

OKALOOSA COUNTY, FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED SEPTEMBER 30, 2016

PREPARED BY CLERK OF CIRCUIT COURT
JD PEACOCK II, CLERK
GARY J. STANFORD, FINANCE OFFICER

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Comprehensive
Annual
Financial
Report

Okaloosa County, Florida

For the year ended
September 30, 2016

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

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**OKALOOSA COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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JD PEACOCK II

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



March 31, 2017

To the Citizens of Okaloosa County:

The Comprehensive Annual Financial Report of Okaloosa County, Florida for the fiscal year ended September 30, 2016, is respectfully submitted. This report was prepared by the Finance Department under the supervision of the Clerk of Court & Comptroller. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department. This report contains four major sections: the Introductory, the Financial, the Statistical and the Compliance Sections.

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

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

The County's financial statements have been audited by the certified public accountants of the firm of Warren Averett CPAs and Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2016, 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.

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

REPLY TO:

ANNEX EXTENSION • 1940 LEWIS TURNER BLVD, SUITE 1-300 • FT WALTON BEACH, FL 32547 • (850) 651-7200

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

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

Generally accepted accounting principles require that organizations for which the County is financially accountable be reported with the primary government (the County) as the reporting entity, however no organizations met this criteria. This CAFR does not include the Okaloosa County School District or any other independent agency of Okaloosa County.

ECONOMIC CONDITION AND OUTLOOK

Okaloosa County is one of Florida's youngest counties, created in 1915 by an act of the state legislature. Okaloosa County is located in the Northwest Florida Panhandle and the City of Crestview, near its geographical center, is the County seat. The April 2016 population was 192,925, 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 Okaloosa County. The effect of the industry on the local spending economy is well above \$2.5 billion income produced annually with the employment of over 32,000 in tourism related businesses. The Business Sales for Okaloosa County from Tourism totals over \$4.5 billion dollars. The Tourism industry generates over \$500 million in tax revenues per-year. The Tourist

Development Council Convention Visitor's Bureau (TDC / CVB) registered hundreds of thousands of inquiries throughout the year. Tourists may visit Okaloosa County's Visitor Welcome Center for information on all local activities, area information, sightseeing and all other things to do during their visit. More than 4.5 million visitors come to the Emerald Coast in 2015/2016.

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



The state Division of Economic Development placed the total labor force in Okaloosa County at 117,021 in 2016 and the 2016 unemployment rate at 4.2 percent. This compares favorably to the state's annual average rate of 4.9 percent and the national average of 4.7 percent. Okaloosa

County's cost of living is consistently below the national average and the county has, along with its sister counties in Florida, no state income tax.

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

Property valuation continued to increase this year, building upon the slight increase last year, after declining for several years prior to that. The increase continues to provide the County the opportunity to maintain one of the state's lowest millage rates while also continuing to maintain a relatively high level of service to County residents. Property tax values increased 4.3 percent. New construction activity in 2016 decreased slightly from the prior year but increased this current year by \$174 million.

MAJOR FUNCTIONAL INITIATIVES

General Government Initiatives

The County finished a new Administrative Facility and number of renovations at the very end of last year and beginning of this year in order to more effectively and efficiently utilize the limited governmental space available. The County Administration Building was occupied and began being utilized for BCC meetings and many primary governmental functions like collection of taxes, voter registration maintenance of



property records and Commission office space. About \$58,770,000 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 Corrections Department and County Jail continues to deal with population increases, while trying to mitigate those increases. Corrections expenditures escalate for meals, medical and other services during times of increasing populations. The Jail facility continues studying expansion and future growth planning. The public safety function of

the Emergency Medical activity stays busy and replaced several aging vehicles in their fleet during the year. The Sheriff's operations were active and involved in many of these public safety initiatives throughout the year. The Sheriff fleet of vehicles was enhanced this year with funds budgeted from BP settlement dollars. The County funded approximately \$69,000,000 of Public Safety initiatives, or approximately 29% of total expenditures, in 2016.



Physical Environment Initiatives Physical environment initiatives are concentrated in the areas of water/wastewater improvements, solid waste and stormwater. County Water & Sewer were busy with a number of projects this year, including meter replacements, expansion of Arbennie Wastewater Facility and diverting flow to this newly expanded facility. Another significant project



in the water area was beginning construction on Bob Sikes Industrial Park Tank. Solid Waste continues to place a high priority on new ideas as the County monitors and remediates all of its closed landfill facilities along with the focus on providing reasonably priced solid waste services and enhanced recycling services throughout the County. About \$45,750,000 was spent in the area of Physical Environment initiatives, or approximately 19% of total expenditures, for 2016.

Transportation Initiatives Transportation needs continue to be an area of vital importance to the citizens of the County. Maintenance and enhancement of existing roadways and bridges continues to be an extremely important priority, but the limitation for further improvement generally is hampered by limited resources. A major renovation and repair project for the Martin Luther King Boulevard in the south part of the County was completed in 2016. The Local Option Gas Tax and the Constitutional State Shared Gas Tax continue to be utilized to begin or set aside for future construction on many major projects and other maintenance, like PJ Adams and Fairchild Road, to name a few. The area of mass transit operations and capital acquisitions continues to be

addressed with significant amounts of grant-funded projects. The Northwest Florida Regional Airport, along with the General Aviation Airports in Destin and in Crestview at Bob Sikes, continued to enhance all facets of the aviation activity, including security and taxiway enhancements throughout the year. The US Department of Transportation and FL Department of Transportation funded projects at Fort Walton/Destin Regional



Airport and Destin Airport related to checked baggage improvements, Aircraft Rescue and Fire Fighting Facility and the Destin Control Tower. About \$41,800,000, or approximately 17% of total spent, was spent on transportation expenditures in 2016.

Economic Environment Initiatives The tourism economy continues to be a dominant factor in the economic activity of the County, both on its south end beautiful beaches and its other economic activities throughout the County. The Tourist Development Council continues to emphasize tourism marketing in order to attract record visitors traveling to Okaloosa County. The Tourist Development Council has focused their marketing efforts throughout seasonal campaigns during



2016. Financial assistance to countywide citizens in the form of housing assistance through the Community Development Corporation and assistance related to the many veterans located in the area also are included in Economic Environmental initiatives. Community Redevelopment agencies in several cities within the County utilize portions of Ad Valorem Tax dollars to enhance economic development in those designated areas. About \$10,000,000 or approximately 4% was spent in the area of economic environment in 2016.

Human Service Initiatives The ongoing funding for human service activities by the County included mosquito control, animal welfare, health care, Medicaid, elder services, day care service, mental health services and court-related child protection services expenditures. These activities, particularly state aid for Medicare and Medicaid, account for well over half of the dollars spent in this particular functional category. A portion of the operation of the Okaloosa County Health Department is another human service initiative in the County. Over \$4,750,000 or approximately 2% was spent in the area of Human Service activity in 2016.

Culture/Recreation Initiatives Culture/Recreation initiatives are an important element of funding in this diverse County ranging from the beautiful beaches to parks throughout the County, especially in the rural areas of north county. Park improvements, like Marler Park in the south end of the County to north end neighborhood and other parks, like Laurel Hill/Dorcas Park continue

to utilize these resources. Maintenance on all parks is an increasing and ongoing expenditure every year and the rotation of funding and priority throughout the County for all parks is a focus each year. Tourist Development continues utilizing bed tax to study beach renourishment to review and analyze the beach areas needing possible renourishment for the future. The Council has set aside budgeted reserves for potential future needs and significant beach and restoration projects. A penny of each dollar of Tourist Development Tax continues to be collected to provide funding. Many national magazines proclaim the Okaloosa Island/Destin beaches as the #1 Beach in America, the #1 Beach in the South, as well as, one of the Favorite Family Vacation spots as they have for the past several years consecutively. The Countywide Library Cooperative continued to provide countywide service during this year. About \$9,230,000 or approximately 4% was spent for culture/recreational activities throughout the year.



Future Initiatives Maintaining a high level of service the citizens expect will continue to be a major challenge for the County, due to somewhat limited resources in a number of areas. Facility and space needs continue to be a high priority for the immediate future.



The County began the major Courthouse demolition and construction project during the current year and anticipates completing this construction project in a relatively short timeframe since court operations have been displaced during this period. The primary focus of some of these projects is to plan for their future needs and to construct more efficient space for their occupants and citizenry.

The County will continue to monitor road and stormwater needs consistent with the availability of funds. One tax increment area was established around Interstate 10 in order to alleviate congestion in the countywide transportation system and enhance the flow of traffic throughout the County.

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

FINANCIAL INFORMATION

Readers of this report are encouraged to read Management’s Discussion and Analysis (MD&A). The MD&A provides basic financial information about the County and an overview of the

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015.

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

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

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

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



Government Finance Officers Association

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

Presented to

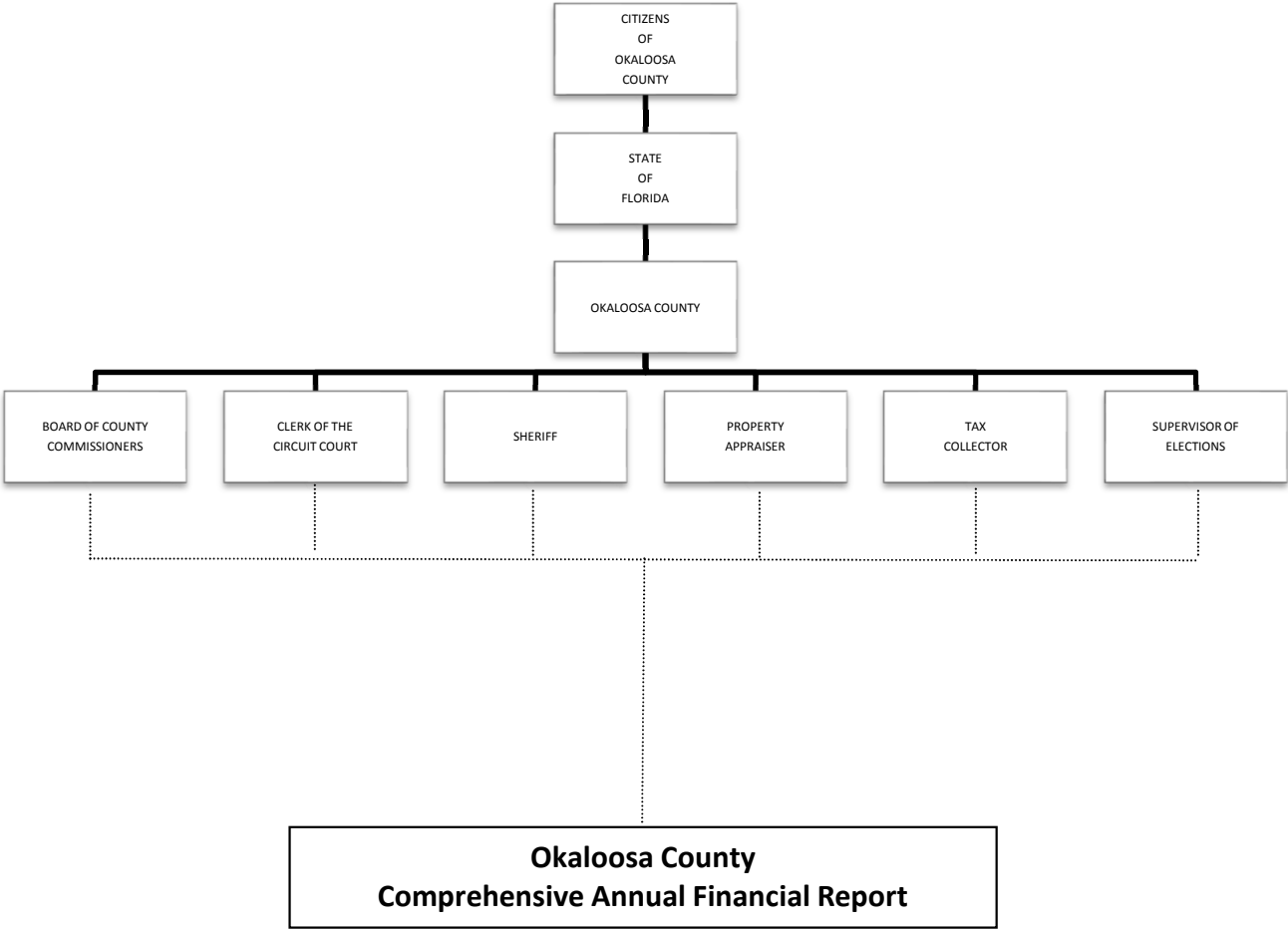
**Okaloosa County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

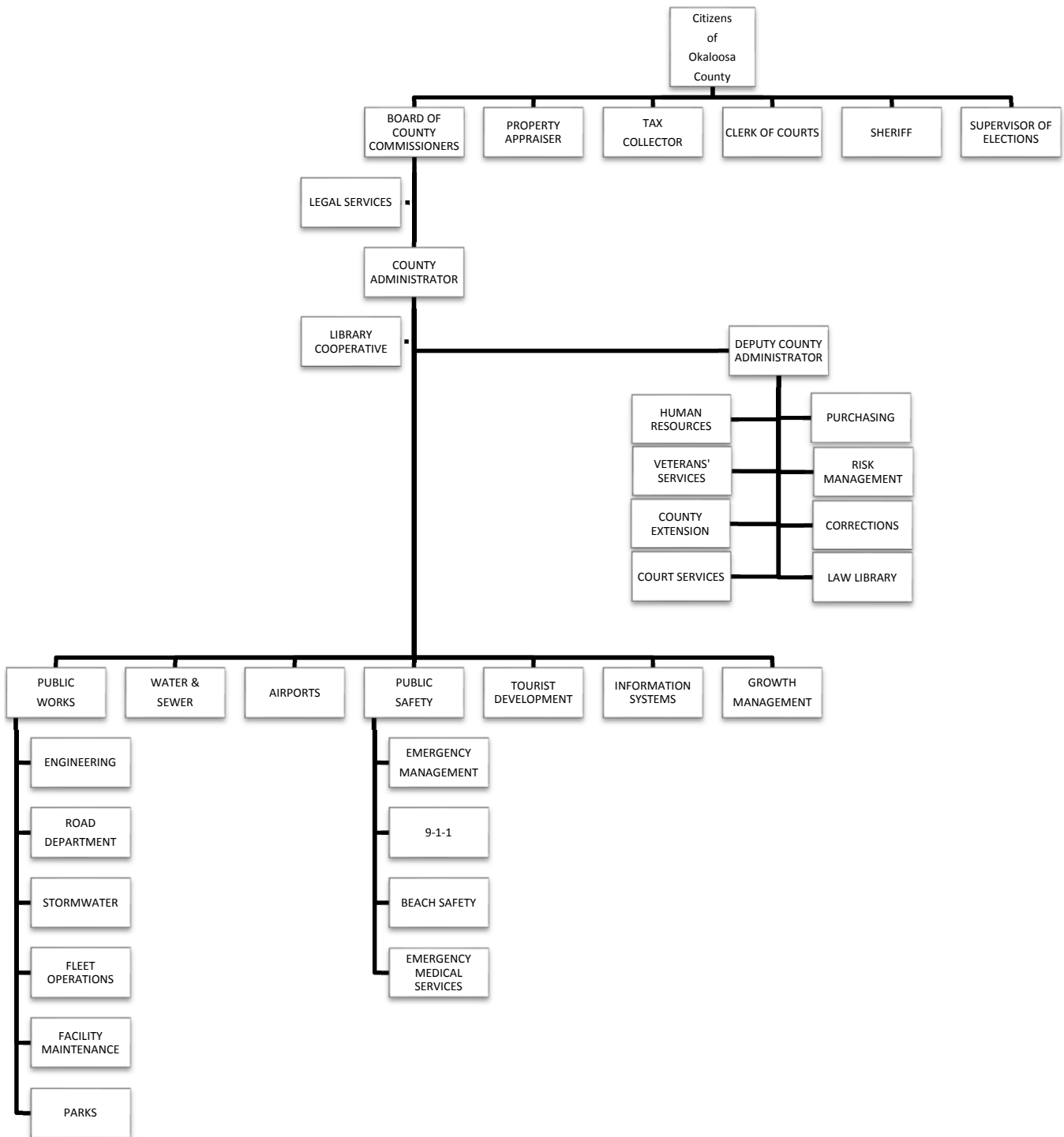
September 30, 2015

Executive Director/CEO

OKALOOSA CONUTY, FLORIDA
REPORTING ORGANIZATION



OKALOOSA COUNTY COMMISSIONERS
 OKALOOSA COUNTY, FLORIDA
 ORGANIZATION CHART



**OKALOOSA COUNTY, FLORIDA
COUNTY OFFICIALS
AS OF SEPTEMBER 30, 2016**

COUNTY COMMISSIONERS

Wayne Harris	District I
Carolyn Ketchel	District II
Nathaniel Boyles	District III
Trey Goodwin	District IV
Kelly Windes	District V

OTHER ELECTED OFFICIALS

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

OTHER OFFICIALS

John Hofstad	County Administrator
--------------	----------------------

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, (hereinafter referred to as "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2016, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Tourist Development Special Revenue Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits*, and is also not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements of the County.

