information – Continued

Airport Enterprise Fund

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

Solid Waste Fund

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

Conference Center Fund

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

The County reports the following fund types:

Internal Service Funds

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

Agency Funds

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

1. Deposits and Investments - Continued

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

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

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

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

2. Receivables and Payables

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

2. Receivables and Payables - Continued

Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector). The County bills and collects its own property taxes, as well as taxes for the County School District and taxes for municipalities and special districts within the County in accordance with the laws of the State of Florida. No accrual has been made for 2009 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, 2009
Levy Date	November 1, 2009
Due Date	November 1, 2009
Delinquent Date	April 1, 2010

Discounts of 1% for each month taxes are paid prior to March 2010 are granted.

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

5. Capital Assets

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

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

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

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

6. Compensated Absences

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

7. Accrued Liabilities and Long-Term Obligations

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

8. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Unamortized losses on bonds are presented as a reduction of the face amount of bonds payable. The Water and Sewer Enterprise Fund is the only fund that has unamortized losses on bonds. These unamortized losses on revenue bonds as of September 30, 2009 is \$116,877 (Series 2006).

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

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. When both restricted and unrestricted resources are available for use, it is the policy of the Board to use restricted resources first, and then unrestricted resources as they are needed.

10. Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

On or about June 1 of each year, proposed budgets are received by the Board of County Commissioners from its department heads, from all other constitutional officers, and from other agencies requesting funding for the ensuing fiscal year. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the Board of County Commissioners in a series of workshops beginning on or after July 15. The Board of County

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

A. BUDGETARY INFORMATION - CONTINUED

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 \$71,393,138 representing a 19.87 percent 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, 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. Encumbrances will instead be reported as a reservation of fund balance.

B. DEFICIT FUND EQUITY

The Solid Waste Enterprise Fund reported deficit fund equity of \$3,715,934 for the year ended September 30, 2009. The deficit is caused by changes in reporting closure costs and long-term care costs for the solid waste landfills of the County. Further description of these costs and methods of funding them are discussed in Note 7.

The Inspection and Code Enforcement Fund reported deficit fund equity of \$245,269 for the year ended September 30, 2009. The deficit is caused by the slowed housing market resulting in decreased revenues such as building, re-inspection, home occupation, and development permits.

The Self Insurance Internal Service Fund reported deficit fund equity of \$2,206,987. 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 balance 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

B. DEFICIT FUND EQUITY - CONTINUED

The Sheriff's Self-Insurance Fund is reflecting a deficit fund equity of \$1,534,161. This is the result of the implementation of GASB 45 which requires the unfunded liability for future employee benefits (OPEB) to be recorded at September 30, 2009. Prior to the OPEB adjustment, the Fund equity was a surplus of \$1,004,275.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

As of September 30, 2009 the County had the following investments:

<u>Investment Type and Quantity</u>	<u>Par/Principal Value</u>	<u>Fair Value</u>	<u>Maturity</u>
Florida Local Government Surplus			
Funds Trust investment pool - Fund A	13,695,408	13,695,408	On Demand
Florida Local Government Surplus			
Funds Trust investment pool - Fund B	1,277,802	1,277,802	As Available*
Florida Local Government Investment			
Trust investment pool	23,618,654	23,618,654	On Demand
Florida Local Government Investment			
Trust day to day fund	14,050,161	14,050,161	On Demand
STI Classic Institutional Cash Mgmt	12,171,020	12,171,020	On Demand
Repurchase Agreement (1)	800,825	800,825	10/1/2013
Federal Home Loan Mortgage Corp (1)	784,258	795,002	1/1/2010
Federal National Mortgage Assoc. (8)	1,631,498	1,641,858	4/1/2010
	1,431,588	1,524,642	1/1/2013
	4,319,000	4,582,373	7/25/2016
	2,281,977	2,448,789	1/1/2012
	2,034,352	2,161,173	11/1/2011
	3,634,899	3,907,371	7/1/2012
	791,653	791,653	7/1/2012
	508,797	543,698	10/1/2011
Total investments	<u>83,031,892</u>	<u>84,010,429</u>	

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 3 – DEPOSITS AND INVESTMENTS - CONTINUED

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

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

Interest rate risk. In accordance with the investment policy, the exposure to declines in fair value of investments outside of the pools is managed by matching the investments to a specific cash flow requirement. The repurchase agreement and instrumentalities are matched to the timing of required debt service payments.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Florida Local Government Investment Trust Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriated assets, and Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk.

Credit risk. As of September 30, 2009, Standard & Poor's rated the investment in Florida Local Government Investment Trust investment pool AAAf, Florida Local Government Investment Day to Day AAAM, Florida Local Government Surplus Fund Trust AAAM, and STI Classic Institutional Cash Management AAAM. The Florida Local Government Surplus Fund Trust Fund B investment pool was not rated by any nationally recognized statistical rating agency as of September 2009. The investment policies of the County manage credit risk by limiting investments in U. S. Instrumentalities to the two highest ratings issued by nationally recognized statistical rating organization.

Concentration of credit risk. The investment policies of the County diversify the portfolio by limiting the maximum percentage of various types of investments that can be purchased. The investment policy maximum percentages for the current portfolio are 50% for U.S. agencies and instrumentalities and 50% for repurchase agreements. More than 5% of the County's investments are in the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. These investments are .09% and 21% respectively, of the County's total investments.

Custodial credit risk. Okaloosa County has a perfected first security interest in the collateral underlying the repurchase agreement. STI Classic Institutional Cash Management, U.S. Treasury bills, and U.S. instrumentalities are held by the County's agent in the County's name in accordance with the Okaloosa County Investment Policy requiring third party custody and safekeeping.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 4 – RECEIVABLES / DEFERRED REVENUE

Receivables as of year-end for the government’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Funds	Accounts	Due From Other Governments	Total Receivables	Less: Allowance for Doubtful Accounts	Net Total Receivables Sept. 30, 2009
General	\$ 225,520	\$ 3,886,795	\$ 4,112,315	\$ -	\$ 4,112,315
Fine and Forfeiture	149,593	2,124,468	2,274,061	-	2,274,061
Capital Outlay	2,629	1,814,350	1,816,979	-	1,816,979
Water and Sewer	2,312,023	675,913	2,987,936	(220,000)	2,767,936
Airport	1,047,651	1,243,822	2,291,473	-	2,291,473
Solid Waste	855,704	74,686	930,390	-	930,390
Conference Center	2,415	-	2,415	-	2,415
Nonmajor and Other Funds	6,551,834	3,605,276	10,157,110	(2,625,750)	7,531,360
Total	\$ 11,147,369	\$ 13,425,310	\$ 24,572,679	\$ (2,845,750)	\$ 21,726,929

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Grant Revenue	\$ -	\$ 3,093,066
Rent Received in Advance	1,952	163,393
Tax Revenue Received in Advance	-	322,316
Special Revenue Funds		
Fine and Forfeiture		
Grant Revenue	-	46,423
Nonmajor Funds		
Grant Revenue	-	185,341
Total deferred/unearned revenue for governmental funds	\$ 1,952	\$ 3,810,539

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 9,875,104	\$ 22,972	\$ -	\$ 9,898,076
Intangibles*	-	1,133,116	-	1,133,116
Construction in progress	<u>10,070,540</u>	<u>3,375,640</u>	<u>(7,902,203)</u>	<u>5,543,977</u>
Total capital assets, not being depreciated/amortized	<u>19,945,644</u>	<u>4,531,728</u>	<u>(7,902,203)</u>	<u>16,575,169</u>
Capital assets, being depreciated/amortized:				
Buildings	41,125,507	230,895	-	41,356,402
Improvements other than buildings**	22,102,530	5,442,041	(25,002)	27,519,569
Intangibles*	946,241	496,579	-	1,442,820
Machinery and equipment	45,978,387	6,781,240	(4,150,229)	48,609,398
Infrastructure**	<u>118,938,363</u>	<u>9,630,018</u>	<u>-</u>	<u>128,568,381</u>
Total capital assets being depreciated/amortized	<u>229,091,028</u>	<u>22,580,773</u>	<u>(4,175,231)</u>	<u>247,496,570</u>
Less accumulated depreciation/amortization for:				
Buildings	(15,845,390)	(1,092,010)	-	(16,937,400)
Improvements other than buildings**	(5,409,576)	(621,838)	-	(6,031,414)
Intangibles*	(438,217)	(227,812)	-	(666,029)
Machinery and equipment	(31,933,032)	(7,004,061)	4,328,748	(34,608,345)
Infrastructure**	<u>(66,357,434)</u>	<u>(3,071,116)</u>	<u>-</u>	<u>(69,428,550)</u>
Total accumulated depreciation/amortization	<u>(119,983,649)</u>	<u>(12,016,837)</u>	<u>4,328,748</u>	<u>(127,671,738)</u>
Total capital assets, being depreciated/amortized, net	<u>109,107,379</u>	<u>10,563,936</u>	<u>153,517</u>	<u>119,824,832</u>
Governmental activities capital assets, net	<u>\$ 129,053,023</u>	<u>\$ 15,095,664</u>	<u>\$ (7,748,686)</u>	<u>\$ 136,400,001</u>

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

* Early Implementation of GASB 51. Further information provided in NOTE 14.

**Improvements other than buildings and Infrastructure beginning balances were adjusted for developers’ subdivision drainage and roadway infrastructure donations. Further information provided in NOTE 15.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 5 – CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 10,488,917	\$ -	\$ -	\$ 10,488,917
Construction in progress	59,617,678	7,640,331	(57,294,459)	9,963,550
Works of art	69,865	-	-	69,865
Total capital assets, not being depreciated/amortized	<u>70,176,460</u>	<u>7,640,331</u>	<u>(57,294,459)</u>	<u>20,522,332</u>
Capital assets, being depreciated/amortized:				
Buildings	64,787,137	10,918,818	(96,923)	75,609,032
Improvements other than buildings	286,691	-	-	286,691
Intangibles*	375,483	385,448	-	760,931
Machinery and equipment	20,379,221	1,110,060	(830,055)	20,659,226
Infrastructure	212,422,313	85,139,313	(14,352,395)	283,209,231
Total capital assets being depreciated/amortized	<u>298,250,845</u>	<u>97,553,639</u>	<u>(15,279,373)</u>	<u>380,525,111</u>
Less accumulated depreciation/amortization for:				
Buildings	(9,541,951)	(1,761,072)	64,327	(11,238,696)
Improvements other than buildings	(113,646)	(10,217)	-	(123,863)
Intangibles*	(95,774)	(75,555)	-	(171,329)
Machinery and equipment	(13,959,570)	(1,920,617)	881,731	(14,998,456)
Infrastructure	(71,259,924)	(6,439,249)	7,980,143	(69,719,030)
Total accumulated depreciation/amortization	<u>(94,970,865)</u>	<u>(10,206,710)</u>	<u>8,926,201</u>	<u>(96,251,374)</u>
Total capital assets, being depreciated/amortized, net	<u>203,279,980</u>	<u>87,346,929</u>	<u>(6,353,172)</u>	<u>284,273,737</u>
Business-type activities capital assets, net	<u>\$ 273,456,440</u>	<u>\$ 94,987,260</u>	<u>\$ (63,647,631)</u>	<u>\$ 304,796,069</u>

* Early Implementation of GASB 51. Further information provided in NOTE 14.

Depreciation expense was charged to functions/programs as follows.

	<u>Depreciation</u>	<u>Amortization</u>
Governmental activities:		
General government	\$ 1,284,145	\$ 102,968
Public safety	2,367,710	3,384
Physical environment	34,618	-
Transportation, including depreciation of general infrastructure assets	4,610,321	34,364
Economic environment	39,226	-
Human services	289,172	-
Culture and recreation	607,725	-
Court related	305,891	87,096
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>92,548</u>	<u>-</u>
Total depreciation expense - governmental activities	<u>\$ 9,631,356</u>	<u>\$ 227,812</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 5 – CAPITAL ASSETS - CONTINUED

	<u>Depreciation</u>	<u>Amortization</u>
Business-type activities:		
Water and sewer	\$ 5,968,641	\$ 37,392
Airport	2,787,523	18,880
Solid waste	146,544	-
Conference center	595,822	4,768
Other enterprise funds	619,194	14,515
Total depreciation expense - business-type activities	<u>\$ 10,117,724</u>	<u>\$ 75,555</u>

Construction Commitments

Judicial/Governmental Center

The Board of County Commissioners has entered into a contract for the design of a new judicial/governmental center. The total contract amount is \$3,562,930. Expenditures to date total \$1,816,330, and the remaining balance is \$1,746,600.

Fiber Optic Network

The Board entered into a contract with World Fiber Technologies for the development of Phase V of the development of Phase V of the fiber optic network to facilitate communications and networking. The total contract amount is \$957,010. Total expenditures on the project to date are \$633,604 leaving a balance of \$323,406.

In-House Improvements

The Board of County Commissioners is continuing in-house renovations of various county facilities. Cumulative expenditures total \$145,295 to date.

Road and Other Infrastructure Improvements

The Board has also entered into contracts to improve roads and other infrastructure at various locations throughout the County. The contracts total \$1,423,063. Cumulative expenditures total \$919,135, with a \$503,928 commitment remaining at September 30, 2009.

Park Improvements

The Board has continued a construction project to make significant improvements to Marler Park. The contract amount is \$3,737,740, with expenditure through September 30, 2009 of \$3,413,188. The remaining commitment under this contract is \$324,552.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 5 – CAPITAL ASSETS – CONTINUED

Construction Commitments –Continued

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 2010 capital budget, total expenditures will approximate \$4,000,000 on contracted projects already under construction at September 30, 2009, plus an additional \$1,000,000 for in-house construction.

Construction of a new wastewater treatment plant to service the Garnier’s area of south Okaloosa County was placed into service in Fiscal Year 2009. The total project is expected to cost \$60 to \$65 million to complete and is being funded by the proceeds of the 2006 bond issue. Expenditures on the project to date total approximately \$60,000,000.

Construction at Okaloosa Regional Airport

The Airport has begun design of additions to the main terminal building. Total expenditures for this design are approximately \$1,100,000 to date.

NOTE 6 – COMPENSATED ABSENCES

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

Board of County Commissioners and Supervisor of Elections

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

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 6 – COMPENSATED ABSENCES - CONTINUED

Board of County Commissioners and Supervisor of Elections - Continued

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

Compensatory Time

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

Clerk of the Circuit Court

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

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

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

Sheriff

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

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

Sick leave is earned by all personnel at 8 hours per month. Unused accrued leave is carried over from year to year. Employees terminating after ten years of service are compensated for unused sick leave up to a maximum of 100 hours. An employee who meets eligibility requirements receives a minimum of 12 weeks of leave, paid and/or unpaid in accordance with federal guidelines.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 6 – COMPENSATED ABSENCES - CONTINUED

Tax Collector

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

Property Appraiser

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

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

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

The total amounts of accumulated annual leave and other compensated absences for all elected officials as of September 30, 2009 follow:

Elected Official	Current Portion	Long-Term Portion	Totals
Board of County Commissioners	\$ 2,726,844	\$ 2,027,402	\$ 4,754,246
Clerk of the Circuit Court	265,118	508,246	773,364
Sheriff	1,265,403	1,808,000	3,073,403
Tax Collector	-	166,095	166,095
Property Appraiser	-	164,040	164,040
Supervisor of Elections	25,703	6,727	32,430
Totals	\$ 4,283,068	\$ 4,680,510	\$ 8,963,578

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

NOTE 7 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

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

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

The Board is required by state and federal laws and regulations to develop its estimates using rates normal to commercial contracting firms and is based on the amount of the landfill capacity used to date, 100%. The landfill closure and post closure costs are reevaluated each year. The estimate is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. The effect of this change in estimates has been reflected in the operations of the Solid Waste Enterprise Fund and has increased net income by \$128,381. The estimated liability for landfill closure and post closure care costs has a balance of \$4,145,789 as of September 30, 2009.

The Board issued bonds during the fiscal year ended September 30, 1991 to cover a portion of the estimated closure and post-closure care costs for the Wright Landfill, which ceased operations on March 1, 1990. Information on that Bond Issue can be found in Note 10.

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Fine and Forfeiture	\$ 220	Fees
General	Fine and Forfeiture	806,021	Grant revenue and appropriations
General	Nonmajor Governmental	20,986	Investment earnings
General	Water and Sewer	54	Vehicle registration
General	Airport	80	Fees
General	Conference Center	13,990	Investment earnings
General	Nonmajor Enterprise	406,700	Interfund loan
General	Internal Services	57,200	Internal services
Fine and Forfeiture	General	3,530	Refund of excess fees and interest
Fine and Forfeiture	General	645,614	Refund of excess fees, collected fines and fees
Capital Outlay	General	87,847	Refund of excess fees and vessel commission
Nonmajor Governmental	General	7,857	Fees collected
Nonmajor Governmental	General	5,445	Ivan Overpayment
Nonmajor Governmental	General	16,912	Refund of excess fees and interest
Nonmajor Governmental	General	44,910	Restricted fees
Conference Center	Nonmajor Governmental	314,554	Allocation of taxes
Nonmajor Enterprise	General	438	Refund of excess fees and interest
Internal Service	General	355,169	Internal services
Total		<u>\$ 2,787,527</u>	

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 8 – INTERFUND BALANCES AND ACTIVITY - CONTINUED

Interfund transfers:

Transfer In	Transfer Out	Amount	Purpose
General	Fine and Forfeiture	\$ 800,000	Allocation of additional revenues
General	Capital Outlay	500,000	Allocation of tax revenues
General	Nonmajor Governmental	28,000	Allocation racing monies
General	Conference Center	250,000	Allocation of tax revenues
Fine and Forfeiture	Airport	1,013,427	Sheriff appropriation
Capital Outlay	Fine and Forfeiture	500,643	Transferring judicial center funding
Capital Outlay	Nonmajor Governmental	1,500,000	Allocation of state sharing revenues
Nonmajor Governmental	General	50,000	Transfer grant application funding
Nonmajor Governmental	Fine and Forfeiture	400,000	Allocation of cash
Nonmajor Governmental	Fine and Forfeiture	250,000	Transfer grant funding
Nonmajor Governmental	Capital Outlay	900,000	Allocation of tax revenues
Nonmajor Enterprise	Fine and Forfeiture	500,000	Allocation of additional revenues
Nonmajor Enterprise	Nonmajor Governmental	33,000	Allocation of tax revenues
Fine and Forfeiture	General	(517,337)	Excess fees
Nonmajor Governmental	General	(15,970)	Excess fees
General	Fine and Forfeiture	32,564,771	Appropriations
General	Fine and Forfeiture	1,158,004	Appropriations - grants
Total		<u>\$ 39,914,538</u>	

NOTE 9 - LEASES

Operating Leases – Lessor

Okaloosa County leases four county-owned parks and park buildings located on Okaloosa Island to outside parties. Capitalized investment in these assets is \$6,588,730. Accumulated depreciation of \$1,493,390 has been recorded as of September 30, 2009. All of the leases were for a 25-year period. However, two of the leases have been renegotiated and the period extended to thirty years. Three of the leases contain a 20% rent increase every five years. The first renegotiated lease contains a fixed rental through 2029. The second renegotiated lease contains a contingent rent fee of 15% of gross revenue if that amount is greater than the set rent amount through 2012. To date, the contingent rent option has not been needed. The remaining terms of the leases range from 3 to 20 years.

Okaloosa County leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$34,778 has been recorded as of September 30, 2009. The lease was renegotiated to a five year lease with four five-year renewals beginning in 2008. The rent will increase at the beginning of each option period by the consumer price index. These option periods extend through 2032.

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 9 – LEASES - CONTINUED

Operating Leases – Lessor - Continued

Okaloosa County has leased space on a water tower to a wireless communication company. The five year lease can be renewed for five five-year periods through 2034. Monthly rental fees begin at \$1,667 and increase at each renewal to \$3,352 in the final renewal period. There is no capitalized investment related to this lease.

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

Okaloosa County has leased space on a telecommunications tower and the parcel of land on which it is located to a wireless communication company. The five year lease can be renewed for five five-year periods through 2035. Monthly rental fees begin at \$1,900 and increase at each renewal period by 15% to \$3,822 in the final renewal period. There is no capitalized investment related to this lease.

Okaloosa County has entered into operating leases with various lessees and concessionaires for lease of space and facilities at the Okaloosa County Air Terminal, the Bob Sikes Airport and the Destin Airport. Lease periods vary with expiration dates through 2048. Capitalized investment in assets associated with these leases is \$34,463,768. Accumulated depreciation of \$3,406,306 has been recorded as of September 30, 2009.

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

<u>Fiscal Year Ended September 30</u>	
2010	\$ 3,466,673
2011	3,515,943
2012	861,939
2013	804,866
2014	811,182
Thereafter	<u>8,372,584</u>
	<u>\$ 17,833,187</u>

Operating Leases – Lessee

- Okaloosa County leases the land on which the airport facilities are located from the United States Government under a thirty-year lease agreement expiring in February 2031. The lease was renegotiated in 2008 adding an additional 22.6 acres for the rental car facilities under a twenty-five year lease expiring in September 2032. The land lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option for renewal at the end of the current lease period. The future minimum lease payments total \$10,948,509 over the life time of the lease. Lease expense for fiscal year 2009 was \$327,540.
- Okaloosa County leases the land on which Water and Sewer's Water Reclamation Facility is located from the United States Government under a 30 year lease agreement expiring in September 2037. The lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option of renewal at the end of the current lease period. The future minimum lease payments total \$13,116,819 over the life time of the lease. Lease expense for fiscal year 2009 was \$331,500.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 9 – LEASES – CONTINUED

Operating Leases – Lessee - Continued

3. Okaloosa County leases office space used by the Tax Collector and the Property Appraiser through September 30, 2014. The rent is based on \$33,147 per month plus a proportionate amount of any annual Consumer Price Index increase beginning in year three (3). The five year lease has three one year renewals beginning in 2012. Based on assumed increases of 3%, future minimum lease payments total \$3,368,477. Lease expenditure for fiscal year 2009 was \$25,008.
4. Okaloosa County leases office space used by public safety and veterans' affairs departments of the Board through March 2011. Monthly payments under the lease are \$4,495 with total minimum lease payments of \$80,910 for the remaining term of the lease. Lease expenditure for fiscal year 2009 was \$53,940.
5. Okaloosa County leases office space used by the Commissioners, County Administrator, Law Library, and Information System departments of the Board as well as various other elected officials and State Agencies through November 2009. The first renewal of three (3) three year renewals was exercised December 2009. Monthly payments under the lease are \$20,625 for 2009 and increased to \$22,275 for the three (3) year renewal with the total minimum lease payments for the years 2010 through 2013 of \$843,150. Lease expenditure for fiscal year 2009 was \$247,500.
6. The Clerk of Circuit Court leases copier equipment under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$4,414. Future minimum lease payments for the equipment lease total \$20,070 through February 2010. Lease expenditure for the fiscal year ended September 30, 2009 was \$52,968.
7. The Sheriff rents office space under an operating lease which expires in December, 2012. Monthly lease payments are \$10,500 with total minimum lease payments for years 2010 through 2013 of \$409,500. Total lease expenditure for fiscal year ended September 30, 2009 was \$133,800.
8. The Tax Collector rents office space for a decentralized location to accommodate residents in a certain area of the County. The twenty-year lease expires in 2025. As of October 1, 2009, the yearly rental is \$191,058 with minimum lease payments for years 2010 through 2025 of \$3,056,928. Total lease expenditure for fiscal year ended September 30, 2009 was \$185,524.

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2009 amounted to \$1,341,180. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ended September 30</u>	
2010	\$ 1,730,334
2011	1,701,478
2012	1,691,830
2013	1,404,286
2014	1,358,764
2015-2019	6,317,949
2020-2024	5,507,405
2025-2029	5,349,817
2030-2034	4,498,086
2035-2038	2,286,414
	<u>\$ 31,846,363</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT

Component Unit

The following is a summary of long-term debt transactions of the Emerald Coast Bridge Authority for the fiscal year ended September 30, 2009.

	<u>Note Payable</u>
Long-term debt payable October 1, 2008	\$ 1,777,289
Increase/Decrease in long-term debt	<u>-</u>
Long-term debt payable September 30, 2009	<u><u>\$ 1,777,289</u></u>

NOTES PAYABLE

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

Primary Government

The following debt issues are outstanding for September 30, 2009:

Governmental Activities:

REVENUE BONDS

\$2,524,287 Capital Improvement Revenue Bonds, Series 1991, capital appreciation bonds with no stated interest rate, effective interest rate of 7.15 percent compounded semi-annually through December 1, 2010; issued in denominations of \$5,000 maturity value due in annual installments of \$35,000 to \$685,000 from December 1, 1993 through December 1, 2010. "Second Guaranteed Entitlement Revenues" as defined in Paragraph II, Chapter 218 Florida Statutes are pledged for payment of these special obligation revenue bonds. Proceeds from the bonds were used to finance the acquisition and construction of roads within the County.	\$ <u>530,526</u>
Total Governmental Activities Revenue Bonds	<u><u>\$ 530,526</u></u>

LOANS AND NOTES

\$3,800,000 Commercial Paper Loan from the Florida Local Government Finance Commission Pooled Commercial Paper Loan Program; interest and fee payments are made monthly beginning August 1, 2007; Three principal payments of \$220,000 each are due on June 3, 2008, June 2, 2009, and June 2, 2010, with the remaining \$3,140,000 due on December 7, 2010. The loan finances the County's portion of a joint beach renourishment project with the City of Destin and is payable solely from Tourist Development taxes.	\$ <u>3,360,000</u>
Total Governmental Activities Loans and Notes	<u><u>\$ 3,360,000</u></u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT – CONTINUED

Business-type Activities:

REVENUE BONDS

Solid Waste

\$2,180,777 Capital Improvement Revenue Bonds, Series 1991, capital appreciation bonds with no stated interest rate, effective interest rate of 7.15 percent compounded semi-annually through December 1, 2010; issued in denominations of \$5,000 maturity value due in annual installments of \$35,000 to \$685,000 from December 1, 1993 through December 1, 2010. “Second Guaranteed Entitlement Revenues” as defined in Paragraph II, Chapter 218 Florida Statutes are pledged for payment of these special obligation revenue bonds. Proceeds from the bonds were used to finance landfill closure and post closure costs of the Wright Landfill. \$ 458,332

Airport

\$10,860,000 Airport Revenue Bonds, Series 2003, serial and term bonds with stated interest rates ranging from 2.4 percent to 6.0 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$225,000 to \$750,000 from October 1, 2003 through October 1, 2030. Net revenues derived from the operation of the Airport System and the Passenger Facility Charges imposed per enplaned passenger at the Northwest Florida Regional Airport are pledged for payment of the bonds. Proceeds from the bonds were used to finance a portion of the cost of the Terminal Development Program and to repay a commercial paper loan that provided partial temporary financing for the project. 9,925,000

\$9,980,000 Taxable Airport Revenue Bonds, Series 2007, term bonds with stated interest rates ranging from 6.0 percent to 7.0 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$220,000 to \$830,000 from October 1, 2009 through October 1, 2030. Net revenue derived from the operation of the Airport System and the Customer Facility Charges imposed per rental car transaction day at the Northwest Florida Regional Airport are pledged for payment of the bonds. Proceeds from the bonds were used to finance a portion of the cost of the East Side Development Program. 9,980,000

Conference Center

\$13,450,000 Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000, serial and term bonds with stated interest rates ranging from 4.6 percent to 5.75 percent compounded semi-annually through October 1, 2030; issued in denominations of \$5,000 maturity value due in annual installments of \$215,000 to \$940,000 from October 1, 2003 through October 1, 2030. Fourth Cent Tourist Development Tax monies are pledged for payment of these special obligation revenue bonds. Proceeds from the bonds were used to finance the costs of acquisition and construction of the Okaloosa County Conference Center. This issue is subject to federal arbitrage regulations. 12,010,000

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT - CONTINUED

Business-type Activities – Continued:

Revenue Bonds – Continued:

Water and Sewer

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

\$650,000 Subordinated Revenue Bond, Series 1985, term bond due in semi-annual installments of \$34,338 beginning July 1, 1985 through January 2, 2015; interest at 10.0 percent per annum. Proceeds from the bonds were used to finance constructing and acquiring additions, extensions and improvements to the County Water and Sewer System. 285,228

\$31,170,000 Water and Sewer Revenue Bonds, Series 2004, due in annual installments of \$300,000 to \$3,680,000 through July 1, 2016; interest ranging from 1.017 percent to 3.61 percent per annum. Proceeds from the bond were used to refund Water and Sewer Revenue Refunding Bonds, Series 1993 and Water and Sewer Refunding Revenue Bonds, Series 1998 as well as constructing and acquiring additions, extensions and improvements to the County Water and Sewer System. This issue is subject to federal arbitrage regulations 15,985,000

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

Total Business-type Revenue Bonds \$ 113,793,560

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

Business-type Activities – Continued:

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

LOANS – STATE OF FLORIDA

\$5,927,701 State of Florida Department of Environmental Regulation Revolving Loan Fund; annual payments of \$429,920 including capitalized interest at 4.20% to 4.26% beginning April 1, 1992 through April 1, 2011.	\$ 808,208
\$1,458,000 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments of \$46,776 including interest at 2.59% and 3.24% beginning December 30, 1994 through June 30, 2014.	434,750
\$729,744 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$22,230 at 2.59% beginning October 10, 1995 through April 10, 2015.	245,594
\$1,949,795 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$74,622 at 3.28% and 2.63% beginning April 1, 1997 reducing to \$58,007 beginning April 1, 2001 through October 1, 2016.	773,159
\$1,768,312 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$59,870 at 2.63% and 2.99% beginning September 15, 1999 reducing to \$56,219 beginning September 15, 1999 through March 15, 2017.	758,153
\$351,895 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$23,204 at 3.18% beginning February 15, 2000 reducing to \$11,073 beginning February 15, 2001 through August 15, 2019.	188,433
\$8,168,888 State of Florida Department of Environmental Protection Revolving Loan Fund; semi-annual payments including capitalized interest of \$291,598 at 2.71% and 3.00% beginning June 15, 2007 reducing to \$263,938 beginning December 15, 2008 through December 15, 2023.	<u>7,278,812</u>
Total Loans – State of Florida	<u>10,487,109</u>

OTHER LOANS

\$440,000 loan from individual; annual payments of \$101,629 including interest at 5% beginning November 1, 2007 through November 1, 2011. Loan finances property purchased for future expansion of Water and Sewer Administration parking facilities.	255,371
\$2,000,000 Commercial Paper Loan from the Florida Local Government Finance Commission Pooled Commercial Paper Loan Program; interest and fee payments are made monthly beginning July 1, 2008; the entire principal balance of the loan is due on December 4, 2012. The loan finances construction at Northwest Florida Regional Airport and Bob Sikes Airport and is payable from net revenues of the Airport.	<u>2,000,000</u>
Total Business-type Loans and Notes	<u>\$ 12,742,480</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

The following is a summary of the changes in long-term debt of the County for the fiscal year ended September 30, 2009.

	Balance Due October 1, 2008	Increases	Decreases	Balance Due September 30, 2009	Due Within One Year
Governmental Activities:					
Revenue Bonds					
Capital Improvement Revenue Bonds, Series 1991	\$ 857,792	\$ 40,309	* \$ (367,575)	\$ 530,526	\$ 367,505
Loans and Notes					
Commercial Paper loan	3,580,000	-	(220,000)	3,360,000	220,000
Accrued compensated absences	6,527,118	1,050,867	-	7,309,431	3,324,391
Estimated claims payable	4,140,803	554,298	(761,325)	3,933,776	2,208,172
Other post employment benefits	1,395,739	1,489,252	(68,428)	2,816,563	-
Total Governmental Activities	<u>\$ 16,501,452</u>	<u>\$ 3,134,726</u>	<u>\$ (1,417,328)</u>	<u>\$ 17,950,296</u>	<u>\$ 6,120,068</u>
Business-type Activities:					
Revenue Bonds					
Capital Improvement Revenue Bonds, Series 1991	\$ 741,063	\$ 34,824	* \$ (317,555)	\$ 458,332	\$ 317,495
Airport Revenue Bonds, Series 2003	10,170,000	-	(245,000)	9,925,000	255,000
Airport Taxable Revenue Bonds, Series 2007	9,980,000	-	-	9,980,000	220,000
Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000	12,010,000	-	-	12,010,000	285,000
Subordination Revenue Series 1985	322,559	-	(37,331)	285,228	41,158
Refunding Revenue Series 2004	18,420,000	-	(2,435,000)	15,985,000	300,000
Refunding Revenue Series 2006	65,150,000	-	-	65,150,000	2,185,000
Less deferred amounts					
For issuance discounts	(1,280,745)	(126,651)	290,162	(1,117,234)	-
On refunding	(348,724)	-	231,847	(116,877)	-
Total Revenue Bonds	<u>115,164,153</u>	<u>(91,827)</u>	<u>(2,512,877)</u>	<u>112,559,449</u>	<u>3,603,653</u>

*Accretion

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

	Balance Due October 1, 2008	Increases	Decreases	Balance Due September 30, 2009	Due Within One Year
Business-type Activities - Continued					
Loans and Notes					
State of Florida Revolving Loan Fund, April 11, 1992 through April 1, 2011	1,187,884	-	(379,676)	808,208	395,735
State of Florida Revolving Loan Fund, December 30, 1994 through June 30, 2014	514,902	-	(80,152)	434,750	82,336
State of Florida Revolving Loan Fund, October 10, 1995 through April 10, 2015	282,965	-	(37,371)	245,594	38,345
State of Florida Revolving Loan Fund, April 1, 2001 through October 1, 2016	818,771	-	(45,612)	773,159	93,305
State of Florida Revolving Loan Fund, September 15, 1999 through March 15, 2017	848,120	-	(89,967)	758,153	92,431
State of Florida Revolving Loan Fund, February 15, 2001 through August 15, 2019	204,210	-	(15,777)	188,433	16,282
State of Florida Revolving Loan Fund, beginning June 15, 2007 through December 15, 2023	7,599,351	-	(320,539)	7,278,812	328,199
Personal Loan	340,000	-	(84,629)	255,371	88,860
Commercial Paper Loan	2,000,000	-	-	2,000,000	-
Less deferred amounts					
For issuance discounts	(179,035)	-	14,790	(164,245)	-
Total Loans and Notes	<u>13,617,168</u>	<u>-</u>	<u>(1,038,933)</u>	<u>12,578,235</u>	<u>1,135,493</u>
Accrued compensated absences	1,525,149	128,998	-	1,654,147	958,677
Estimated closure costs payable	4,274,170	-	(128,381)	4,145,789	235,267
Other post employment benefits	60,724	90,465	(29,456)	121,733	-
Total Business-type Activities	<u>\$ 134,641,364</u>	<u>\$ 127,636</u>	<u>\$ (3,709,647)</u>	<u>\$ 131,059,353</u>	<u>\$ 5,933,090</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 \$1,723,377 of internal service funds compensated absences, \$3,933,776 of claims liabilities, and \$2,546,651 of internal service funds other post employment benefits are included in the above governmental activities amounts.

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 10 – LONG-TERM DEBT - CONTINUED

Primary Government – Continued

Debt service requirements to maturity on long-term debt at September 30, 2009 are as follows:

<u>Year Ending September 30,</u>	Governmental Activities			
	Revenue Bonds		Loans and Notes	
	Principal	Interest	Principal	Interest
2010	99,487	268,018	220,000	15,001
2011	431,039	136,814	3,140,000	3,563
	<u>\$ 530,526</u>	<u>\$ 404,832</u>	<u>\$ 3,360,000</u>	<u>\$ 18,564</u>

<u>Year Ending September 30,</u>	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	3,603,653	5,618,313	1,135,493	349,383	235,267	-
2011	3,566,213	5,365,781	1,174,978	309,897	235,267	-
2012	4,155,027	5,103,140	761,233	269,062	235,267	-
2013	4,335,155	4,953,074	2,707,380	218,392	235,267	-
2014	4,520,809	4,795,922	727,296	189,204	235,267	-
2015-2019	17,037,703	21,522,503	2,683,996	681,709	1,176,335	-
2020-2024	19,285,000	17,184,819	2,285,622	353,758	1,176,335	-
2025-2029	24,925,000	11,425,694	1,266,482	53,208	616,784	-
2030-2034	23,580,000	5,098,163	-	-	-	-
2035-2036	8,785,000	664,250	-	-	-	-
	<u>\$ 113,793,560</u>	<u>\$ 81,731,659</u>	<u>\$ 12,742,480</u>	<u>\$ 2,424,613</u>	<u>\$ 4,145,789</u>	<u>\$ -</u>

In prior years, the County has defeased various bond issues. Of those defeased issues, the following amounts are outstanding at September 30, 2009.

Business-type activities:

Water and Sewer System Enterprise Fund	
Refunding Revenue Bonds, Series 1986	\$ 250,000
Revenue Bonds, Series 1992	4,485,000
Total	<u>\$ 4,735,000</u>

NOTE 11 - CONDUIT DEBT

Since 1984, the Okaloosa County has authorized eight industrial development revenue bond issues that are still outstanding. The original issues totaled \$55,814,025 and as of September 30, 2009, \$35,764,025 was the principal liability. These bonds do not constitute an indebtedness of the County and are not a charge against its general credit or taxing powers. The bonds are payable solely from revenues of the respective industries to which these bond proceeds were remitted.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 12 – SPECIAL ITEM – IMPAIRMENT LOSS

In 2006, the County borrowed approximately \$60,000,000 to construct a new wastewater treatment facility to replace the existing Garniers Wastewater Treatment Plant (WWTP). The WWTP went online in September 2009. At that time, wastewater flows were rerouted from the Garniers WWTP. Garniers WWTP is scheduled to be removed from service by November 2010. Costs of \$7,551,164 associated with the decommissioning and abandonment of the Garniers WWTP have been reported, and the Special Item recognized in the Water and Sewer Fund at September 30, 2009 is itemized as follows.

	Costs
Original Costs	\$ 13,868,973
Accumulated Depreciation	(7,817,809)
Demolition Costs	1,500,000
Total Disposal Costs	\$ 7,551,164

NOTE 13 - RESERVED FUND BALANCES

The governmental fund balance sheet contains the line item “Reserved for Other Restricted Purposes”. Following is a list of the detail balances contained in that line item for September 30, 2009.

Fund	Amount	Purpose
General	\$ 1,246,493	911 Emergency System
General	417,493	County Revolving Loan Fund Program
General	21,611	Code Enforcement/Nuisance Abatement
Special Revenue Funds		
Fine and Forfeiture	98,039	Police Academy
Fine and Forfeiture	78,423	Law Enforcement Trust Fund
Fine and Forfeiture	26,530	Family Mediation Services
Fine and Forfeiture	13,295	Law Library
Fine and Forfeiture	113,029	Prisoner Benefit Trust
Fine and Forfeiture	85,980	Teen Court
Fine and Forfeiture	114,351	Alcohol and Other Drug Abuse Trust Fund
Fine and Forfeiture	220,741	Domestic Violence Trust Fund
Fine and Forfeiture	406,132	Radio Communications Program
Fine and Forfeiture	595,390	Public Records Innovation
Tourist Development	8,845,856	Tourist Development Tax
Municipal Services		
Benefit Units	445,050	Assessments Reserve
Public Records Modernization Trust	1,164,600	Public Records Technology
Public Records Courts	646,199	Judicial Information Technology
Public Records 10% Fine	68,576	Court Related Expenditures
Capital Projects Fund		
Capital Outlay Construction	525,523	Florida Boating Improvement Trust
Capital Outlay Construction	1,126,063	Court Facility Improvement Trust
Capital Outlay Construction	58,701	Parks Development Trust
Total Reserved for Other Restricted Purposes	\$ 16,318,075	

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 13 - RESERVED FUND BALANCES - CONTINUED

The proprietary fund balance sheet contains the line item "Equity Restricted for Other Purposes". Following is a list of the detail balances contained in that line item for September 30, 2009.

Fund	Amount	Purpose
Airport Enterprise Fund	\$ 5,506,398	Passenger Facility Charges Program
Conference Center Enterprise Fund	4,755,529	Tourist Development Tax
Total Equity Restricted for Other Purposes	<u>\$ 10,261,927</u>	

NOTE 14 - IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

As allowed under GASB Statement 51, Accounting and Financial Reporting for Intangible Assets, the County elected in 2009 to early implement GASB 51 and record intangible assets. As required at October 1, 2008, the County restated its Government-wide beginning net assets and Business-type beginning equity to include all intangible assets.

As a result, for the fiscal year beginning October 1, 2008, the following restatement was made to Government-wide beginning net assets and Business-type beginning equity.

Beginning net assets for governmental activities was determined as follows:

	Governmental-wide
Net assets as of September 30, 2008	\$ 158,821,009
Add: Intangible asset not previously capitalized as of September 30, 2008	946,241
Deduct: Accumulated depreciation as of September 30, 2008 on above intangible assets	(438,217)
Net assets, restated, as of October 1, 2008	<u>\$ 159,329,033</u>

Beginning equity for business-type activities was determined as follows:

	Water and Sewer	Airport	Conference Center	Other Enterprise	Total
Equity as of September 30, 2008	\$ 104,363,452	\$ 98,493,624	\$ 16,132,857	\$ 4,242,468	\$ 223,232,401
Add: Intangible asset not previously capitalized as of September 30, 2008	184,668	94,400	23,840	72,575	375,483
Deduct: Accumulated depreciation as of September 30, 2008 on above intangible assets	(50,768)	(7,867)	(7,549)	(29,590)	(95,774)
Total Equity, restated, as of October 1, 2008	<u>\$ 104,497,352</u>	<u>\$ 98,580,157</u>	<u>\$ 16,149,148</u>	<u>\$ 4,285,453</u>	<u>\$ 223,512,110</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Infrastructure

For fiscal years ending September 30, 2003 through September 30, 2008, Okaloosa County had not recorded donations from developers' subdivision roadway and drainage infrastructure. Entries to implement GASB Statement 34 recorded all roadway infrastructure donations as of fiscal year ending September 30, 2002. Consequently, to record subdivision donations from October 1, 2002 through September 30, 2008, a prior period adjustment was made which increased the fund balance of the Governmental-wide statements at September 30, 2008 as well as the increasing Infrastructure Capital Assets and Accumulated Depreciation as follows.

	Original Donation	Depreciation	Adjustment
Governmental activities:			
Improvements other than buildings	\$ 41,175	\$ (1,940)	\$ 39,235
Infrastructure	9,738,781	(489,355)	9,249,426
Total	<u>\$ 9,779,956</u>	<u>\$ (491,295)</u>	<u>\$ 9,288,661</u>

NOTE 16 - PENSION PLAN

Florida Retirement System

Plan Description

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

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

Funding Policy

Contribution requirements of the plan are established in Florida Statutes Chapter 121 and may only be amended by legislative action. All retirement legislation must comply with Article X, Section 14 of the State Constitution and with Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. Active plan members do not contribute to the plan. The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability re-emerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 16 - PENSION PLAN - CONTINUED

Florida Retirement System – Continued

Funding Policy - Continued

Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The current actuarially determined contribution rates expressed as a percentage of covered payroll are for regular employees 8.74%, special risk employees 19.81%, special risk administrative support 11.44%, elected judges 18.45%, elected county officers 15.42%, senior management service class 12.01%, and 9.80% for the Deferred Retirement Option Program (DROP). The County's contributions to the plan for the years ended September 30, 2009, 2008, and 2007, listed below were equal to the required contributions for the year.

Elected Officials	Years Ended September 30,		
	2009	2008	2007
Board of County Commissioners	\$ 4,278,096	\$ 4,423,713	\$ 4,045,033
Clerk of the Circuit Court	437,659	456,576	426,836
Sheriff	3,180,160	3,225,225	3,104,535
Tax Collector	307,137	311,797	290,342
Property Appraiser	178,287	177,620	172,358
Supervisor of Elections	77,590	76,567	68,831
Total Contributions	\$ 8,458,929	\$ 8,671,498	\$ 8,107,935

Plan Description

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

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

Funding Policy

The HIS program is funded by required contributions from FRS participating employers. According to the FRS actuarial valuation of HIS completed July 1, 2008, the unfunded actuarial liability of the HIS program was \$4.8 billion. The annual required contribution (ARC) calculated in July, 2008, for the fiscal year ending June 30, 2010 is 1.28% of active payroll. For fiscal year ended September 30, 2009, the FRS funding policy is pay-as-you-go with a legislated contribution rate of 1.11%. This contribution is added to the amount submitted for retirement contributions but is deposited in a separate trust fund (The Retiree Health Insurance Subsidy Trust Fund) from which Health Insurance Subsidy payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 17 - POSTEMPLOYMENT BENEFITS

Board of County Commissioners

Plan Description

In addition to providing the pension benefits described, the Board of County Commissioners and all other elected officials except for the Sheriff (County) provide 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). Benefits, benefit levels, employee contributions and employer contributions are governed and amended through its personnel manual by the County's Self Insurance Fund with approval by the Board. The plan does not issue a separate report.

Benefits Provided

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

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

Membership

At September 30, 2009, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	43
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	917
Total	960
Participating Employers	1

Funding Policy

The County and County contracted Insurance Broker negotiates the premium rates with BCBSFL. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs which for fiscal year 2009 was \$416,952. The County contributes the remainder to cover the costs of providing the benefits to the retirees via the insured plan. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 17 - POSTEMPLOYMENT BENEFITS - CONTINUED

Board of County Commissioners – Continued

Annual OPEB Costs and Net OPEB Obligation - Continued

Annual Required Contribution	\$	304,125
Interest on Prior Year Net OPEB Obligation		7,885
Adjustment to Annual Required Contribution		(11,400)
Annual OPEB Costs		300,610
Estimated Employer Contributions made		97,886
Increase (Decrease) in Net OPEB Obligation		202,724
Net OPEB Obligation , Beginning of Year		197,136
Estimated Net OPEB Obligation, End of Year	\$	399,860

The County first had an actuarial valuation performed for the plan as of September 30, 2008 to determine the employer’s ARC for the fiscal year ended September 30, 2008. The County’s annual OPEB cost (expense) of \$290,143 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 31, 2007. The County has chosen to apply GASB No. 45 requirements prospectively in this transition year. The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2007	N/A	N/A	N/A
9/30/2008	\$ 290,143	32.06%	\$ 197,135
9/30/2009	\$ 300,610	32.56%	\$ 399,860

Funded Status and Funding Progress

As of September 30, 2008, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$2,814,101 was unfunded. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 17 – POST EMPLOYMENT BENEFITS – CONTINUED

Board of County Commissioners - Continued

Actuarial methods and Assumptions - Continued

In the September 30, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.7% initially, reduced by decrements to an ultimate rate of 4.2% in 2085. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2009, was 28 years.

Sheriff

Background

Certain Other Post Employment Benefits (OPEB) are available to all employees eligible for disability, early or normal retirement after terminating employment with Okaloosa County Sheriff's Office (OCSO). The OPEB benefits include lifetime coverage for the retiree and dependents in the medical/prescription plans as well as participation in the dental group plan sponsored by the Sheriff's Office for employees. Beginning in fiscal year 2008, the Sheriff implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for the OPEB offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the Sheriff's retiree health benefit subsidy. Historically, the Sheriff's subsidy was funded on a pay-as-you-go basis but GASB 45 requires the Sheriff to accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Sheriff.

Plan Description

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

Benefits Provided

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 17 - POSTEMPLOYMENT BENEFITS - CONTINUED

Sheriff - Continued

Membership

At September 30, 2008, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	12
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	309
Total	321
Participating Employers	1

Funding Policy

Retirees and beneficiaries currently receiving medical/prescription benefits are required to make monthly premium contributions in order to maintain their coverage. The single retiree premium is paid by the OCSO for retirees with at least 20 years of service, until the retiree reaches age 65. Dependent coverage is paid by the retiree. The amount of the premium contribution may change from time to time. Surviving spouses of retirees are eligible to continue coverage under the plan, but must continue to pay the full premium. However, the premiums for health coverage for surviving spouses and any dependent children of officers who had sustained catastrophic injuries or death in the line of duty are paid fully by the OCSO as prescribed by FS Sec 112.19(g) and 112.19(h)1.

Annual OPEB Costs and Net OPEB Obligation

The Sheriff's annual OPEB cost (expense) is the annual actuarially required contribution (ARC) of the employer determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an on going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following shows the components of the Sheriff's net OPEB obligation as of September 30, 2009:

Annual Required Contribution	\$ 1,535,493
Interest on Prior Year Net OPEB Obligation	50,373
Adjustment to Annual Required Contribution	(41,978)
Annual OPEB Costs	1,543,888
Estimated Employer Contributions made	264,780
Increase (Decrease) in Net OPEB Obligation	1,279,108
Net OPEB Obligation , Beginning of Year	1,259,328
Estimated Net OPEB Obligation, End of Year	\$ 2,538,436

The Sheriff's annual OPEB cost (expense) of \$1,543,888 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 31, 2007. The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2007	N/A	N/A	N/A
9/30/2008	\$1,476,435	14.70%	\$1,259,328
9/30/2009	\$1,543,888	17.15%	\$2,538,436

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 17 - POSTEMPLOYMENT BENEFITS - CONTINUED

Sheriff - Continued

Funded Status and Funding Progress

As of September 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$14,238,273 was unfunded. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2009, actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 5.0% in 2020. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2009, was 28 years.

NOTE 18 - 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 \$100,000 and \$200,000, 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 \$200,000 (\$50,000 for automobile liability) of each claim or incident. Excess insurance is purchased to cover losses over the \$200,000 (\$50,000 for automobile liability) self-insured retention.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 18 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management - Continued

Public Liability - Continued

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

Property Insurance

The County self-insures the risk of physical loss to its real property, business property and equipment. The County retains the risk of the first \$50,000 of physical damage to County property. The self-insurance retention increases to a maximum of \$200,000 if the damage is the result of a named storm. Excess insurance is purchased to cover the physical damage exposure over the self-insured retention amount.

All Lines Aggregate Policy

The County purchased an All Lines Aggregate insurance policy that limits the County's risk for deductible and self-insured retention expenses to \$2,407,500 for the fiscal year ended September 30, 2009.

Workers' Compensation

The County contracts with a service company to have its workers' compensation claims processed. The County retains risk for all claims up to \$500,000 per employee per accident. Excess insurance is purchased to cover losses up to \$25,000,000 for workers' compensation and \$1,000,000 for employers' liability. The County retains no liability for claims that have been settled by purchase of annuity contracts.

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

Employee Medical Benefits

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 18 - RISK MANAGEMENT – CONTINUED

A. Method of Risk Management – Continued

Employee Medical Benefits – Continued

Excess insurance is purchased from a commercial carrier to provide a specific claim and aggregate limits coverage. Specific claim coverage benefits the covered individual by providing \$1,000,000 of coverage to begin when a specific claim exceeds \$75,000. This coverage is subject to a \$2,000,000 aggregate lifetime maximum limit per covered individual. 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 \$4,296,508 for the fiscal year ended September 30, 2009.

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, 2009, the amount of these liabilities was \$126,756. 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, 2009. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

Reconciliation of Claims Liabilities for Medical Benefits Okaloosa County Sheriff	As of <u>September 30, 2009</u>	As of <u>September 30, 2008</u>
Unpaid claims and adjustment expenses at beginning of year	\$ 353,125	\$ 259,030
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	2,505,875	3,722,114
B) Increases (decreases) in provision for insured events of prior fiscal years	-	-
Total incurred claims and claim adjustment expenses	<u>2,859,000</u>	<u>3,981,144</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	2,350,661	3,628,019
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	-	-
Total payments	<u>2,350,661</u>	<u>3,628,019</u>
Unpaid claims and claim adjustment at end of year	<u>\$ 508,339</u>	<u>\$ 353,125</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 18 - RISK MANAGEMENT – CONTINUED

A. Method of Risk Management – Continued

Special Risk Policies

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

B. Claim Liabilities for Retained Risk

Claim liabilities for workers’ compensation, general liabilities (including errors and omissions), and auto liability (both bodily injury and property damage) have been determined based on an actuarial evaluation of all claims reported and all claims incurred but not reported (IBNR) as of September 30, 2007. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The actuarial estimation of ultimate losses does not include any future recoveries from the Florida Special Disability Fund, subrogation or third party liens, etc. except to the degree they are implicitly included in the trending process of estimating ultimate losses. The ultimate loss calculation does take into consideration specific excess reinsurance recoverable. Claims liabilities recognized in the Self Insurance Fund of the Board of County Commissioners at September 30, 2009 were as follows:

	Current	Long-term	Total
Workers' compensation	\$ 1,413,590	\$ 1,155,472	\$ 2,569,062
General liability	236,841	528,602	765,443
Auto liability	49,402	41,530	90,932
Total claims liability recognized	\$ 1,699,833	\$ 1,725,604	\$ 3,425,437

C. Funding of Claims Liabilities

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 18 - RISK MANAGEMENT - CONTINUED

D. Reconciliation of Claims Liabilities

	As of September 30, 2009				As of September 30, 2008			
	Workers' Compensation	Liability	Property	Total	Workers' Compensation	Liability	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 2,667,277	\$ 1,120,401	\$ -	\$ 3,787,678	\$ 3,182,480	\$ 666,439	\$ 65,000	\$ 3,913,919
Incurred claims and claim adjustment expenses								
A) Provision for insured events of current fiscal year	803,957	263,603	405	1,067,965	592,637	276,740	-	869,377
B) Increases (decreases) in provision for insured events of prior fiscal years	<u>(249,679)</u>	<u>(599,570)</u>	<u>(46,001)</u>	<u>(895,250)</u>	<u>(380,010)</u>	<u>894,481</u>	<u>232,718</u>	<u>747,189</u>
Total incurred claims and claim adjustment expenses	<u>554,278</u>	<u>(335,967)</u>	<u>(45,596)</u>	<u>172,715</u>	<u>212,627</u>	<u>1,171,221</u>	<u>232,718</u>	<u>1,616,566</u>
Payments								
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	199,889	47,880	405	248,174	124,345	38,643	-	162,988
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>452,604</u>	<u>(119,821)</u>	<u>(46,001)</u>	<u>286,782</u>	<u>603,485</u>	<u>678,616</u>	<u>297,718</u>	<u>1,579,819</u>
Total payments	<u>652,493</u>	<u>(71,941)</u>	<u>(45,596)</u>	<u>534,956</u>	<u>727,830</u>	<u>717,259</u>	<u>297,718</u>	<u>1,742,807</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 2,569,062</u>	<u>\$ 856,375</u>	<u>\$ -</u>	<u>\$ 3,425,437</u>	<u>\$ 2,667,277</u>	<u>\$ 1,120,401</u>	<u>\$ -</u>	<u>\$ 3,787,678</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Reclaimed Water System

The Board has entered into an agreement to share equally in the costs to expand a reclaimed water system with the City of Niceville. Prior capital expenditures by the County of approximately \$1,300,000 have been matched by the City to achieve an equitable basis for in the agreement. Additional capital expenditure by the County totaled \$1,042,902 through September 30, 2009. The County agreed to perform minor maintenance services, equally share with the City of Niceville the future costs of capital expenditures, operations, major maintenance and billing and collection services. The agreement, signed in October 2002, has an initial term of 20 years which may be continued for additional ten-year increments by mutual written consent of both parties. The system began preliminary operations in November, 2006. Rate studies were conducted to determine charges. The County’s investment in this joint agreement will be carried in the Water and Sewer Enterprise Fund.

Wastewater Service Interlocal Agreement with Fort Walton Beach

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

The City will be billed monthly at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow. Additionally, the City will pay to the County the Sewer Readiness to Serve Fee, which is equal to \$3,750 per month. Beginning March 2011, and each year thereafter, the Readiness to Serve Fee will increase by 3% annually. Service to the City is scheduled to begin March 2010. The minimum commitment to the County under the Agreement is as follows:

Fiscal Year Ending September 30,	Payment
2010	\$ 22,500
2011	45,675
2012	47,045
2013	49,910
2014	51,408
2015-2019	272,930
2020-2024	316,401
2025-2029	366,795
2030-2034	425,216
2035-2039	492,942
Total	\$ 2,090,822

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 19 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Customer Facility Charge Agreement

As of December 1, 2004, the County entered into a Customer Facility Charge Agreement with the on-airport rental car companies. In accordance with Ordinance No. 04-64, the County imposes and the rental car companies collect on behalf of the County, a Customer Facility Charge (CFC). Effective July 2007, Ordinance 04-64 was amended to increase the CFC charge from two dollars and fifty cents (\$2.50) to three dollars and twenty-five cents (\$3.25) per rental car transaction Day on all rental car contracts. CFC revenue will be utilized by the County to construct, operate and maintain facilities and services for the rental car operators and their customers at the Northwest Florida Regional Airport. The facilities were completed and began operations in fiscal year 2009. CFC collections for the year ended September 30, 2009 were \$ 1,175,375 and will be used for debt service on the Series 2007 taxable airport revenue bonds.

Emergency Operations Center

Okaloosa County and Northwest Florida State College executed a memorandum of understanding in 2005 for a joint use facility which would house the College's Community Life, Safety and Military Science programs, and the County's Public Safety Administration, Emergency Operation Center, and the 911 Dispatch Center. The facility also may serve as a hurricane evacuation shelter. The facility is under construction on the College's Niceville, Florida campus. The County funded approximately \$2,060,326 in fiscal year 2009 for the project with grant proceeds. Prior year contributions to the project are \$4,437,618. The County has budgeted expenditures of \$1,342,111 to the College in fiscal year 2010 for the project. The joint use facility is expected to be completed in October 2010.

Grants

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

Lawsuits

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

Arbitrage Rebate

Section 148(f) of the Internal Revenue Code of 1986, as amended, and the proposed and temporary regulations issued by the Internal Revenue Service on May 15, 1989, and made final effective May 18, 1992, require the rebate to the United States government of the excess of earnings on non-purpose investments over earnings which would have been made on such investments if they had been made at bond yield, together with earnings on all future rebate amounts. Although rebates need not be remitted until five years after issuance of the bonds and each five years thereafter, computations must be made annually to show financial position at fiscal year end. Okaloosa County has three bond issues falling within the purview of the above directives - \$13,450,000 Fourth Cent Tourist Development Tax Revenue Bonds, Series 2000; \$10,860,000 Airport Revenue Bonds, Series 2003; and \$65,150,000 Water and Sewer Revenue Bond, Series 2006.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 19 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Arbitrage Rebate - Continued

According to the calculations, the County has no rebate liability with respect to the bonds at September 30, 2009. This determination reflects the liability on that date only and does not represent any amount that may be due at the end of the five-year period from the delivery date of the bonds.

Hurricane Activity

In September 2004, Okaloosa County, along with most of Northwest Florida, sustained damage due to Hurricane Ivan. Recovery activities due to this event are expected to continue for several years. The County records hurricane activities in the Natural Disasters Special Revenue Fund. No storm related expenses were recognized during fiscal year 2009. As of September 30, 2009, the County has recorded receivables from the United States Department of Homeland Security, Federal Emergency Management Agency (FEMA) and the Florida Department of Community Affairs, Emergency Management Agency (DCA) of \$661,953 and \$56,503, respectively. For Hurricane Ivan, it is expected that FEMA will reimburse 90% of the eligible cost plus a percentage of administrative fees calculated using a sliding scale with certain costs occurring within the first 72 hours of the event reimbursed at 100%. DCA will reimburse eligible costs up to 5%. The remainder of the expenses including those considered not eligible for reimbursement, such as debris removal from private property, will be covered by insurance or funded by the County.

NOTE 20 – 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 of not less than the following amounts for the term of the agreement. The current agreement was effective October 1, 2008 and ended on September 30, 2009 and is subject to renewal or revision October 2009. The Okaloosa County Board of County Commissioners' contribution to the library cooperative for the year ended September 30, 2009 was \$1,004,000. The future commitment to the library cooperative in 2010 is \$900,000.

NOTE 21 - JOINT VENTURE

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 21 - JOINT VENTURE - CONTINUED

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

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

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

The system is managed and operated by a separate governing body (Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc.) consisting of six members; two appointed by each of the three participants. The Sewer Board is responsible for preparing and approving its own budget. The cost of operations, including additional equipment, inventory purchases, etc., are funded by water and sewer user fees and are accounted for, in total, on the books and financial statements of the Sewer Board. The County's share of the operating results of the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc. is reported in the Board of County Commissioner's water and sewer enterprise fund. The Board of County Commissioners' portion of the equity in the joint venture is \$310,102 as of September 30, 2009. Complete financial statements for the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc. can be obtained from the Sewer Board's administrative office at 507 Crestview Avenue, Niceville, Florida or from the County Clerk's office at the Okaloosa County Courthouse in Crestview, Florida.

NOTE 22 – GASB PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, will be effective for the County beginning with its year ending September 30, 2011. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is based to observe constraints imposed upon the use of the resources reporting in the governmental funds. Management has not determined what impact, if any, this GASB statement may have on its financial statements.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2009

NOTE 23 -SUBSEQUENT EVENTS

Courthouse Annex Extension

On December 18, 2009, Okaloosa County issued a total of \$26,615,000 Revenue Bonds of which \$23,875,000 were Series 2009B Direct Payment Build America Bonds and \$2,740,000 were Series 2009A Sales Tax Revenue Bonds. The 2009A and 2009 B bonds' average coupon interest rates are 3% and 5.38%, respectively. The bonds were issued to finance the development and construction of the new Courthouse Annex Extension. The net proceeds of \$26,363,759 included approximately \$251,241 net original issue discount. After payment of \$691,965 in underwriters' discount, bond insurance premiums, legal fees, rating agency fees, and other costs of issuance, the net proceeds will be used to fund the project. A total of \$2,799,239 for 2009A and \$22,872,555 for 2009B, will be used to fund the 85,000 square feet judicial center complex, to be known as the Okaloosa County Annex Extension. The costs of the construction project will be \$22,400,229, pursuant to a guaranteed maximum price contract between the County and Skanska Lord Association. Remaining bond proceeds will be used for other additional costs of the project. All elements are expected to be substantially completed in 2011.

Required Supplementary Information

Okaloosa County, Florida
Post Employment Benefits Plans Schedule of Funding Progress
September 30, 2009

Board of County Commissioners

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)⁽¹⁾	Unfunded Actuarial Liabilities (UAAL)⁽²⁾	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2006	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2007	-	\$ 2,666,350	\$ 2,666,350	0.0%	N/A	N/A
October 1, 2008	-	\$ 2,814,101	\$ 2,814,101	0.0%	N/A	N/A

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

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

Sheriff

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liabilities (AAL) (b)	Unfunded Actuarial Liabilities (UAAL)⁽³⁾ (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
October 1, 2006	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2007	-	\$ 14,238,273	\$ 14,238,273	0.0%	\$ 14,250,824	99.91%
October 1, 2008	-	\$ 14,238,273	\$ 14,238,273	0.0%	\$ 14,250,824	99.91%

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

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Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

Board of County Commissioners

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.

Library Cooperative Fund

This fund is used to account for the activities of a county-wide library cooperative comprised of the unincorporated areas of the County and certain municipalities which have entered into an interlocal agreement.

Tourist Development Fund

This fund is used to account for funds received from imposition of the 4% 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 and 99-07.