The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards and State Financial Assistance, the Schedule of Expenditures of Passenger Facility Charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures

applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, the schedule of expenditures of passenger facility charges, are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Warren Averett, LLC

Fort Walton Beach, Florida
March 31, 2017

Okaloosa County, Florida

Management Discussion and Analysis

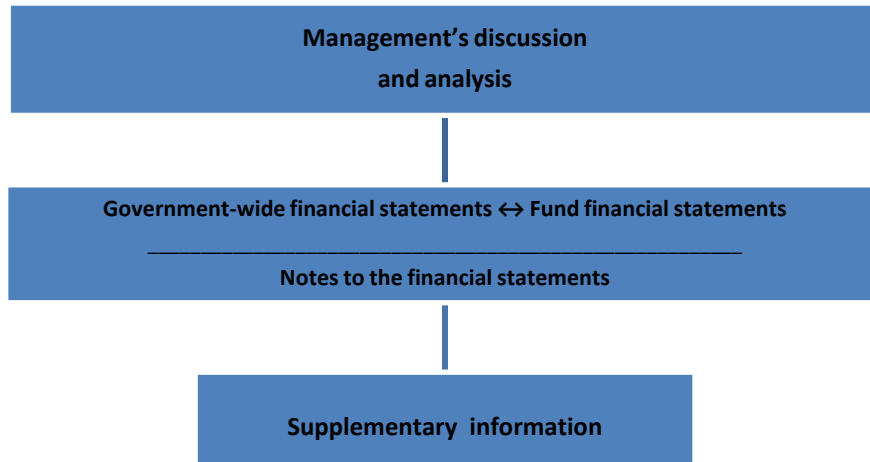
This discussion and analysis of Okaloosa County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2016. This analysis, in conjunction with additional information provided in our letter of transmittal, should assist readers in identifying significant financial issues and changes in the County's financial position. In this Management Discussion and Analysis (MD&A), all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- At the close of fiscal year 2016 the County's assets and deferred outflows exceeded its liabilities and deferred inflows, resulting in net position of \$449,937. Governmental and business-type assets exceeded its liabilities by \$170,954 and \$278,983, respectively.
- The County's total net position increased \$22,645, or 5.3 percent, in comparison to the prior year.
- The County had (\$6,772) of unrestricted net deficit at the close of this year compared to (\$10,617) last year.
- Total revenues increased \$12,210, or 5.9 percent, from \$206,026 to \$218,236.
- Total expenses increased \$16,329, or 9.1 percent, from \$179,262 to \$195,591.
- The County's governmental activities reported total net position of \$170,954, which is an increase of \$3,287, or 2.0 percent, in comparison to the prior year. An unrestricted net deficit of (\$43,267) exists in the governmental activities.
- The County's business-type activities reported total net position of \$278,983, which is an increase of \$19,358, or 7.5 percent, in comparison to prior year. Approximately 13.1 percent of the total, or \$36,495, is unrestricted, and thus available for spending at the County's discretion.

Overview of the Financial Statements

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



Government-wide financial statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

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

Proprietary Fund Financial Statements

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

The County reports the Water and Sewer, Airport and Emergency Medical Services 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 position may serve as the most useful indicator of a government's financial position, although a number of significant estimates or long-term projections now impact that net position. At September 30, 2016, the County's total net position or total assets less liabilities, was \$449,937. A significant portion of the County's net position, 84.6 percent, is identified as an investment in capital assets (such as land, buildings, equipment, infrastructure), less related debt outstanding that was used to acquire those assets. Since the County uses capital assets to provide services to its residents, the net position represented by "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 net investment in capital assets, net of related debt balance of \$380,719 increased \$17,781 or 4.9 percent, in comparison to the prior year.

Another portion of the County's net position is restricted net position which represent assets that are subject to constraints such as by debt covenants, grantors, laws or regulations. The restricted net position balance of \$75,989 (16.9 percent of total net position) increased \$1,018 or 1.4 percent, in comparison to prior year, due to increased Economic Environment revenue related to bed taxes.

Unrestricted net position is net position that is available to meet the County's ongoing obligations to residents, creditors, and enterprise fund customers. The County has an overall net unrestricted deficit of \$6,772 primarily as a result of recording its proportionate share of the pension liability of the State of Florida's retirement system. These liabilities are actuarially determined and provided by the State of Florida Retirement System (FRS). The Governmental Activities overall net position increased by \$3,287 however the majority of the increase related to an increase in bed tax revenue which is by law restricted for certain purposes. The unrestricted net deficit in the governmental activities increased by \$6,331 over the prior year due to an increase in pension liabilities and planned use reserves in its governmental activities. Net position in the County's business type activities increased \$19,358 due to increased charges for services and capital contributions. Unrestricted net position of \$36,495 is available in the County's business type activities to meet ongoing obligations to its customers.

The following is a condensed summary of net position for the primary government for fiscal years 2016 and 2015.

Okaloosa County, Florida
Summary of Net Assets
September 30, 2016 and 2015
In Thousands of Dollars

	Governmental		Business-type		Total	
	2016	2015*	2016	2015	2016	2015
Current and Other Assets	\$ 109,628	\$ 99,955	\$ 94,630	\$ 85,603	\$ 204,258	\$ 185,558
Capital Assets	197,621	193,984	315,634	304,718	513,255	498,702
Total Assets	\$ 307,249	\$ 293,939	\$ 410,264	\$ 390,321	\$ 717,513	\$ 684,260
Total Deferred Outflows	\$ 28,320	\$ 7,769	\$ 12,186	\$ 6,575	\$ 40,506	\$ 14,344
Current and Other Liabilities	14,353	19,362	17,253	16,643	31,606	36,005
Noncurrent Liabilities	148,886	106,478	124,696	117,141	273,582	223,620
Total Liabilities	\$ 163,239	\$ 125,840	\$ 141,949	\$ 133,784	\$ 305,188	\$ 259,625
Total Deferred Inflows	\$ 1,375	\$ 8,200	\$ 1,517	\$ 3,486	\$ 2,892	\$ 11,686
Net Position:						
Investment in Capital						
Assets, Net of Related Debt	156,262	149,244	224,457	213,694	380,719	362,938
Restricted for						
Debt Service	-	1,039	5,837	8,643	5,837	9,682
Capital Projects	610	3,306	-	-	610	3,306
Public Safety	3,329	3,111	-	-	3,329	3,111
Transportation	10,396	11,783	12,194	10,969	22,590	22,752
Eco Environment	38,306	29,920	-	-	38,306	29,920
Culture Recreation	3,909	4,110	-	-	3,909	4,110
Court-Related	1,408	2,090	-	-	1,408	2,090
Unrestricted	(43,267)	(36,936)	36,495	26,319	(6,772)	(10,617)
Total Net Position	\$ 170,954	\$ 167,667	\$ 278,983	\$ 259,625	\$ 449,937	\$ 427,292

*Reclassified to confirm with current year presentation.

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, 2016 and 2015						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 25,462	\$ 25,961	\$ 62,439	\$ 53,494	\$ 87,901	\$ 79,455
Operating Grants and Contributions	8,959	6,738	455	272	9,414	7,010
Capital Grants and Contributions	984	1,393	11,697	10,860	12,681	12,253
General Revenues:					-	-
Taxes	77,192	73,101	1,122	1,504	78,314	74,605
State Shared Revenue	24,644	23,228	-	-	24,644	23,228
Grant and Contributions not Restricted Specific Programs	3	3	-	-	3	3
Other	3,516	5,547	1,764	3,925	5,280	9,472
Total Revenues	140,759	135,971	77,477	70,055	218,236	206,026
Expenses:						
Program Activities:						
General Government	33,975	30,449	-	-	33,975	30,449
Public Safety	52,621	49,096	-	-	52,621	49,096
Physical Environment	1,376	1,139	-	-	1,376	1,139
Transportation	17,224	14,349	-	-	17,224	14,349
Economic Environment	8,502	6,432	-	-	8,502	6,432
Human Services	4,931	4,535	-	-	4,931	4,535
Culture and Recreation	8,238	7,317	-	-	8,238	7,317
Court-Related	8,147	8,154	-	-	8,147	8,154
Interest and Fiscal Charges	2,470	2,659	-	-	2,470	2,659
Business-type Activities:						
Water and Sewer	-	-	26,004	26,444	26,004	26,444
Airport	-	-	13,966	12,415	13,966	12,415
Solid Waste	-	-	7,913	7,155	7,913	7,155
Inspections	-	-	1,671	1,678	1,671	1,678
Emergency Medical	-	-	8,553	7,440	8,553	7,440
Total Expenses	137,484	124,130	58,107	55,132	195,591	179,262
Increase in Net Position						
Before Transfers	3,275	11,841	19,370	14,923	22,645	26,764
Special Item	-	-	-	-	-	-
Transfers	12	284	(12)	(284)	-	-
Increase/(Decrease) in Net Position	3,287	12,125	19,358	14,639	22,645	26,764
Net Position October 1	167,667	155,542	259,625	244,986	427,292	400,528
Net Position September 30	\$ 170,954	\$ 167,667	\$ 278,983	\$ 259,625	\$ 449,937	\$ 427,292

Revenues increased by \$4,788 or 3.5 percent in Governmental activities, due to increases in several different sources of revenue, but particularly in the County's Tourist Development Tax revenue collection. Revenues in business-type activity increased by \$7,422 or 10.6 percent from the prior year, mainly due to increases in Charges for Services in the Water & Sewer and Airport

fees. Expenses increased by \$13,354 or 10.8 percent in Governmental activities, due primarily to increased expenditure activity related to Public Safety for the Sheriff and transit services for the County transportation system. Expenses increased \$2,975 or 5.4 percent in business-type activities due mainly to increases in Airport activity related to additional enplanements and new service offerings. Revenues in 2016 increased from 2015 but expenses also increased incrementally. Net position is significantly impacted by the recent implementation of the pension standard however overall net position increased by 5.3 percent, from \$427,293 in 2015 to \$449,937 in 2016.

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.

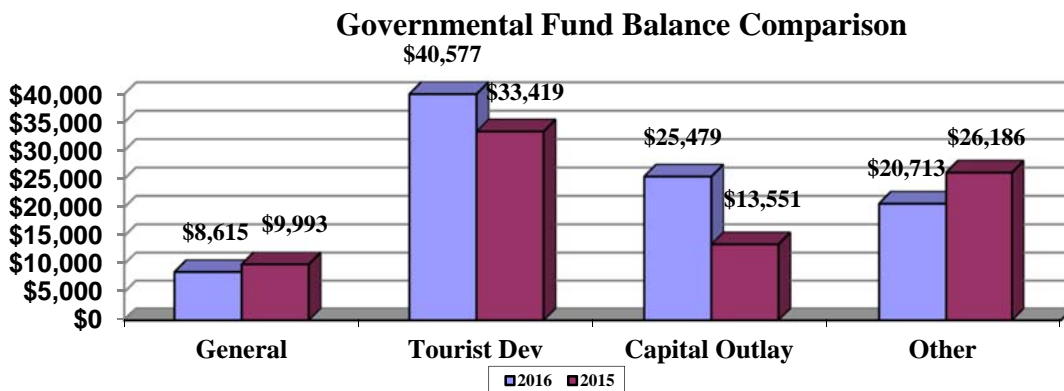
As of September 30, 2016, the County governmental funds reported combined fund balances of \$95,384, an increase of \$12,235 over the prior year balances, due mainly to continued increases in the Tourist Development Special Revenue Fund and the increased tourism industry resurgence along with increasing Capital Projects activity related to governmental building activity.

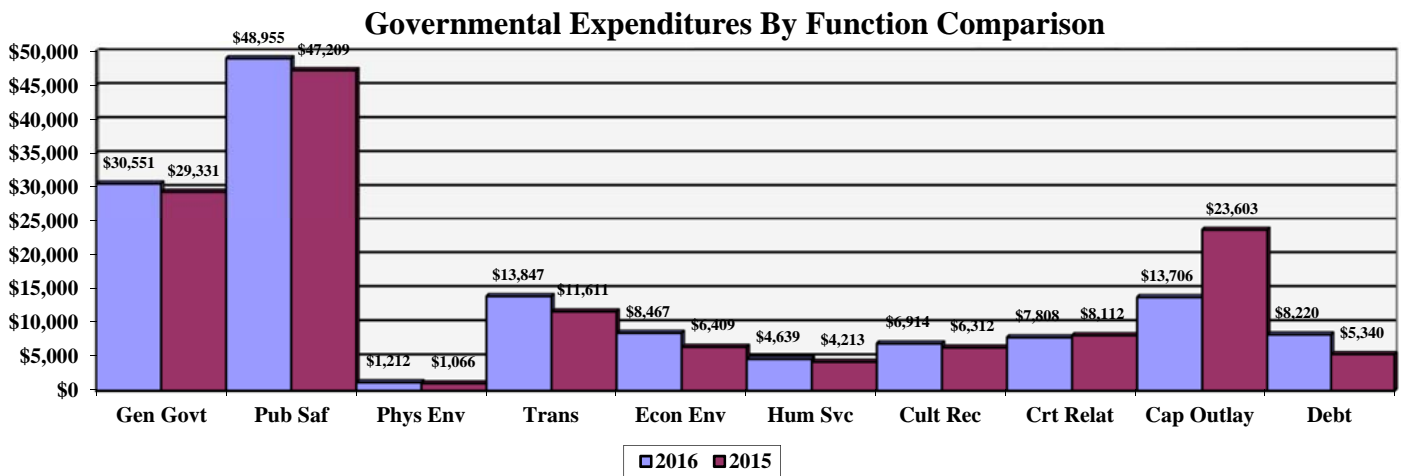
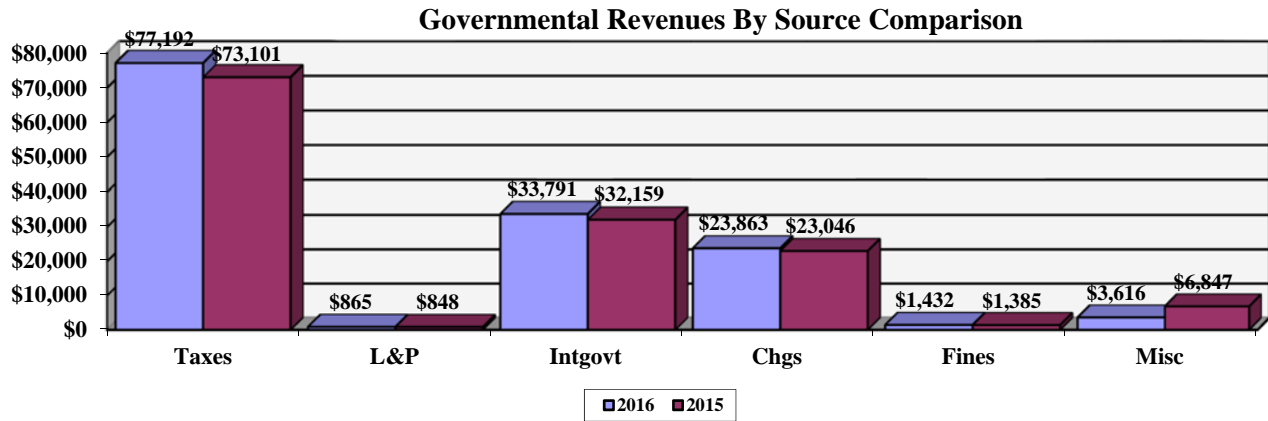
The General Fund is the chief operating fund of the County. At September 30, 2016, total fund balance in the general fund was \$8,615 of which \$4,405 was unassigned. The general fund expenditures for the fiscal year exceeded revenues by \$5,893, although revenue increased, the public safety and transportation expenditure activity increased more. The Net change in Fund Balance for the General Fund for fiscal year 2016 amounted to a decrease of **(\$1,377)**, while the prior year showed an increase of \$1,976. The decrease in fiscal year 2016 was mainly due to additional funding for much needed public safety activity and increased transit services related to a change in providers for the countywide service.

The Tourist Development Trust Fund is a special revenue fund that is used to account for the revenues and expenditures collected on short-term rentals in Okaloosa County. The Tourist Development Trust Fund balance increased over the prior year by \$7,158. The increase in fund balance is primarily due to increased revenue from taxes, as well as, reduced expenditures while evaluating long-term strategies for marketing and promotion.

The Capital Outlay Construction Fund is the construction fund that is used to account for the major governmental capital improvements. The Capital Outlay fund balance increased over the prior year by \$11,928 due to issuance of debt for another governmental building capital project to replace the County Courthouse.

The following is a chart of all Governmental Fund Balances for the fiscal years 2016 and 2015.





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, 2016, total net position amounted to \$278,983 for enterprise funds as compared to \$259,625 at September 30, 2015. Net Position balances are primarily the result of operations and capital contributions in the Water & Sewer and Airport Enterprise funds.

Business-type activities increased the County's total net position by \$19,358. Major components of this increase are as follows:

- The Water and Sewer Fund increased its net position by \$9,084. Operating income was \$10,895 during the year which was greater than last year. Operating revenues increased during the year, mainly related to the increased operating revenue related to partnerships developed with the military and other governmental agencies, while operating expenses maintained the status quo.

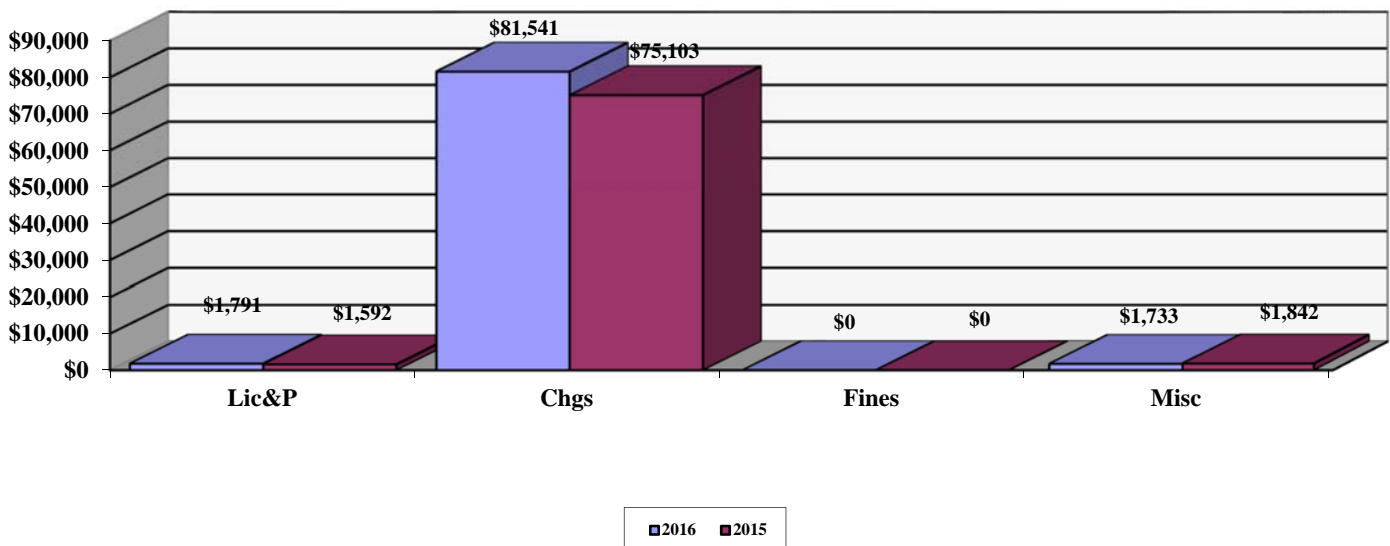
- The Airport Fund increased its net position by \$7,428. The Airport had increased capital contributions from grant and financing capital activities and operating and non-operating income increased due to an increase in operations at the Airport.
- The Emergency Medical Services Fund increased its net position by \$1,448. The most significant factor in this increase was due to the increased billings, the percentage collection of those billings and the increased activity in this area of service.

The net operating income of the enterprise funds for fiscal years 2016 and 2015, is as follows:

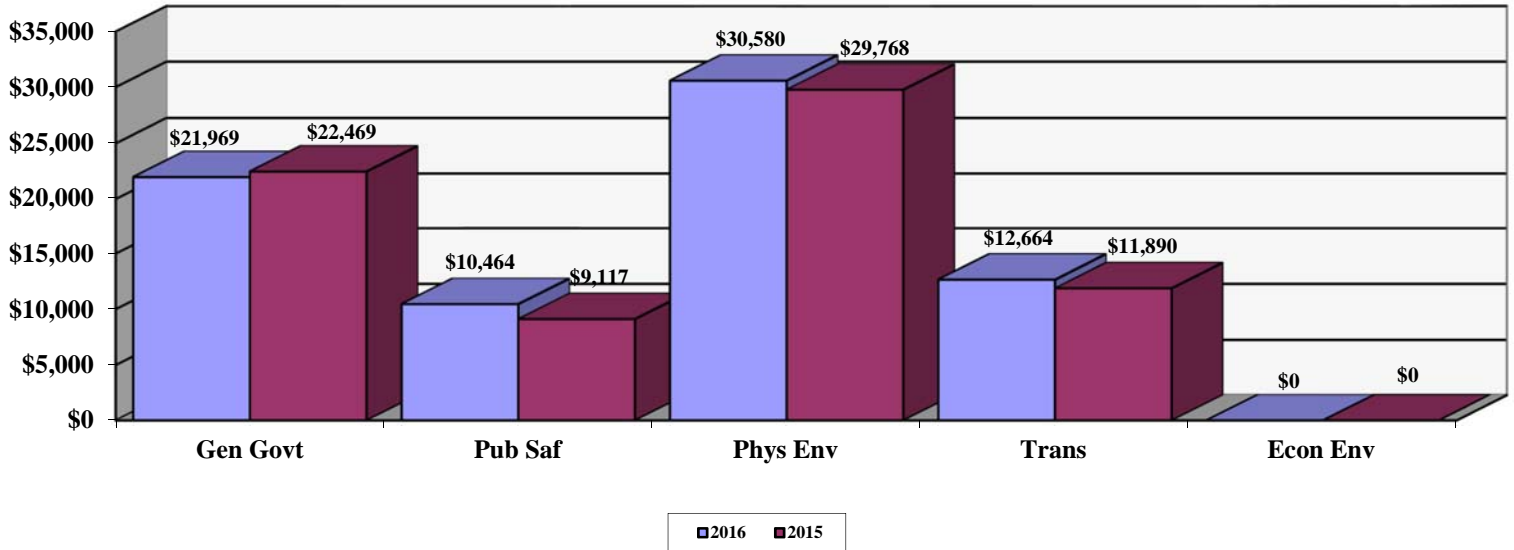
Enterprise Net Operating Income (Loss)

	2016	2015
Water and Sewer	\$10,895	\$9,778
Airport	(2,774)	(3,666)
Emergency Medical Services	293	(964)
Nonmajor Enterprise Funds	1,223	989
	\$9,637	\$6,138

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 2016 as well as the final budget is presented.

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

- The County added budgeted revenue of approximately \$15,424 of which \$12,983 related to intergovernmental revenue as a result of anticipated state and federal grants related to public safety, housing assistance and mass transit funds.
- The County added budget expenditures of approximately \$14,087 most significantly in the areas of transportation and capital outlay related to the anticipated grant activity.
- The County reduced budgeted financing sources by approximately \$1,336 related to transfers out to funds and constitutional officers.

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

- A variance of \$7,065 of actual revenues under anticipated budget amounts as the grant revenue anticipated was both not earned and unavailable in the current year based on the timing of both qualifying expenditures and the availability of funds received.
- A variance of \$15,451 of actual expenditures under anticipated budget amounts due to the timing of grant related expenditures and various capital projects that were not complete as of the end of the fiscal year.
- A variance of \$167 of actual other financing sources due to transfers and a capital lease used to secure voting equipment.

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, 2016 amounts to \$513,255 (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 \$3,639 or 1.9 percent increase, which was mainly due to ongoing building activity and expansion for governmental facilities and road improvements completed. The business-type activities capital assets increased amounting to \$10,916 or 3.6 percent, mainly due to major Water & Sewer and Airport capital project activities currently underway.

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

Okaloosa County, Florida
 Capital Assets
 September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,804	\$ 11,558	\$ 14,765	\$ 13,126	\$ 26,569	\$ 24,684
Buildings	109,449	95,816	73,475	73,360	182,924	169,176
Improvements other than buildings	36,798	35,748	277	277	37,075	36,025
Intangibles	3,354	3,163	933	896	4,287	4,059
Mach/Equipment	54,485	52,039	20,964	20,754	75,449	72,793
Const in Progress	4,748	15,701	21,259	9,917	26,007	25,618
Infrastructure	154,473	151,000	346,415	339,318	500,888	490,318
Art	29	29	70	70	99	99
Total Capital Assets	375,140	365,054	478,158	457,718	853,298	822,772
Accum Deprec	(177,519)	(171,072)	(162,524)	(153,000)	(340,043)	(324,071)
Total	<u>\$ 197,621</u>	<u>\$ 193,982</u>	<u>\$ 315,634</u>	<u>\$ 304,718</u>	<u>\$ 513,255</u>	<u>\$ 498,701</u>

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

Long-term debt. At the end of the current fiscal year, the primary government, Okaloosa County, had bonded, revolving loans, and capital lease long-term debt outstanding of \$155,202. Of this amount, \$65,529 comprises governmental activities bonds, note and leases payable while the remaining \$89,673 in revenue bonds, revolving loans and a revenue note is secured solely by specified revenue sources in business-type activities.

Okaloosa County, Florida
 Outstanding Debt
 September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital Lease	\$ 416	\$ -	\$ -	\$ -	\$ 416	\$ -
Revenue Bonds	60,622	49,861	81,275	83,840	141,897	133,701
Revolv & Comm Loan	4,491	6,022	8,398	8,013	12,889	14,035
Total	\$ 65,529	\$ 55,883	\$ 89,673	\$ 91,853	\$ 155,202	\$ 147,736

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

Okaloosa County, Florida, Debt Ratings at September 30, 2016

Type of Debt Issue:	S & P	Fitch/Moody's
2009 Sales Tax Rev Bonds	AA	AA-
Cap Imprv Rev Bonds, Ser 2011	Not rated	Not rated
2014 Sales Tax Rev Bonds	AA	AA-
2016 Sale Tax Rev Bonds	AA	AA-
W&S Rev Bonds 2015	Not Rated	AA-/Aa3
Taxable Airport Rev Bond 2007	AA	Not Rated
Taxabl Airport Ref Bonds 2014	Not Rated	Not Rated

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

Economic Factors

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

- The Florida Research and Economic Database reported that the number of employed Okaloosa County civilian residents increased from 87,508 in 2015 to 90,060 in 2016, an increase of 2.9 percent. Stable labor force coupled with somewhat improving economic times led to the County's unemployment rate falling to 4.2 percent in 2016 compared to 4.5 percent for 2015. The County's unemployment rate still remains extremely favorable compared to the state and national rates of 4.9 and 4.7 percent respectively, for 2016.
- The assessed value of real property located in the County after exemptions increased from \$14.250 billion in 2015 to \$14.894 billion, while the total assessed value of the County increased from \$15.035 billion to \$15.685 billion in 2016. This represented an increase of \$.65 billion or 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 3.1 percent of the total ad valorem property tax levy.
- During 2016, total value of new residential construction in the County was valued at \$148 million and total value of new non-residential construction was valued at \$37 million for a total of just \$185 million in new construction. The total construction figure for 2016 represented a \$44 million increase from the 2015 total.