Natural Disaster Fund

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

County Public Health Fund

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

Municipal Services Benefit Units Fund

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

Unincorporated County Parks Fund

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

Clerk of the Circuit Court

Courts Special Revenue Fund

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

Nonmajor Governmental Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

Clerk of the Circuit Court (Continued)

Public Records Modernization Trust Fund

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

Public Records Courts Special Revenue Fund

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

Public Records 10% Fine Special Revenue Fund

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

DEBT SERVICE FUND

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

Board of County Commissioners

Okaloosa Debt Service Fund

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

CAPITAL PROJECTS FUNDS

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

Board of County Commissioners

Road and Bridge Construction Fund

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

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	County Transportation Trust Special Revenue Fund	Library Cooperative Special Revenue Fund	Tourist Development Special Revenue Fund	Natural Disaster Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund
ASSETS							
Cash and Cash Equivalents	\$ 142,964	\$ 114,789	\$ 323,405	\$ 111,769	\$ 5,791	\$ 106,312	\$ 302,745
Investments	1,003,307	27,884	8,487,643	309,792	4,239	354,283	3,930,071
Accounts Receivable	416	14	793,080	-	366	-	713
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Elected Officials	-	-	6,043	5,445	246	1,864	8,759
Due from Other Governments	1,379,390	-	38,416	718,456	-	1,254	26,042
Prepays	-	65	8,891	-	-	1,432	15,528
Total Assets	\$ 2,526,077	\$ 142,752	\$ 9,657,478	\$ 1,145,462	\$ 10,642	\$ 465,145	\$ 4,283,858
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 36,581	\$ 1,059	\$ 7,216	\$ 1,417	\$ -	\$ 18,603	\$ 7,906
Contracts Payable	129,771	-	525,296	455	4,265	60	16
Other Accrued Liabilities	182,781	6,224	17,609	-	-	-	18,081
Due to Other Funds	-	-	314,554	-	-	-	-
Due to Other Elected Officials	-	-	20,986	-	-	-	-
Due to Other Governments	1,537	35	125	5,445	-	-	-
Due to Depositors	52,595	-	25,000	-	-	-	-
Deferred Revenue	-	43,908	-	141,433	-	-	-
Total Liabilities	403,265	51,226	910,786	148,750	4,265	18,663	26,003

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	County Transportation Trust Special Revenue Fund	Library Cooperative Special Revenue Fund	Tourist Development Special Revenue Fund	Natural Disaster Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund
Fund Balances							
Reserved for							
Encumbrances	-	-	-	269	-	-	-
Prepays	-	65	8,891	-	-	1,432	15,528
Debt Service	-	-	-	-	-	-	-
Other Restricted Purposes	-	-	8,845,856	-	-	445,050	-
Unreserved Reported in							
Special Revenue Funds	2,122,812	91,461	(108,055)	996,443	6,377	-	4,242,327
Capital Project Funds	-	-	-	-	-	-	-
Total Fund Balances	<u>2,122,812</u>	<u>91,526</u>	<u>8,746,692</u>	<u>996,712</u>	<u>6,377</u>	<u>446,482</u>	<u>4,257,855</u>
Total Liabilities and Fund Balances	<u>\$ 2,526,077</u>	<u>\$ 142,752</u>	<u>\$ 9,657,478</u>	<u>\$ 1,145,462</u>	<u>\$ 10,642</u>	<u>\$ 465,145</u>	<u>\$ 4,283,858</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Court Special Revenue Fund	Public Records 10% Fine Special Revenue Fund	Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
ASSETS							
Cash and Cash Equivalents	\$ 52,384	\$ 1,156,782	\$ 727,476	\$ 47,739	\$ 127,061	\$ 475,210	\$ 3,694,427
Investments	-	-	-	-	89,785	7,846,254	22,053,258
Accounts Receivable	-	-	-	-	-	-	794,589
Due from Other Funds	39	7,818	23,723	20,837	-	-	52,417
Due from Other Elected Officials	-	-	-	-	-	-	22,357
Due from Other Governments	6,362	-	-	-	-	1,316,064	3,485,984
Prepays	-	-	-	-	-	-	25,916
Total Assets	\$ 58,785	\$ 1,164,600	\$ 751,199	\$ 68,576	\$ 216,846	\$ 9,637,528	\$ 30,128,948
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 7,279	\$ -	\$ 105,000	\$ -	\$ -	\$ 150	\$ 185,211
Contracts Payable	-	-	-	-	-	299,291	959,154
Accrued Liabilities	30,669	-	-	-	-	-	255,364
Due to Other Funds	20,837	-	-	-	-	-	335,391
Due to Other Elected Officials	-	-	-	-	-	-	20,986
Due to Other Governments	-	-	-	-	-	-	7,142
Due to Depositors	-	-	-	-	-	2,500	80,095
Deferred Revenue	-	-	-	-	-	-	185,341
Total Liabilities	58,785	-	105,000	-	-	301,941	2,028,684

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Court Special Revenue Fund	Public Records 10% Fine Special Revenue Fund	Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
Fund Balances							
Reserved for							
Encumbrances	-	-	-	-	-	-	269
Prepays	-	-	-	-	-	-	25,916
Debt Service	-	-	-	-	216,846	-	216,846
Other Restricted Purposes	-	1,164,600	646,199	68,576	-	-	11,170,281
Unreserved Reported in							
Special Revenue Funds	-	-	-	-	-	-	7,351,365
Capital Project Funds	-	-	-	-	-	9,335,587	9,335,587
Total Fund Balances	-	1,164,600	646,199	68,576	216,846	9,335,587	28,100,264
Total Liabilities and Fund Balances	\$ 58,785	\$ 1,164,600	\$ 751,199	\$ 68,576	\$ 216,846	\$ 9,637,528	\$ 30,128,948

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	County Transportation Trust Special Revenue Fund	Library Cooperative Special Revenue Fund	Tourist Development Special Revenue Fund	Natural Disaster Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund
Revenues							
Taxes	\$ 2,551,901	\$ -	\$ 6,226,986	\$ -	\$ 867,785	\$ -	\$ 1,356,420
Licenses and Permits	-	-	937,431	-	-	433,028	-
Intergovernmental	5,621,111	144,776	246,315	277,170	-	-	70,047
Charges for Services	251,962	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-
Miscellaneous	41,754	417,603	108,748	6,444	517,946	10,155	81,796
Total Revenues	8,466,728	562,379	7,519,480	283,614	1,385,731	443,183	1,508,263
Expenditures							
Current							
General Government	-	-	-	-	-	-	-
Physical Environment	39,420	-	-	-	-	-	-
Transportation	9,628,554	-	466,007	-	-	449,335	-
Economic Environment	-	-	2,885,803	259,042	-	-	-
Human Services	-	-	-	-	880,193	-	-
Culture and Recreation	-	1,556,747	846,291	-	-	-	786,000
Court-Related	-	-	-	-	-	-	-
Capital Outlay	1,254,198	12,594	118,617	-	515,002	-	212,522
Debt Service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other Debt Service Costs	-	-	-	-	-	-	-
Total Expenditures	10,922,172	1,569,341	4,316,718	259,042	1,395,195	449,335	998,522

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	County Transportation Trust Special Revenue Fund	Library Cooperative Special Revenue Fund	Tourist Development Special Revenue Fund	Natural Disaster Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Service Benefit Units Special Revenue Fund	Unincorporated County Parks Special Revenue Fund
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,455,444)	(1,006,962)	3,202,762	24,572	(9,464)	(6,152)	509,741
Other Financing Sources (Uses)							
Transfers In	2,568,175	1,004,000	259,972	-	4,000	-	-
Transfers Out	-	-	(286,992)	(259,972)	-	-	-
Transfers Among Constitutional Officers	-	-	5,779	-	-	1,794	8,397
Total Other Financing Sources (Uses)	2,568,175	1,004,000	(21,241)	(259,972)	4,000	1,794	8,397
Net Change in Fund Balances	112,731	(2,962)	3,181,521	(235,400)	(5,464)	(4,358)	518,138
Fund Balances - Beginning	2,010,081	94,488	5,565,171	1,232,112	11,841	450,840	3,739,717
Fund Balances - Ending	\$ 2,122,812	\$ 91,526	\$ 8,746,692	\$ 996,712	\$ 6,377	\$ 446,482	\$ 4,257,855

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Court Special Revenue Fund	Public Records 10% Fine Special Revenue Fund	Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,594,088	\$ 12,597,180
Licenses and Permits	-	-	-	-	-	-	1,370,459
Intergovernmental	871,773	-	-	-	4,111,279	3,031,304	14,373,775
Charges for Services	2,750,110	91,871	276,572	68,456	-	-	3,438,971
Fines	894,424	-	-	120	-	-	894,544
Miscellaneous	870	27,496	23,533	-	(3,746)	240,608	1,473,207
Total Revenues	4,517,177	119,367	300,105	68,576	4,107,533	4,866,000	34,148,136
Expenditures							
Current							
General Government	-	153,322	-	-	190,750	-	344,072
Physical Environment	-	-	-	-	-	-	39,420
Transportation	-	-	-	-	-	1,568,269	12,112,165
Economic Environment	-	-	-	-	-	-	3,144,845
Human Services	-	-	-	-	-	-	880,193
Culture and Recreation	-	-	-	-	-	-	3,189,038
Court-Related	4,517,177	-	391,175	-	-	-	4,908,352
Capital Outlay	-	134,662	267,504	-	-	4,019,891	6,534,990
Debt Service							
Principal	-	-	-	-	587,575	-	587,575
Interest	-	-	-	-	45,532	-	45,532
Other Debt Service Costs	-	-	-	-	22,836	-	22,836
Total Expenditures	4,517,177	287,984	658,679	-	846,693	5,588,160	31,809,018

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Court Special Revenue Fund	Public Records 10% Fine Special Revenue Fund	Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(168,617)	(358,574)	68,576	3,260,840	(722,160)	2,339,118
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	536,992	-	4,373,139
Transfers Out	-	-	-	-	(3,787,175)	-	(4,334,139)
Transfers Among Constitutional Officers	-	-	-	-	-	-	15,970
Total Other Financing Sources (Uses)	-	-	-	-	(3,250,183)	-	54,970
Net Change in Fund Balances	-	(168,617)	(358,574)	68,576	10,657	(722,160)	2,394,088
Fund Balances - Beginning	-	1,333,217	1,004,773	-	206,189	10,057,747	25,706,176
Fund Balances - Ending	\$ -	\$ 1,164,600	\$ 646,199	\$ 68,576	\$ 216,846	\$ 9,335,587	\$ 28,100,264

Okaloosa County, Florida
CAPITAL OUTLAY CONSTRUCTION TRUST CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ 835	\$ 835
Intergovernmental	120,000	3,042,529	1,937,823	(1,104,706)
Miscellaneous	11,579,017	12,464,385	427,194	(12,037,191)
	11,699,017	15,506,914	2,365,852	(13,141,062)
Expenditures				
Current				
General Government	9,332,500	10,805,184	157,781	10,647,403
Public Safety	-	-	2,060,578	(2,060,578)
Culture and Recreation	471,017	478,037	37,916	440,121
Capital Outlay	2,605,500	4,933,693	2,281,613	2,652,080
	12,409,017	16,216,914	4,537,888	11,679,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	(710,000)	(710,000)	(2,172,036)	(1,462,036)
Other Financing Sources (Uses)				
Transfers In	2,110,000	2,110,000	2,000,643	(109,357)
Transfers Out	(1,400,000)	(1,400,000)	(1,400,000)	-
	710,000	710,000	600,643	(109,357)
Net Change in Fund Balance	-	-	(1,571,393)	(1,571,393)
Fund Balance - Beginning	-	-	11,990,701	11,990,701
Fund Balance - Ending	\$ -	\$ -	\$ 10,419,308	\$ 10,419,308

Okaloosa County, Florida
COUNTY TRANSPORTATION TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,900,000	\$ 2,600,000	\$ 2,551,901	\$ (48,099)
Intergovernmental	5,123,367	5,929,700	5,621,111	(308,589)
Charges for Services	244,700	244,799	251,962	7,163
Miscellaneous	1,988,688	2,042,780	41,754	(2,001,026)
Total Revenues	10,256,755	10,817,279	8,466,728	(2,350,551)
Expenditures				
Physical Environment	-	11,222	39,420	(28,198)
Transportation	10,197,230	10,263,430	9,628,554	634,876
Capital Outlay	2,177,700	3,110,802	1,254,198	1,856,604
Total Expenditures	12,374,930	13,385,454	10,922,172	2,463,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,118,175)	(2,568,175)	(2,455,444)	112,731
Other Financing Sources (Uses)				
Transfers In	2,118,175	2,568,175	2,568,175	-
Total Other Financing Sources (Uses)	2,118,175	2,568,175	2,568,175	-
Net Change in Fund Balance	-	-	112,731	112,731
Fund Balance - Beginning	-	-	2,010,081	2,010,081
Fund Balance - Ending	\$ -	\$ -	\$ 2,122,812	\$ 2,122,812

Okaloosa County, Florida
LIBRARY COOPERATIVE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 180,000	\$ 188,684	\$ 144,776	\$ (43,908)
Miscellaneous	88,000	509,008	417,603	(91,405)
Total Revenues	<u>268,000</u>	<u>697,692</u>	<u>562,379</u>	<u>(135,313)</u>
Expenditures				
Current				
Culture and Recreation	1,252,000	1,689,097	1,556,747	132,350
Capital Outlay	20,000	12,595	12,594	1
Total Expenditures	<u>1,272,000</u>	<u>1,701,692</u>	<u>1,569,341</u>	<u>132,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,004,000)</u>	<u>(1,004,000)</u>	<u>(1,006,962)</u>	<u>(2,962)</u>
Other Financing Sources (Uses)				
Transfers In	1,004,000	1,004,000	1,004,000	-
Total Other Financing Sources (Uses)	<u>1,004,000</u>	<u>1,004,000</u>	<u>1,004,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	(2,962)	(2,962)
Fund Balance - Beginning	-	-	94,488	94,488
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,526</u>	<u>\$ 91,526</u>

Okaloosa County, Florida
TOURIST DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 6,150,000	\$ 6,150,000	\$ 6,226,986	\$ 76,986
Licenses and Permits	1,301,225	1,301,225	937,431	(363,794)
Intergovernmental	-	3,245,621	246,315	(2,999,306)
Miscellaneous	5,445,000	5,728,275	108,748	(5,619,527)
Total Revenues	12,896,225	16,425,121	7,519,480	(8,905,641)
Expenditures				
Current				
Transportation	282,000	546,600	466,007	80,593
Economic Environment	5,933,348	6,052,125	2,885,803	3,166,322
Culture and Recreation	6,185,851	9,590,558	846,291	8,744,267
Capital Outlay	151,026	151,810	118,617	33,193
Total Expenditures	12,552,225	16,341,093	4,316,718	12,024,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	344,000	84,028	3,202,762	3,118,734
Other Financing Sources (Uses)				
Transfers In	-	259,972	259,972	-
Transfers Out	(344,000)	(344,000)	(286,992)	57,008
Transfers Among Constitutional Officers	-	-	5,779	5,779
Total Other Financing Sources (Uses)	(344,000)	(84,028)	(21,241)	62,787
Net Change in Fund Balance	-	-	3,181,521	3,181,521
Fund Balance - Beginning	-	-	5,565,171	5,565,171
Fund Balance - Ending	\$ -	\$ -	\$ 8,746,692	\$ 8,647,527

Okaloosa County, Florida
NATURAL DISASTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 1,333,591	\$ 277,170	\$ (1,056,421)
Miscellaneous	-	450,485	6,444	(444,041)
Total Revenues	-	1,784,076	283,614	(1,500,462)
Expenditures				
Current				
Economic Environment	-	1,524,104	259,042	1,265,062
Total Expenditures	-	1,524,104	259,042	1,265,062
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	259,972	24,572	(235,400)
Other Financing Sources (Uses)				
Transfers Out	-	(259,972)	(259,972)	-
Total Other Financing Sources (Uses)	-	(259,972)	(259,972)	-
Net Change in Fund Balance	-	-	(235,400)	(235,400)
Fund Balance - Beginning	-	-	1,232,112	1,232,112
Fund Balance - Ending	\$ -	\$ -	\$ 996,712	\$ 996,712

Okaloosa County, Florida
COUNTY PUBLIC HEALTH SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 867,196	\$ 867,196	\$ 867,785	\$ 589
Miscellaneous	14,000	530,844	517,946	(12,898)
Total Revenues	881,196	1,398,040	1,385,731	(12,309)
Expenditures				
Current				
Human Services	885,196	887,037	880,193	6,844
Capital Outlay	-	515,003	515,002	1
Total Expenditures	885,196	1,402,040	1,395,195	6,845
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(4,000)	(9,464)	(5,464)
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	-	-	(5,464)	(5,464)
Fund Balance - Beginning	-	-	11,841	11,841
Fund Balance - Ending	\$ -	\$ -	\$ 6,377	\$ 6,377

Okaloosa County, Florida
MUNICIPAL SERVICES BENEFIT UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Licenses and Permits	\$ 438,560	\$ 454,260	\$ 433,028	(21,232)
Miscellaneous	385,187	450,840	10,155	(440,685)
Total Revenues	823,747	905,100	443,183	(461,917)
Expenditures				
Current				
Transportation	786,537	847,858	449,335	398,523
Capital Outlay	37,210	57,242	-	57,242
Total Expenditures	823,747	905,100	449,335	455,765
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(6,152)	(6,152)
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	1,794	1,794
Total Other Financing Sources (Uses)	-	-	1,794	1,794
Net Change in Fund Balance	-	-	(4,358)	(4,358)
Fund Balance - Beginning	-	-	450,840	450,840
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,482</u>	<u>\$ 446,482</u>

Okaloosa County, Florida
UNINCORPORATED COUNTY PARKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,345,027	\$ 1,358,027	\$ 1,356,420	\$ (1,607)
Intergovernmental	-	130,479	70,047	(60,432)
Miscellaneous	3,560,000	3,852,717	81,796	(3,770,921)
Total Revenues	<u>4,905,027</u>	<u>5,341,223</u>	<u>1,508,263</u>	<u>(3,832,960)</u>
Expenditures				
Current				
Culture and Recreation	3,736,340	3,840,580	786,000	3,054,580
Capital Outlay	1,168,687	1,500,643	212,522	1,288,121
Total Expenditures	<u>4,905,027</u>	<u>5,341,223</u>	<u>998,522</u>	<u>4,342,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>509,741</u>	<u>509,741</u>
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	8,397	8,397
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,397</u>	<u>8,397</u>
Net Change in Fund Balance	-	-	518,138	518,138
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>3,739,717</u>	<u>3,739,717</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,257,855</u>	<u>\$ 4,257,855</u>

Okaloosa County, Florida
COURTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 865,411	\$ 871,773	\$ 6,362
Charges for Services	4,409,594	2,827,655	2,750,110	(77,545)
Fines	1,319,036	908,806	894,424	(14,382)
Miscellaneous	10,295	10,295	870	(9,425)
Total Revenues	5,738,925	4,612,167	4,517,177	(94,990)
Expenditures				
Current				
Court-Related	5,711,910	4,610,878	4,517,177	93,701
Capital Outlay	27,015	1,289	-	1,289
Total Expenditures	5,738,925	4,612,167	4,517,177	94,990
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
PUBLIC RECORDS MODERNIZATION TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 100,000	\$ 100,000	\$ 91,871	\$ (8,129)
Miscellaneous	1,373,000	1,373,000	27,496	(1,345,504)
Total Revenues	1,473,000	1,473,000	119,367	(1,353,633)
Expenditures				
Current				
General Government	-	154,587	153,322	1,265
Capital Outlay	1,473,000	1,318,413	134,662	1,183,751
Total Expenditures	1,473,000	1,473,000	287,984	1,185,016
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(168,617)	(168,617)
Net Change in Fund Balance	-	-	(168,617)	(168,617)
Fund Balance - Beginning	-	-	1,333,217	1,333,217
Fund Balance - Ending	\$ -	\$ -	\$ 1,164,600	\$ 1,164,600

Okaloosa County, Florida
PUBLIC RECORDS COURTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 350,000	\$ 350,000	\$ 276,572	\$ (73,428)
Miscellaneous	1,370,500	1,370,500	23,533	(1,346,967)
Total Revenues	1,720,500	1,720,500	300,105	(1,420,395)
Expenditures				
Current				
Court-Related	-	538,096	391,175	146,921
Capital Outlay	1,720,500	1,182,404	267,504	914,900
Total Expenditures	1,720,500	1,720,500	658,679	1,061,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(358,574)	(358,574)
Net Change in Fund Balance	-	-	(358,574)	(358,574)
Fund Balance - Beginning	-	-	1,004,773	1,004,773
Fund Balance - Ending	\$ -	\$ -	\$ 646,199	\$ 646,199

Okaloosa County, Florida
PUBLIC RECORDS 10% FINE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ -	\$ 65,000	\$ 68,456	\$ 3,456
Fines	-	-	120	120
Total Revenues	-	65,000	68,576	3,576
Expenditures				
Current				
Court-Related	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	65,000	68,576	3,576
Net Change in Fund Balance	-	65,000	68,576	3,576
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ 65,000	\$ 68,576	\$ 3,576

Okaloosa County, Florida
OKALOOSA DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 4,346,500	\$ 4,096,500	\$ 4,111,279	\$ 14,779
Miscellaneous	205,000	206,189	(3,746)	(209,935)
Total Revenues	<u>4,551,500</u>	<u>4,302,689</u>	<u>4,107,533</u>	<u>(195,156)</u>
Expenditures				
Current				
General Government	395,750	396,939	190,750	206,189
Principal	905,130	905,130	587,575	317,555
Interest	100,000	100,000	45,532	54,468
Other Debt Service Costs	25,000	25,000	22,836	2,164
Total Expenditures	<u>1,425,880</u>	<u>1,427,069</u>	<u>846,693</u>	<u>580,376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,125,620</u>	<u>2,875,620</u>	<u>3,260,840</u>	<u>385,220</u>
Other Financing Sources (Uses)				
Transfers In	661,555	911,555	536,992	(374,563)
Transfers Out	(3,787,175)	(3,787,175)	(3,787,175)	-
Total Other Financing Sources (Uses)	<u>(3,125,620)</u>	<u>(2,875,620)</u>	<u>(3,250,183)</u>	<u>(374,563)</u>
Net Change in Fund Balance	-	-	10,657	10,657
Fund Balance - Beginning	-	-	206,189	206,189
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,846</u>	<u>\$ 216,846</u>

Okaloosa County, Florida
ROAD AND BRIDGE CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,594,088	\$ (205,912)
Intergovernmental	2,850,000	6,649,875	3,031,304	(3,618,571)
Miscellaneous	8,722,078	11,023,746	240,608	(10,783,138)
Total Revenues	<u>13,372,078</u>	<u>19,473,621</u>	<u>4,866,000</u>	<u>(14,607,621)</u>
Expenditures				
Current				
Transportation	3,174,390	5,926,899	1,568,269	4,358,630
Capital Outlay	10,197,688	13,546,722	4,019,891	9,526,831
Total Expenditures	<u>13,372,078</u>	<u>19,473,621</u>	<u>5,588,160</u>	<u>13,885,461</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(722,160)</u>	<u>(722,160)</u>
Net Change in Fund Balance	-	-	(722,160)	(722,160)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>10,057,747</u>	<u>10,057,747</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,335,587</u>	<u>\$ 9,335,587</u>

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NONMAJOR ENTERPRISE FUNDS

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

Board of County Commissioners

Inspection and Code Enforcement Fund

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

Emergency Medical Services Fund

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

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
September 30, 2009

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VII)
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Investments	332	1,647	1,979
Receivables, Net of Allowance for Uncollectibles	13,550	3,086,864	3,100,414
Due from Other Elected Officials	-	438	438
Prepays	-	2,020	2,020
Total Current Assets	13,882	3,090,969	3,104,851
Noncurrent Assets			
Capital Assets			
Buildings	49,432	99,425	148,857
Intangible	42,425	30,150	72,575
Machinery and Equipment	347,028	4,309,836	4,656,864
Less Accumulated Depreciation	(390,600)	(2,574,519)	(2,965,119)
Total Capital Assets (Net of Accumulated Depreciation)	48,285	1,864,892	1,913,177
Total Noncurrent Assets	48,285	1,864,892	1,913,177
Total Assets	\$ 62,167	\$ 4,955,861	\$ 5,018,028

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
September 30, 2009

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VII)
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 1,690	\$ 70,234	\$ 71,924
Contracts Payable	-	30,878	30,878
Accrued Liabilities			
Compensated Absences	71,808	182,825	254,633
Other Accrued Liabilities	32,718	179,096	211,814
Due to Other Funds	116,185	290,515	406,700
Due to Other Governments	2,911	1,336	4,247
Deferred Revenue	39,691	5,173	44,864
Total Current Liabilities	265,003	760,057	1,025,060
Noncurrent Liabilities			
Compensated Absences	36,098	85,056	121,154
Other Post Employment Benefits	6,335	43,818	50,153
Total Noncurrent Liabilities	42,433	128,874	171,307
Total Liabilities	307,436	888,931	1,196,367
Equity			
Invested in Capital Assets, Net of Related Debt	48,285	1,864,892	1,913,177
Restricted for Debt Service	-	-	-
Restricted for Other Purposes	-	-	-
Unrestricted	(293,554)	2,202,038	1,908,484
Total Equity	(245,269)	4,066,930	3,821,661
Total Liabilities and Equity	\$ 62,167	\$ 4,955,861	\$ 5,018,028

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGE IN EQUITY
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit VIII)
Operating Revenues			
Licenses and Permits	\$ 690,258	\$ -	\$ 690,258
Charges for Services	122,229	5,035,528	5,157,757
Fines	5,500	-	5,500
Miscellaneous	947	-	947
Total Operating Revenues	818,934	5,035,528	5,854,462
Operating Expenses			
Personal Services	1,104,454	5,414,528	6,518,982
Contractual Services	12,143	422,690	434,833
Supplies	19,450	540,945	560,395
Utilities	-	33,126	33,126
Other Operating Expenses	67,399	488,311	555,710
Depreciation/Amortization	42,006	591,703	633,709
Total Operating Expenses	1,245,452	7,491,303	8,736,755
Operating Income (Loss)	(426,518)	(2,455,775)	(2,882,293)
Nonoperating Revenues (Expenses)			
Taxes	115,642	1,558,130	1,673,772
Intergovernmental	-	69,428	69,428
Investment Income	(18)	16,801	16,783
Gain/Loss on Disposal of Capital Assets	(38)	(12,365)	(12,403)
Total Nonoperating Revenues (Expenses)	115,586	1,631,994	1,747,580
Income (Loss) Before			
Contributions and Transfers	(310,932)	(823,781)	(1,134,713)
Capital Contributions	-	137,921	137,921
Transfers In	-	533,000	533,000
Change in Equity	(310,932)	(152,860)	(463,792)
Total Equity - Beginning as Restated	65,663	4,219,790	4,285,453
Total Equity - Ending	\$ (245,269)	\$ 4,066,930	\$ 3,821,661

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit IX)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 828,274	\$ 5,020,351	\$ 5,848,625
Payments to Suppliers	(46,951)	(722,922)	(769,873)
Payments to Employees	(944,453)	(5,183,920)	(6,128,373)
Payments for Interfund Services Used	(81,308)	(627,880)	(709,188)
Net Cash Provided (Used) by Operating Activities	<u>(244,438)</u>	<u>(1,514,371)</u>	<u>(1,758,809)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Taxes	115,642	1,557,753	1,673,395
Operating Subsidy - Intergovernmental Revenue	-	16,319	16,319
Transfers In	-	533,000	533,000
Interest Paid on non-Capital Debt	(1,104)	-	(1,104)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>114,538</u>	<u>2,107,072</u>	<u>2,221,610</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-	(480,234)	(480,234)
Capital Contributions	-	73,052	73,052
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(407,182)</u>	<u>(407,182)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	10,396	5,732	16,128
Interest Income	-	13,512	13,512
Net Cash Provided (Used) by Investing Activities	<u>10,396</u>	<u>19,244</u>	<u>29,640</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(119,504)	204,763	85,259
Cash and Cash Equivalents - Beginning of Year	<u>119,504</u>	<u>(204,763)</u>	<u>(85,259)</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-type Activities		
	Inspection and Code Enforcement	Emergency Medical Services	Total Nonmajor Enterprise Funds (Exhibit IX)
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (426,518)	\$ (2,455,775)	\$ (2,882,293)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	42,006	591,703	633,709
Decrease (Increase) in Assets			
Accounts Receivable	3,447	(15,177)	(11,730)
Prepaid Expenses	-	41	41
Increase (Decrease) in Liabilities			
Accounts Payable	(5,105)	8,801	3,696
Service Contracts Payable	(2,033)	(6,571)	(8,604)
Due to Other Funds	116,131	290,515	406,646
Due to Other Governments	738	277	1,015
Compensated Absences Payable	16,698	36,566	53,264
Other Accrued Liabilities	2,580	13,081	15,661
Deferred Revenue	5,155	-	5,155
Other Post Employment Benefits	2,463	22,168	24,631
Total Adjustments	<u>182,080</u>	<u>941,404</u>	<u>1,123,484</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (244,438)</u>	<u>\$ (1,514,371)</u>	<u>\$ (1,758,809)</u>
Noncash Investing, Capital, and Financing Activities:			
Loss on Disposal of Assets	\$ (2,951)	\$ (12,365)	\$ (15,316)
Unrealized Gain/(Loss) on Investments	\$ (38)	\$ 2,719	\$ 2,681

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INTERNAL SERVICE FUNDS

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

Board of County Commissioners

Self Insurance

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

Garage Service Fund

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

Clerk of the Circuit Court

Compensated Absences Fund

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

Sheriff

Compensated Absences Fund

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

Health Benefits Self Insurance Fund

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



Okaloosa County, Florida
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
September 30, 2009

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 114,282	\$ 187,253	\$ 265,118
Investments	1,180,696	2,512	-
Receivables, Net of Allowance for Uncollectibles	6,304	347	-
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	360	-
Due from Other Governments	-	119,290	-
Inventory	-	237,936	-
Prepays	5,862	-	-
Total Current Assets	1,307,144	547,698	265,118
Noncurrent Assets			
Capital Assets			
Land	-	316,861	-
Buildings	-	900,466	-
Improvements Other Than Buildings	-	257,345	-
Machinery and Equipment	33,478	2,188,434	-
Less Accumulated Depreciation	(31,638)	(2,948,218)	-
Total Capital Assets (Net of Accumulated Depreciation)	1,840	714,888	-
Total Noncurrent Assets	1,840	714,888	-
Total Assets	\$ 1,308,984	\$ 1,262,586	\$ 265,118

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ 910,594	\$ 1,569,814	\$ 3,047,061
-	-	1,183,208
-	-	6,651
354,809	-	354,809
-	-	360
-	-	119,290
-	-	237,936
-	-	5,862
<u>1,265,403</u>	<u>1,569,814</u>	<u>4,955,177</u>
-	-	316,861
-	-	900,466
-	-	257,345
-	-	2,221,912
-	-	(2,979,856)
-	-	716,728
-	-	716,728
<u>\$ 1,265,403</u>	<u>\$ 1,569,814</u>	<u>\$ 5,671,905</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
September 30, 2009

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 39,149	\$ 107,117	\$ -
Contracts Payable	111	17,194	-
Accrued Liabilities			
Compensated Absences	17,701	81,872	265,118
Claims and Judgments	1,699,833	-	-
Other Accrued Liabilities	6,373	30,507	-
Due to Other Funds	-	-	-
Due to Other Governments	-	12,923	-
Deferred Revenue	7,400	-	-
Total Current Liabilities	1,770,567	249,613	265,118
Noncurrent Liabilities			
Compensated Absences	18,704	74,579	-
Claims and Judgments	1,725,604	-	-
Other Post Employment Benefits	1,096	7,119	-
Total Noncurrent Liabilities	1,745,404	81,698	-
Total Liabilities	3,515,971	331,311	265,118
Equity			
Invested in Capital Assets, Net of Related Debt			
Unrestricted	1,841	714,888	-
	(2,208,828)	216,387	-
Total Equity	(2,206,987)	931,275	-
Total Liabilities and Equity	\$ 1,308,984	\$ 1,262,586	\$ 265,118

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ -	\$ -	\$ 146,266
-	-	17,305
1,265,403	-	1,630,094
-	508,339	2,208,172
-	-	36,880
-	57,200	57,200
-	-	12,923
-	-	7,400
<u>1,265,403</u>	<u>565,539</u>	<u>4,116,240</u>
-	-	93,283
-	-	1,725,604
-	2,538,436	2,546,651
<u>-</u>	<u>2,538,436</u>	<u>4,365,538</u>
<u>1,265,403</u>	<u>3,103,975</u>	<u>8,481,778</u>
-	-	716,729
-	(1,534,161)	(3,526,602)
<u>-</u>	<u>(1,534,161)</u>	<u>(2,809,873)</u>
<u>\$ 1,265,403</u>	<u>\$ 1,569,814</u>	<u>\$ 5,671,905</u>

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2009

	Self Insurance	Garage Services	Governmental Clerk of Court Compensated Absences
Operating Revenues			
Charges for Services	\$ 12,605,331	\$ 3,595,608	\$ 10,779
Miscellaneous	153,285	623	-
Total Operating Revenues	12,758,616	3,596,231	10,779
Operating Expenses			
Personal Services	216,470	1,067,637	10,779
Contractual Services	107,430	8,491	-
Supplies	3,991	2,317,408	-
Insurance Premiums and Claims	12,017,015	-	-
Utilities	-	9,153	-
Other Operating Expenses	5,471	215,733	-
Depreciation/Amortization	1,720	90,828	-
Total Operating Expenses	12,352,097	3,709,250	10,779
Operating Income (Loss)	406,519	(113,019)	-
Nonoperating Revenues (Expenses)			
Investment Income	27,384	78	-
Gain/Loss on Disposal of Capital Assets	(16,899)	2,533	-
Total Nonoperating Revenues (Expenses)	10,485	2,611	-
Income (Loss) Before Contributions and Transfers	417,004	(110,408)	-
Capital Contributions	-	157,840	-
Change in Equity	417,004	47,432	-
Total Equity - Beginning	(2,623,991)	883,843	-
Total Equity - Ending	\$ (2,206,987)	\$ 931,275	\$ -

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ -	\$ 3,529,789	\$ 19,741,507
-	-	153,908
-	3,529,789	19,895,415
-	1,543,888	2,838,774
-	239,180	355,101
-	-	2,321,399
-	2,631,018	14,648,033
-	-	9,153
-	1,116	222,320
-	-	92,548
-	4,415,202	20,487,328
-	(885,413)	(591,913)
-	1,549	29,011
-	-	(14,366)
-	1,549	14,645
-	(883,864)	(577,268)
-	-	157,840
-	(883,864)	(419,428)
-	(650,297)	(2,390,445)
\$ -	\$ (1,534,161)	\$ (2,809,873)

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2009

	Governmental		
	Self Insurance	Garage Services	Clerk of Court Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 9,439,771	\$ 590,955	\$ -
Receipts from Interfund Services Provided	3,314,215	3,042,793	10,779
Payments to Suppliers	(12,414,038)	(2,342,592)	-
Payments to Employees	(211,545)	(1,033,666)	-
Payments for Interfund Services Used	(56,042)	(98,837)	-
Net Cash Provided (Used) by Operating Activities	<u>72,361</u>	<u>158,653</u>	<u>10,779</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interest Expense	-	(993)	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>-</u>	<u>(993)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-	(2,190)	-
Proceeds from Disposal of Capital Assets	-	20,309	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>18,119</u>	<u>-</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	500,000	-	-
Interest Income	36,217	-	-
Purchases of Investments	(668,060)	(534)	-
Net Cash Provided (Used) by Investing Activities	<u>(131,843)</u>	<u>(534)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(59,482)	175,245	10,779
Cash and Cash Equivalents - Beginning of Year	<u>173,764</u>	<u>12,008</u>	<u>254,339</u>
Cash and Cash Equivalents - End of Year	<u>\$ 114,282</u>	<u>\$ 187,253</u>	<u>\$ 265,118</u>
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	<u>\$ 114,282</u>	<u>\$ 187,253</u>	<u>\$ 265,118</u>
Total	<u>\$ 114,282</u>	<u>\$ 187,253</u>	<u>\$ 265,118</u>

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IX)
\$ -	\$ -	\$ 10,030,726
10,356	4,086,062	10,464,205
-	(2,980,880)	(17,737,510)
-	-	(1,245,211)
-	-	(154,879)
<u>10,356</u>	<u>1,105,182</u>	<u>1,357,331</u>
-	-	(993)
-	-	(993)
-	-	(2,190)
-	-	20,309
-	-	18,119
-	-	500,000
-	1,549	37,766
-	-	(668,594)
-	1,549	(130,828)
10,356	1,106,731	1,243,629
900,238	463,083	1,803,432
<u>\$ 910,594</u>	<u>\$ 1,569,814</u>	<u>\$ 3,047,061</u>
<u>\$ 910,594</u>	<u>\$ 1,569,814</u>	<u>\$ 3,047,061</u>
<u>\$ 910,594</u>	<u>\$ 1,569,814</u>	<u>\$ 3,047,061</u>

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2009

	Governmental		
	Self Insurance	Garage Services	Clerk of Court Compensated Absences
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 406,519	\$ (113,019)	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	1,720	90,828	-
Decrease (Increase) in Assets			
Accounts Receivable	611	860	-
Due from Other Funds	-	(172)	-
Due from Other Governments	-	36,829	-
Inventories	-	63,454	-
Prepaid Expenses	2,542	-	-
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	24,061	43,095	-
Service Contracts Payable	(2)	15,175	-
Due to Other Funds	-	-	-
Due to Other Governments	-	12,923	-
Compensated Absences Payable	3,029	2,710	10,779
Claims and Judgments Payable	(362,241)	-	-
Other Accrued Liabilities	795	2,371	-
Deferred Revenue	(5,241)	-	-
Other Post Employment Benefits	568	3,599	-
Total Adjustments	(334,158)	271,672	10,779
Net Cash Provided (Used) by Operating Activities	\$ 72,361	\$ 158,653	\$ 10,779
Noncash Investing, Capital, and Financing Activities:			
Transfer of Capital Assets From Other Funds	\$ -	\$ 157,840	\$ -
Loss on Disposal of Capital Assets	\$ -	\$ (17,776)	\$ -
Unrealized Gain/(Loss) on Investments	\$ (5,272)	\$ (510)	\$ -

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IX)
\$ -	\$ (885,413)	\$ (591,913)
-	-	92,548
-	-	1,471
(344,453)	499,073	154,448
-	-	36,829
-	-	63,454
-	-	2,542
-	-	67,156
-	-	15,173
-	57,200	57,200
-	-	12,923
354,809	-	371,327
-	155,214	(207,027)
-	-	3,166
-	-	(5,241)
-	1,279,108	1,283,275
<u>10,356</u>	<u>1,990,595</u>	<u>1,949,244</u>
<u>\$ 10,356</u>	<u>\$ 1,105,182</u>	<u>\$ 1,357,331</u>
\$ -	\$ -	\$ 157,840
\$ -	\$ -	\$ (17,776)
\$ -	\$ -	\$ (5,782)

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Agency Funds

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

Clerk of Circuit Court

Fine and Forfeiture Fund

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

Jury and Witness Fund

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

Tax Deed Fund

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

Support Fund

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

Registry of Court Fund

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

Board of County Commissioners Trust Fund

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

State Trust Fund

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

Bridgeway Center Incorporated Trust Fund

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

Escrow Trust Fund

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

Juvenile Trust Fund

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

Cash Bond Trust Fund

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

Sheriff

Suspense (Levies) Fund

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

Tax Collector

Disbursements Fund

This fund is used to account for collection of current and delinquent property tax assessments as well as licenses and fees collected on behalf of Okaloosa County, municipalities and other taxing districts.

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2009

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	State Trust	Bridgeway Center Inc. Trust
ASSETS							
Cash and Cash Equivalents	\$ 934,207	\$ 34,978	\$ 99,299	\$ 65,653	\$ 960,718	\$ 320,737	\$ 320
Accounts Receivable	5,274	-	-	5,633	-	-	-
Due from Other Governments	-	-	-	-	-	2	-
Total Assets	<u>\$ 939,481</u>	<u>\$ 34,978</u>	<u>\$ 99,299</u>	<u>\$ 71,286</u>	<u>\$ 960,718</u>	<u>\$ 320,739</u>	<u>\$ 320</u>
LIABILITIES							
Due to Other Governments	\$ 939,481	\$ -	\$ -	\$ 487	\$ -	\$ 320,739	\$ -
Due to Depositors	-	34,978	99,299	70,799	960,718	-	320
Taxes Collected in Advance	-	-	-	-	-	-	-
Total Liabilities	<u>939,481</u>	<u>34,978</u>	<u>99,299</u>	<u>71,286</u>	<u>960,718</u>	<u>320,739</u>	<u>320</u>
NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2009

	Escrow Trust	Juvenile Trust	Cash Bond Trust	Suspense (Levies)	Disbursements	Total Agency Funds (Exhibit X)
ASSETS						
Cash and Cash Equivalents	\$ 145,373	\$ 1,354	\$ 475,444	\$ 4,399	\$ 1,044,172	\$ 4,086,654
Accounts Receivable	-	-	-	-	13,523	24,430
Due from Other Governments	-	-	-	-	-	2
Total Assets	\$ 145,373	\$ 1,354	\$ 475,444	\$ 4,399	\$ 1,057,695	\$ 4,111,086
LIABILITIES						
Due to Other Governments	\$ -	\$ -	\$ -	\$ -	\$ 15,024	\$ 1,275,731
Due to Depositors	145,373	1,354	475,444	4,399	93,307	1,885,991
Taxes Collected in Advance	-	-	-	-	949,364	949,364
Total Liabilities	145,373	1,354	475,444	4,399	1,057,695	4,111,086
NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009

	Balances September 30, 2008	Additions	Deletions	Balances September 30, 2009
FINE AND FORFEITURE AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 242,309	\$ 6,987,520	\$ 6,295,622	\$ 934,207
Accounts Receivable	5,994	24,321	25,041	5,274
Total Assets	<u>\$ 248,303</u>	<u>\$ 7,011,841</u>	<u>\$ 6,320,663</u>	<u>\$ 939,481</u>
LIABILITIES				
Due to Other Governments	<u>\$ 248,303</u>	<u>\$ 5,842,505</u>	<u>\$ 5,151,327</u>	<u>\$ 939,481</u>
JURY AND WITNESS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 6,647</u>	<u>\$ 37,817</u>	<u>\$ 9,486</u>	<u>\$ 34,978</u>
LIABILITIES				
Due to Depositors	<u>\$ 6,647</u>	<u>\$ 37,817</u>	<u>\$ 9,486</u>	<u>\$ 34,978</u>
TAX DEED AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 519,035</u>	<u>\$ 419,736</u>	<u>\$ 99,299</u>
LIABILITIES				
Due to Depositors	<u>\$ -</u>	<u>\$ 517,981</u>	<u>\$ 418,682</u>	<u>\$ 99,299</u>
SUPPORT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 65,970	\$ 4,743,343	\$ 4,743,660	\$ 65,653
Accounts Receivable	4,829	17,210	16,406	5,633
Total Assets	<u>\$ 70,799</u>	<u>\$ 4,760,553</u>	<u>\$ 4,760,066</u>	<u>\$ 71,286</u>
LIABILITIES				
Due to Other Governments	\$ -	\$ 5,888	\$ 5,401	\$ 487
Due to Depositors	70,799	-	-	70,799
Total Liabilities	<u>\$ 70,799</u>	<u>\$ 5,888</u>	<u>\$ 5,401</u>	<u>\$ 71,286</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009

	Balances September 30, 2008	Additions	Deletions	Balances September 30, 2009
REGISTRY OF COURT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,275,877	\$ 3,402,342	\$ 3,717,501	\$ 960,718
LIABILITIES				
Due to Depositors	\$ 1,275,877	\$ 3,372,171	\$ 3,687,330	\$ 960,718
STATE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 505,639	\$ 14,956,828	\$ 15,141,730	\$ 320,737
Due from Other Governments	1	20	19	2
Total Assets	\$ 505,640	\$ 14,956,848	\$ 15,141,749	\$ 320,739
LIABILITIES				
Due to Other Governments	\$ 505,640	\$ 14,956,829	\$ 15,141,730	\$ 320,739
BRIDGEWAY CENTER, INC. TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 335	\$ 1,237	\$ 1,252	\$ 320
LIABILITIES				
Due to Depositors	\$ 335	\$ 1,237	\$ 1,252	\$ 320
ESCROW AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 222,047	\$ 304,687	\$ 381,361	\$ 145,373
LIABILITIES				
Due to Depositors	\$ 222,047	\$ 304,687	\$ 381,361	\$ 145,373
JUVENILE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,002	\$ 49,642	\$ 49,290	\$ 1,354
LIABILITIES				
Due to Depositors	\$ 1,002	\$ 49,642	\$ 49,290	\$ 1,354

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009

	Balances September 30, 2008	Additions	Deletions	Balances September 30, 2009
CASH BOND TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 532,435	\$ 1,329,443	\$ 1,386,434	\$ 475,444
LIABILITIES				
Due to Depositors	\$ 532,435	\$ 1,288,248	\$ 1,345,239	\$ 475,444
SUSPENSE (LEVIES) AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 6,490	\$ 56,795	\$ 58,886	\$ 4,399
LIABILITIES				
Due to Depositors	\$ 6,490	\$ 55,375	\$ 57,466	\$ 4,399
DISBURSEMENTS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,061,201	\$ 258,358,211	\$ 258,375,240	\$ 1,044,172
Accounts Receivable	9,284	13,523	9,284	13,523
Total Assets	<u>\$ 1,070,485</u>	<u>\$ 258,371,734</u>	<u>\$ 258,384,524</u>	<u>\$ 1,057,695</u>
LIABILITIES				
Due to Other Governments	\$ 10,296	\$ 42,457,306	\$ 42,452,578	\$ 15,024
Due to Depositors	137,877	93,307	137,877	93,307
Taxes Collected in Advance	922,312	2,637,769	2,610,717	949,364
Total Liabilities	<u>\$ 1,070,485</u>	<u>\$ 45,188,382</u>	<u>\$ 45,201,172</u>	<u>\$ 1,057,695</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 3,919,952	\$ 290,746,900	\$ 290,580,198	\$ 4,086,654
Accounts Receivable	20,107	55,054	50,731	24,430
Due from Other Governments	1	290,934	290,933	2
Total Assets	<u>\$ 3,940,060</u>	<u>\$ 291,092,888</u>	<u>\$ 290,921,862</u>	<u>\$ 4,111,086</u>
LIABILITIES				
Due to Other Governments	\$ 764,239	\$ 63,262,528	\$ 62,751,036	\$ 1,275,731
Due to Depositors	2,253,509	5,720,465	6,087,983	1,885,991
Taxes Collected in Advance	922,312	2,637,769	2,610,717	949,364
Total Liabilities	<u>\$ 3,940,060</u>	<u>\$ 71,620,762</u>	<u>\$ 71,449,736</u>	<u>\$ 4,111,086</u>

STATISTICAL SECTION

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

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

Demographic and Economic Information

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

Operating Information

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

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

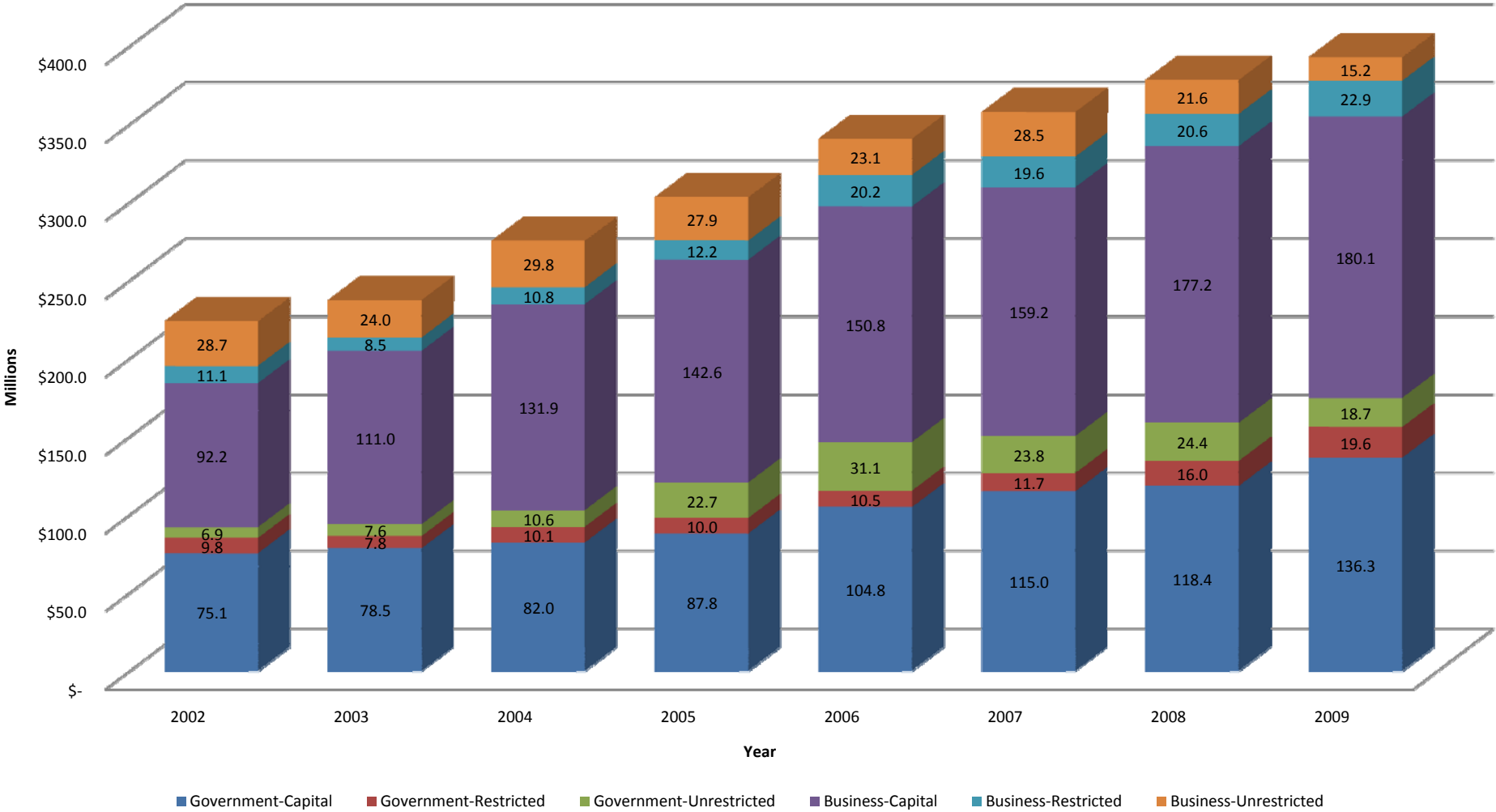


NET ASSETS BY CATEGORY - LAST EIGHT FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES:								
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$75,138	\$78,471	\$82,040	\$87,817	\$104,807	\$114,990	\$118,399	\$136,255
RESTRICTED:								
DEBT SERVICE	\$2,133	\$1,182	\$1,359	\$1,165	\$810	\$491	\$467	\$485
OTHER PURPOSES	\$7,688	\$6,656	\$8,730	\$8,793	\$9,707	\$11,190	\$15,537	\$19,153
UNRESTRICTED	\$6,893	\$7,583	\$10,634	\$22,725	\$31,083	\$23,766	\$24,418	\$18,709
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$91,852	\$93,892	\$102,763	\$120,500	\$146,407	\$150,437	\$158,821	\$174,602
BUSINESS-TYPE ACTIVITIES								
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$92,164	\$110,983	\$131,884	\$142,566	\$150,847	\$159,248	\$177,168	\$180,105
RESTRICTED:								
DEBT SERVICE	\$5,196	\$1,288	\$2,307	\$3,409	\$10,075	\$8,388	\$10,068	\$12,650
OTHER PURPOSES	\$5,928	\$7,203	\$8,509	\$8,818	\$10,092	\$11,167	\$10,570	\$10,262
UNRESTRICTED	\$28,662	\$23,992	\$29,752	\$27,942	\$23,140	\$28,517	\$21,632	\$15,200
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	\$131,950	\$143,466	\$172,452	\$182,735	\$194,154	\$207,320	\$219,438	\$218,217
PRIMARY GOVERNMENT								
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$167,302	\$189,454	\$213,924	\$230,383	\$255,654	\$274,238	\$295,567	\$316,360
RESTRICTED:								
DEBT SERVICE	\$7,329	\$2,470	\$3,666	\$4,574	\$10,885	\$8,879	\$10,535	\$13,135
OTHER PURPOSES	\$13,616	\$13,859	\$17,239	\$17,611	\$19,799	\$22,357	\$26,107	\$29,415
UNRESTRICTED	\$35,555	\$31,575	\$40,386	\$50,667	\$54,223	\$52,283	\$46,050	\$33,909
TOTAL PRIMARY GOVERNMENT NET ASSETS	\$223,802	\$237,358	\$275,215	\$303,235	\$340,561	\$357,757	\$378,259	\$392,819

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

Net Assets by Category Last Eight Fiscal Years

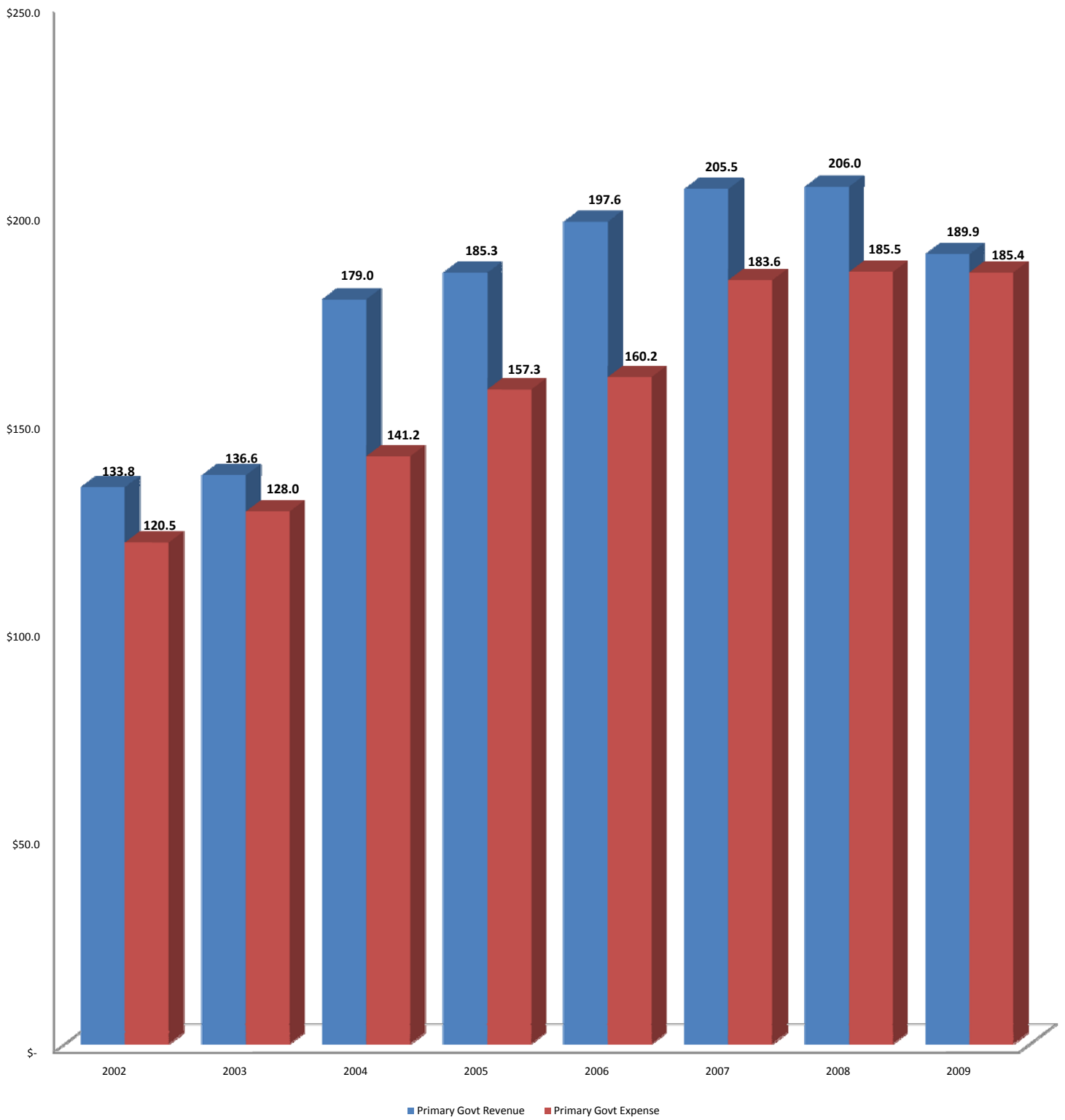


CHANGES IN NET ASSETS - LAST EIGHT FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
EXPENSES								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$20,800	\$22,324	\$23,079	\$25,088	\$27,579	\$31,202	\$34,777	\$31,008
PUBLIC SAFETY	29,686	32,501	35,416	38,476	41,752	47,315	49,963	53,499
PHYSICAL ENVIRONMENT	865	1,204	558	599	928	897	1,138	867
TRANSPORTATION	14,627	13,727	13,935	14,955	16,736	16,809	17,229	18,901
ECONOMIC ENVIRONMENT	5,738	5,510	12,240	14,182	7,966	6,581	6,471	7,456
HUMAN SERVICES	3,923	3,669	3,997	4,061	4,651	4,851	4,964	5,110
CULTURE AND RECREATION	2,517	2,550	2,870	3,426	3,695	8,496	5,069	4,500
COURT-RELATED	6,469	6,770	6,849	7,593	8,256	11,661	9,088	8,082
INTEREST AND FISCAL CHARGES	711	168	191	185	302	264	181	116
TOTAL GOVERNMENTAL EXPENSES	\$85,336	\$88,423	\$99,135	\$108,565	\$111,865	\$128,076	\$128,880	\$129,539
BUSINESS-TYPE ACTIVITIES:								
WATER AND SEWER	\$16,397	\$17,601	\$19,179	\$19,391	\$20,892	\$25,078	\$25,057	\$24,067
AIRPORT	3,191	3,367	3,871	8,632	6,832	7,649	8,363	9,804
SOLID WASTE	8,597	9,578	8,378	9,069	8,577	9,517	9,757	8,404
INSPECTIONS	1,175	1,371	1,915	2,206	2,398	2,207	1,582	1,245
EMERGENCY MEDICAL SERVICES	4,664	5,080	5,318	5,704	5,872	6,770	7,326	7,504
CONFERENCE CENTER	1,093	2,538	3,418	3,725	3,811	4,258	4,556	4,817
TOTAL BUSINESS-TYPE EXPENSES	\$35,117	\$39,535	\$42,079	\$48,727	\$48,382	\$55,479	\$56,641	\$55,841
TOTAL PRIMARY GOVERNMENT EXPENSES	\$120,453	\$127,958	\$141,214	\$157,292	\$160,247	\$183,555	\$185,521	\$185,380
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:								
CHARGES FOR SERVICES								
GENERAL GOVERNMENTAL	\$8,088	\$8,281	\$9,020	\$11,708	\$11,757	\$12,503	\$11,996	\$10,590
OTHER	8,269	9,035	11,888	13,213	15,818	14,433	17,218	17,359
OPERATING GRANTS AND CONTRIBUTIONS	10,075	9,895	18,505	22,627	13,854	10,986	6,167	10,843
CAPITAL GRANTS AND CONTRIBUTIONS	915	566	789	2,271	3,323	526	579	7,611
TOTAL GOVERNMENT PROGRAM REVENUE	\$27,347	\$27,777	\$40,202	\$49,819	\$44,752	\$38,448	\$35,960	\$46,403
BUSINESS-TYPE ACTIVITIES:								
CHARGES FOR SERVICES								
WATER & SEWER	\$19,405	\$19,777	\$21,179	\$21,206	\$22,387	\$22,403	\$24,207	\$22,662
OTHER	16,689	18,440	18,210	21,791	21,915	23,750	25,857	25,613
OPERATING GRANTS AND CONTRIBUTIONS	1,005	1,007	340	980	868	1,081	771	584
CAPITAL GRANTS AND CONTRIBUTIONS	2,825	4,967	25,018	8,897	5,716	9,927	9,204	6,226
TOTAL BUSINESS-TYPE PROGRAM REVENUE	\$39,924	\$44,191	\$64,747	\$52,874	\$50,886	\$57,161	\$60,039	\$55,085
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$67,271	\$71,968	\$104,949	\$102,693	\$95,638	\$95,609	\$95,999	\$101,488
NET (EXPENSE)/REVENUE								
GOVERNMENTAL ACTIVITIES	(\$57,989)	(\$60,646)	(\$58,933)	(\$58,746)	(\$67,113)	(\$89,628)	(\$92,920)	(\$83,136)
BUSINESS-TYPE ACTIVITIES	\$4,807	\$4,656	\$22,668	\$4,147	\$2,504	\$1,682	\$3,398	(\$756)
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(\$53,182)	(\$55,990)	(\$36,265)	(\$54,599)	(\$64,609)	(\$87,946)	(\$89,522)	(\$83,892)
GENERAL REVENUES								
GOVERNMENTAL ACTIVITIES:								
TAXES	\$40,543	\$44,101	\$48,617	\$54,145	\$66,042	\$73,868	\$76,704	\$68,952
STATE SHARED REVENUE	14,630	15,355	17,317	18,586	19,823	19,004	17,573	16,130
GRANT AND CONTRIBUTIONS NOT RESTRICTED	756	162	100	1,137	2,591	782	2,033	256
OTHER	2,782	(2,361)	1,771	2,615	4,563	4,725	3,710	3,783
TOTAL GOVERNMENTAL ACTIVITIES	\$58,711	\$57,257	\$67,805	\$76,483	\$93,019	\$98,379	\$100,020	\$89,121
BUSINESS-TYPE ACTIVITIES:								
TAXES	\$5,305	\$5,261	\$5,479	\$5,638	\$6,497	\$6,746	\$6,869	\$5,825
STATE SHARED REVENUE	0	0	0	0	0	0	0	0
GRANT AND CONTRIBUTIONS NOT RESTRICTED	5	705	0	8	674	(300)	96	25
OTHER	2,523	1,438	739	498	1,745	5,037	3,039	(6,594)
TOTAL BUSINESS-TYPE ACTIVITIES	\$7,833	\$7,404	\$6,218	\$6,144	\$8,916	\$11,483	\$10,004	(\$744)
CHANGES IN NET ASSETS								
GOVERNMENTAL ACTIVITIES	\$722	(\$3,389)	\$8,872	\$17,737	\$25,906	\$8,751	\$7,100	\$5,985
BUSINESS-TYPE ACTIVITIES	\$12,640	\$12,060	\$28,886	\$10,291	\$11,420	\$13,165	\$13,402	(\$1,500)
TOTAL PRIMARY GOVERNMENT	\$13,362	\$8,671	\$37,758	\$28,028	\$37,326	\$21,916	\$20,502	\$4,485