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

Request for information

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

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

Okaloosa County, Florida
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		Total
	Government Activities	Business-type Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 49,443,982	\$ 32,833,306	\$ 82,277,288
Investments	22,056,670	14,654,504	36,711,174
Receivables, Net of Allowance for Uncollectibles	4,019,678	10,059,874	14,079,552
Internal Balances	335	(335)	-
Due from (to) Fiduciary Funds	168,311	-	168,311
Due from Other Governments	8,021,754	3,038,548	11,060,302
Inventories	254,015	1,858,516	2,112,531
Prepaid Expenses	597,665	100,300	697,965
Restricted Assets			
Cash and Cash Equivalents	25,065,355	23,326,034	48,391,389
Customer Deposits	-	1,381,354	1,381,354
Other Deposits	-	1,517,811	1,517,811
Investments	-	5,860,182	5,860,182
Total Current Assets	109,627,765	94,630,094	204,257,859
Capital Assets			
Land	11,803,905	14,765,161	26,569,066
Buildings	109,449,162	73,475,227	182,924,389
Improvements Other Than Buildings	36,797,863	276,776	37,074,639
Intangibles	3,353,660	932,505	4,286,165
Machinery and Equipment	54,485,226	20,964,450	75,449,676
Construction in Progress	4,748,405	21,258,933	26,007,338
Infrastructure	154,472,778	346,414,997	500,887,775
Works of Art	29,195	69,865	99,060
Accumulated Depreciation	(177,519,233)	(162,524,027)	(340,043,260)
Total Noncurrent Assets	197,620,961	315,633,887	513,254,848
Total Assets	\$ 307,248,726	\$ 410,263,981	\$ 717,512,707
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 28,319,567	\$ 9,218,761	\$ 37,538,328
Deferred Charges on Refunding	-	2,967,552	2,967,552
Total Deferred Outflows of Resources	\$ 28,319,567	\$ 12,186,313	\$ 40,505,880

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		Total
	Government Activities	Business-type Activities	
LIABILITIES			
Current Liabilities			
Accounts Payable and Other Accrued Liabilities	\$ 6,183,305	\$ 7,063,124	\$ 13,246,429
Due to Other Governments	609,905	230,549	840,454
Unearned Revenue	2,497,168	2,064,232	4,561,400
Due to Depositors	111,969	-	111,969
Liabilities Payable from Restricted Assets			
Costumer Deposits	-	1,381,354	1,381,354
Interest Payable	203,138	1,221,092	1,424,230
Loans and Revenue			
Bonds Payable	-	473,763	473,763
Current Portion of Long-term Obligations			
Compensated Absences	2,900,167	916,367	3,816,534
Closure Costs Payable	-	357,905	357,905
Claims and Judgments	1,364,384	-	1,364,384
Leases Payable	208,146	-	208,146
Notes Payable	120,708	-	120,708
Revenue Bonds Payable	154,000	3,545,000	3,699,000
Total Current Liabilities	14,352,890	17,253,386	31,606,276
Noncurrent Liabilities			
Noncurrent Portion of			
Long-term Obligations			
Compensated Absences	3,113,949	749,136	3,863,085
Closure Costs Payable	-	3,668,375	3,668,375
Claims and Judgments	2,609,598	-	2,609,598
Leases Payable	208,146	-	208,146
Notes Payable	4,370,271	7,924,334	12,294,605
Loans and Bonds Payable, Net of Unamortized Loan Costs	63,745,514	86,666,360	150,411,874
Other Post Employment Benefits	5,480,214	435,110	5,915,324
Net Pension Liability	69,358,388	25,252,952	94,611,340
Total Noncurrent Liabilities	148,886,080	124,696,267	273,582,347
Total Liabilities	\$ 163,238,970	\$ 141,949,653	\$ 305,188,623

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Government Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 1,375,497	\$ 1,517,012	\$ 2,892,509
Total Deferred Inflows of Resources	<u>\$ 1,375,497</u>	<u>\$ 1,517,012</u>	<u>\$ 2,892,509</u>
NET POSITION			
Net Investment in Capital Assets	156,262,133	224,456,873	380,719,006
Restricted for			
Debt Service	-	5,837,272	5,837,272
Capital Projects	610,416	-	610,416
Public Safety	3,329,367	-	3,329,367
Transporation	10,396,166	12,194,458	22,590,624
Economic Environment	38,306,137	-	38,306,137
Culture and Recreation	3,908,904	-	3,908,904
Court-Related	1,407,783	-	1,407,783
Unrestricted (Deficit)	<u>(43,267,080)</u>	<u>36,495,026</u>	<u>(6,772,054)</u>
Total Net Position (Deficit)	<u>\$ 170,953,826</u>	<u>\$ 278,983,629</u>	<u>\$ 449,937,455</u>

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

Okaloosa County, Florida
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016

	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	\$ 33,975,282	\$ 12,123,850	\$ 1,409,326	\$ -	\$ (20,442,106)
Public Safety	52,620,473	5,366,159	1,142,133	17,360	(46,094,821)
Physical Environment	1,375,524	10,672	-	205,136	(1,159,716)
Transportation	17,224,089	1,171,139	4,033,229	240,565	(11,779,156)
Economic Environment	8,501,479	6,969	1,943,301	-	(6,551,209)
Human Services	4,931,451	-	12,625	-	(4,918,826)
Culture and Recreation	8,238,329	1,037,881	64,598	521,275	(6,614,575)
Court-Related	8,147,036	5,745,432	353,915	-	(2,047,689)
Interest and Fiscal Charges	2,470,772	-	-	-	(2,470,772)
 Total Governmental Activities	137,484,435	25,462,102	8,959,127	984,336	(102,078,870)
 Business-type Activities					
Water & Sewer	26,004,185	33,037,831	85,557	583,167	7,702,370
Airport	13,966,144	9,865,161	175,688	11,092,531	7,167,236
Emergency Medical Services	8,552,995	8,771,417	51,034	21,563	291,019
Other Programs	9,584,120	10,764,495	143,060	-	1,323,435
 Total Business- type Activities	58,107,444	62,438,904	455,339	11,697,261	16,484,060
 Total Primary Government	\$ 195,591,879	\$ 87,901,006	\$ 9,414,466	\$ 12,681,597	\$ (85,594,810)

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

Okaloosa County, Florida
STATEMENT OF ACTIVITIES (CONTINUED)
For the Fiscal Year Ended September 30, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Changes in Net Position			
Net (Expenses) Revenue (From Exhibit II-A)	\$ (102,078,870)	\$ 16,484,060	\$ (85,594,810)
Unrestricted General Revenues			
Taxes			
Ad Valorem Tax	50,717,606	1,122,191	51,839,797
Tourist Development Tax	18,078,186	-	18,078,186
Local Option Fuel Tax	5,380,205	-	5,380,205
Communication Services Tax	1,692,888	-	1,692,888
Ninth-Cent Voted Fuel Tax	1,039,247	-	1,039,247
Local Business Tax	283,877	-	283,877
State Revenue Sharing			
Miscellaneous Revenue	6,260,619	-	6,260,619
Local Government Sales Tax	14,813,605	-	14,813,605
Gas Tax	3,569,406	-	3,569,406
Contributions Not Restricted to Specific Programs			
Contributions from			
Other Governments	2,671	-	2,671
Other Donations	212,702	380,787	593,489
Investment Earnings	794,316	641,193	1,435,509
Miscellaneous	2,508,587	741,585	3,250,172
Transfers - Internal Activities	11,676	(11,676)	-
Total Unrestricted-General Revenues and Transfers	105,365,591	2,874,080	108,239,671
Change in Net Position	3,286,721	19,358,140	22,644,861
Net Position - Beginning	167,667,105	259,625,489	427,292,594
Net Position - Ending	\$ 170,953,826	\$ 278,983,629	\$ 449,937,455

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



Okaloosa County, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

	General Fund	Tourist Development Special Revenue Fund
ASSETS		
Cash and Cash Equivalents	\$ 5,602,549	\$ 30,290,954
Investments	1,178,638	8,042,130
Accounts Receivable	257,311	3,363,682
Due from Other Funds	22,453	646,676
Due from Other Elected Officials	1,108,010	52
Due from Other Governments	5,090,684	73,710
Prepays	439,248	17,342
	<u>\$ 13,698,893</u>	<u>\$ 42,434,546</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 617,643	\$ 77,810
Contracts Payable	930,549	1,651,433
Other Accrued Liabilities	1,215,999	45,499
Due to Other Funds	172,728	-
Due to Other Elected Officials	1,208,259	441
Due to Other Governments	467,821	34,306
Due to Depositors	9,407	-
Unearned Revenue	461,052	48,060
	<u>5,083,458</u>	<u>1,857,549</u>
Fund Balances		
Nonspendable	439,248	17,342
Restricted	-	40,576,997
Committed	32,229	-
Assigned	3,739,233	-
Unassigned	4,404,725	(17,342)
	<u>8,615,435</u>	<u>40,576,997</u>
Total Liabilities	<u>5,083,458</u>	<u>1,857,549</u>
Total Fund Balances	<u>8,615,435</u>	<u>40,576,997</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 13,698,893</u>	<u>\$ 42,434,546</u>

Exhibit III-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 21,984,077	\$ 11,910,943	\$ 69,788,523
378,412	12,418,980	22,018,160
323	2,030	3,623,346
3,023,324	186,738	3,879,191
124,244	121,442	1,353,748
-	2,325,093	7,489,487
-	133,647	590,237
<u>\$ 25,510,380</u>	<u>\$ 27,098,873</u>	<u>\$ 108,742,692</u>
\$ 31,007	\$ 179,208	\$ 905,668
-	1,074,704	3,656,686
-	190,634	1,452,132
-	2,759,354	2,932,082
19	228	1,208,947
-	99,074	601,201
-	102,562	111,969
-	1,979,981	2,489,093
<u>31,026</u>	<u>6,385,745</u>	<u>13,357,778</u>
-	133,647	590,237
25,472,633	19,357,360	85,406,990
6,721	577,781	616,731
-	3,421,017	7,160,250
-	(2,776,677)	1,610,706
<u>25,479,354</u>	<u>20,713,128</u>	<u>95,384,914</u>
<u>\$ 25,510,380</u>	<u>\$ 27,098,873</u>	<u>\$ 108,742,692</u>

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

Okaloosa County, Florida
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

Fund balances - total governmental funds (Exhibit III-A) \$ 95,384,914

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

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

Those assets consist of:

Governmental nondepreciable/amortizable asset	17,728,410	
Governmental depreciable/amortizable assets	353,430,252	
Less accumulated depreciation/amortization	<u>(174,243,575)</u>	
		196,915,087

Internal service funds (see Exhibit VIII) are used by management to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position are: (5,499,000)

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

Deferred outflows of resources - Pensions	27,659,498	
Deferred inflows of resources - Pensions	<u>(1,263,723)</u>	
		26,395,775

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

Balances changed at September 30, 2016 are:

Accrued interest on bonds	(203,138)	
Revenue bonds payable	(63,899,514)	
Notes payable	(4,907,271)	
Compensated absences	(4,656,732)	
Other Post Employment Benefits	(1,033,883)	
Net Pension Liability, proportionate share	<u>(67,542,412)</u>	
Total long-term liabilities		(142,242,950)

Net position of governmental activities (Exhibit I) \$ 170,953,826

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, 2016

	<u>General Fund</u>	<u>Tourist Development Special Revenue Fund</u>
Revenues		
Taxes	\$ 50,054,190	\$ 18,078,187
Licenses and Permits	14,000	361,552
Intergovernmental	21,480,536	330,140
Charges for Services	16,667,080	838,077
Fines	11,846	6,969
Miscellaneous	2,034,707	470,023
	<hr/>	<hr/>
Total Revenues	90,262,359	20,084,948
	<hr/>	<hr/>
Expenditures		
Current		
General Government	30,100,146	-
Public Safety	47,081,500	-
Physical Environment	341,746	-
Transportation	3,731,893	210,000
Economic Environment	1,613,772	5,908,305
Human Services	4,037,515	-
Culture and Recreation	1,629,556	4,250,758
Court-Related	2,419,557	-
Capital Outlay	4,593,054	506,279
Debt Service		
Principal	513,378	-
Interest	93,236	-
Other Debt Service Costs	-	-
	<hr/>	<hr/>
Total Expenditures	96,155,353	10,875,342
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,892,994)	9,209,606
	<hr/>	<hr/>

Exhibit IV-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 264	\$ 9,059,362	\$ 77,192,003
-	489,933	865,485
124,244	11,856,448	33,791,368
289,326	6,068,323	23,862,806
-	1,412,704	1,431,519
149,318	962,243	3,616,291
<u>563,152</u>	<u>29,849,013</u>	<u>140,759,472</u>
-	451,116	30,551,262
-	1,873,945	48,955,445
-	870,175	1,211,921
-	9,905,501	13,847,394
-	944,816	8,466,893
-	601,661	4,639,176
76,836	957,068	6,914,218
-	5,388,571	7,808,128
1,917,075	6,689,197	13,705,605
-	3,425,000	3,938,378
-	4,038,562	4,131,798
-	150,124	150,124
<u>1,993,911</u>	<u>35,295,736</u>	<u>144,320,342</u>
<u>(1,430,759)</u>	<u>(5,446,723)</u>	<u>(3,560,870)</u>

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016

	<u>General Fund</u>	<u>Tourist Development Special Revenue Fund</u>
Other Financing Sources (Uses)		
Transfers In	4,300,228	-
Transfers Out	(408,720)	(2,052,113)
Transfers Among Constitutional Officers	(388)	52
Issuance of Debt	624,438	-
Original Issue Premium	-	-
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	4,515,558	(2,052,061)
	<hr/>	<hr/>
Net Change in Fund Balances	(1,377,436)	7,157,545
	<hr/>	<hr/>
Fund Balances - Beginning	9,992,871	33,419,452
	<hr/>	<hr/>
Fund Balances - Ending	<u>\$ 8,615,435</u>	<u>\$ 40,576,997</u>

Exhibit IV-A

Capital Outlay Construction Trust Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
11,111	4,529,812	8,841,151
(652,454)	(4,716,188)	(7,829,475)
-	336	-
12,960,000	-	13,584,438
1,040,000	160,121	1,200,121
<u>13,358,657</u>	<u>(25,919)</u>	<u>15,796,235</u>
11,927,898	(5,472,642)	12,235,365
<u>13,551,456</u>	<u>26,185,770</u>	<u>83,149,549</u>
<u>\$ 25,479,354</u>	<u>\$ 20,713,128</u>	<u>\$ 95,384,914</u>

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

Okaloosa County, Florida
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016

Net change in fund balances - total governmental funds (Exhibit IV-A)	\$	12,235,365
<p>Amounts reported for governmental activities in the statement of activities are different because: Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is depreciated or amortized over the estimated useful lives of the assets.</p>		
Expenditures for capital assets		13,705,605
Less current year depreciation/amortization		<u>(9,883,301)</u>
		3,822,304
<p>Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Accordingly, proceeds received from disposals of capital asset are shown as income in the governmental financial statements and a gain or loss is reported in the Statement of Activities. In addition, capital asset reassignments are reported as transfers in the Statement of Activities.</p>		
		(238,845)
<p>The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of premiums or discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In addition, long-term debt reassignments are reported as transfers on the Statement of Activities.</p>		
Debt proceeds		(12,960,000)
Debt premium		(1,200,121)
Capital lease proceeds		(624,438)
Debt principal payments		3,938,378
Amortization of discounts		781,477
Changed in accrued interest on long-term debt		<u>1,029,676</u>
		(9,035,028)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
Compensated Absences		331,812
Other Post Employment Benefits		<u>(159,137)</u>
		172,675
<p>Governmental funds report County pension contributions as expenditures. In the statement of activities, the cost of the pension benefits earned net of contributions is reported as pension expense.</p>		
Difference between pension contribution and net pension expense		(3,422,797)
<p>Internal service funds (See Exhibit IX) are used by the County to charge the costs of certain activities, such as insurance, compensated absences and fleet maintenance to individual funds. The net revenue or expense of the internal service funds is reported with governmental activities.</p>		
		(246,953)
Change in net position of governmental activities (Exhibit II-B)	<u>\$</u>	<u><u>3,286,721</u></u>