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

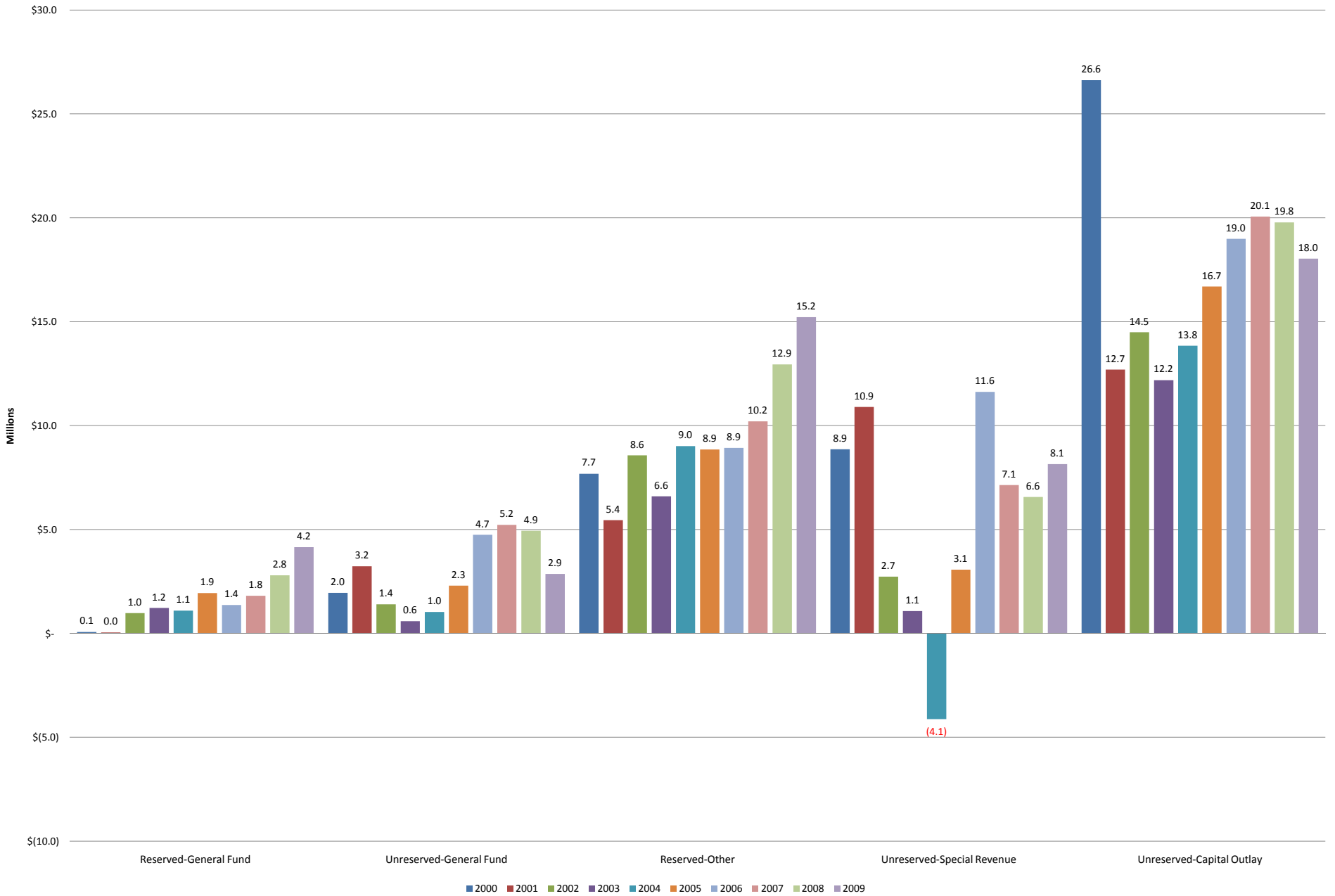
Changes in Net Assets - Primary Government Last Eight Fiscal Years



FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(modified accrual basis of accounting)	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL FUND										
RESERVED	\$71,446	\$44,264	\$979,234	\$1,223,759	\$1,097,214	\$1,938,678	\$1,369,275	\$1,812,954	\$2,797,024	\$4,150,682
UNRESERVED	\$1,952,241	\$3,232,617	\$1,401,793	\$589,918	\$1,029,675	\$2,298,682	\$4,748,244	\$5,220,535	\$4,937,348	\$2,866,210
TOTAL GENERAL FUND	\$2,023,687	\$3,276,881	\$2,381,027	\$1,813,677	\$2,126,889	\$4,237,360	\$6,117,519	\$7,033,489	\$7,734,372	\$7,016,892
ALL OTHER GOVERNMENTAL FUNDS										
RESERVED	\$7,685,548	\$5,449,831	\$8,570,380	\$6,598,434	\$9,008,718	\$8,853,686	\$8,926,974	\$10,205,357	\$12,946,707	\$15,218,909
UNRESERVED, REPORTED IN:										
SPECIAL REVENUE FUNDS	\$8,861,268	\$10,897,386	\$2,728,442	\$1,073,163	(\$4,122,276)	\$3,062,924	\$11,623,002	\$7,136,986	\$6,561,536	\$8,143,049
CAPITAL OUTLAY FUNDS	\$26,623,297	\$12,690,223	\$14,488,019	\$12,191,043	\$13,841,110	\$16,694,319	\$18,982,709	\$20,060,394	\$19,778,366	\$18,039,439
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$43,170,113	\$29,037,440	\$25,786,841	\$19,862,640	\$18,727,552	\$28,610,929	\$39,532,685	\$37,402,737	\$39,286,609	\$41,401,397
TOTAL FUND BALANCES	\$45,193,800	\$32,314,321	\$28,167,868	\$21,676,317	\$20,854,441	\$32,848,289	\$45,650,204	\$44,436,226	\$47,020,981	\$48,418,289

Fund Balances - Governmental Funds Last Ten Fiscal Years



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

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
TAXES	\$38,591,194	\$39,888,339	\$40,520,854	\$44,079,158	\$48,610,746	\$54,145,087	\$66,042,747	\$73,867,055	\$73,373,458	\$72,281,816
LICENSES & PERMITS	\$299,429	\$327,776	\$277,960	\$211,365	\$307,090	\$313,921	\$284,662	\$214,234	\$9,100	\$1,380,759
INTERGOVERNMENTAL	\$23,235,307	\$31,507,232	\$25,550,457	\$25,736,508	\$29,948,522	\$44,050,979	\$42,539,492	\$31,531,631	\$30,009,477	\$35,475,825
CHARGES FOR SERVICES	\$10,104,608	\$14,300,586	\$15,404,032	\$16,763,572	\$19,859,820	\$23,363,924	\$24,735,690	\$23,289,780	\$22,131,456	\$20,050,104
FINES & FORFEITURES	\$453,814	\$381,709	\$243,741	\$340,185	\$253,841	\$493,912	\$719,436	\$2,522,536	\$1,611,445	\$311,933
MISCELLANEOUS	\$6,348,036	\$4,268,485	\$3,492,621	\$2,698,607	\$1,908,070	\$3,603,462	\$6,305,145	\$5,359,597	\$6,452,039	\$4,053,181
TOTAL REVENUES	\$79,032,388	\$90,674,127	\$85,489,665	\$89,829,395	\$100,888,089	\$125,971,285	\$140,627,172	\$136,784,833	\$133,586,975	\$133,553,618
EXPENDITURES										
GENERAL GOVERNMENT SERVICES	\$17,485,826	\$18,717,186	\$19,260,964	\$21,570,112	\$22,138,458	\$24,124,802	\$26,533,691	\$29,818,265	\$33,527,359	\$31,564,827
PUBLIC SAFETY	\$22,873,016	\$26,235,367	\$27,551,754	\$30,967,864	\$33,702,978	\$36,640,308	\$39,715,240	\$45,003,091	\$47,406,613	\$48,819,375
PHYSICAL ENVIRONMENT	\$408,175	\$470,648	\$784,080	\$984,816	\$539,630	\$582,092	\$769,308	\$869,499	\$952,412	\$822,003
TRANSPORTATION	\$9,161,186	\$10,032,015	\$11,215,465	\$10,585,261	\$10,757,562	\$11,595,450	\$13,126,158	\$12,859,021	\$13,124,250	\$14,177,430
ECONOMIC ENVIRONMENT	\$4,619,959	\$4,983,462	\$5,690,974	\$5,465,572	\$12,205,205	\$14,145,616	\$7,793,104	\$6,387,789	\$6,297,322	\$7,415,472
HUMAN SERVICES	\$3,093,515	\$2,828,631	\$3,618,738	\$3,385,124	\$3,736,433	\$3,806,130	\$4,372,186	\$4,538,445	\$4,654,542	\$4,803,243
CULTURE AND RECREATION	\$1,881,018	\$1,952,606	\$2,071,854	\$2,116,443	\$2,464,105	\$3,003,389	\$3,355,917	\$8,137,562	\$4,494,534	\$3,887,890
COURT RELATED	\$5,023,674	\$5,762,977	\$6,260,577	\$6,633,646	\$6,733,490	\$7,489,743	\$7,947,657	\$11,448,620	\$8,752,790	\$8,114,665
CAPITAL OUTLAY	\$9,343,581	\$18,021,322	\$10,010,816	\$14,274,768	\$9,943,885	\$13,283,171	\$26,494,998	\$16,993,757	\$11,226,400	\$12,625,889
PRINCIPAL RETIREMENT	\$292,319	\$423,242	\$560,971	\$1,683,484	\$809,166	\$629,345	\$818,774	\$1,934,681	\$1,737,530	\$587,575
INTEREST	\$837,090	\$108,445	\$82,547	\$29,792	\$46,392	\$36,382	\$48,794	\$66,319	\$85,381	\$45,532
OTHER CHARGES	\$126,532	\$1,358	\$1,015	\$1,587	\$1,500	\$1,000	\$2,000	\$23,699	\$24,187	\$22,836
TOTAL EXPENDITURES	\$75,145,891	\$89,537,259	\$87,109,755	\$97,698,469	\$103,078,804	\$115,337,428	\$130,977,827	\$138,080,748	\$132,283,320	\$132,886,737
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	\$3,886,497	\$1,136,868	(\$1,620,090)	(\$7,869,074)	(\$2,190,715)	\$10,633,857	\$9,649,345	(\$1,295,915)	\$1,303,655	\$666,881
OTHER FINANCING SOURCES (USES)										
OPERATING TRANSFERS IN	\$11,750,020	\$6,476,841	\$8,430,164	\$5,021,377	\$6,648,881	\$7,706,649	\$7,908,387	\$9,898,053	\$9,066,308	\$8,965,209
OPERATING TRANSFERS OUT	(\$10,986,025)	(\$6,061,437)	(\$11,422,313)	(\$4,478,111)	(\$6,223,181)	(\$6,796,666)	(\$7,305,817)	(\$8,895,030)	(\$7,782,208)	(\$8,234,782)
BUDGET TRANSFERS AMONG										
CONSTITUTIONAL OFFICERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEEDS FROM CAPITAL LEASES	\$0	\$0	\$0	\$0	\$0	\$450,009	\$0	\$0	\$0	\$0
EXCESS FEES DUE TO OTHER GOVERNMENTS	\$0	\$0	(\$34,214)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEED FROM LONG-TERM-DEBT	\$13,216,815	\$0	\$500,000	\$834,257	\$943,138	\$0	\$2,550,000	\$3,800,000	\$0	\$0
TOTAL OTHER FINANCING SOURCES(USES)	\$13,980,810	\$415,404	(\$2,526,363)	\$1,377,523	\$1,368,838	\$1,359,992	\$3,152,570	\$4,803,023	\$1,284,100	\$730,427
NET CHANGE IN FUND BALANCES	\$17,867,307	\$1,552,272	(\$4,146,453)	(\$6,491,551)	(\$821,877)	\$11,993,849	\$12,801,915	\$3,507,108	\$2,587,755	\$1,397,308
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	1.91%	0.75%	0.84%	2.06%	0.92%	0.65%	0.83%	1.67%	1.53%	0.55%

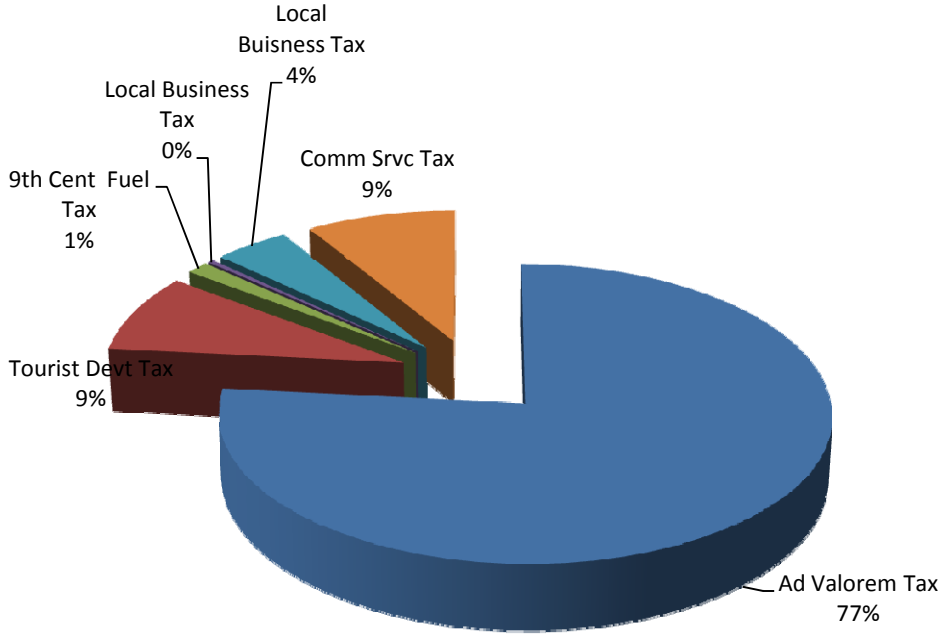
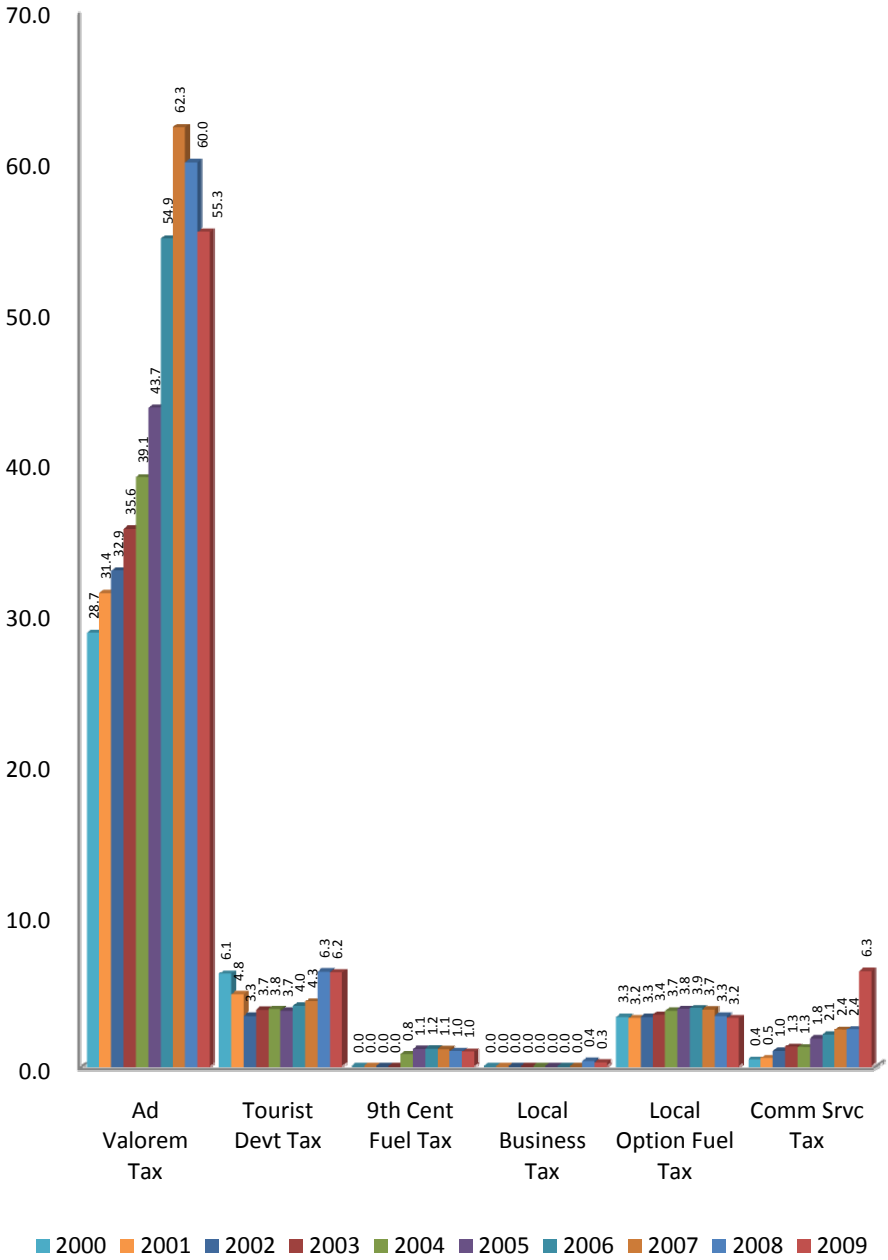
Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years



GOVERNMENTAL TAX REVENUES BY SOURCE - LAST TEN FISCAL YEARS

FISCAL YEAR	AD VALOREM TAX	TOURIST DEVELOPMENT TAX	9TH CENT VOTED FUEL TAX	LOCAL BUSINESS TAX	LOCAL OPTION FUEL TAX	COMMUNICATION SERVICE TAX	TOTAL TAXES
2000	\$28,735,596	\$6,135,649		\$0	\$3,275,669	\$444,280	\$38,591,194
2001	\$31,389,482	\$4,779,203		\$0	\$3,185,769	\$533,885	\$39,888,339
2002	\$32,870,420	\$3,339,205		\$0	\$3,278,258	\$1,032,971	\$40,520,854
2003	\$35,639,550	\$3,739,558		\$0	\$3,411,982	\$1,288,068	\$44,079,158
2004	\$39,068,982	\$3,797,314	\$803,205	\$0	\$3,682,774	\$1,258,471	\$48,610,746
2005	\$43,674,282	\$3,680,706	\$1,139,965	\$0	\$3,807,944	\$1,842,188	\$54,145,086
2006	\$54,897,396	\$4,023,127	\$1,160,768	\$0	\$3,858,003	\$2,103,453	\$66,042,748
2007	\$62,280,020	\$4,293,620	\$1,128,995	\$0	\$3,749,553	\$2,414,866	\$73,867,054
2008	\$59,958,051	\$6,285,864	\$1,003,998	\$350,931	\$3,337,538	\$2,437,077	\$73,373,458
2009	\$55,342,840	\$6,226,986	\$957,813	\$252,511	\$3,188,176	\$6,313,490	\$72,281,816

Governmental Tax Revenues by Source Fiscal Year 2009 (\$72,281,816)

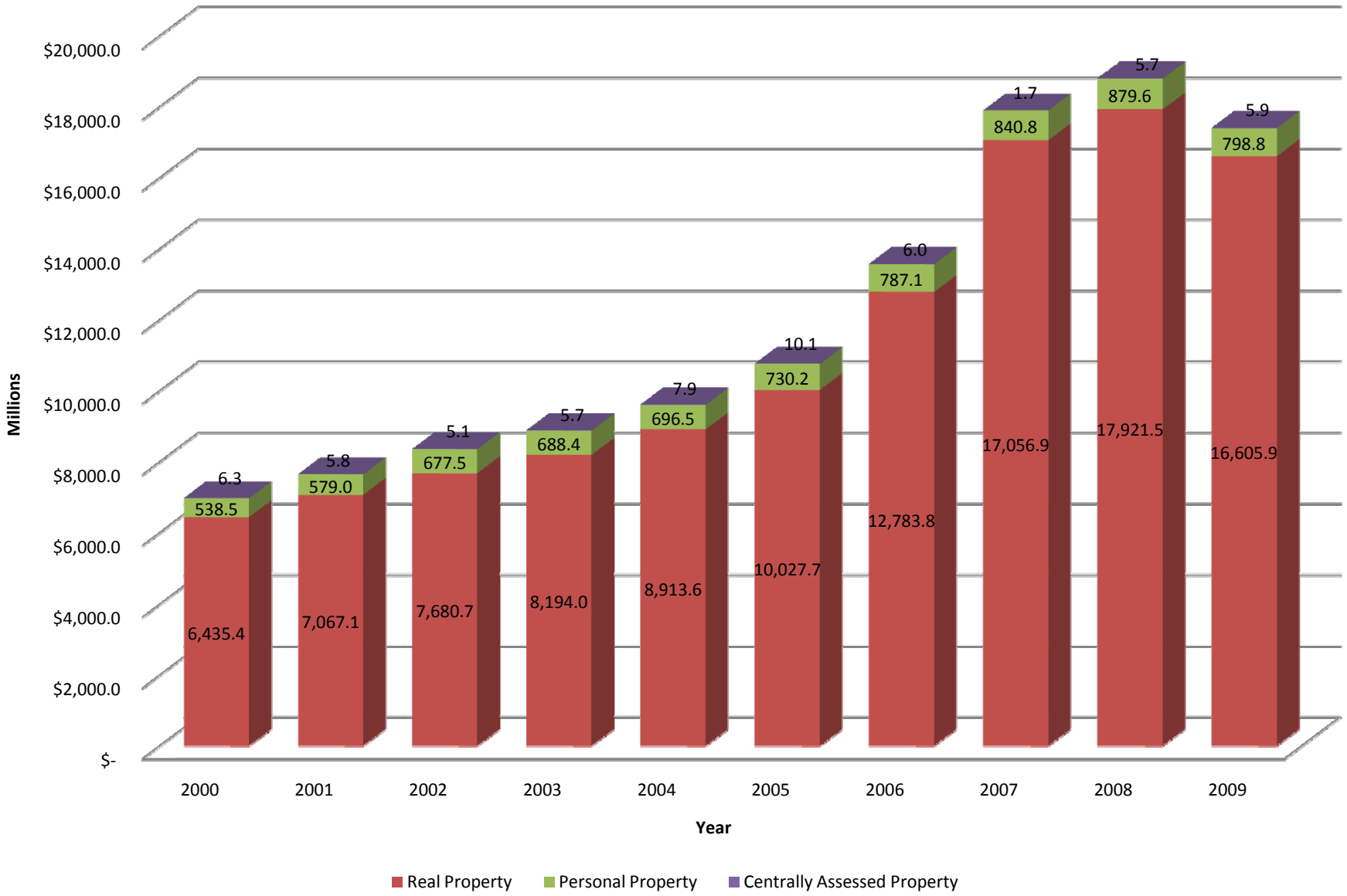


TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY - LAST TEN FISCAL YEARS

FISCAL YEAR	ASSESSED VALUE			TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE (1)	ASSESSED TO ESTIMATED ACTUAL
	REAL PROPERTY	PERSONAL PROPERTY	CENTRALLY ASSESSED PROPERTY				
2000	6,435,422,487	538,514,086	6,275,364	6,980,211,937	12.5651	8,212,014,044	85.00%
2001	7,067,061,592	578,955,906	5,766,918	7,651,784,416	12.7262	9,002,099,313	85.00%
2002	7,680,697,180	677,541,625	5,110,044	8,363,348,849	12.6007	9,839,233,940	85.00%
2003	8,193,996,199	688,433,422	5,742,536	8,888,172,157	12.7927	10,456,673,126	85.00%
2004	8,913,575,789	696,513,719	7,934,493	9,618,024,001	12.8094	11,315,322,354	85.00%
2005	10,027,698,523	730,162,016	10,055,839	10,767,916,378	12.8094	12,668,136,915	85.00%
2006	12,783,763,622	787,145,427	5,994,612	13,576,903,661	12.5784	15,972,827,836	85.00%
2007	17,056,877,307	840,818,749	1,672,030	17,899,368,086	11.6445	21,058,080,101	85.00%
2008	17,921,513,970	879,629,168	5,697,214	18,806,840,352	11.1721	22,125,694,532	85.00%
2009	16,605,928,228	798,827,354	5,875,411	17,410,630,993	11.1035	20,483,095,286	85.00%

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

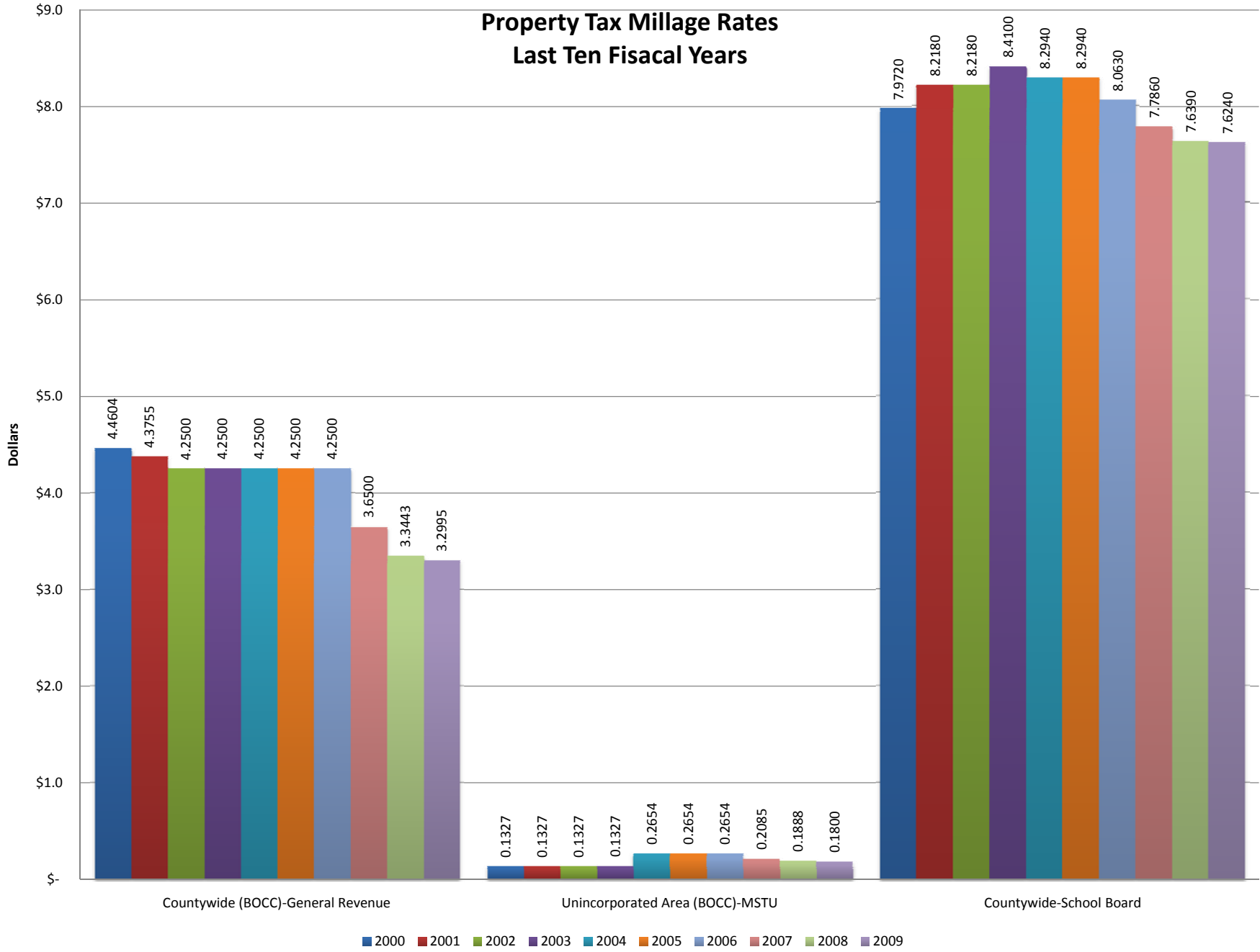
Taxable Assesed Value Last Ten Fiscal Years



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

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
COUNTYWIDE (BOCC)										
GENERAL REVENUE	4.4604	4.3755	4.2500	4.2500	4.2500	4.2500	4.2500	3.6500	3.3443	3.2995
UNINCORPORATED AREA (BOCC)										
MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.1327	0.1327	0.1327	0.1327	0.2654	0.2654	0.2654	0.2085	0.1888	0.1800
COUNTYWIDE (OTHER)										
SCHOOL BOARD	7.9720	8.2180	8.2180	8.4100	8.2940	8.2940	8.0630	7.7860	7.6390	7.6240
TOTAL MILLAGES	12.5651	12.7262	12.6007	12.7927	12.8094	12.8094	12.5784	11.6445	11.1721	11.1035
MUNICIPALITIES										
CINCO BAYOU	2.3000	2.3000	2.3000	2.3000	2.3000	2.3000	2.3000	2.3000	2.0639	2.0639
CRESTVIEW	5.8610	6.9990	6.9990	6.9990	6.9000	6.9000	6.9990	6.4989	5.8466	5.8466
DESTIN	1.7500	1.7500	1.8000	1.8000	1.8000	1.8000	1.8000	1.5000	1.4550	1.4550
FORT WALTON BEACH	4.9700	4.9700	4.9700	4.9700	4.9700	4.9700	4.9700	4.6400	4.1986	4.1986
LAUREL HILL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	5.0000	4.8400
MARY ESTHER	2.8370	2.8370	3.5000	3.5000	3.5000	3.5000	3.5000	3.4000	3.0125	2.6996
NICEVILLE	3.0000	3.0000	3.0000	3.3000	3.3000	3.5000	3.5000	3.5000	3.2669	3.2000
SHALIMAR	3.0000	3.0000	2.8000	2.8000	2.8000	2.7000	2.4000	2.2000	2.0000	2.0000
VALPARAISO	3.3000	3.5000	3.9900	3.9900	3.9900	3.9900	3.9900	3.1200	2.8754	3.7500
SPECIAL DISTRICTS										
NW FLORIDA WATER MANAGEMENT	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0450	0.0450
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	0.7777	0.7386	0.7386	0.8600	0.8600	0.8600	0.8300	0.7700	0.8004	0.9009
EAST NICEVILLE FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	2.0000	2.0000	1.9200	2.0000
FLOROSA FIRE	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
NORTH BAY FIRE	1.5320	1.6500	1.7500	1.8500	1.8500	1.8750	2.0700	1.8000	1.6819	1.7827
OCEAN CITY-WRIGHT FIRE	1.6900	1.6900	1.6900	1.8000	1.8000	1.8000	1.8300	1.7800	1.6460	1.8144
OKALOOSA ISLAND FIRE	3.4500	3.3745	3.3042	2.9500	2.9950	2.6461	2.4305	1.9855	2.0250	1.9998
SYLVANIA HEIGHTS	3.9500	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

Property Tax Millage Rates Last Ten Fiscal Years

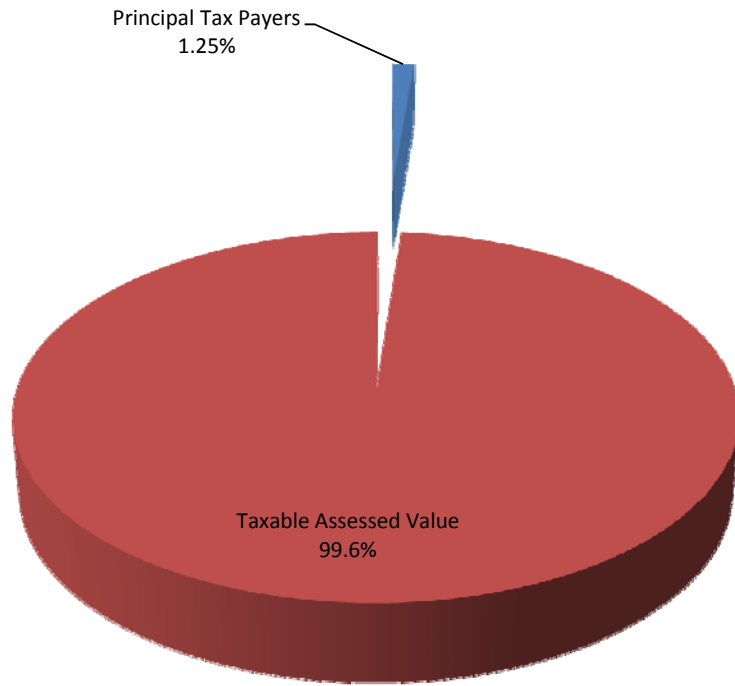


PRINCIPAL PROPERTY TAX PAYERS - LAST FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER

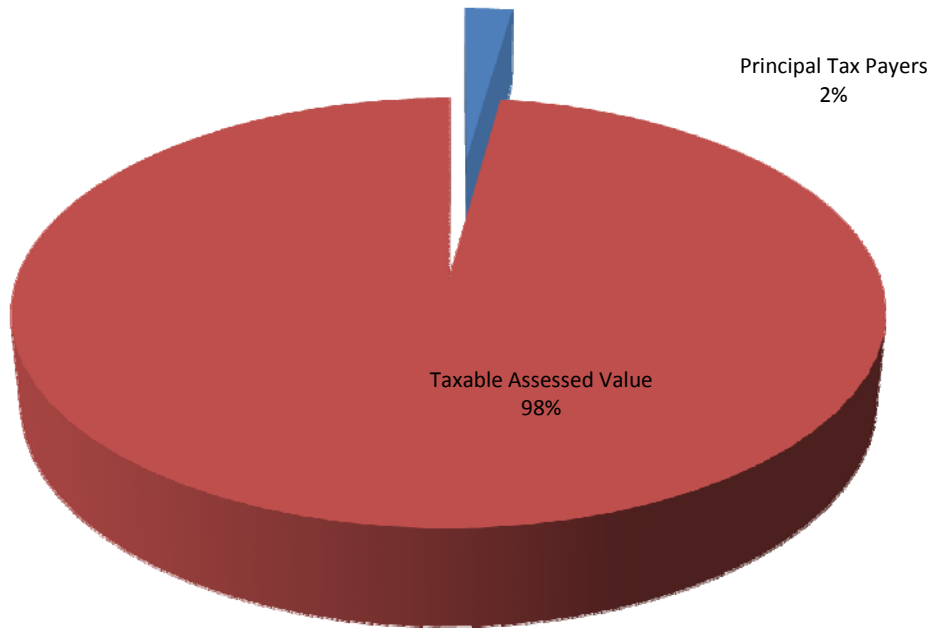
TAXPAYER	2009		2000	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
GULF POWER COMPANY	\$63,513,165	0.36%		
EMBARQ CORP	\$33,363,566	0.19%		
CHOCTAWATCHEE ELECTRIC CO	\$27,769,626	0.16%		
FLORIDA GAS TRANSMISSION CO	\$21,664,802	0.12%		
FT WALTON DEFENSE HOUSING LTD	\$17,534,846	0.10%		
FT WALTON BEACH MEDICAL	\$16,036,339	0.09%		
L-3 COMMUNICATIONS CRESTVIEW	\$11,445,150	0.07%		
SOUTHEASTERN CONSULTING & DEV	\$9,849,223	0.06%		
COXCOM INC	\$9,747,560	0.06%		
POWERSOUTH ENERGY COOPERATIVE	\$6,560,324	0.04%		
GULF POWER COMPANY			\$44,955,228	0.59%
SPRINT FLORIDA INC			\$31,431,396	0.41%
U S GOVERNMENT			\$23,000,000	0.30%
CHOCTAWHATCHEE ELECTIRC CO			\$15,007,151	0.20%
FORT WALTON DEFENSE HOUSING LTD			\$12,596,870	0.16%
FLORIDA GAS TRANS CO			\$11,818,492	0.15%
FORT WALTON BEACH MEDICAL			\$10,016,585	0.13%
OKALOOSA COUNTY			\$9,600,752	0.13%
EMERLAD COAST ABLE - SOUTH CTY			\$7,297,592	0.10%
ALABAMA ELECTIRC COOP INC			\$5,145,119	0.07%
TOTAL PRINCIPAL TAXPAYER VALUE	\$217,484,601	1.25%	\$170,869,185	2.23%
TOTAL TAXABLE ASSESSED VALUE	\$17,410,630,993	100.0%	\$7,651,784,416	100.0%

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Principal Property Tax Payers Current Year 2009



Principal Property Tax Payers Year 2000

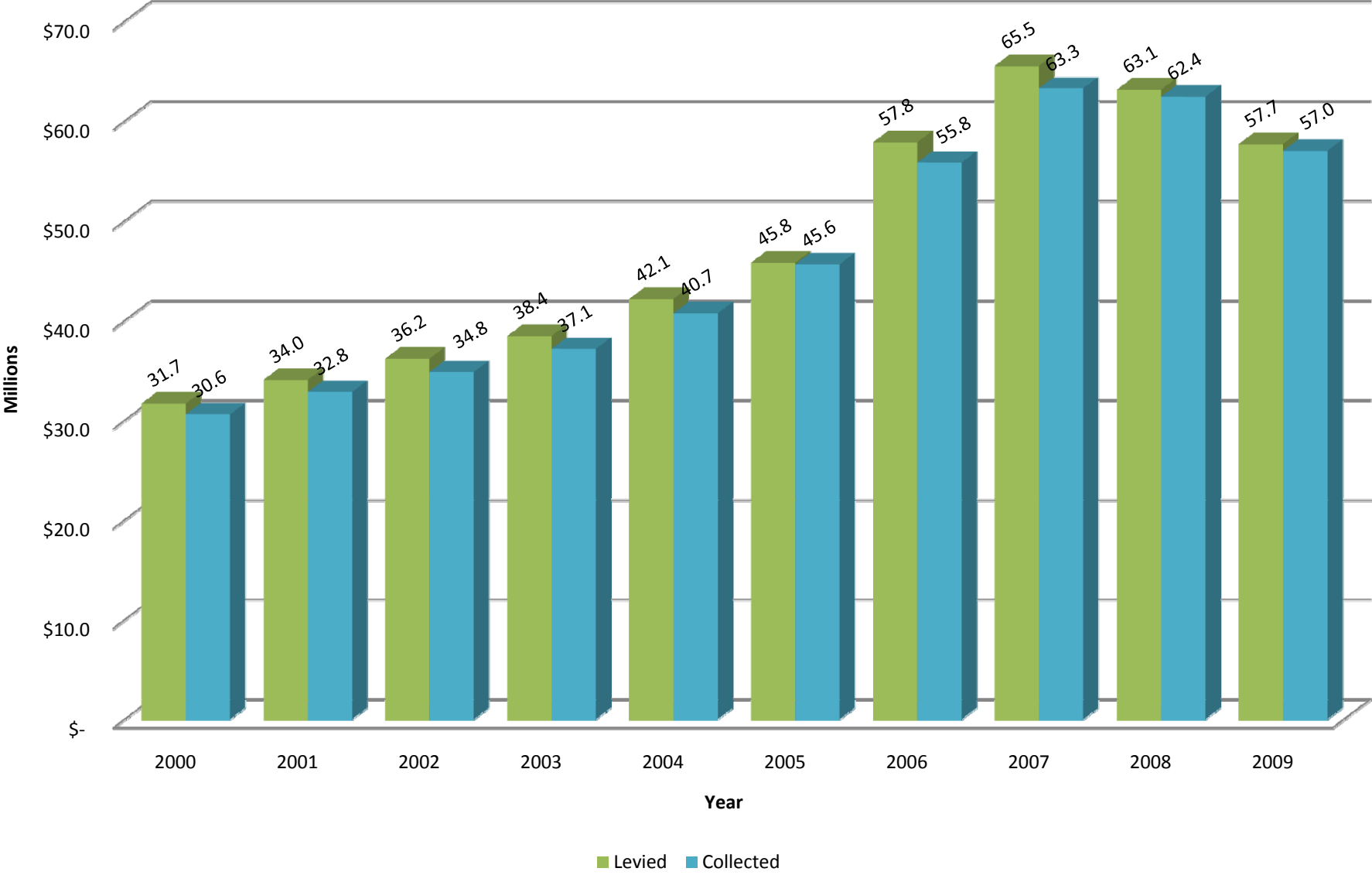


PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

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
2000	\$31,666,615	\$30,485,905	96.3%	\$101,076	\$30,586,981	96.6%
2001	\$34,028,086	\$32,733,079	96.2%	\$88,893	\$32,821,972	96.5%
2002	\$36,174,693	\$34,743,059	96.0%	\$91,122	\$34,834,181	96.3%
2003	\$38,431,441	\$36,971,496	96.2%	\$174,458	\$37,145,955	96.7%
2004	\$42,144,165	\$40,556,384	96.2%	\$150,954	\$40,707,338	96.6%
2005	\$45,794,926	\$45,449,663	99.2%	\$181,918	\$45,631,581	99.6%
2006	\$57,849,177	\$55,634,769	96.2%	\$184,070	\$55,818,839	96.5%
2007	\$65,531,728	\$63,181,930	96.4%	\$100,657	\$63,282,587	96.6%
2008	\$63,123,125	\$62,249,498	98.6%	\$173,101	\$62,422,599	98.9%
2009	\$57,679,952	\$56,797,501	98.5%	\$198,907	\$56,996,408	98.8%

SOURCE: OKALOOSA COUNTY TAX COLLECTOR RECAPITULATION OF THE TAX ROLL

Property Tax Levies and Collections Last Ten Fiscal Years



RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	SPECIAL OBLIGATION BONDS(1)	CAPITAL LEASES(2)	COMMERCIAL PAPER LOAN (3)	WATER BONDS(4)	AIRPORT BONDS(5)	SOLID WASTE BONDS(6)	CONFERENCE CENTER BONDS(7)	CAPITAL LEASES			
2000	\$0	\$2,634,281	\$670,525	\$0	\$32,308,389	\$4,500,000	\$1,606,267	\$13,450,000	\$311,158	\$55,480,620	1.20%	\$309
2001	\$0	\$2,745,421	\$292,820	\$0	\$30,036,883	\$4,500,000	\$1,702,283	\$13,450,000	\$139,172	\$52,866,579	1.11%	\$283
2002	\$0	\$2,629,483	\$491,543	\$0	\$27,671,420	\$4,300,000	\$1,602,123	\$13,450,000	\$47,878	\$50,192,447	0.97%	\$289
2003	\$0	\$1,731,175	\$599,787	\$0	\$25,169,712	\$10,860,000	\$1,495,595	\$13,450,000	\$24,679	\$53,330,948	0.97%	\$301
2004	\$0	\$1,599,772	\$566,446	\$0	\$39,098,543	\$10,860,000	\$1,382,074	\$13,235,000	\$0	\$66,741,835	1.12%	\$369
2005	\$0	\$1,462,338	\$430,218	\$0	\$36,832,336	\$10,635,000	\$1,263,342	\$12,780,000	\$0	\$63,403,234	0.99%	\$341
2006	\$0	\$1,321,071	\$294,832	\$0	\$40,196,034	\$10,635,000	\$1,141,298	\$12,235,000	\$0	\$65,823,235	0.97%	\$348
2007	\$0	\$1,161,258	\$151,578	\$0	\$98,789,222	\$10,405,000	\$1,003,232	\$12,280,000	\$0	\$123,790,290	1.73%	\$642
2008	\$0	\$857,792	\$0	\$3,580,000	\$95,688,762	\$22,150,000	\$741,063	\$12,010,000	\$0	\$135,027,617	1.81%	\$687
2009	\$0	\$530,526	\$0	\$3,360,000	\$92,162,708	\$21,905,000	\$458,332	\$12,010,000	\$0	\$130,426,566	1.75%	\$663

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

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

(3) Includes Florida Local Government Finance Commission Pooled Paper Loan

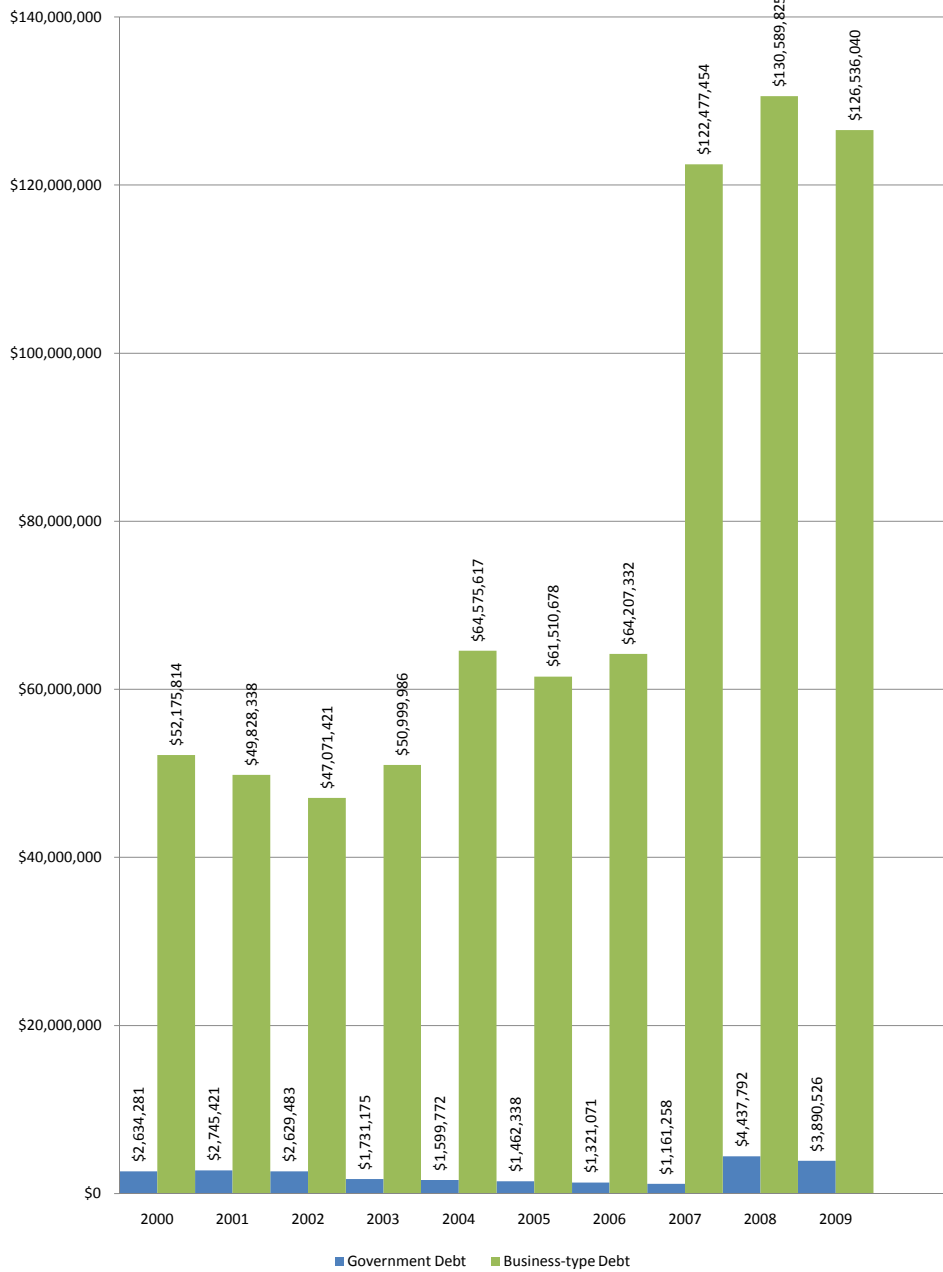
(4) Includes State Pollution Control Bonds, Subordinated Revenue, 1985, Refunding, Revenue, 2004, 2006, State Revolving, and Personal Loans

(5) Includes Revenue Bonds 2003 and 2007 and Florida Local Government Finance Commission Pooled Paper Loan

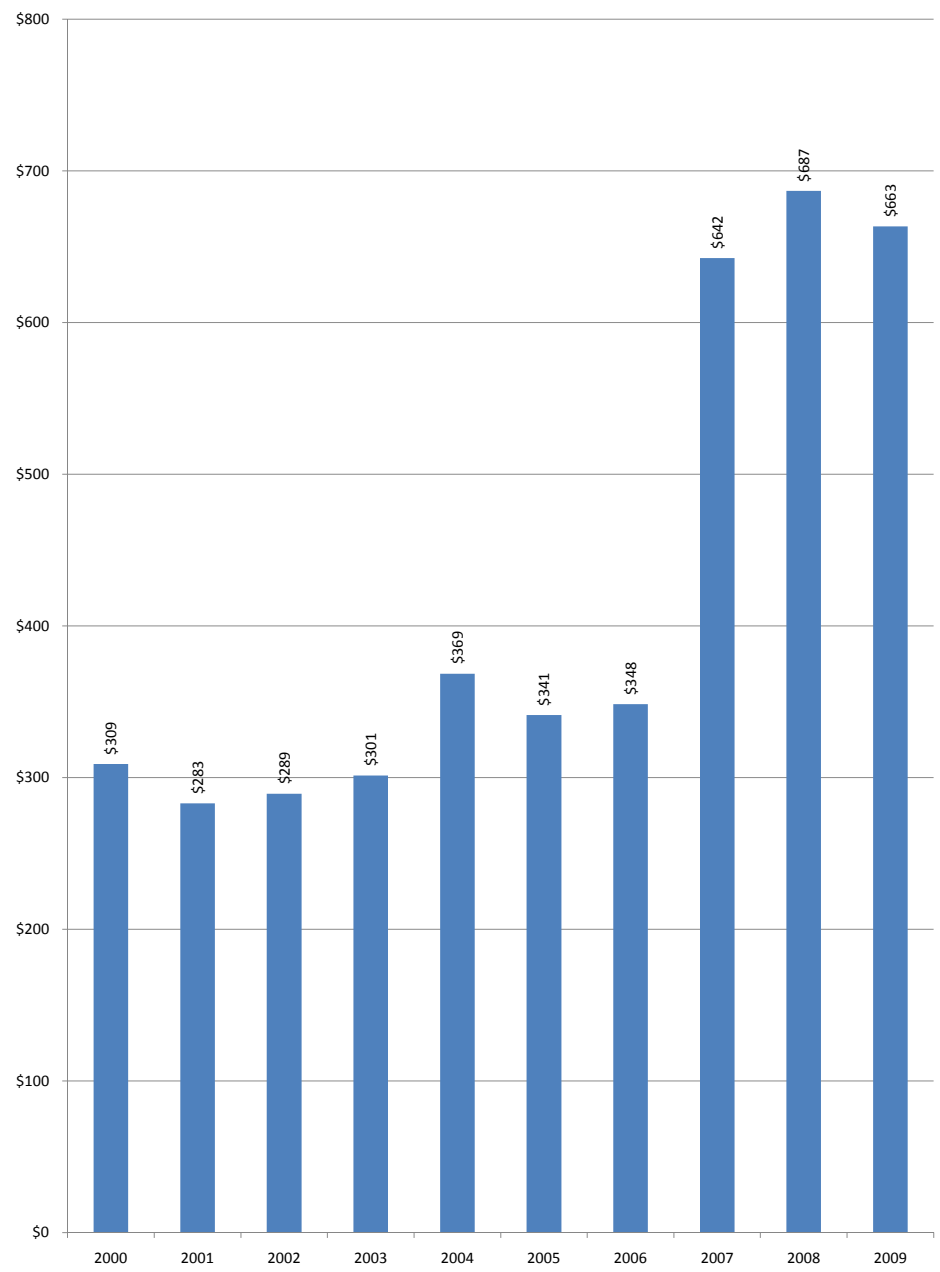
(6) Includes Capital Improvement Bonds, 1991

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

**Debt by Type
Last Ten Fiscal Years**



**Per Capita Debt
Last Ten Fiscal Years**



PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	WATER REVENUE BONDS (PRINCIPAL + INTEREST)							TOTAL	COVERAGE
				1976	1985	1992	1993	1998	2004	2006		
2000	\$18,779,447	\$10,081,487	\$8,697,960	\$0	\$68,289	\$335,670	\$2,007,895	\$824,658	\$0	\$0	\$3,236,512	2.69
2001	\$19,594,982	\$9,934,675	\$9,660,307	\$0	\$68,249	\$333,580	\$2,014,449	\$825,298	\$0	\$0	\$3,241,576	2.98
2002	\$20,366,019	\$11,453,629	\$8,912,390	\$0	\$68,205	\$331,440	\$2,011,633	\$830,682	\$0	\$0	\$3,241,960	2.75
2003	\$20,347,258	\$12,630,511	\$7,716,747	\$0	\$72,087	\$334,790	\$2,033,675	\$845,202	\$0	\$0	\$3,285,754	2.35
2004	\$21,830,902	\$13,870,719	\$7,960,183	\$0	\$68,677	\$332,293	\$7,293,005	\$7,333,152	\$2,902,268	\$0	\$17,929,395	0.44
2005	\$21,917,622	\$14,246,469	\$7,671,153	\$0	\$68,680	\$337,060	\$0	\$0	\$3,390,070	\$0	\$3,795,810	2.02
2006	\$23,719,695	\$15,272,060	\$8,447,635	\$0	\$68,680	\$331,924	\$0	\$0	\$3,422,370	\$0	\$3,822,974	2.21
2007	\$26,745,817	\$15,974,674	\$10,771,143	\$0	\$68,677	\$194,186	\$0	\$0	\$2,967,970	\$1,171,405	\$4,402,238	2.45
2008	\$24,694,611	\$16,827,092	\$7,867,519	\$0	\$67,831	\$0	\$0	\$0	\$2,964,695	\$1,900,194	\$4,932,720	1.59
2009	\$23,481,347	\$16,371,638	\$7,109,709	\$0	\$67,743	\$0	\$0	\$0	\$2,976,286	\$509,283	\$3,553,312	2.00

PLEDGED-REVENUE BOND COVERAGE

PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	AIRPORT REVENUE BONDS (PRINCIPAL + INTEREST)			COVERAGE
				2003	2007	TOTAL	
2004	\$4,716,535	\$2,696,158	\$2,020,377	\$157,772	\$0	\$157,772	12.81
2005	\$6,017,008	\$3,768,649	\$2,248,359	\$719,499	\$0	\$719,499	3.12
2006	\$7,462,550	\$4,221,206	\$3,241,344	\$797,195	\$0	\$797,195	4.07
2007	\$8,302,612	\$4,851,237	\$3,451,375	\$796,109	\$0	\$796,109	4.34
2008	\$8,039,113	\$5,132,705	\$2,906,408	\$788,232	\$263,413	\$1,051,645	2.76
2009	\$8,557,210	\$5,674,469	\$2,882,741	\$789,413	\$208,221	\$997,634	2.89

PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operat Expense	Net Revenue Avail -Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)			COVERAGE
				Bond	TOTAL	COVERAGE	
2004	\$4,361,084	\$1,977,740	\$2,383,344	\$946,320	\$946,320	2.52	
2005	\$4,479,689	\$2,309,740	\$2,169,949	\$940,980	\$940,980	2.31	
2006	\$5,120,607	\$2,401,044	\$2,719,563	\$944,700	\$944,700	2.88	
2007	\$5,603,899	\$2,841,814	\$2,762,085	\$942,695	\$942,695	2.93	
2008	\$5,358,647	\$3,163,561	\$2,195,086	\$955,073	\$955,073	2.30	
2009	\$5,249,570	\$3,419,702	\$1,829,868	\$671,573	\$671,573	2.72	

COMPUTATION OF DIRECT AND UNDERLYING DEBT (1)

<u>DIRECT:</u>	<u>NET BONDED DEBT (2)</u>	<u>PERCENT APPLICABLE TO COUNTY</u>	<u>COUNTY'S SHARE OF NET DEBT</u>
OKALOOSA COUNTY (NO BONDED DEBT)	\$0	0%	\$0
<u>UNDERLYING:</u>			
OKALOOSA COUNTY SCHOOL BOARD	\$87,135,000	100%	\$87,135,000

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

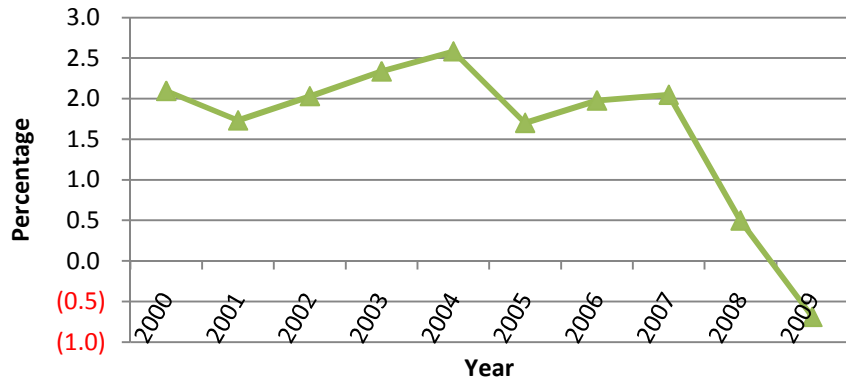
(2) NET BONDED DEBT IS DEFINED HERE AS GROSS BONDED DEBT LESS AMOUNT AVAILABLE IN DEBT SERVICE

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

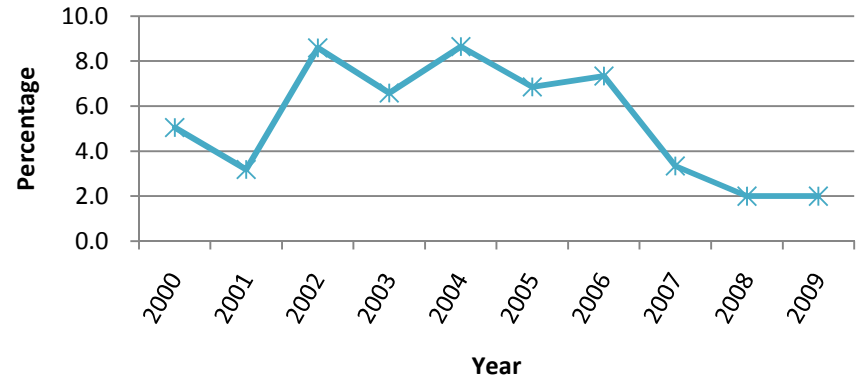
YEAR	POPULATION	PERCENT +/-	PERSONAL INCOME IN THOUSANDS	PERCENT +/-	PER CAPITA PERSONAL INCOME	PERCENT +/-	UNEMPLOYMENT RATE
2000	170,498	2.1%	\$4,610,536	5.0%	\$26,969	3.9%	3.68%
2001	173,450	1.7%	\$4,757,566	3.2%	\$28,336	5.1%	3.97%
2002	176,971	2.0%	\$5,166,167	8.6%	\$29,481	4.0%	4.41%
2003	181,102	2.3%	\$5,506,510	6.6%	\$30,969	5.0%	3.83%
2004	185,778	2.6%	\$5,982,411	8.6%	\$33,068	6.8%	3.47%
2005	188,939	1.7%	\$6,392,599	6.9%	\$35,275	6.7%	2.80%
2006	192,672	2.0%	\$6,861,716	7.3%	\$37,497	6.3%	2.40%
2007	196,617	2.0%	\$7,090,979	3.3%	\$39,158	4.4%	2.55%
2008	197,597	0.5%	\$7,232,799 (1)	2.0%	\$39,941 (1)	2.0%	5.10%
2009	196,234	-0.7%	\$7,377,455 (1)	2.0%	\$40,740 (1)	2.0%	7.40%

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

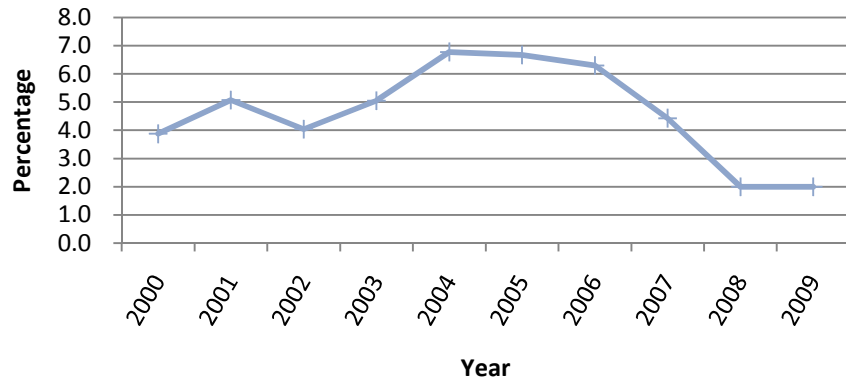
**Population
Last Ten Fiscal Years**



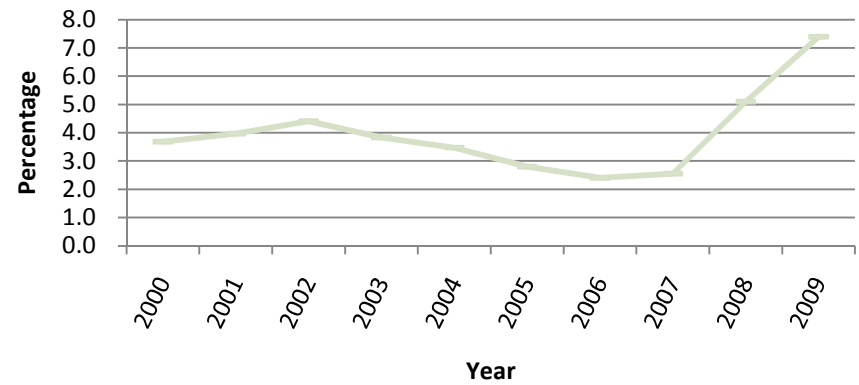
**Personal Income
Last Ten Fiscal Years**