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

Okaloosa County, Florida
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 50,019,742	\$ 50,019,742	\$ 50,054,190	\$ 34,448
Licenses and Permits	13,500	13,500	14,000	500
Intergovernmental	15,254,570	28,237,895	21,480,536	(6,757,359)
Charges for Services	14,786,674	16,215,027	16,667,080	452,053
Fines	4,500	4,663	11,846	7,183
Miscellaneous	1,825,083	2,836,848	2,034,707	(802,141)
Total Revenues	81,904,069	97,327,675	90,262,359	(7,065,316)
Expenditures				
Current				
General Government	30,447,419	31,930,452	30,100,146	1,830,306
Public Safety	53,747,537	54,459,596	47,081,500	7,378,096
Physical Environment	369,180	361,734	341,746	19,988
Transportation	224,612	7,180,241	3,731,893	3,448,348
Economic Environment	1,635,523	1,620,631	1,613,772	6,859
Human Services	4,042,668	4,063,914	4,037,515	26,399
Culture and Recreation	1,629,739	2,008,424	1,629,556	378,868
Court-Related	2,451,770	2,642,941	2,419,557	223,384
Capital Outlay	2,970,376	7,129,920	4,593,054	2,536,866
Debt Service				
Principal	-	208,147	513,378	(305,231)
Interest	-	-	93,236	(93,236)
Total Expenditures	97,518,824	111,606,000	96,155,353	15,450,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,614,755)	(14,278,325)	(5,892,994)	8,385,331
Other Financing Sources (Uses)				
Transfers In	4,065,485	4,429,490	4,300,228	(129,262)
Transfers Out	-	(408,720)	(408,720)	-
Transfers Among Constitutional Officers	704,693	(587,022)	(388)	586,634
Issuance of Debt	-	-	624,438	(624,438)
Total Other Financing Sources (Uses)	4,770,178	3,433,748	4,515,558	(167,066)
Net Change in Fund Balance	(10,844,577)	(10,844,577)	(1,377,436)	8,218,265
Fund Balance - Beginning	10,844,577	10,844,577	9,992,871	(851,706)
Fund Balance - Ending	\$ -	\$ -	\$ 8,615,435	\$ 7,366,559

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

Okaloosa County, Florida
TOURIST DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 15,000,000	\$ 15,000,000	\$ 18,078,187	\$ 3,078,187
Licenses and Permits	360,000	360,000	361,552	1,552
Intergovernmental	-	2,185,150	330,140	(1,855,010)
Charges for Services	810,750	810,750	838,077	27,327
Fines	-	-	6,969	6,969
Miscellaneous	136,225	175,806	470,023	294,217
Total Revenues	16,306,975	18,531,706	20,084,948	1,553,242
Expenditures				
Current				
Transportation	-	210,000	210,000	-
Economic Environment	9,235,689	11,293,113	5,908,305	5,384,808
Culture and Recreation	29,764,485	31,903,808	4,250,758	27,653,050
Capital Outlay	4,322,840	6,399,713	506,279	5,893,434
Total Expenditures	43,323,014	49,806,634	10,875,342	38,931,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,016,039)	(31,274,928)	9,209,606	40,484,534
Other Financing Sources (Uses)				
Transfers Out	(2,136,800)	(2,145,422)	(2,052,113)	93,309
Transfers Among Constitutional Officers	900	900	52	(848)
Total Other Financing Sources (Uses)	(2,135,900)	(2,144,522)	(2,052,061)	92,461
Net Change in Fund Balance	(29,151,939)	(33,419,450)	7,157,545	40,576,995
Fund Balance - Beginning	29,151,939	33,419,450	33,419,452	2
Fund Balance - Ending	\$ -	\$ -	\$ 40,576,997	\$ 40,576,997

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



Okaloosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 20,162,760	\$ 7,556,361	\$ 1,862,312
Investments	11,695,677	2,257,113	7,358
Receivables, Net of Allowance for Uncollectible	2,841,845	1,786,090	4,745,718
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	-	-
Due from Other Governments	91,812	2,945,560	-
Inventory	1,763,793	94,723	-
Prepays	90,688	2,847	6,470
Restricted Assets			
Cash and Cash Equivalents	13,731,036	9,594,998	-
Customer Deposits	1,355,846	-	-
Other Deposits	1,517,811	-	-
Investments	-	5,860,182	-
Total Restricted Assets	16,604,693	15,455,180	-
Total Current Assets	53,251,268	30,097,874	6,621,858
Capital Assets			
Land	8,180,379	6,451,481	-
Buildings	6,163,100	67,196,764	-
Improvements Other Than Buildings	-	-	-
Intangibles	765,530	94,400	30,150
Machinery and Equipment	10,900,009	1,971,743	4,304,036
Construction in Progress	10,648,214	10,610,719	-
Infrastructure	260,432,524	85,982,473	-
Works of Art	-	69,865	-
Less Accumulated Depreciation/Amortization	(115,619,898)	(41,697,358)	(2,353,105)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	181,469,858	130,680,087	1,981,081
Total Noncurrent Assets	181,469,858	130,680,087	1,981,081
Total Assets	\$ 234,721,126	\$ 160,777,961	\$ 8,602,939

Exhibit VII

Activities			Governmental Activities -- Internal Service Funds
Other Enterprise Funds	Total Enterprise Funds		
\$ 3,251,873	\$ 32,833,306	\$ 4,720,814	
694,356	14,654,504	38,510	
686,221	10,059,874	396,332	
-	-	96,358	
-	-	480	
1,176	3,038,548	532,267	
-	1,858,516	254,015	
295	100,300	7,428	
-	-	-	
-	23,326,034	-	
25,508	1,381,354	-	
-	1,517,811	-	
-	5,860,182	-	
<u>25,508</u>	<u>32,085,381</u>	<u>-</u>	
<u>4,659,429</u>	<u>94,630,429</u>	<u>6,046,204</u>	
133,301	14,765,161	316,861	
115,363	73,475,227	900,466	
276,776	276,776	257,345	
42,425	932,505	-	
3,788,662	20,964,450	2,506,860	
-	21,258,933	-	
-	346,414,997	-	
-	69,865	-	
<u>(2,853,666)</u>	<u>(162,524,027)</u>	<u>(3,275,658)</u>	
1,502,861	315,633,887	705,874	
<u>1,502,861</u>	<u>315,633,887</u>	<u>705,874</u>	
<u>\$ 6,162,290</u>	<u>\$ 410,264,316</u>	<u>\$ 6,752,078</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 3,480,588	\$ 1,447,706	\$ 3,575,389
Deferred Charges on Refunding	2,967,552	-	-
Total Deferred Outflows of Resources	\$ 6,448,140	\$ 1,447,706	\$ 3,575,389
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 520,205	\$ 106,889	\$ 24,178
Contracts Payable	2,797,604	2,074,538	77,684
Accrued Liabilities			
Compensated Absences	469,213	122,179	174,966
Closure Costs Payable	-	-	-
Claims and Judgments	-	-	-
Other Accrued Liabilities	147,816	62,577	165,535
Due to Other Funds	-	-	-
Due to Other Elected Officials	140	44	151
Due to Other Governments	27,851	134,122	46,546
Notes Payable	-	-	-
Unearned Revenue	1,920,041	130,394	-
Current Liabilities Payable from Restricted Assets			
Customer Deposits Payable	1,355,846	-	-
Interest Payable	825,366	395,726	-
Loan - State of Florida	473,763	-	-
Revenue Bonds Payable	2,705,000	840,000	-
Total Current Liabilities Payable from Restricted Assets	5,359,975	1,235,726	-
Total Current Liabilities	11,242,845	3,866,469	489,060

Exhibit VII

Activities		Governmental Activities -- Internal Service Funds	
Other Enterprise Funds	Total Enterprise Funds		
\$ 715,078	\$ 9,218,761	\$ 660,069	
-	2,967,552	-	
<u>\$ 715,078</u>	<u>\$ 12,186,313</u>	<u>\$ 660,069</u>	
\$ 58,935	\$ 710,207	\$ 97,929	
990,047	5,939,873	37,435	
150,009	916,367	1,277,897	
357,905	357,905	-	
-	-	1,364,384	
37,116	413,044	33,454	
-	-	1,020,000	
-	335	102	
22,030	230,549	8,704	
-	-	-	
13,797	2,064,232	8,075	
25,508	1,381,354	-	
-	1,221,092	-	
-	473,763	-	
-	3,545,000	-	
<u>25,508</u>	<u>6,621,209</u>	<u>-</u>	
<u>1,655,347</u>	<u>17,253,721</u>	<u>3,847,980</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Noncurrent Liabilities			
Compensated Absences	435,221	96,406	85,002
Closure Costs Payable	-	-	-
Claims and Judgments	-	-	-
Notes Payable			
(Net of Unamortized Discounts)	-	3,500,000	-
Loan- State of Florida			
(Net of Unamortized Discounts)	4,424,334	-	-
Revenue Bonds Payable			
(Net of Unamortized Discounts and Premiums)	71,491,217	15,175,143	-
Other Post Employment Benefits	179,943	49,572	167,224
Net Pension Liability	9,488,091	3,961,003	9,836,548
Total Noncurrent Liabilities	<u>86,018,806</u>	<u>22,782,124</u>	<u>10,088,774</u>
Total Liabilities	<u>\$ 97,261,651</u>	<u>\$ 26,648,593</u>	<u>\$ 10,577,834</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 554,136	\$ 236,336	\$ 605,450
Total Deferred Inflows of Resources	<u>\$ 554,136</u>	<u>\$ 236,336</u>	<u>\$ 605,450</u>
NET POSITION			
Net Investment in Capital Assets	\$ 108,737,885	\$ 112,235,046	\$ 1,981,081
Restricted for Debt Service	4,882,378	954,894	-
Restricted for Other Purposes	-	12,194,458	-
Unrestricted (Deficit)	29,733,216	9,956,340	(986,037)
Total Net Position (Deficit)	<u>\$ 143,353,479</u>	<u>\$ 135,340,738</u>	<u>\$ 995,044</u>

Exhibit VII

Activities			Governmental Activities -- Internal Service Funds
Other Enterprise Funds	Total Enterprise Funds		
132,507	749,136	79,488	
3,668,375	3,668,375	-	
-	-	2,609,598	
-	3,500,000	-	
-	4,424,334	-	
-	86,666,360	-	
38,371	435,110	4,446,331	
1,967,310	25,252,952	1,815,976	
<u>5,806,563</u>	<u>124,696,267</u>	<u>8,951,393</u>	
<u>\$ 7,461,910</u>	<u>\$ 141,949,988</u>	<u>\$ 12,799,373</u>	
<u>\$ 121,090</u>	<u>\$ 1,517,012</u>	<u>\$ 111,774</u>	
<u>\$ 121,090</u>	<u>\$ 1,517,012</u>	<u>\$ 111,774</u>	
\$ 1,502,861	\$ 224,456,873	\$ 705,874	
-	5,837,272	-	
-	12,194,458	-	
(2,208,493)	36,495,026	(6,204,874)	
<u>\$ (705,632)</u>	<u>\$ 278,983,629</u>	<u>\$ (5,499,000)</u>	

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

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Operating Revenues			
Licenses and Permits	\$ -	\$ -	\$ -
Charges for Services	33,037,831	9,865,161	8,771,416
Miscellaneous	524,337	25,605	21,036
Total Operating Revenues	33,562,168	9,890,766	8,792,452
Operating Expenses			
Personal services	6,534,635	2,623,038	6,275,608
Contractual Services	3,323,966	2,629,914	463,762
Supplies	713,842	490,648	683,309
Insurance Premiums and Claims	-	-	-
Utilities	1,786,612	862,304	33,825
Other Operating Expenses	3,485,386	1,948,371	595,371
Depreciation/Amortization	6,823,005	4,110,123	447,262
Total Operating Expenses	22,667,446	12,664,398	8,499,137
Operating Income (Loss)	10,894,722	(2,773,632)	293,315
Nonoperating Revenues (Expenses)			
Taxes	-	-	1,122,191
Intergovernmental	85,557	175,688	51,034
Investment Income (Loss)	408,944	182,784	25,125
Other Non-Operating Revenue	440,865	52,492	-
Interest Expenses	(3,301,015)	(1,222,520)	-
Other Debt Services Costs	(1,125)	(79,491)	-
Gain/(Loss) on Disposal of Capital Assets	(26,931)	265	(53,858)
Passenger and Customer Facility Charges	-	3,585,726	-
Total nonoperating Revenues (Expenses)	(2,393,705)	2,694,944	1,144,492
Income (Loss) Before Contributions and Transfers	8,501,017	(78,688)	1,437,807

Exhibit VIII

Activities		Governmental Activities -- Internal Service Funds	
Other Enterprise Funds	Total Enterprise Funds		
\$ 1,790,600	\$ 1,790,600	\$ -	
8,973,897	60,648,305	20,893,101	
43,342	614,320	1,119,045	
<u>10,807,839</u>	<u>63,053,225</u>	<u>22,012,146</u>	
1,921,834	17,355,115	1,931,736	
6,850,913	13,268,555	450,927	
105,295	1,993,094	2,776,411	
-	-	16,393,368	
12,836	2,695,577	4,572	
430,392	6,459,520	337,099	
262,851	11,643,241	74,771	
<u>9,584,121</u>	<u>53,415,102</u>	<u>21,968,884</u>	
<u>1,223,718</u>	<u>9,638,123</u>	<u>43,262</u>	
-	1,122,191	-	
143,060	455,339	-	
24,340	641,193	26,299	
-	493,357	607,210	
-	(4,523,535)	-	
-	(80,616)	-	
7,027	(73,497)	50,108	
-	3,585,726	-	
<u>174,427</u>	<u>1,620,158</u>	<u>683,617</u>	
<u>1,398,145</u>	<u>11,258,281</u>	<u>726,879</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Capital Contributions	583,167	7,506,805	21,563
Transfers In	-	-	33,000
Transfers Out	-	-	(44,676)
Change in Net Position	9,084,184	7,428,117	1,447,694
Total Net Position (Deficit)	134,269,295	127,912,621	(452,650)
Total Net Position (Deficit) - Ending	\$ 143,353,479	\$ 135,340,738	\$ 995,044

Exhibit VIII

<u>Activities</u>		Governmental
Other	Total	Activities --
Enterprise Funds	Enterprise Funds	Internal
		Service Funds
-	8,111,535	26,168
-	33,000	400,000
-	(44,676)	(1,400,000)
1,398,145	19,358,140	(246,953)
(2,103,777)	259,625,489	(5,252,047)
<u>\$ (705,632)</u>	<u>\$ 278,983,629</u>	<u>\$ (5,499,000)</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, 2016

	Business-type Activities		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 33,657,246	\$ 8,642,991	\$ 7,396,557
Payments to Suppliers	(7,125,012)	(7,031,030)	(1,751,003)
Payments to Employees	(3,336,183)	(2,474,444)	(5,996,001)
Payments for Other Revenues	440,865	52,492	-
Net Cash Provided (Used) by Operating Activities	<u>23,636,916</u>	<u>(809,991)</u>	<u>(350,447)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Subsidy - Taxes	-	-	1,122,191
Operating Subsidy - Intergovernmental Revenue	85,557	175,688	51,034
Transfers In	-	-	33,000
Transfers Out	-	-	-
Net Interfund Activity	-	-	(44,676)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>85,557</u>	<u>175,688</u>	<u>1,161,549</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(11,997,639)	(9,189,716)	(1,257,356)
Passenger and Customer Facility Charges	-	3,585,726	-
Proceeds from Disposal of Capital Assets	7,673	26,184	(26,209)
Net Borrowing (Repayments)			
Proceeds from Debt	-	3,500,000	-
Principal Paid on Capital Debt	(5,401,989)	(3,299,383)	-
Interest Paid on Capital Debt	(3,461,008)	(893,517)	-
Other Debt Service Costs	149,785	-	-
Capital Contributions	583,167	7,506,805	21,563
Net cash provided (used) by capital and related financing activities	<u>(20,120,011)</u>	<u>1,236,099</u>	<u>(1,262,002)</u>