**Per Capita Income
Last Ten Fiscal Years**



**Unemployment Rate
Last Ten Fiscal Years**

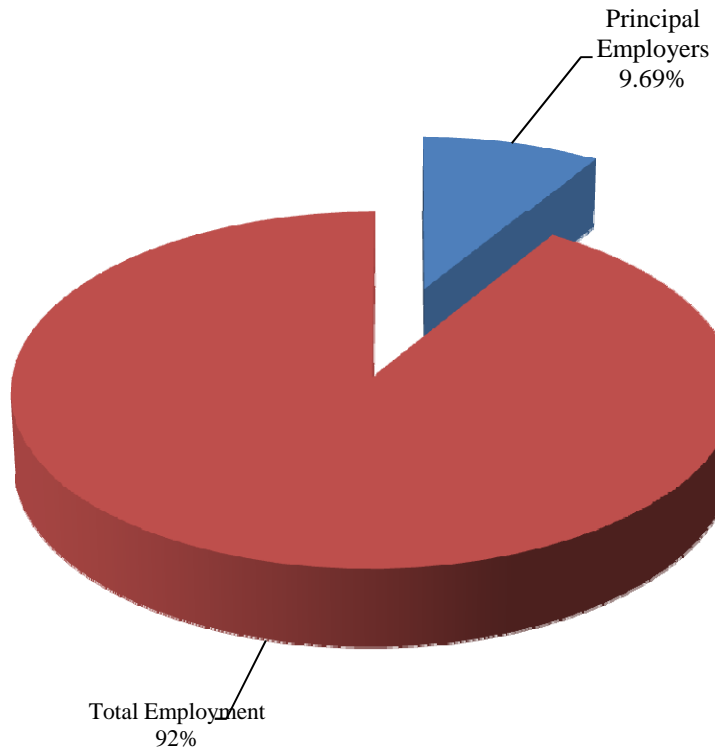


PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

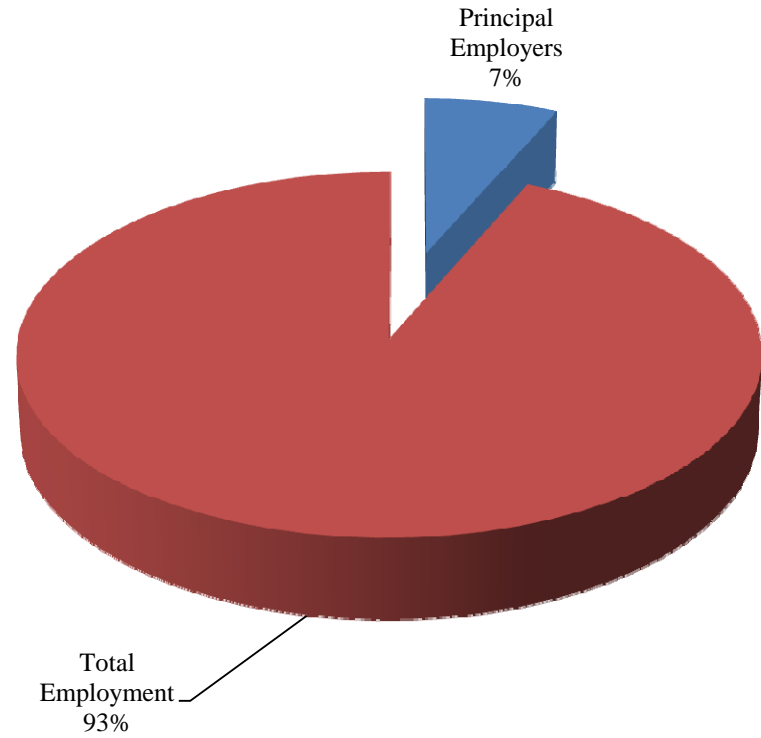
EMPLOYER	2009		2000	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
FT WALTON BEACH MEDICAL CENTER	992	1.24%	750	0.89%
L-3/CRESTVIEW AEROSPACE CORP	973	1.22%		
RESORT QUEST	930	1.17%		
INDYNE, INC	861	1.08%		
DRS TRAINING & CONTROL SYSTEMS	860	1.08%		
SVERDRUP TECHNOLOGY	700	0.88%	425	0.50%
NORTH OKALOOSA MEDICAL CENTER	673	0.84%	410	0.49%
N.E.W.	590	0.74%		
TYBRIN CORPORATION	584	0.73%	450	0.53%
COX COMMUNICATIONS	575	0.72%		
BAE SYSTEMS			1,250	1.48%
ABBOT RESORTS/RESORT QUEST			800	0.95%
METRIC SYSTEMS CORPORATION			600	0.71%
TWIN CITIES HOSPITAL			420	0.50%
RAMADA BEACH RESORT			400	0.47%
WHITE-WILSON MEDICAL CENTER			370	0.44%
TOTAL	7,738	9.69%	5,875	6.95%
TOTAL COUNTY EMPLOYMENT	79,825		84,481	

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

**Principal Employers
Current Year
2009**



**Principal Employers
Nine Years Ago
2000**

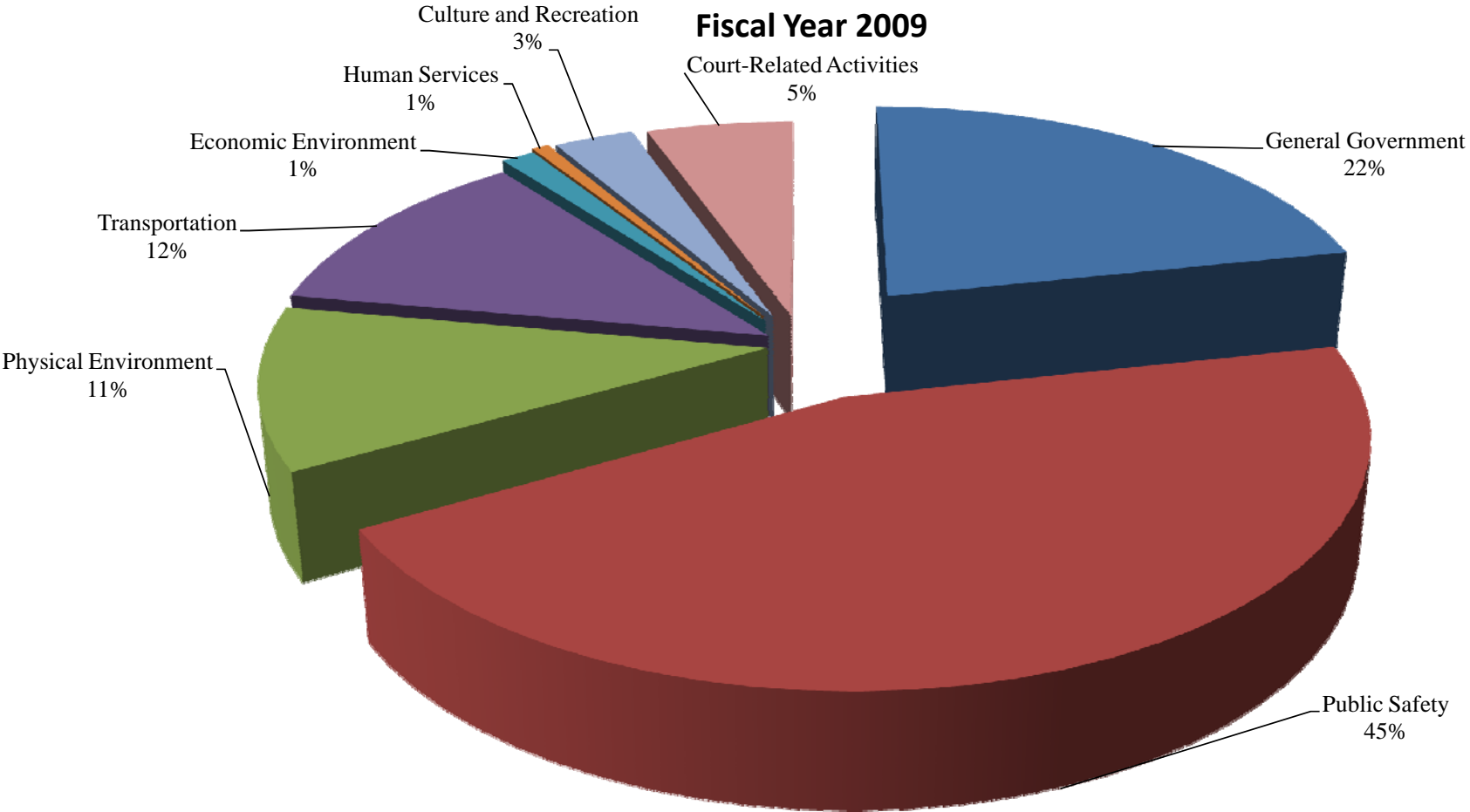


FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION - LAST TEN YEARS

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF OCTOBER 1									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL GOVERNMENT	276	279	276	279	280	285	249	305	299	308
PUBLIC SAFETY	497	507	506	520	534	543	625	609	661	641
PHYSICAL ENVIRONMENT	152	152	158	160	161	163	161	169	169	157
TRANSPORTATION	159	159	161	161	163	172	177	158	175	168
ECONOMIC ENVIRONMENT	14	14	12	12	13	13	16	13	14	18
HUMAN SERVICES	11	11	8	9	9	9	13	11	13	9
CULTURE AND RECREATION	10	11	14	30	31	35	38	41	43	42
COURT-RELATED ACTIVITIES	73	73	92	94	92	87	128	102	109	78
TOTAL	1,192	1,206	1,227	1,265	1,283	1,307	1,407	1,408	1,483	1,420

SOURCE: BUDGET OFFICE

FTE by Function Fiscal Year 2009



OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TRANSIT										
TOTAL ROUTE MILES	----	57	102	114	129	129	182	163	163	163
PASSENGERS	----	27,664	64,870	96,795	92,181	71,193	138,491	169,389	211,330	171,967
LIBRARY										
CIRCULATION	338,311	364,922	447,552	508,292	519,496	542,039	572,074	608,803	679,720	750,643
REGISTERED BORROWERS	57,330	66,471	81,061	80,311	78,646	88,793	98,100	100,335	92,629	96,474
PUBLIC WORKS										
ASPHALT OVERLAY (SQUARE YARDS)	517,477	271,353	306,482	204,342	143,386	82,564	48,700	71,832	126,312	52,000
BRIDGES REPAIRED/REPLACED	55	31	10	6	11	27	11	14	6	12
WATER										
NEW CONNECTIONS	870	808	665	568	575	554	594	404	128	496
WATER MAINS REPAIRS	355	1,170	1,152	1,743	1,943	2,419	990	1,344	425	476
ANNUAL WATER UNITS BILLED	389,835	393,816	402,198	405,109	426,503	428,058	428,601	429,081	430,692	429,412
SEWER										
ANNUAL SEWER UNITS BILLED	363,817	456,454	375,462	483,058	393,856	400,975	403,138	403,631	406,807	398,541
AIRPORTS										
ENPLANEMENTS	403,099	410,447	329,481	355,367	388,958	407,052	365,045	396,045	400,105	332,556
DEPLANEMENTS	398,308	409,508	323,290	347,520	382,688	401,747	366,111	393,800	400,866	332,325
GROWTH MANAGEMENT										
DEVELOPMENT PERMITS ISSUED	2,317	2,175	2,289	2,365	2,446	2,524	2,031	1,536	975	771
HOME OCCUPATIONS	453	480	527	608	671	795	635	547	405	347
REFUSE COLLECTION										
TRANSFER STATION TONNAGE	118,369	108,421	135,991	126,228	128,953	144,253	148,694	173,655	168,224	141,633
RECYCLING TONNAGE	4,273	4,735	6,623	5,647	5,512	5,422	5,889	4,823	4,181	5,286
PUBLIC SAFETY										
EMERGENCY CALLS (EMS)	16,147	14,345	14,775	15,834	21,256	27,507	34,908	35,184	41,446	21,018
SYSTEM CALLS (9-1-1)	69,454	87,918	57,714	64,870	90,854	97,576	110,851	106,684	100,547	102,199

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

CAPITAL INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PARKS AND RECREATION										
COUNTY PARKS	17	17	17	17	17	17	16	17	18	19
UNINCORPORATED PARKS	33	33	33	33	34	35	34	34	32	31
TRANSIT										
BUSES/PASSENGER VAN	0	4	12	14	15	15	17	17	17	17
LIBRARY										
COLLECTION	200,292	213,841	240,931	255,619	249,753	267,011	272,936	286,500	295,721	309,859
PUBLIC WORKS										
PAVED ROADS MAINTAINED (MILES)	565	565	568	568	568	568	640	621	652	703
DIRT ROADS MAINTAINED (MILES)	293	293	291	290	291	291	238	264	280	122
COLD MIX ROADS MAINTAINED (MILES)	----	----	----	----	----	----	----	----	----	74
TRAFFIC SIGNALS	6	6	6	7	7	7	7	8	9	11
WATER										
WATER MAINS (MILES)	397	399	406	412	415	437	445	447	448	455
FIRE HYDRANTS	1,473	1,550	1,632	1,718	1,808	1,903	2,004	2,109	2,220	2,267
MAXIMUM DAILY CAPACITY (THOUSANDS OF GALLONS)	19,700	18,330	18,330	18,330	18,330	18,730	18,300	18,300	17,300	17,300
SEWER										
SANITARY SEWERS (MILES)	393	393	395	396	396	396	398	398	399	400
MAXIMUM DAILY TREATMENT CAPACITY (THOUSANDS OF GALLONS)	9,006	9,006	9,006	9,006	9,006	9,006	9,006	9,006	9,006	12,506

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

SINGLE AUDIT SECTION

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures Expenditures	Disbursements to Subrecipients
<u>U.S. Department of Agriculture</u>				
Indirect Programs				
Passed through <u>Florida Department of Agriculture & Consumer Services</u> Food Distribution Program	10.550	82002	1,050	-
Passed through <u>Florida Department of Education</u> School Breakfast Program	10.553	01-0303	15,992	-
National School Lunch Program	10.555	01-0303	15,992	-
Passed through <u>Florida Department of Financial Services</u> Schools and Roads - Grants to States	10.665	N/A	2,014	-
Passed through <u>Natural Resources Conservation Services</u> Emergency Watershed Projects	N/A	69-4209-8-1685	423,977	-
Total U.S. Department of Agriculture			459,025	-
<u>U.S. Department of Commerce</u>				
Indirect Programs				
Passed through <u>Florida Department of Community Affairs</u> Public Safety Interoperable Communications Grant	11.555	09-DS-31-01-56-01-240	1,335,793	-
<u>U. S. Department of Defense</u>				
Direct Program				
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	RA0692-08-02	730,588	-
Community Economic Adjustment Planning Assistance for Joint Land Use Studies	12.610	EN06107-06-01-08-01	27,782	-
Total U. S. Department of Defense			758,370	-
<u>U.S. Department of Housing and Urban Development</u>				
Indirect Programs				
Passed through <u>Florida Department of Community Affairs</u> Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10DB-4X-01-56-01-F18	7,685	-
Total U.S. Department of Housing and Urban Development			7,685	-
<u>U.S. Department of the Interior</u>				
Direct Program				
Payments in Lieu of Taxes	15.226	N/A	11,854	-
Indirect Program				
Passed through <u>Florida Department of Environmental Protection</u> Outdoor Recreation Acquisition, Development and Planning	15.916	LW503,#12-00503	44,005	-
Total U.S. Department of the Interior			55,859	-

Continued...

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures Expenditures	Disbursements to Subrecipients
<u>U.S. Department of Justice</u>				
Direct Programs				
State Criminal Alien Assistance Program (SCAAP)	16.606	2008-F2665-Fl-Ap	35,240	-
Supervised Visitation, Save Havens for Children	16.527	2006-CW-AX-0006	-	163,513
Indirect Programs				
Passed through <u>Florida Department of Law Enforcement</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-JAGC-OKAL-4-Q9-139	6,585	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAGC-OKAL-4-T7-118	10,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAGC-OKAL-5-T7-058	6,956	-
Passed through <u>Florida Department of Children and Families</u>				
Violence Against Women Formula Grants	16.588	LN821	60,095	-
Violence Against Women Formula Grants	16.588	LN921	19,821	-
Total U.S. Department of Justice			138,697	163,513
<u>U.S. Department of Transportation</u>				
Direct Programs				
<u>Federal Aviation Administration</u>				
Airport Improvement Program	20.106	312-0014-016-2003	-	-
Replace Existing Airfield Lighting System at Bob Sikes Airport	Matching	ANB 07, 41535619401	22,417	-
Airport Improvement Program	20.106	312-0081-020-2007	2,052,782	-
Relocate Fuel Farm at Okaloosa Regional Airport East Side Access, Site Preparation and Utilities at Okaloosa Regional Airport	Matching	ANS91, 41604919401	12,736	-
Airport Improvement Program	20.106	312-0081-019-2007	31,016	-
Master Plan Update - CRA	Matching	AOU66, 42301119401	816	-
Airport Improvement Program	20.106	312-0020-014-2007	31,048	-
Master Plan Update - Destin	Matching	AOU 67, 42301219401	817	-
Airport Improvement Program	20.106	312-0014-020-2007	55,787	-
Master Plan Update - Bob Sikes	Matching	AOU68, 42301019401	1,468	-
Airport Improvement Program	20.106	312-0081-018-2007	580,686	-
Design of Terminal Addition at ORA	Matching	AOY61, 42318119401	92,192	-
Airport Improvement Program	20.106	312-0020-015-2007	112,764	-
Purchase and Install Nav aids (PAPI) at Destin Airport	Matching	AP185, 40738519401	2,942	-
Airport Improvement Program	20.106	312-0081-022-2009	9,965	-
Purchase and Install Two Backup Emergency Generators at ORA	Matching	AP309, 40747129401	806	-
Airport Improvement Program	20.106	312-0014-021-2008	1,149,530	-
Airport Improvement Program	20.106	312-0081-021-2008	1,672,892	-
Construct Air Cargo/Maintenance Facility and Apron at	Matching	AP816, 41579219401	211,646	-
<u>Federal Transit Administration</u>				
Federal Transit Formula Grants	20.507	FL-90-X496-00	-	107,420
Federal Transit Formula Grants	20.507	FL 90-X537-00	-	42,530
Federal Transit Formula Grants	20.507	FL 90-X582-00	191,008	68,542
Federal Transit Formula Grants	20.507	FL 90-X583-00	85,194	407,349
Federal Transit Formula Grants	20.507	FL 90-X642-00	654,066	27,096
Federal Transit Formula Grants	20.507	FL 90-X680-00	20,428	-

Continued...

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures Expenditures	Disbursements to Subrecipients
<u>U.S. Department of Transportation -Cont'd</u>				
Indirect Programs				
Passed through <u>Florida Department of Transportation</u>				
Highway Planning and Construction	20.205	ANZ38,409797-1-88-01	178,115	-
Highway Planning and Construction	20.205	ANZ38, FY 10	45,218	-
Highway Planning and Construction	20.205	AOV73	44,628	-
Highway Planning and Construction	20.205	AOZ26, 422937-1-58-01	68,045	-
"ARRA" - Highway Planning and Construction	20.205	APL23, 426707-1-58-01	899	-
"ARRA" - Highway Planning and Construction	20.205	APL24, 42666419401	469	-
Formula Grants for Other than				
Urbanized Areas	20.509	AOI-19,421365184	4,742	126,223
State and Community Highway Safety	20.600	APH08,CP-09-04-24	14,391	-
Total U.S. Department of Transportation			7,003,673	779,160
Sub-Total Florida Matching			352,068	
<u>Election Assistance Commission</u>				
Indirect Programs				
Passed through <u>Florida Department of State</u>				
Help America Vote Act Requirement Payments	90.401	N/A	1,944	-
Help America Vote Act Requirement Payments	90.401	N/A	12,335	-
Help America Vote Act Requirement Payments	90.401	N/A	35,036	-
Total Election Assistance Commission			49,315	-
<u>U.S. Department of Health and Human Services</u>				
Indirect Programs				
Passed through <u>Florida Department of Revenue</u>				
Child Support Enforcement	93.563	CSP46	14,969	-
Child Support Enforcement	93.563	CD346	434,669	-
Child Support Enforcement	93.563	N/A	5,182	-
Passed through the <u>Florida Department of Transportation</u>				
Medical Assistance Program, Medicaid; Title XIX	93.778	BDN10,41604318201	-	148,356
Total U.S. Department of Health and Human Services			454,820	148,356
<u>U.S. Department of Homeland Security</u>				
Direct Programs				
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR287	183,697	-
Indirect Programs				
Passed through <u>Florida Department of Community Affairs</u>				
Pre-Disaster Mitigation Grant Program(PDM)				
Competitive Grant	97.017	08DM-06-01-56-01-045	299,225	-
Disaster Grants-Public Assistance-Dennis	97.036	06-PA-'@G-01-56-01-507	49,902	-
Disaster Grants-Public Assistance-2009 N. Florida Floo	97.036	09-SS-E8-01-56-02-502	194,282	-
Disaster Grants-2009 N. Florida Flooding	Matching	09-SS-E8-01-56-02-502	32,380	-
Hazard Mitigation Grant	97.039	07-HM-5@-01-56-01-016	4,342	192,124
Hazard Mitigation Grant	97.039	07-EC-33-01-56-01-493	871,331	-
Emergency Management Performance Grants	97.042	09-BG-03-01-56-01-139	13,068	-
Emergency Management Performance Grants	97.042	09-BG-20-01-56-01-245	11,088	-
Homeland Security Grant Program	97.067	07DS-5N-01-56-01-462	118,154	-
Homeland Security Grant Program	97.067	08-CC-64-01-56-01-087	6,689	-
Homeland Security Grant Program	97.067	08-DS-60-01-56-23-170	55,781	-
Homeland Security Grant Program	97.067	08-DS-14-01-56-01-325	86,755	-
Homeland Security Grant Program	97.067	09-CC-49-01-56-01-232	2,422	-
Homeland Security Grant Program	97.067	09-CI-49-01-56-01-313	3,107	-

Continued...

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures Expenditures	Disbursements to Subrecipients
<u>Passed through Florida Department of</u>				
<u>Law Enforcement</u>				
Homeland Security Grant Program	97.067	2007-LETP-OKAL-1-Q4-041	40,845	-
Homeland Security Grant Program	97.067	2008-LETP-OKAL-1-Q4-062	142,535	-
Homeland Security Grant Program	97.067	2008-LETP-OKAL-2-S3-013	44,103	-
Homeland Security Grant Program	97.067	2008-SHSP-OKAL-2-S4-047	3,280	-
Homeland Security Grant Program	97.067	2008-SHSP-OKAL-3-S4-048	24,500	-
Homeland Security Grant Program	97.067	2008-SHSP-OKAL-1-S4-049	69,050	-
Homeland Security Grant Program	97.067	2008-LETP-OKAL-4-S3-057	96,985	-
Homeland Security Grant Program	97.067	2009-LETP-OKAL-2-S3-060	99,263	-
Homeland Security Grant Program	97.067	2009-LETP-OKAL-5-S3-068	15,639	-
Homeland Security Grant Program	97.067	2009-LETP-OKAL-4-S3-067	75,000	-
Homeland Security Grant Program	97.067	2009-LETP-OKAL-1-S3-063	148,000	-
Homeland Security Grant Program	97.067	2009-LETP-OKAL-3-S3-070	16,373	-
Total U.S. Department of Homeland Security			2,675,416	192,124
Sub-Total Florida Matching			32,380	-
TOTAL FEDERAL AWARDS			12,938,653	1,283,153
Total Florida Matching Funds			384,448	-
STATE FINANCIAL ASSISTANCE				
<u>Executive Office of the Governor</u>				
Direct Programs				
Economic Development Transportation Fund	31.002	OT04-079	(1,314,714)	-
Economic Development Transportation Fund	31.002	OT04-100	(1,387,158)	-
Economic Development Transportation Fund	31.002	OT04-108	(253,119)	-
Economic Development Transportation Fund	31.002	OT05-083, 04-0546A	(638,923)	-
Indirect Programs				
Passed through <u>Enterprise Florida, Inc.</u>				
Military Base Protection	31.044	DRG 06-07 B	68,656	-
Military Base Protection	31.044	DIG 08-04	27,570	-
Total Executive Office of the Governor			(3,497,688)	-
<u>Florida Department of Environmental Protection</u>				
Direct Programs				
Cooperative Collection Center Grant - Washington	37.007	SO391	18,747	-
Cooperative Collection Center Grant - Walton	37.007	SO392	29,222	-
Cooperative Collection Center Grant - Liberty	37.007	SO395	18,981	-
Cooperative Collection Center Grant - Franklin	37.007	SO396	5,533	-
Cooperative Collection Center Grant - Gadsden	37.007	SO397	2,182	-
Cooperative Collection Center Grant - Gulf	37.007	SO399	14,179	-
Cooperative Collection Center Grant - Holmes	37.007	SO400	17,095	-
Cooperative Collection Center Grant - Jackson	37.007	SO401	19,847	-
Cooperative Collection Center Grant - Calhoun	37.007	SO402	15,460	-
Cooperative Collection Center Grant	37.007	SO417	25,000	-
Cooperative Collection Center Grant - Santa Rosa	37.007	SO438	35,000	-
Cooperative Collection Center Grant - Washington	37.007	SO447	555	-
Cooperative Collection Center Grant - Walton	37.007	SO448	1,380	-
Cooperative Collection Center Grant - Jackson	37.007	SO451	390	-
Cooperative Collection Center Grant - Holmes	37.007	SO452	2,307	-
Cooperative Collection Center Grant - Gadsden	37.007	SO454	10,390	-
Cooperative Collection Center Grant - Franklin	37.007	SO455	11,100	-
Cooperative Collection Center Grant - Calhoun	37.007	SO456	330	-
Florida Recreation Development Assistance	37.017	A9115	26,042	-
Florida Recreation Development Assistance	37.017	A9116	76,281	-
Water Management Districts -				
Land Acquisition	37.022	08-048	16,644	-
Water Management Districts -				
Land Acquisition	37.022	08+053	50,397	-

Continued...

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures Expenditures	Disbursements to Subrecipients
<u>Florida Department of Environmental Protection - Continued</u>				
Direct Programs - Continued				
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP8957	1,653	-
Innovative Waste Reduction and Recycling Grants	37.050	IG09-01	68,080	-
Innovative Waste Reduction and Recycling Grants	37.050	IG09-03	19,448	-
2004 Hurricane Recovery Plan Grant Program	37.065	H50K1	62,291	-
Indirect Programs				
Passed through <u>Northwest Florida Water Management District</u>				
Program Statewide Surface Water Restoration and Wastewater Projects	37.039	07-078	2,891	-
Water Protection and Sustainability Program	37.066	07-008	1,676,231	-
Total Florida Department of Environmental Protection			2,227,656	-
<u>Northwest Florida Water Management District</u>				
Extension of the Okaloosa County East Co. Water System to Serve Seminole	N/A	07-070	235,504	-
<u>Florida Department of Agriculture and Consumer Services</u>				
Mosquito Control	42.003	014151	20,156	-
Total Florida Department of Agriculture and Consumer Services			20,156	-
<u>Florida Department of State and Secretary of State</u>				
State Aid to Libraries	45.030	08-ST-48	44,510	-
State Aid to Libraries	45.030	09-ST-47	100,266	-
Total Florida Department of State and Secretary of State			144,776	-
<u>Florida Department of Community Affairs</u>				
Emergency Management Programs	52.008	08-BG-24-01-56-01-258	12,145	-
Emergency Management Programs	52.008	09-BG-03-01-56-01-139	98,726	-
Local Emergency Management and Mitigation Initiatives	52.010	07-CP-5M-01-56-01-196	902,364	-
Growth Management Projects	52.023	09CP-0401-56-01-117	11,639	-
Growth Management Projects	52.023	08cP-04-01-56-01-152	1,019	-
Growth Management Implementation	52.033	06-DR-73-01-56-01-123	5,497	-
Total Florida Department of Community Affairs			1,031,390	-
<u>Florida Housing Finance Agency</u>				
State Housing Initiatives Partnership (SHIP)	52.901	2007/2010	-	1,675,172
<u>Florida Department of Transportation</u>				
Commission for the Transportation of Disadvantaged Trip and Equipment Grant	55.001	AP684,22711418401	-	264,645
Commission for the Transportation of Disadvantaged Trip and Equipment Grant	55.001	APK71	-	84,628
Aviation Development Grant	55.004	AM 881, 41367719401	58,909	-
Aviation Development Grant	55.004	ANI57,40747119401	51,840	-
Aviation Development Grant	55.004	AOK17,41818139401	82,944	-
Aviation Development Grant	55.004	APG05,40738419401	10,000	-

Continued...

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract or Grant Number	Total Expenditures	
			Expenditures	Disbursements to Subrecipients
<u>Florida Department of Transportation - Continued</u>				
Commuter Assistance/Rideshare Grant	55.007	AP967,42031518401	5,973	-
Public Transit Block Grant Program	55.010	AOL06,41409818401	29,711	363,616
Public Transit Service Development Program	55.012	AOL29,42172718401	-	33,773
Public Transit Service Development Program	55.012	AO767,41965518401	-	120,000
Transit Corridor Program	55.013	AOJ56,42027518401	2,748	181,259
Transportation Regional Incentive Program	55.026	AOM93, & AOS16	588,269	-
Traffic Operations Enhancement Projects	N/A	AP573,220876-5-58-03	376,995	-
Total Florida Department of Transportation			1,207,389	1,047,921
<u>Florida Department of Children and Families</u>				
Baker Act	60.006	AH402	85,884	-
Substance Abuse Treatment and Aftercare Service for Adults	60.033	AH402	36,071	-
Adult Community Mental Health - Community Support Services	60.053	AH402	49,812	-
Total Florida Department of Children and Families			171,767	-
<u>Florida Department of Health</u>				
Emergency Medical Services Matching Award	64.003	M7004	44,776	-
Emergency Medical Services Matching Award	64.003	M8008	6,113	-
County Grant Awards	64.005	C7046	5,284	-
County Grant Awards	64.005	C8046	59,375	-
Total Florida Department of Health			115,548	-
<u>Florida Department of Law Enforcement</u>				
Drug Control/Money Laundering Investigations	71.005	Drug Net Case #06-1256	10,849	-
			10,849	-
<u>Florida Department of Management Services</u>				
Wireless 911 Emergency Telephone System	72.001	S-08-04-17	65,220	-
Wireless 911 Emergency Telephone System	72.001	S-08-04-18	257,535	-
Wireless 911 Emergency Telephone System	72.001	S-08-07-34	50,856	-
			373,611	-
Total Florida Matching Funds			384,448	-
TOTAL STATE FINANCIAL ASSISTANCE			2,040,958	2,723,093
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			15,364,059	4,006,246

Okaloosa County, Florida
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2009

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal funded programs and state funded projects of Okaloosa County, Florida. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Funds received and expended as state financial assistance reported on the schedule include only those state funds provided from state resources to carry out state projects.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for all governmental fund grants and the accrual basis of accounting for all proprietary fund grants. These basis of accounting are described in Note 1 C to the County's financial statements.

NOTE 3 – ECONOMIC DEVELOPMENT TRANSPORTATION FUND

The Office of Tourism, Trade, and Economic Development (OTTED) terminated the Economic Development Transportation Fund (EDTF) Projects on behalf of several EDTF businesses. As of September 30, 2009, the EDTF businesses had yet, per an application and agreement executed between OTTED and the County on their behalf, to begin vertical construction. . Therefore, per the EDTF statute and the Agreements, the EDTF projects were rescinded, the EDTF Agreements terminated, rendering the associated project expenditures ineligible for reimbursement by OTTED.

Okaloosa County, Florida
Airport Enterprise Fund
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Fiscal Year Ended September 30, 2009

Grantor/Program: Passenger Facility Charges

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

Latest ROD 07-03-C-00-VPS

Amended Amount of Approval	Cumulative Earned Amount at September 30, 2008	Current Year Earned Amount	Cumulative Earned Amount at September 30, 2009	Current Year Expenditures	<u>Unliquidated Passenger Facility Charges</u>	
					at September 30, 2008	at September 30, 2009
\$ 39,922,121	\$ 11,198,508	\$ 1,603,907	\$ 12,802,415	\$ 1,522,296	\$ 5,233,964	\$ 5,315,575

THE CONSORTIUM OF Certified Public Accountants

O'Sullivan Creel, L.L.P.
Allen, Yagow & Carr
Saltmarsh, Cleaveland & Gund, P.A.

45 Eglin Parkway N. E.
Suite 301
Fort Walton Beach,
Florida 32548
(850) 244-5121

Board of County Commissioners
Okaloosa County
Okaloosa County Courthouse
Crestview, Florida 32536

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida as of and for the year ended September 30, 2009, which collectively comprise Okaloosa County, Florida's basic financial statements and have issued our report thereon dated March 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1, 2009-2 and 2009-3 to be significant deficiencies in internal control over financial reporting.

Board of County Commissioners
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* (Continued)

Internal Control Over Financial Reporting-Continued

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Okaloosa County, Florida's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

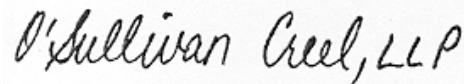
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okaloosa County, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. These items of noncompliance are described as items 2009-1 and 2009-3 in the accompanying schedule of findings and questioned costs.

The Sheriff of Okaloosa County and Tax Collector of Okaloosa County, Florida responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Sheriff and Tax Collector's responses, and accordingly, we express no opinion on them.

We noted certain matters that we reported to management of Okaloosa County, Florida, in a separate letter dated March 12, 2010.

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



O'SULLIVAN CREEL, L.L.P.
Certified Public Accountants and Consultants
For the Consortium

March 12, 2010

THE CONSORTIUM OF Certified Public Accountants

O'Sullivan Creel, L.L.P.
Allen, Yagow & Carr
Saltmarsh, Cleaveland & Gund, P.A.

45 Eglin Parkway N.E.
Suite 301
Fort Walton Beach,
Florida 32548
(850) 244-5121

Board of County Commissioners
Okaloosa County
Okaloosa County Courthouse
Crestview, Florida 32536

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
AND COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER
FACILITY CHARGE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE**

Compliance

We have audited the compliance of Okaloosa County, Florida with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*; the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement* and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration that are applicable to each of its major federal programs, state projects and passenger facility charge program for the year ended September 30, 2009. Okaloosa County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs, state projects and passenger facility charge program is the responsibility of Okaloosa County, Florida's management. Our responsibility is to express an opinion on Okaloosa County, Florida's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Okaloosa County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Okaloosa County, Florida's compliance with those requirements.

In our opinion, Okaloosa County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs, state projects and passenger facility charge program for the fiscal year ended September 30, 2009.

Board of County Commissioners
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program
and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133
and Chapter 10.550, Rules of the Auditor General and Compliance with Requirements Applicable
to the Passenger Facility Charge Program and on Internal Control over Compliance - (Continued)

Internal Control Over Compliance

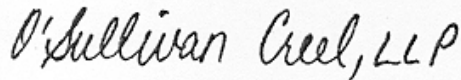
The management of Okaloosa County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs, state projects and the passenger facility charge program. In planning and performing our audit, we considered Okaloosa County, Florida's internal control over compliance with the requirements that could have a direct and material effect on a major federal program, state project or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Okaloosa County, Florida's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program, state project or the passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program, state project or the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program, state project or the passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood 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 by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



O'SULLIVAN CREEL, L.L.P.
Certified Public Accountants and Consultants
For the Consortium

March 12, 2010

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2009

1. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards and State Projects

Internal control over major programs:

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

Type of auditor's report issues on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*? _____ Yes X No

Identification of major federal programs:

U.S. Department of Agriculture

	CFDA #	Expenditures
Emergency Watershed Projects	10.923	\$ 423,977

U.S. Department of Commerce

	CFDA #	Expenditures
Public Safety Interoperable Communications Grant Program	11.555	\$ 1,335,793

U.S. Department of Defense

	CFDA #	Expenditures
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	\$ 730,588

U.S. Department of Transportation

	CFDA #	Expenditures
Airport Improvement Program	20.106	\$ 6,048,538

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2009

1. Summary of Auditors' Results – Continued

U.S. Department of Health and Human Services

	<u>CFDA #</u>	<u>Expenditures</u>
Child Support Enforcement	93.563	\$ 454,820

U.S. Department of Homeland Security

	<u>CFDA #</u>	<u>Expenditures</u>
Hazard Mitigation Grant	97.039	\$ 875,673

Identification of major state projects:

Department of Environmental Protection

	<u>CFSA#</u>	<u>Expenditures</u>
Water Protection and Sustainability Program	37.066	\$ 1,676,231

Department of Community Affairs

	<u>CFSA#</u>	<u>Expenditures</u>
Local Emergency Management and Mitigation Initiatives	52.010	\$ 902,364

Florida Department of Transportation

	<u>CFSA#</u>	<u>Expenditures</u>
Commission for the Transportation Disadvantaged Trip and Equipment Grant	55.001	\$ 349,723
Public Transit Block Grant Program	55.010	\$ 393,327
Aviation Development Grants	55.004	\$ 203,693
Traffic Operations Enhancement Projects	N/A	\$ 376,995

Florida Department of Management Services

	<u>CFSA#</u>	<u>Expenditures</u>
Wireless 911 Emergency Telephone System	72.001	\$ 373,611

- The threshold for distinguishing Type A and B programs was \$428,418 for federal programs and \$300,000 for state projects.
- Okaloosa County, Florida qualified as a low risk auditee pursuant to OMB Circular A-133.

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

Finding 2009-1 - PERFORMANCE PAY-SHERIFF

Criteria - A performance pay or bonus plan should only be provided for under a written plan or policy. Bonus payments should be budgeted and segregated in a separate general ledger account code to achieve monitoring and transparency. Any bonus plan should be in accordance with Chapter 215.425 Florida Statutes.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2009

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

Finding 2009-1 - PERFORMANCE PAY-SHERIFF - CONTINUED

Condition - The previous administration of the OCSO awarded bonuses in the amount of \$346,784 during the period from October 1, 2008 to February 19, 2009. No bonuses were awarded during the period February 20, 2009 to September 30, 2009. Such bonuses were not pursuant to a written OCSO plan or an Okaloosa County ordinance. The bonuses were not budgeted or segregated in the OCSO general ledger.

Cause - The former Okaloosa County Sheriff and Director of Administration were arrested on February 27, 2009 for a fraudulent kickback scheme that was facilitated by payment of bonuses. Both ultimately plead guilty to federal criminal charges. Four other previous employees of the OCSO have also been charged with state crimes. Based on findings during the audit, the bonus program was not formalized or based on specific criteria, to give the former Sheriff sole authority over bonus disbursements amounts and recipients. The OCSO system of internal control was compromised by top management which allowed excessive bonuses to individuals with financial oversight which ultimately resulted in criminal activity.

Effect - From October 1, 2008 to February 19, 2009, \$161,558 or 46% of bonuses awarded were to seven individuals which appear to be abuse of public funds, as proposed expenditures of the OCSO are to be both reasonable and necessary for the proper and efficient operation of the office. Collectively, the Sheriff and some members of top management circumvented controls and there was evidence of both abuse and misuse of public funds.

Recommendations -

- We recommend the OSCO and BOCC work collectively to determine whether the OCSO has the legal authority to have a bonus plan independent of a BOCC ordinance under Florida Statute 215.425.
- Any bonus plan should be in writing and with criteria to ensure bonuses are reasonable and for meritorious service. Bonus payments should be supported by personnel action form (PAF), supporting documentation of the achievement of the criteria and filed appropriately in the employee's personnel file.
- Bonus awards should be separately budgeted and recorded in a specific general ledger account code to accomplish both monitoring and transparency objectives.

Views of the Responsible Officials and Planned Corrective Actions – Management agreed that certain bonuses awarded during the fiscal year September 30, 2009 were excessive, not reasonable or necessary, and were at the sole discretion of the former Sheriff. Performance pay was discontinued by the acting Sheriff of Okaloosa County. No further action has been taken by the current administration, but any future efforts to include performance pay as part of the compensation of Sheriff's Office employees will not be undertaken without the adoption of a written plan that specifically sets forth the criteria under which performance pay will be awarded.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2009

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

Finding 2009-2 – CLOSING PROCEDURES – SHERIFF

Criteria – Authority and responsibility of the Sheriff’s office fiscal management function rests with the Director of Administration, as defined in OCSO Fiscal Management Policy, General Order 7.01. That policy defines fiscal management to include participation in preparation of the agency’s budget; accounting system; collecting, safeguarding and disbursing of cash; and all finance, payroll, grants, and travel functions.

Condition – Various general ledger accounts were not properly stated in the financial reporting package submitted to the Okaloosa County Clerk of Courts in November, 2009.

Cause – The current Director of Administration who began employment in late April of 2009 was responsible for reviewing and correcting several fiscal policy and financial issues as result of the previous administration. In addition a complete re-alignment of the OCSO finance function occurred. As a result monthly account reconciliations for grants, board appropriations and the related due to/from accounts, internal service fund activity, and capital outlay were not prepared or reviewed on a timely basis due to time constraints. Errors also occurred in the year end closing process because the accounting system was closed out twice, resulting in opening balance issues. Since certain reports were not readily available from the accounting system, in some cases balances had to be manually reconciled with audit trail reports.

Effect – Significant audit adjustments were necessary to correct general ledger balances related to the accounts noted above.

Recommendations -

- Finance should establish monthly procedures to comply with its Fiscal Management Policy, 7.01. OCSO management may need to evaluate the current number of finance positions and skill levels if these reconciliations going forward cannot be performed in the normal course of activity.
- Key accounts relating to activity with the Okaloosa County Board of County Commissioners (appropriations, due to/from) should be reconciled on a monthly basis.
- Procedures to reconcile general ledger activity with the grants coordinator records should be performed monthly.
- Certain subsidiary ledgers should be reconciled and agreed to the general ledger control accounts, including internal service fund activity, inventory changes, and capital outlay additions on at least a quarterly basis. These reconciliations should be performed in addition to existing monthly reconciliations being performed for bank accounts and payroll transaction cycle.

Views of the Responsible Officials and Planned Corrective Actions –

The OCSO is making an ongoing effort to develop, document and implement procedures to ensure that the books and records are materially correct at the end of each reporting period. Specifically, this includes monthly reconciliation of due to/from accounts related to appropriations and grant activity. As a part of this effort, processes that have traditionally been done annually have been evaluated. Going forward capital outlay and internal service accounts will be updated quarterly. In addition, workload issues have been evaluated and the OCSO is developing a staffing plan that will ensure that the OCSO has appropriate depth of knowledge for our accounting functions.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended September 30, 2009

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

Finding 2009-3 – TAX COLLECTOR DEFERRED COMPENSATION

Criteria - Chapter 112.215(6)(b), Florida Statutes provides that compensation deferred under a “deferred compensation plan” is not included in the employee’s taxable income under federal or state law until it is actually received by such employee under the terms of the plan; and that such compensation will nonetheless be considered compensation at the time of deferral for the purposes of social security and Medicare wages which is consistent with Internal Revenue Service requirements.

Condition – The Okaloosa County Tax Collector made payments to a deferred compensation plan on behalf of employees who “opt-out” of health insurance coverage. These compensation plan payments were not considered compensation for purposes of social security or Medicare of that employee. Consequently, social security taxes of \$14,986 had not been remitted for the fiscal year ended September 30, 2009.

Cause – The Okaloosa County Tax Collector believed that the “opt-out” insurance payments made to an employee’s deferred compensation plan was not considered compensation at the time of deferral.

Effect - The Okaloosa County Tax Collector has under-reported and under-paid social security taxes for employees electing the “opt-out” health insurance option.

Recommendations - We recommend that opt-out insurance benefits be treated as compensation at the time of deferral subject to social security and Medicare. We also recommend for the calendar year 2009, that employee payroll records and W-2s be prepared to reflect such compensation, and that remittance of the applicable taxes be made. We also recommend that the Okaloosa County Tax Collector discuss remedies for the prior year amounts with the appropriate agencies.

Views of the Responsible Officials and Planned Corrective Actions –

Management will treat all future opt-out insurance benefits as compensation at the time of deferral subject to social security and Medicare. The calendar year 2009 payroll records and W-2s were prepared to reflect such compensation and the remittance of applicable taxes were made. Discussion with the appropriate agencies concerning prior year amount(s) has been conducted.

3. Findings and Questioned Costs for Major Federal Awards and State Projects

The results of our audit of Okaloosa County, Florida disclosed no findings required to be reported under the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations or Chapter 10.550, Rules of the Auditor General.

4. Summary Schedule of Prior Audit Findings

No Corrective Action Plan is required for the current year because there were no findings required to be reported under Federal or Florida Single Audit Acts.

**THE CONSORTIUM OF
Certified Public Accountants**

O'Sullivan Creel, L.L.P.
Allen, Yagow & Carr
Saltmarsh, Cleaveland & Gund, P.A.

45 Eglin Parkway
N.E.
Suite 301
Fort Walton Beach,
Florida 32548
(850) 244-5121

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

MANAGEMENT LETTER

We have audited the financial statements of Okaloosa County, Florida as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated March 12, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control over Compliance and Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance, and Schedule of Finding and Questioned Costs. Disclosures in those reports and schedule that are dated March 12, 2010, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading **Prior Year Recommendation**.
- Section 10.554 (1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Okaloosa County, Florida complied with Section 218.415, Florida Statutes.
- Section 10.544(1)(i) 3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the financial management of Okaloosa County, Florida. In connection with our audit, our recommendations are included under the heading **Current Year Recommendations**.

- Section 10.544(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have an effect on the determination of financial statements that is less than material but more than inconsequential. In connection with our audit, one finding item 2009-1, is disclosed in the Schedule of Findings and Questioned Costs.
- Section 10.544(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings other than those reported under Section 10.544(1)(i)4.

**BOARD OF COUNTY COMMISSIONERS, CLERK OF THE CIRCUIT COURT,
SHERIFF, TAX COLLECTOR, PROPERTY APPRAISER AND SUPERVISOR OF ELECTIONS**

PRIOR YEAR RECOMMENDATIONS

1. WHISTLEBLOWER POLICY

Prior Year Comment Summarized

During the 2009 forensic investigation of the former Okaloosa County Sheriff, interviewees expressed concern about the lack of a reporting mechanism outside the chain of OCSO command. As a result we recommended the Okaloosa County Board of Commissioners (BOCC) and all Constitutional Officers of Okaloosa County should consider a county-wide whistle blower policy that would prohibit retaliation against employees who provide evidence of violations of law or fraud. In addition, an employee hotline should be considered that allows all employees of Okaloosa County to confidentially and anonymously submit concerns regarding questionable management or accounting matters.

Status

A sub-committee of the Okaloosa County audit committee as defined by 218.391 Florida Statutes met twice during the year to discuss audit recommendations. The sub-committee was comprised of representatives from each Constitutional Officer and the Board of County Commissioners. The committee determined all Okaloosa County functions have either a specific whistleblower policy or compliant/grievance procedures established. The sub-committee recommended that these policies be reviewed together, improved and revised as appropriate and ultimately be placed at one location on the County website for easy access by both citizens and employees of Okaloosa County.

2. INTERNAL AUDIT

Prior Year Comment Summarized

The Okaloosa County Clerk of the Circuit Court has a formal internal audit function in which activities are limited to the Clerk's operations and financial operations of the BOCC. The other elected officials of Okaloosa County do not have a formal internal audit function. As part of the Okaloosa County fraud risk management program we recommended the Okaloosa County Clerk of the Circuit Court work with the BOCC and with all Constitutional Officers to develop a county-wide internal audit program

**BOARD OF COUNTY COMMISSIONERS, CLERK OF THE CIRCUIT COURT,
SHERIFF, TAX COLLECTOR, PROPERTY APPRAISER AND SUPERVISOR OF ELECTIONS
(CONTINUED)**

PRIOR YEAR RECOMMENDATIONS (CONTINUED)

2. INTERNAL AUDIT (CONTINUED)

Status

A sub-committee of the Okaloosa County audit committee as defined by 218.391 Florida Statutes met twice during the year to discuss audit recommendations. The sub-committee was comprised of representatives from each Constitutional Officer and the Board of County Commissioners. It was agreed by this committee that an internal audit function is not currently feasible due to funding for a true internal audit function being cost prohibitive, the scope of such function would be difficult to determine and uphold, and the audit committee structure by statute or by sub-committee is not independent. The sub-committee has recommended establishing an Audit Advisory Committee that would meet three times a year to discuss the scope of the external audit at initiation, identify special or supplementary reviews of selective controls and compliance areas for the external auditor, review implementation of new accounting standards and effects on the financial statements, share accounting and internal control best practices, provide county-wide cross education opportunities and to address countywide audit recommendations.

BOARD OF COUNTY COMMISSIONERS

PRIOR YEAR RECOMMENDATION

1. WATER AND SEWER INVENTORY CONTROLS

Prior Year Comment Summarized

Problems were encountered with the water and sewer inventory reconciliation procedures. Though the system failure was ultimately resolved, interim testing and reconciliation procedures would have detected the processing errors. We recommended management should immediately implement procedures to test and monitor the perpetual inventory system which included interim physical counts and reconciliation to the general ledger. It was further recommended the reports segregate stock numbers at different physical locations, inventory variance reports be prepared and major variances (in excess of \$5,000) be documented in writing and ultimately reconciled.

Status

Inventory reconciliation procedures were significantly improved as a direct result of the physical inventory taken in May 2009 and at year end. Detailed reports were provided by the Water and Sewer Logistics Supervisor explaining the reconciliation process. We continue to recommend that two physical inventories be taken in 2010 and such procedures be coordinated with BOCC Finance, the internal and external auditor, and results communicated in writing to the Water and Sewer Director, the Director of BOCC Finance, and the auditors.

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

CURRENT YEAR RECOMMENDATIONS

1. RECONCILIATION OF ACCOUNTS RECEIVABLE AIRPORT ENTERPRISE FUND

Observation

The independent subsidiary accounts receivable detail maintained by the Airport Enterprise Fund improperly included paid accounts which was the source document used to adjust the accounts receivable general ledger control account maintained by BOCC Finance at September 30, 2009. Approximately \$70,000 of collections was not recorded timely in the subsidiary ledger and, therefore, were reported incorrectly as outstanding to the County finance office. Audit procedures determined accounts receivable was overstated at September 30, 2009.

Recommendation

Procedures should be established to ensure that both billings and cash collections are posted to the accounts receivable subsidiary maintained by the Airport Enterprise Fund on a consistent and timely basis.

Management's Response and Corrective Action Plan

The Okaloosa County Airport along with airports across the nation served by Delta airlines have been impacted by the integration of Delta and Northwest airlines. Monthly activity reports have not been provided by the airline timely which resulted in billing and collection delays and contributed to the overstatement reported at year end. Other contributing factors include transition in accounting personnel and full implementation of a computerized subsidiary ledger. Airport management is in constant communication with Delta and have been assured that Delta is working full-time to resolve this issue for the entire system and its resolution is a top priority.

Procedures have been established to post both billings and cash collections to the subsidiary ledger kept at the airport to assist the BOCC Finance Office in determining accounts receivable at the year-end closeout. The Airport will work with BOCC Finance which is responsible for the official accounting system and the County's Internal Auditor to integrate these procedures. In addition an automated solution is being sought that would provide an independent source for landing activities, that coupled with the airport's rates and charges, could document revenue on a monthly basis and provide a basis for timely billing.

2. RELIANCE ON VENDOR DOCUMENTATION AIRPORT ENTERPRISE FUND

Observation

Certain revenues in the airport enterprise fund are earned from service providers based on variable factors such as the number of planes departing or arriving. The Airport Enterprise Fund relies heavily on reports produced and provided by the service and concession providers to record revenue earned.

Independent record keeping of planes departing and landing is not maintained by the Airport Enterprise Fund. Internal review of data submitted by the service and concession providers is also not consistently performed to ensure revenue recorded by the Airport Enterprise Fund is accurate. For example documentation to support credits issued by the rental car companies after processing the initial transaction have not been consistently provided to airport personnel to support revenue adjustments.

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

2. RELIANCE ON VENDOR DOCUMENTATION AIRPORT ENTERPRISE FUND

Recommendation

Procedures should be developed to independently track operating data on which revenues are earned in the Airport Enterprise fund such as flights departing or arriving and compared to data provided by the service providers. Documentation to support credits earned by the rental car companies should be reviewed by Airport management to validate such amounts. Airport personnel should also perform procedures such as agreeing source documents of the service and concession providers to data supplied to the airport at various intervals throughout the year but at least annually for all service and concession providers.

Management's Response and Corrective Action Plan

Airport management agrees that improvements can be made in the accuracy of monthly self-reporting of airline landing fees and other concession activities. An automated solution is being sought that would provide an independent source for landing activities, that coupled with the airport's rates and charges, could document revenue on a monthly basis. Rather than depend on a corporate self-report that often lags the end of the calendar month, the computer program software would allow a simple, efficient means of tracking, auditing and capturing all landing fee revenue. Further, airport management agrees that periodic independent audit of concession revenue is in order and will implement a policy accordingly.

CLERK OF THE CIRCUIT COURT

No management comments necessary.

SHERIFF

PRIOR YEAR RECOMMENDATIONS

1. STATE SEIZED FUNDS - DEPOSIT VERIFICATION PROCEDURES

Prior Year Comment Summarized

OCSO required verification of state seized monies for deposit to be made by both the Evidence Clerk and the Finance Clerk once funds were logged into Evidence. A receipt, acknowledging receipt and verification of such deposit, however required only the Finance Clerk to sign the receipt, although both the Finance Clerk and Evidence Clerk were involved in the process. We recommended that two signatures be retained on any receipt provided to Finance; the person delivering the deposit and the person receipting the deposit to enhance accountability and internal control over the receipting process.

Status

Procedures now require that two signatures be retained on any receipt provided to Finance; the person delivering the deposit and the person receipting the deposit.

SHERIFF (CONTINUED)

PRIOR YEAR RECOMMENDATIONS (CONTINUED)

2. DRAW REQUEST FROM BOCC FOR STATE SEIZED REIMBURSEMENTS

Prior Year Comment Summarized

In 2008, the OCSO Finance Department submitted quarterly a written request to the Board of County Commissioners (BOCC) for reimbursement of expenditures of state seized monies. The requests were written and approved by OCSO Management but did not contain source documents to support the requests. We recommended all disbursement detail be submitted along with the written draw request to the BOCC. Such procedures increase transparency between the OCSO and the County Commission.

Status

No requests were made by the OCSO to the BOCC for seized funds during the period from April to September 2009. The Director of Administration is in the process of reviewing all financial policies and intends to implement recommendations relating to supporting documentation for all future requests.

3. AUDIT OF CONFIDENTIAL FUNDS

Prior Year Comment Summarized

The Investigative Services Division has multiple controls over receipting, use and reporting of confidential funds. Procedures require that two individuals be present at the exchange of cash, and that signatures of both individuals be retained. In addition, the Department Supervisor monitors each investigator's cash bank, in addition to the central bank in order to account for all funds flowing through the Division.

These procedures are in agreement with OCSO Policy (18.07) with one exception. OCSO Policy 18.07, Confidential Funds, Section 6 states that annually, an audit of confidential funds will be conducted by a person(s), outside of the Investigative Services Division, assigned by the Director of Finance/Administrative Services and approved by the Sheriff. Although the policy exists, Finance and management was unaware of the requirement.

Prior Year Comment Summarized

We recommended that an audit of confidential funds be conducted in accordance with OSCO Policy 18.07. We also recommended that proper segregation of duties be maintained in that process by conducting the audit by a person(s) outside of the Investigative Division and who does not maintain the general ledger for those funds.

Status

Two individuals conducted an audit of the confidential funds subsequent to year-end. Although the Director of Finance/Administration was involved in the audit of those funds and maintains the general ledger, the purpose of that involvement was to gain an understanding of the process over the confidential funds. Future plans are to ensure the count is assigned by someone independent of the Investigative Division, who does not have custody of the funds, nor has general ledger maintenance capability.

SHERIFF (CONTINUED)

PRIOR YEAR RECOMMENDATIONS (CONTINUED)

4. OFF-DUTY PAY

Prior Year Comment Summarized

Various methods were used at the OCSO for tracking of off-duty deputy pay. When a deputy works off-duty in the capacity of law enforcement for an outside entity, the OCSO requires reimbursement of \$2.50 for each hour worked from the deputy. The \$2.50 is to reimburse to the OCSO for costs of fuel, wear and tear on OCSO vehicles, insurance, etc and is captured in the accounting system as a reduction of fuel expense. The OCSO Dispatch Department tracks all off-duty service as called in by the deputies. The Finance department utilizes a report pulled from the Dispatch department to monitor and account for such activity, but cannot fully rely on the data as errors can occur if a deputy forgets to call in or to check out.

Status

During the fourth quarter 2009, the OCSO purchased software for scheduling, tracking, and managing off-duty pay. Management is developing procedures and providing training for users of the system to ensure accuracy of off-duty pay. Full implementation is expected in the first quarter 2010.

5. ANNUAL LEAVE FOR EXEMPT EMPLOYEES

Prior Year Comment Summarized

During 2008, the OCSO did not accrue or track annual leave for exempt employees. Instances where reinstating leave balances upon an employee returning to the OCSO, or other employment related circumstances were noted. These conditions appeared to be in conflict to the OCSO's internal policy 36.01. We recommended that a written specified policy for annual leave for exempt employees, and tracking and approval of leave earned and used by all employees of the OCSO be considered. We also recommended that OCSO evaluate and compare its current annual leave parameters for its exempt employees to its written policy, and that if exceptions exist for employees returning to the agency, those exceptions should be documented in the policy.

Status

The OCSO is in the process of comparing its internal policy with the leave policy adopted by the State of Florida, Division of Law Enforcement. A formal policy will be implemented during fiscal year 2010.

6. PURCHASING PROCEDURES

Prior Year Comment Summarized

The OCSO purchasing agent had not retained written evidence of bid and quote procedures as established in the OCSO purchasing policy. We recommended that documentation of bid and quote procedures be retained by the purchasing agent prior to purchase.

Status

Documentation supporting bid and quotes is being retained by the purchasing agent and attached with the respective purchase order for items tested after April 2009. In items examined, large purchases were made utilizing either state contract or sole source criteria. In circumstances where quote procedures are required, the purchasing agent is reviewing support documentation for evidence of such quotes.

SHERIFF (CONTINUED)

PRIOR YEAR RECOMMENDATIONS (CONTINUED)

7. GRANT REPORTING

Prior Year Comment Summarized

During 2008, several Federal grant reports had not been filed within the applicable deadline. In one instance, evidence of compliance with a grant requirement was not immediately found in the grant file although the support was ultimately located. We recommended that grant reporting be monitored to ensure compliance with applicable deadlines. We also recommended that grant files contain all supporting documentation to prevent loss of information and to facilitate monitoring of grant compliance.

Status

In July 2009, the OCSO re-assigned duties to a “Grants Coordinator” position in Finance. The Grants Coordinator works closely with the Grants Director (individual outside of accounting), and the Director of Administration (individual in accounting) for monitoring of grants. Although segregation of duties is maintained, we noted a weakness collectively in the overall monitoring process of grants. For example, quarterly performance reports were due for quarter ended September 30, 2009, no later than 45 days after quarter-end. As of January 5th, sixteen (16) performance reports had not yet been filed. However all financial reporting requirements were met or extensions obtained. In addition, the general ledger control accounts had not been reconciled with grant spreadsheets maintained by the Grants Coordinator as also noted in finding 2009-3.

Recommendation

We recommend that current grant reporting procedures be modified to encompass compliance with performance reporting requirements for all grants, and that timely reconciliation of the general ledger control accounts be made with records maintained by the Grants Coordinator.

Management’s Response and Corrective Action Plan

The OCSO complied with the requirements for financial reporting for all grants throughout FY 2009. Program reports were delayed for some grants due to staffing issues outside of the Finance area at the OCSO. Granting agencies were informed of the issues and worked with the OCSO as reporting requirements were satisfied. The staffing issues have now been resolved.

General ledger activity for grant expenditures is reconciled monthly prior to reporting activity to the granting agencies. New procedures have been established to ensure that revenue recognition on grants is also reconciled monthly and tracks with the underlying expenditure activity.

8. SUPPORTING DOCUMENTATION FOR CREDIT CARD EXPENDITURES

Prior Year Comment Summarized

During 2008, we noted a few instances where OCSO credit card payments were not supported by a receipt but only by the statement. In addition there appeared to be an excessive number of cards in use by OCSO which could make the monitoring use of such cards time consuming. We recommended that all support for credit card charges be retained and provided to Finance prior to payment of the monthly bill. We also recommended that credit cards in use be evaluated and that a limited number of personnel have authority to use such cards.

SHERIFF (CONTINUED)

PRIOR YEAR RECOMMENDATIONS (CONTINUED)

8. SUPPORTING DOCUMENTATION FOR CREDIT CARD EXPENDITURES (CONTINUED)

Status

OCSO reduced the number of credit cards used during 2009. Our testing found in transactions examined after April 2009 that all necessary support for the credit card was retained.

TAX COLLECTOR

PRIOR YEAR COMMENT

1. TRAVEL REIMBURSEMENTS

Prior Year Comment Summarized

The Okaloosa County Tax Collector (OCTC) had a travel policy in compliance with Florida Statute 112.061, however deviation from the policy resulted in some travel expenses that were not appropriately documented during the year ended September 30, 2008. Deviations included that uniform travel authorization and voucher forms were not consistently used by all travelers. Voucher forms were not being completed by travelers when direct payment was made with an OCTC credit card. Some voucher forms examined did not contain all required information. In the previous year audit, documentation to support OCTC credit cards was insufficient in many instances to provide the information necessary to justify the public nature of the expenditure. The Tax Collector did not consistently submit supporting documentation to substantiate travel charges on his OCTC credit card.

Status

In May 2009, the Tax Collector revised his travel voucher policy and procedures to address the deficiency noted in the prior year audit finding 2008-2. We tested 65 travel expense report/reimbursement requests after the procedures were implemented noting appropriate signatures and documentation attached to the newly designed travel reimbursement request allowing appropriate post audit review. In addition voucher forms were completed for all travel including those charges when direct payment was made by check or OCTC credit card. We also specifically tested travel documentation for the Tax Collector after the change in policy. All travel expense report/reimbursement requests for the Tax Collector after April 2009 were prepared in accordance with the revised policy and allowed for appropriate post audit capability.

For travel vouchers incurred prior to the revision of the travel documentation policy (October 1, 2008 to April 30, 2009) we tested 27 employee travel vouchers to determine if adequate support was provided. Further we tested direct payments to vendors via check and other travel related expenditures charged on the OCTC credit card to determine if supporting documents were maintained and that those charges corresponded to the individual travel vouchers. For all vouchers and direct pays tested post audit review was possible and no exceptions were noted. Finally we tested travel related charges for the Tax Collector. During that time not all travel charges made by the Tax Collector were submitted in a format allowing adequate post audit due to lack of certain detailed receipts. Although detail post audit review was not possible, the charges summarized on credit card statements maintained in the OCTC office, corresponded to conference attended.

TAX COLLECTOR (CONTINUED)

PRIOR YEAR COMMENT (CONTINUED)

1. TRAVEL REIMBURSEMENTS (CONTINUED)

Management's Response and Corrective Action Plan

Management continues to ensure proper documentation is provided and appropriate signatures are included on all travel reimbursement request forms and credit card statements that are submitted. Management will continue to ensure documentation is retained as required by Florida Statutes.

PROPERTY APPRAISER

No management comments necessary.

SUPERVISOR OF ELECTIONS

No management comments necessary.

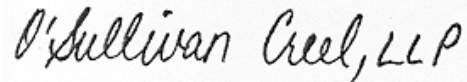
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Okaloosa County, Florida, is a political subdivision of the State of Florida organized under Title VIII, Section 1(e) of the Florida Constitution. The primary government includes the Board of County Commissioners, the Clerk of the Circuit Court, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections. As of September 30, 2008, Okaloosa County had one component unit, as defined by GASB 14, with a significant operational or financial relationship with the County. The Emerald Coast Bridge Authority is reported as a discretely presented component unit in the financial statements of Okaloosa County. The Authority was established in May 2001 by legislative action amending Chapter 90-412, Laws of Florida.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of any such specific condition(s) met. In connection with our audit, we determined that Okaloosa County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Okaloosa County, Florida for the fiscal year ended September 30, 2009, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Okaloosa County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Board of County Commissioners
Okaloosa County, Florida
Management Letter (Continued)

- Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Board of County Commissioners of Okaloosa County, Florida, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We sincerely hope these comments and recommendations will be of assistance in the administration and operation of Okaloosa County, Florida. Please feel free to contact us regarding the preceding or any other aspect of the audit of your financial statements.

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



O'SULLIVAN CREEL, L.L.P.
Certified Public Accountants and Consultants
For the Consortium

March 12, 2010

FINANCIAL STATEMENTS
AND
AUDIT REPORTS

PRESENTED TO DEMONSTRATE COMPLIANCE
WITH FLORIDA STATUTES SECTION 218.39(8)
AND
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.557