Exhibit IV

<u>- Enterprise Funds</u>			Governmental Activities -- Internal Service Funds
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>		
\$ 10,847,645	\$ 60,544,439	\$ 17,744,039	
(7,067,482)	(22,974,527)	(21,259,296)	
(1,871,782)	(13,678,410)	(1,642,393)	
-	493,357	607,210	
<u>1,908,381</u>	<u>24,384,859</u>	<u>(377,667)</u>	
-	1,122,191	-	
164,123	476,402	-	
-	33,000	400,000	
-	-	(1,400,000)	
-	(44,676)	-	
<u>164,123</u>	<u>1,586,917</u>	<u>(1,000,000)</u>	
(202,891)	(22,647,602)	(118,318)	
-	3,585,726	-	
7,027	14,675	40,018	
-	3,500,000	-	
-	(8,701,372)	-	
-	(4,354,525)	-	
-	149,785	-	
-	8,111,535	26,168	
<u>(195,864)</u>	<u>(20,341,778)</u>	<u>(52,132)</u>	

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type Activities		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	2,078,048	1,461,645	(4,678)
Interest Income	398,670	218,716	25,403
Net Cash Provided (Used) by Investing Activities	2,476,718	1,680,361	20,725
Net Increase (Decrease) in Cash and Cash Equivalents	6,079,180	2,282,157	(430,175)
Cash and Cash Equivalents - Beginning of Year	30,688,273	14,869,202	2,292,487
Cash and Cash Equivalents - End of Year	\$ 36,767,453	\$ 17,151,359	\$ 1,862,312
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 26,525,100	\$ 7,559,751	\$ 1,862,312
Restricted assets	10,242,353	9,591,608	-
Total	\$ 36,767,453	\$ 17,151,359	\$ 1,862,312
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 10,894,722	\$ (2,773,632)	\$ 293,315
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	6,823,005	4,110,123	447,262
Other revenue	440,865	52,492	-
Decrease (Increase) in Assets			
Accounts Receivable	(247,171)	(869,178)	(1,376,023)
Due from Other Elected Officials	-	-	-
Due from Other Governments	219,638	(791,617)	-
Due from Other Funds	-	-	-
Inventories	75,403	(17,574)	-
Prepaid Expenses	26,543	1,128	(2,977)
Deferred Outflows	720,508	(930,416)	(2,282,158)

Exhibit IV

<u>- Enterprise Funds</u>		
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities -- Internal Service Funds</u>
(4,903)	3,530,112	(6,383)
24,355	667,144	23,961
<u>19,452</u>	<u>4,197,256</u>	<u>17,578</u>
1,896,092	9,827,254	(1,412,221)
<u>1,381,289</u>	<u>49,231,251</u>	<u>6,133,035</u>
<u>\$ 3,277,381</u>	<u>\$ 59,058,505</u>	<u>\$ 4,720,814</u>
\$ 3,251,873	\$ 39,199,036	\$ 4,720,814
25,508	19,859,469	-
<u>\$ 3,277,381</u>	<u>\$ 59,058,505</u>	<u>\$ 4,720,814</u>
\$ 1,223,718	\$ 9,638,123	\$ 43,262
262,851	11,643,241	74,771
-	493,357	607,210
51,748	(2,440,624)	(367,027)
2,546	2,546	106
-	(571,979)	310,313
-	-	(48,310)
-	57,829	4,382
-	24,694	(421,319)
(456,432)	(2,948,498)	-

Continued...

Okaloosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type Activities		
	Water and Sewer Enterprise Fund	Airport Enterprise Fund	Emergency Medical Services Enterprise Fund
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities - Continued			
Increase (Decrease) in Liabilities			
Accounts Payable	147,431	12,512	4,558
Service Contracts Payable	1,939,860	(232,253)	29,572
Due to Other Funds	26	-	-
Due to Other Elected Officials	103	(236)	76
Due to Other Governments	(4,572)	(382,141)	(5,965)
Compensated Absences Payable	(80,067)	(3,008)	(38,918)
Closure Cost Payable	-	-	-
Claims and Judgments Payable	-	-	-
Other Accrued Liabilities	(101,387)	(19,137)	(100,267)
Deposits	17,521	-	-
Unearned Revenue	105,090	(68,209)	(19,872)
Other Post Employment Benefits	30,048	12,442	30,517
Net Pension Liability	3,377,174	1,398,360	3,429,941
Deferred Inflows	(747,824)	(309,647)	(759,508)
Total Adjustments	<u>12,742,194</u>	<u>1,963,641</u>	<u>(643,762)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 23,636,916</u>	<u>\$ (809,991)</u>	<u>\$ (350,447)</u>

SUPPLEMENTAL DISCLOSURES OF NON CASH TRANSACTIONS:

Amortization of Loan Costs and Refunding Losses	\$ 304,651	\$ -	\$ -
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Exhibit IV

<u>- Enterprise Funds</u>			Governmental Activities -- Internal Service Funds
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>		
41,971	206,472		(8,490)
611,743	2,348,922		(823,616)
-	26		(380,000)
(118)	(175)		(87)
(26,814)	(419,492)		1,872
873	(121,120)		48,602
(297,374)	(297,374)		-
-	-		(163,923)
(34,578)	(255,369)		(18,177)
-	17,521		-
(11,942)	5,067		(2,602)
6,103	79,110		272,365
685,987	8,891,462		633,219
(151,901)	(1,968,880)		(140,218)
<u>684,663</u>	<u>14,746,736</u>		<u>(420,929)</u>
<u>\$ 1,908,381</u>	<u>\$ 24,384,859</u>		<u>\$ (377,667)</u>
\$ -	\$ 304,651	\$ -	

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

Okaloosa County, Florida
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,805,993
Accounts Receivable	10,177
Due from Other Funds	690
Due from Other Elected Officials	<u>370</u>
Total Assets	<u><u>7,817,230</u></u>
LIABILITIES	
Due to Other Funds	\$ 24,157
Due to Other Elected Officials	145,214
Due to Other Governments	735,371
Due to Depositors	5,021,394
Taxes Collected in Advance for Other Governments	<u>1,891,094</u>
Total Liabilities	<u><u>7,817,230</u></u>
NET POSITION	<u><u>\$ -</u></u>

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, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

1. Government-Wide Statements

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements - Continued

1. Government-Wide Statements - Continued

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

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

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

2. Fund Financial Statements

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

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

1. Exchange and Non-exchange Transactions

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

2. Government-Wide and Fiduciary Fund Financial Statements

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

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 - Continued

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.

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*

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

4. Proprietary Fund Financial Statements - Continued

accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

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

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

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

5. Other Financial Statement Presentation Information

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

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

The County reports the following major governmental funds:

General Fund

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

Tourist Development Special Revenue Fund

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

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

Capital Outlay Constructions Trust Fund

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

The County reports the following major enterprise funds:

Water and Sewer Enterprise Fund

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

Airport Enterprise Fund

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

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.

The County reports the following fund types:

Internal Service Funds

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

Agency Funds

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

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

1. Deposits and Investments

Sections 28.33, 218.415, and 219.075, Florida Statutes, require the investment of surplus public funds and prescribe the instruments in which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund; SEC registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02; direct obligations of the United States Treasury, federal agencies and instrumentalities; and securities of or other interest in certain investment companies or investment trusts the portfolio of which is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such obligations. Because the County has adopted written investment policies as provided in subsection (1) through (15) of s. 218.415, other investments may be authorized by resolution or ordinance. Currently authorized are investments in term repurchase agreements with primary broker/dealers collateralized in the County's name by securities of the United States Government or any agency or instrumentality thereof; overnight repurchase agreements with collateral held by the custodian bank or its trust

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

1. Deposits and Investments - Continued

department; tax exempt bonds, notes or obligations rated in the two highest classifications; inventory-based domestic bankers' acceptances eligible to qualify for use as collateral at the Federal Reserve Bank; SEC registered open-end mutual funds whose portfolios consist of United States Government securities and repurchase agreements secured by such securities; and Florida Local Government Investment Trust. The County adheres strictly to the provisions of those cited Statutes and investments authorized by resolution or ordinance, as well as with Chapter 517, Florida Statutes, which establishes registration procedures for securities and dealers.

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

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

The Day to Day fund is a "2a-7 like" fund. The fund is carried at amortized cost, which includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the value in the fund approximates fair value. A "2a-7 like" fund is not registered with the SEC as an investment company but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. The Day to Day fund is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

Unlike the Day to Day fund, the Short-Term Bond fund is accounted for as a fluctuating Net Asset Value (NAV) pool, not a "2a-7 like" money market fund. Accounting valuations reflect estimates of the market value of the securities rather than their amortized cost. Securities listed on generally recognized securities exchanges are valued at the last sales price as reported by such exchanges on the date of valuation. If no sale has been reported, the securities are valued at the average of the bid and ask price for the date of valuation. If neither a sale nor bid and ask price have been reported, then the most recent sales price is used. Securities not listed on generally recognized securities exchanges are valued at the most recent published bid quotation if market quotations are available. Other investments are valued based on quotations obtained from one or more recognized broker/dealers regularly dealing in such securities.

The fair value of investments of both the Short-Term Bond Fund and Day to Day Fund is determined on a daily basis.

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

1. Deposits and Investments - Continued

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.

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

2. Receivables and Payables

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

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

Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector). The County bills and collects its own property taxes, as well as taxes for the County School District and taxes for municipalities and special districts within the County in accordance with the laws of the State of Florida. No accrual has been made for 2015 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, 2016
Levy Date	November 1, 2016
Due Date	November 1, 2016
Delinquent Date	April 1, 2017

Discounts of 1% for each month taxes are paid prior to March 2017 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.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

2. Receivables and Payables - Continued

Current year taxes that are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

6. Compensated Absences

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

7. Accrued Liabilities and Long-Term Obligations

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

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

8. Self-insurance Claims

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

9. Landfill Closure and Post Closure Care Payable

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

10. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Bond Premiums, Discounts and Issuance Costs

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

11. Bond Premiums, Discounts and Issuance Costs - Continued

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.

12. Deferred Outflows/Inflows of Resources

In addition to assets, deferred outflows of resources represent a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Board has \$2,967,552 of deferred outflows on Water and Sewer, Series 2015 bonds, and \$37,527,489 of deferred outflows for pension as of September 30, 2016.

In addition to liabilities, deferred inflows of resources represent an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Board has \$2,881,673 of deferred inflows for pension as of September 30, 2016.

No other such material items were applicable to the County as of September 30, 2016.

13. Fund Balance

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

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

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

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

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

13. Fund Balance – Continued

fund. The Board has delegated to the County Administrator and Finance Officer in accordance with the County's fund balance policy.

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

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

14. 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.

15. Net Position

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

On or about June 1 of each year, proposed budgets are received by the Board of County Commissioners from its department heads, from all other constitutional officers, and from other agencies requesting funding for the ensuing fiscal year. These proposed expenditures, along with all estimated receipts, taxes to be levied,

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

A. BUDGETARY INFORMATION - CONTINUED

and balances expected to be brought forward are considered by the Board of County Commissioners in a series of workshops beginning on or after July 15. The Board of County Commissioners requires such changes as deemed necessary, sets proposed millages and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes. Proposed budgets are advertised in a newspaper of general circulation in the County. Public hearings are conducted in Crestview and Shalimar for the purpose of receiving input, responding to complaints and providing reasons and explanations for intended actions to all citizens participating.

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

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

Budget amounts are originally adopted amounts as amended by action of the Board of County Commissioners by revision of fund totals. Supplemental budgetary appropriations of \$95,612,795 representing a 31.92% increase over the original adopted budget were necessary during the fiscal year. All amendments to originally adopted amounts were made in a legally permissible manner.

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

B. DEFICIT FUND BALANCE/NET POSITION

The Debt Service Fund reported a deficit fund balance of \$2,649,542 as of September 30, 2016. This is a result of advance payment of debt due October 1, 2016. The deficit will be cured by FY2016- 2017 budgeted revenue from State Revenue Sharing Proceeds and budgeted transfers from the Tourist Development Special Revenue Fund and Additional Court Cost Special Revenue Fund.

The Solid Waste Enterprise Fund reported deficit net position of \$841,910 as of September 30, 2016. The deficit is caused by changes in reporting closure costs and long-term care costs for the solid waste landfills of the County and implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*. Further description of these costs and methods of funding them are discussed in Note 8.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

B. DEFICIT FUND BALANCE/NET POSITION - CONTINUED

The Self Insurance Internal Service Fund reported deficit net position of \$2,093,932. Claim liabilities for workers' compensation, general and automobile liabilities and property damage are funded by actuarially projected budget requirements for expected yearly cash payouts. This funding method results in a deficit fund equity which will be charged back to the other funds over a reasonable period of time so that service fund revenues and expenses will be equal. Additionally, the implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27*, contributed to the deficit.

The Garage Services Internal Service Fund reported a deficit net position of \$976,919. Vehicle maintenance and centralized distribution of gasoline and special fuel are funded by monthly billing of services. This funding method results in a deficit fund equity which will be charged back to the other funds so that service fund revenues and expenses will be equal. The deficit is caused by implementation of GASB 68, *Accounting and financial Reporting for Pensions – an amendment to Statement No. 27* contributed to the deficit.

The Sheriff's Self-Insurance Fund is reflecting a deficit net position of \$2,428,151. 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, 2016.

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2016, the County's carrying value of cash and cash equivalents totaled \$141,373,835, which is presented as \$133,567,842 in the statement of net position and \$7,805,993 in the statement of fiduciary net position.

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

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

The County's cash deposits are held by banks that qualify as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. At September 30, 2016, the carrying amount of the County's cash deposits totaled \$7,799,523, cash in money market funds totaled \$4,450,629, the County's investment in the Florida Local Government Investment Trust totaled \$107,618,153, and the County's investment in the State Board Local Government Surplus Trust Fund totaled \$21,505,530.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED

Investments

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

The investment policy manual details the methods used to manage the risks inherent to the investment process. The authority for investment of County funds rests with the Clerk of the Circuit Court who has delegated management of the investment program to the 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.

Credit risk. As of September 30, 2016, Standard & Poor’s rated the investment in Florida Local Government Investment Trust investment pool AAAf, Florida Local Government Investment Day to Day AAAM, and Florida Local Government Surplus Fund Trust AAAM. As of September 30, 2016, all U.S. Instrumentalities held by the County were rated AAA. The investment policies of the County manage credit risk by limiting investments in U. S. Instrumentalities to the two highest ratings issued by nationally recognized statistical rating organization.

Concentration of credit risk. The investment policies of the County diversify the portfolio by limiting the maximum percentage of various types of investments that can be purchased. The investment policy maximum percentages for the current portfolio are 50% for U.S. agencies and instrumentalities and 50% for repurchase agreements. More than 5% of the County’s investments are in the Federal Home Loan Bank, Federal National Mortgage Association, and Government National Mortgage Association. These investments are 1%, 29%, and 1% respectively, of the County’s total investments.

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

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

Security Type	Fair Value	Weighted Average Duration (Years)	Credit Rating	Percentage of Portfolio
Long Term Investments:				
United States Treasury Securities	\$ 13,319,546	0.523	AAA	31.00%
Total long term investments	<u>13,319,546</u>			<u>31.00%</u>
Total Fair Value	<u>\$ 13,319,546</u>			<u>31.00%</u>
Portfolio Weighted Average Duration		0.523		

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 4 – FAIR VALUE OF INVESTMENTS

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

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly.

Level 3 – Unobservable inputs for an asset.

Okaloosa County has the following recurring fair value measurements as of September 30, 2016.

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

At September 30, 2016, Okaloosa County had the following recurring fair value measurements.

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
Federal Home Loan Bank	\$ 492,578	\$ -	\$ 492,578	\$ -
Federal National Mortgage Assoc.	12,197,322	-	12,197,322	-
Government National Mortgage Assoc.	629,646	-	629,646	-
Total investments	\$ 13,319,546	\$ -	\$ 13,319,546	\$ -
Investments measured at the net asset value (NAV)				
Florida Local Government Investment				
Trust investment pool	\$ 29,251,809			
Total investments measured at NAV	29,251,809			
Total investment measured at fair value	\$ 42,571,355			

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 5 – RECEIVABLES / UNEARNED AND UNAVAILABLE REVENUE

Receivables as of September 30, 2016 for the government’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Funds	Accounts Receivable	Due From Other Governments	Total Receivables	Less: Allowance for Doubtful Accounts	Net Total Receivables Sept. 30, 2016
General	\$ 257,311	\$ 5,090,684	\$ 5,347,995	\$ -	\$ 5,347,995
Tourist Development	3,363,682	73,710	3,437,392	-	3,437,392
Capital Outlay	323	-	323	-	323
Water and Sewer	3,097,917	91,812	3,189,729	(256,072)	2,933,657
Airport	2,194,191	2,945,560	5,139,751	(408,101)	4,731,650
Emergency Medical Services	9,882,202	-	9,882,202	(5,136,484)	4,745,718
Nonmajor and Other Funds	1,094,760	2,858,536	3,953,296	-	3,953,296
Total	\$ 19,890,386	\$ 11,060,302	\$ 30,950,688	\$ (5,800,657)	\$ 25,150,031

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources received, but not yet earned. At September 30, 2016, the various components of unearned/unavailable revenue were as follows:

	Unearned
General Fund	
Grant Revenue	\$ 435,400
Other	25,652
Tourist Development	
Event Revenue	48,060
Nonmajor Funds	
Grant Revenue	1,453,552
Other	526,429
Total unearned/unavailable revenue for governmental funds	\$ 2,489,093

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 11,558,076	\$ 245,829	\$ -	\$ -	\$ 11,803,905
Intangibles	1,146,905	-	-	-	1,146,905
Construction in progress	15,701,058	3,073,800	-	(14,026,453)	4,748,405
Works of Art	29,195	-	-	-	29,195
Total capital assets, not being depreciated/amortized	<u>28,435,234</u>	<u>3,319,629</u>	<u>-</u>	<u>(14,026,453)</u>	<u>17,728,410</u>
Capital assets, being depreciated/amortized:					
Buildings	95,815,887	1,254,419	(160,085)	12,538,941	109,449,162
Improvements other than buildings	35,748,056	423,360	-	626,447	36,797,863
Intangibles	2,016,748	190,007	-	-	2,206,755
Machinery and equipment	52,039,030	6,012,975	(4,961,431)	1,394,652	54,485,226
Machinery and equipment under capital lease	-	-	-	-	-
Infrastructure	151,000,644	2,623,533	-	848,601	154,472,778
Total capital assets being depreciated/amortized	<u>336,620,365</u>	<u>10,504,294</u>	<u>(5,121,516)</u>	<u>15,408,641</u>	<u>357,411,784</u>
Less accumulated depreciation/amortization for:					
Buildings	(32,522,627)	(2,803,591)	5,336	-	(35,320,882)
Improvements other than buildings	(11,025,404)	(975,870)	-	1,933	(11,999,341)
Intangibles	(1,794,000)	(86,912)	-	-	(1,880,912)
Machinery and equipment	(40,834,072)	(3,948,498)	4,643,494	(1,140,187)	(41,279,263)
Infrastructure	(84,895,634)	(2,143,201)	-	-	(87,038,835)
Total accumulated depreciation/amortization	<u>(171,071,737)</u>	<u>(9,958,072)</u>	<u>4,648,830</u>	<u>(1,138,254)</u>	<u>(177,519,233)</u>
Total capital assets, being depreciated/amortized, net	<u>165,548,628</u>	<u>546,222</u>	<u>(472,686)</u>	<u>14,270,387</u>	<u>179,892,551</u>
Governmental activities capital assets, net	<u>\$193,983,862</u>	<u>\$ 3,865,851</u>	<u>\$ (472,686)</u>	<u>\$ 243,934</u>	<u>\$197,620,961</u>
Business-type activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 13,126,406	\$ 1,638,755	\$ -	\$ -	\$ 14,765,161
Construction in progress	9,916,849	16,504,343	-	(5,162,259)	21,258,933
Works of art	69,865	-	-	-	69,865
Total capital assets, not being depreciated/amortized	<u>23,113,120</u>	<u>18,143,098</u>	<u>-</u>	<u>(5,162,259)</u>	<u>36,093,959</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 6 – CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Business-type activities - Continued					
Capital assets, being depreciated/amortized:					
Buildings	73,359,583	89,971	-	25,673	73,475,227
Improvements other than buildings	276,776	-	-	-	276,776
Intangibles	896,080	36,425	-	-	932,505
Machinery and equipment	20,753,514	2,396,753	(831,967)	(1,353,850)	20,964,450
Infrastructure	339,318,326	1,986,005	(24,133)	5,134,799	346,414,997
Total capital assets being depreciated/amortized	<u>434,604,279</u>	<u>4,509,154</u>	<u>(856,100)</u>	<u>3,806,622</u>	<u>442,063,955</u>
Less accumulated depreciation/amortization for:					
Buildings	(18,255,030)	(1,844,492)	-	-	(20,099,522)
Improvements other than buildings	(173,765)	(9,226)	-	-	(182,991)
Intangibles	(834,686)	(21,408)	-	-	(856,094)
Machinery and equipment	(15,249,366)	(1,476,245)	789,168	1,329,747	(14,606,696)
Infrastructure	(118,486,854)	(8,291,870)	-	-	(126,778,724)
Total accumulated depreciation/amortization	<u>(152,999,701)</u>	<u>(11,643,241)</u>	<u>789,168</u>	<u>1,329,747</u>	<u>(162,524,027)</u>
Total capital assets, being depreciated/amortized, net	<u>281,604,578</u>	<u>(7,134,087)</u>	<u>(66,932)</u>	<u>5,136,369</u>	<u>279,539,928</u>
Business-type activities capital assets, net	<u>\$304,717,698</u>	<u>\$11,009,011</u>	<u>\$(66,932)</u>	<u>\$ (25,890)</u>	<u>\$315,633,887</u>

Depreciation expense was charged to functions/programs as follows.

	Depreciation	Amortization
Governmental activities:		
General government	\$ 2,463,774	\$ 54,237
Public safety	2,371,708	-
Physical environment	111,442	-
Transportation, including depreciation of general infrastructure assets	3,166,442	1,547
Economic environment	42,531	-
Human services	296,073	-
Culture and recreation	1,212,066	1,960
Court related	132,353	29,168
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>74,771</u>	<u>-</u>
Total depreciation expense - governmental activities	<u>\$ 9,871,160</u>	<u>\$ 86,912</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

6 – CAPITAL ASSETS – CONTINUED

	Depreciation	Amortization
Business-type activities:		
Water and sewer	\$ 6,801,597	\$ 21,408
Airport	4,110,123	-
Emergency Medical Services	447,262	-
Other enterprise funds	262,851	-
Total depreciation expense - business-type activities	\$ 11,621,833	\$ 21,408

Construction Commitments

Crestview Courthouse Remodel

The Board initially entered into contract to design and remodel the Crestview Courthouse. After consideration, the Board direction changed to full redevelopment of the parcel with estimated costs of \$26 million. The contract in place at September 30, 2016 totals \$23,654,196. Cumulative expenditures total \$1,442,445, with \$22,211,751 remaining liability outstanding at September 30, 2016.

Road and Other Infrastructure Improvements

The Board has entered into contracts to improve infrastructure at various locations throughout the County. The contracts total \$1,689,652. Cumulative expenditures total \$449,256, with \$1,240,396 remaining liability outstanding at September 30, 2016.

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 2017 capital budget, total expenditures will approximate \$21,700,000 on projects, which includes \$9,000,000 for Arbennie expansion, \$3,500,000 for diversion, and multiple smaller projects.

Airport Destin Control Tower

The Airport has a contract for a Destin air traffic control tower project. The project is to include the construction, equipping, roadway, and utilities. The contract totals \$4,824,940. Cumulative expenditures total \$3,277,589, with \$1,547,351 remaining liability outstanding at September 30, 2016.

Airport Checked Baggage Area

The Airport contracted with separate professional architect and construction company to replace the existing baggage screening devices with new devices and associated changes in the belt system. The combined project totals \$4,241,151. Cumulative expenditures total \$3,627,869, with \$613,282 remaining liability outstanding at September 30, 2016.

Airport Foy Shaw Parkway

The Airport has entered contract for development and design of Foy Shaw Parkway. The contract totals \$1,110,782. Cumulative expenditures total \$1,082,320, with \$28,462 remaining liability outstanding at September 30, 2016.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 7 – COMPENSATED ABSENCES

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

Board of County Commissioners and Supervisor of Elections

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

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

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

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

Compensatory Time

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

Clerk of the Circuit Court

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 7 – COMPENSATED ABSENCES – CONTINUED

Sheriff

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

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

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

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

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

Tax Collector

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

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

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

Property Appraiser

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 7 – COMPENSATED ABSENCES – CONTINUED

Property Appraiser - Continue

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, 2016 follow:

Elected Official	Current Portion	Long -Term Portion	Totals
Board of County Commissioners	\$ 2,415,137	\$ 1,813,450	\$ 4,228,587
Clerk of the Circuit Court	153,801	300,872	454,673
Sheriff	1,024,617	1,444,340	2,468,957
Tax Collector	103,173	170,799	273,972
Property Appraiser	55,204	65,060	120,264
Supervisor of Elections	64,602	68,564	133,166
Totals	<u>\$ 3,816,534</u>	<u>\$ 3,863,085</u>	<u>\$ 7,679,619</u>

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

NOTE 8 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

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

The Board is required by state and federal laws and regulations to develop its estimates using rates normal to commercial contracting firms and is based on the amount of the landfill capacity used to date, 100%. The landfill closure and post closure costs are reevaluated each year. The estimate is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. The effect of this change in estimates has been reflected in the operations of the Solid Waste Enterprise Fund and has increased net income by \$297,374. The estimated liability for landfill closure and post closure care costs has a balance of \$4,026,280 as of September 30, 2016.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 9 – INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2016 is as follows:

	Receivable from Other	Payable to Other Funds
Major Fund		
General Fund	\$ 22,453	\$ 172,728
Tourist Development	646,676	-
Capital Outlay	3,023,324	-
Non-major Funds		
Special Revenue Funds	186,738	2,759,354
Internal Service Funds	96,358	1,020,000
Fiduciary Funds	690	24,157
	\$ 3,976,239	\$ 3,976,239

	Receivable from Other Elected Official	Payable to Other Elected Official
Major Fund		
General Fund	\$ 1,108,010	\$ 1,208,259
Tourist Development Special Revenue Fund	52	441
Capital Outlay Construction Trust Fund	124,244	19
Water and Sewer Enterprise Fund	-	140
Airport Enterprise Fund	-	44
Emergency Medical Services	-	151
Non-major Funds		
Special Revenue Funds	121,442	228
Internal Service Funds	480	102
Fiduciary Funds	370	145,214
	\$ 1,354,598	\$ 1,354,598

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 9 – INTERFUND BALANCES AND ACTIVITY - CONTINUED

Interfund transfers and transfers among Constitutional Officers:

Transfer In	Transfer Out	Amount	Purpose
General	Tourist Development	\$ 526,259	Lifeguard funding
General	Tourist Development	843,950	Tourist parks
General	Capital Outlay	252,454	Telecommunication projects and building
General	Nonmajor Governmental	36,347	Defray costs of Domestic Violence
General	Nonmajor Governmental	1,101,528	Library Cooperative funding
General	Nonmajor Governmental	67,014	Life and health insurance
General	Nonmajor Governmental	28,000	Racing monies allocation
General	Emergency Medical Services	44,676	Life and health insurance
General	Internal Service	1,400,000	Insurance rebate
Tourist Development	General	52	Excess fees
Capital Outlay	Tourist Development	11,111	Pole barn funding
Nonmajor Governmental	General	336	Excess fees
Nonmajor Governmental	General	340,720	Tax increment funding for PJ Adams
Nonmajor Governmental	General	68,000	Seminole Community Center
Nonmajor Governmental	Tourist Development	312,808	Debt service for West Destin Note
Nonmajor Governmental	Tourist Development	357,985	Debt service for West Destin Note
Nonmajor Governmental	Nonmajor Governmental	529,795	Debt service for judicial building
Nonmajor Governmental	Nonmajor Governmental	1,262,342	Stormwater unincorporated tax
Nonmajor Governmental	Nonmajor Governmental	1,654,162	Non gas tax support
Nonmajor Governmental	Nonmajor Governmental	4,000	Racing monies allocation
Internal Service	Capital Outlay	400,000	Settlement funding
Emergency Medical Services	Nonmajor Governmental	33,000	Racing monies allocation
Total		<u>\$ 9,274,539</u>	

NOTE 10 - LEASES

Operating Leases – Lessor

The Board of County Commissioners leases three county-owned parks and park buildings located on Okaloosa Island to outside parties. Capitalized investment in these assets is \$6,588,730. Accumulated depreciation of \$2,646,418 has been recorded as of September 30, 2016. 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 2039. In 2016, one of the leases was renegotiated to have incremental increases from 2% to 3.5% for five (5) year periods through 2039. The second renegotiated lease contains a contingent rent fee of 15% of gross revenue if that amount is greater than the set rent amount. To date, the contingent rent option has not been needed. The remaining terms of the leases range from 1 to 23 years.

The Board of County Commissioners leases land and a building to a convenience store company. Capitalized investment in the building is \$132,488. Accumulated depreciation of \$57,963 has been recorded as of September 30, 2016. 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, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 10 – LEASES - CONTINUED

Operating Leases – Lessor - Continued

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

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

The Board of County Commissioners has entered into operating leases with various lessees and concessionaires for lease of space and facilities at the Okaloosa County Air Terminal, the Bob Sikes Airport and the Destin Airport. Lease periods vary with expiration dates through 2036. Capitalized investment in assets associated with these leases is \$45,021,832. Accumulated depreciation of \$10,683,423 has been recorded as of September 30, 2016.

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

The Board of County Commissioners leases land on Okaloosa Island to a company to operate a Wild Willy's Adventure Island. The 10-year lease can be renewed for four (4) optional 10 year periods through 2042. Annual rental fees begin at \$65,000 with annual consumer price index increase.

The Board of County Commissioners leases office space at the Fort Walton Beach Water and Sewer building. Capitalized investment in these assets is \$2,995,873. Accumulated depreciation of \$1,685,383 has been recorded as of September 30, 2016. The one year lease expires in June 2016 with optional three (3) one (1) year extensions. Rental fees total \$18,563 annually.

The Board of County Commissioners leases office space at Fort Walton Beach Water and Sewer building. Capitalized investment in these assets is \$2,995,873. Accumulated depreciation of \$1,760,280 has been recorded as of September 30, 2016. The one year lease expired in June 2016 with optional three (3) one (1) year extensions, which was extended for one (1) year. Rental fees begin at \$18,563 and increase annually.

The Tax Collector leases space in its Niceville building to third parties under lease agreements with varying terms. Lease income earned during the year ending September 30, 2016 was \$79,893. Future minimum rents to be earned under the terms of the lease agreements are \$121,007.

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>	
2017	\$ 6,276,845
2018	6,284,256
2019	6,235,419
2020	6,244,017
2021	6,234,217
Thereafter	<u>38,113,691</u>
	<u>\$ 69,388,445</u>

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 10 – LEASES - CONTINUED

Operating Leases – Lessee

1. The Board of County Commissioners leases the land on which the airport facilities are located from the United States Government under a thirty-year lease agreement expiring in February 2031. The lease was renegotiated in 2008 adding an additional 22.6 acres for the rental car facilities under a twenty-five year lease expiring in September 2032. The land lease agreement contains a built in rent increase of 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 \$8,363,453 over the life time of the lease. Lease expense for fiscal year 2016 was \$402,833.
2. The Board of County Commissioners leases the land on which Water and Sewer's Water Reclamation Facility is located from the United States Government under a 30 year lease agreement expiring in September 2037. The lease agreement contains a built in rent increase of 3% for annual escalation factor. The lease has an option of renewal at the end of the current lease period. The future minimum lease payments total \$10,603,065 over the life time of the lease. Lease expense for fiscal year 2016 was \$380,789.
3. The Board of County Commissioners leases eight (8) Volvo G930 Motor Graders used by public works department for the Board through January 2017. The two three (3) year leases are based on monthly payments of \$5,326 with a balloon payment of \$595,868 in October 2016 and \$595,868 in January 2017. Future lease payments total \$26,630 for the remaining term of the lease. Lease expenditure for fiscal year 2016 was \$127,813.
4. The Board of County Commissioners leases 10 Airport fleet vehicles from Enterprise Leasing under a lease agreement which expired in December 2014. In August 2014, the leases were renegotiated to closed-end walkaway. The lease rates range from \$387 to \$619 per vehicle per month. Lease expenditure for fiscal year 2016 was \$45,301.
5. The Board of County Commissioners leases cardiac monitors from Phillips Medical Capital LLC under a lease agreement which expires March 2019. The three (3) year lease are based on monthly payments of \$8,505. Future lease payment total \$255,150 for the remaining term of the lease. Lease expenditure for fiscal year 2016 was \$52,848.
6. The Clerk leases copier equipment under a non-cancelable operating lease effective for 48 months. Monthly payments under the lease are \$4,414 thru 10/30/16. The new contract monthly payment will be \$4,014 effective 11/1/16. Future minimum lease payments for the equipment lease total \$60,610 through December 2017. Lease expenditure for the fiscal year ended September 30, 2016 was \$52,968.
7. The Clerk leases postal equipment for the Crestview office under an operating lease effective for 60 months. Monthly payments under the lease were \$395. Future minimum lease payments for the equipment lease totals \$11,850 through December 2019. Total lease expenditure for fiscal year ended September 30, 2016 was \$4,740.
8. The Clerk of the Circuit Court entered a new lease January 30, 2015 for postal equipment for the Fort Walton Beach office under an operating lease effective for five years. Monthly payments under the lease are \$376. Future minimum lease payments for the equipment leases total \$15,792 through December 2019. Total lease expenditure for fiscal year ending September 30, 2016 were \$3,384.
9. The Tax Collector rents office space for a decentralized location to accommodate residents in a certain area of the County. The original twenty-year lease was due to expire in September 2025; however, the Tax Collector purchased a new building on John Sims Parkway and the existing lease on Highway 85 terminated on December 31, 2015. Total lease expenditure for fiscal year ended September 30, 2016 was \$71,102.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 10 – LEASES – CONTINUED

Operating Leases – Lessee

Total lease expenditure/expense for material operating leases in which the County is the lessee for fiscal year ended September 30, 2016 amounted to \$1,141,778. Future minimum lease payments for these leases are as follows:

Fiscal Year Ended September 30		
2017	\$	990,961
2018		946,892
2019		902,195
2020		866,699
2021		887,416
2022-2026		4,785,366
2027-2031		5,424,378
2032-2036		3,366,800
2037-2038		1,165,843
	\$	19,336,550

NOTE 11 – LONG-TERM DEBT

Primary Government

The following debt issues are outstanding for September 30, 2016.

Governmental Activities:

REVENUE BONDS

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

\$23,220,000

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

3,037,000

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 11 – LONG-TERM DEBT - CONTINUED

Primary Government - Continued

Governmental Activities - Continued:

REVENUE BONDS - CONTINUED

\$22,165,000 Sales Tax Revenue Bonds, Series 2014, serial and term bonds with stated interest rates ranging from 3.0 percent to 5.0 percent compounded semi-annually through October 1, 2034; issued in dominations of \$5,000 maturity value due in annual installments of \$760,000 to \$1,720,000 from October 1, 2016 through October 1, 2034 and interest only payments October 1, 2015 - September 30, 2016. Sales tax revenues were pledged for payment of the bonds. Proceeds of the bonds will be used to finance the construction of Crestview courthouse, Administration building and refunding the Sales Tax Revenue Bond Anticipation Note, Series 2014. The issue is subject to federal arbitrage regulations.

21,405,000

\$12,960,000 Sales Tax Revenue Bonds, Series 2016, serial and term bonds with stated interest rates ranging from 3.0 percent to 5.0 percent compounded semi-annually through October 1, 2046; issued in dominations of \$5,000 maturity value due in annual installments of \$235,000 to \$715,000 from October 1, 2017 through October 1, 2046. Sales tax revenues were used for payment of the bonds. Proceeds of the bonds will be used to finance the acquisition and construction of improvements to County facilities, including additional improvements to the Crestview courthouse. The issue is subject to federal arbitrage regulations.

12,960,000

Total Governmental Activities Revenue Bonds

\$ 60,622,000

LOANS AND NOTES

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

2,586,000

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

1,904,979

Total Governmental Activities Loans and Notes

\$ 4,490,979

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 11 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

Business-type Activities:

Airport

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

\$ 8,130,000

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

8,060,000

Water and Sewer

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

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

65,085,000

Total Business-type Revenue Bonds

\$ 81,275,000

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

LOANS - STATE OF FLORIDA

\$1,768,312 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.

55,465

\$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.

62,892

\$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.

4,779,740

Total Loans - State of Florida

4,898,097

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 11 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

Business-type Activities - Continued:

OTHER LOANS

\$3,500,000 Commercial Paper Loan from the Florida Local Government Finance Commission Pooled Commercial Paper Loan Program; interest and fee payments are made monthly beginning October 1, 2015; the entire principal balance of the loan is due on March 1, 2020. The loan finances construction of the Destin Air Traffic Control Tower and the Foy Shaw Access Road at Bob Sikes Airport and is payable from net revenues of the Airport.

	3,500,000
Total Business-type Loans and Notes	\$ 8,398,097

CAPITAL LEASES

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

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Election equipment	\$ 570,100
Accumulated depreciation	(32,821)
Assets acquired by lease, net	\$ 537,279

The following is a summary of the changes in long-term debt of the Board of County Commissioners for the fiscal year ended September 30, 2016.

	Balance Due October 1, 2015	Increases	Decreases	Balance Due September 30, 2016	Due Within One Year
Governmental Activities:					
Revenue Bonds					
Sales Tax Revenue Bonds,					
Series 2009	\$ 24,510,000	\$ -	\$ (1,290,000)	\$ 23,220,000	\$ -
Series 2011	3,186,000	-	(149,000)	3,037,000	154,000
Series 2014	22,165,000	-	(760,000)	21,405,000	-
Series 2016	-	12,960,000	-	12,960,000	-
Less deferred amounts					
For issuance discounts/premiums	2,858,870	1,200,121	(781,477)	3,277,514	-
Total Revenue Bonds	52,719,870	14,160,121	(2,980,477)	63,899,514	154,000
Loans and Notes					
Private bank note	3,812,000	-	(1,226,000)	2,586,000	-
Private bank note, 2015	2,210,211	-	(305,232)	1,904,979	120,708
Total Notes	6,022,211	-	(1,531,232)	4,490,979	120,708

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 11 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

	Balance Due October 1, 2015	Increases	Decreases	Balance Due September 30, 2016	Due Within One Year
Governmental Activities - Continued:					
Capital leases	-	624,438	(208,146)	416,292	208,146
Accrued compensated absences	6,297,327	591,793	(875,004)	6,014,116	2,900,167
Estimated claims payable	4,137,905	-	(163,923)	3,973,982	1,364,384
Other post employment benefits	5,048,712	606,290	(174,788)	5,480,214	-
Net Pension Liability	38,488,921	30,869,467	-	69,358,388	-
Total Governmental Activities	\$112,714,946	\$46,227,671	\$ (5,725,424)	\$153,217,193	\$ 4,539,259
Business-type Activities:					
Revenue Bonds					
Airport Taxable Revenue Bonds,					
Series 2007	\$ 8,445,000	\$ -	\$ (315,000)	\$ 8,130,000	\$ 330,000
Series 2014	8,560,000	-	(500,000)	8,060,000	510,000
Water and Sewer Revenue,					
Series 2015	66,835,000	-	(1,750,000)	65,085,000	2,705,000
Less deferred amounts	-	-	-	-	-
For issuance discounts/premiums	9,366,915	-	(430,555)	8,936,360	-
Total Revenue Bonds	93,206,915	-	(2,995,555)	90,211,360	3,545,000
Loans and Notes					
State of Florida Revolving Loan					
Fund, April 1, 2001 through					
October 1, 2016	168,879	-	(168,879)	-	-
State of Florida Revolving Loan					
Fund, September 15, 1999 through					
March 15, 2017	164,170	-	(108,705)	55,465	55,465
State of Florida Revolving Loan					
Fund, February 15, 2001 through					
August 15, 2019	82,568	-	(19,676)	62,892	20,306
State of Florida Revolving Loan					
Fund, beginning June 15, 2007					
through December 15, 2023	5,166,917	-	(387,177)	4,779,740	397,992
State Infrastructure Bank Loan	485,719	-	(485,719)	-	-
State Infrastructure Bank Loan	1,944,179	-	(1,944,179)	-	-
Airport Commercial Paper Loan	-	3,500,000	-	3,500,000	-
Total Loans and Notes	8,012,432	3,500,000	(3,114,335)	8,398,097	473,763
Accrued compensated absences	1,786,625	28,126	(149,248)	1,665,503	916,367
Estimated closure costs payable	4,323,654	-	(297,374)	4,026,280	357,905
Other post employment benefits	356,000	159,820	(80,710)	435,110	-
Net Pension Liability	16,361,489	8,891,463	-	25,252,952	-
Total Business-type Activities	\$124,047,115	\$12,579,409	\$ (6,637,222)	\$129,989,302	\$ 5,293,035

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 11 – LONG-TERM DEBT – CONTINUED

Primary Government – Continued

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$1,357,385 of internal service funds compensated absences, \$3,973,982 of estimated claims, \$4,446,331 of other post-employment benefits, and \$1,815,976 of net pension liability are included in the above amounts.

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

Debt service requirements to maturity on long-term debt at September 30, 2016 are as follows.

<u>Year Ending September 30,</u>	Governmental Activities			
	Revenue Bonds		Loans, Notes, and Leases	
	Principal	Interest	Principal	Interest
2017	154,000	574,112	328,854	87,760
2018	1,850,000	2,950,597	963,159	123,115
2019	1,911,000	2,874,022	772,551	106,209
2020	1,977,000	2,792,819	789,127	89,062
2021	2,049,000	2,701,519	807,360	71,051
2022-2026	11,621,000	11,891,948	1,246,220	163,537
2027-2031	14,420,000	8,594,461	-	-
2032-2036	14,580,000	4,769,430	-	-
2037-2040	8,235,000	1,668,078	-	-
2042-2046	3,110,000	523,763	-	-
2047	715,000	17,875	-	-
	<u>\$ 60,622,000</u>	<u>\$ 39,358,624</u>	<u>\$ 4,907,271</u>	<u>\$ 640,734</u>

<u>Year Ending September 30,</u>	Business-type Activities					
	Revenue Bonds		Loans and Notes		Landfill Closure Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	3,545,000	3,914,503	473,763	134,214	357,905	-
2018	3,665,000	3,795,413	430,066	121,691	357,905	-
2019	3,820,000	3,643,880	442,166	109,597	357,905	-
2020	3,995,000	3,456,712	3,932,285	96,323	357,905	-
2021	4,195,000	3,257,572	444,362	83,514	357,905	-
2022-2026	24,295,000	12,922,888	2,415,131	224,248	1,538,933	-
2027-2031	19,845,000	7,089,576	260,324	3,613	697,822	-
3032-2036	17,915,000	2,528,250	-	-	-	-
	<u>\$ 81,275,000</u>	<u>\$ 40,608,794</u>	<u>\$ 8,398,097</u>	<u>\$ 773,200</u>	<u>\$ 4,026,280</u>	<u>\$ -</u>

NOTE 12 - 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, 2016, \$24,789,025 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, 2016

NOTE 13 - FUND BALANCES/RESTRICTED BALANCE

A schedule of the governmental fund balances for September 30, 2016 is provided below.

	Major Funds				Total
	General Fund	Tourist Development	Capital Outlay	Other	
Fund Balances:					
Nonspendable:					
Prepays	\$ 439,248	\$ 17,342	\$ -	\$ 133,647	\$ 590,237
Restricted for:					
Tourist Development BP Projects	-	8,423	-	-	8,423
Tourist Development 1st Cent	-	15,807,449	-	-	15,807,449
Tourist Development 2nd Cent	-	2,374,794	-	-	2,374,794
Tourist Development 3rd Cent	-	4,530,950	-	-	4,530,950
Tourist Development 4th Cent	-	13,504,359	-	-	13,504,359
Tourist Development 5th Cent	-	4,351,022	-	-	4,351,022
Florida Boating Improvements	-	-	603,695	-	603,695
Capital Projects	-	-	24,868,938	-	24,868,938
Emergency and Disaster Relief	-	-	-	936,723	936,723
Housing and Urban Development	-	-	-	315,140	315,140
E-911 Operations	-	-	-	952,647	952,647
Radio Communications	-	-	-	122,666	122,666
Law Enforcement Trust Fund	-	-	-	141,438	141,438
Police Academy	-	-	-	50,502	50,502
Park Projects	-	-	-	3,908,904	3,908,904
Prisoner Benefit Fund	-	-	-	850,125	850,125
Judicial Innovations	-	-	-	390,776	390,776
Law Library	-	-	-	16,386	16,386
Teen Court	-	-	-	85,980	85,980
Drug Abuse Trust Fund	-	-	-	59,339	59,339
Domestic Violence Trust Fund	-	-	-	2,930	2,930
Family Mediation	-	-	-	5,255	5,255
Traffic Education	-	-	-	207,742	207,742
Public Records	-	-	-	914,641	914,641
Transportation Projects	-	-	-	10,396,166	10,396,166
Committed to:					
Planning Projects	32,229	-	-	-	32,229
Park Development Projects	-	-	6,721	-	6,721
Municipal Benefits Service Units	-	-	-	577,781	577,781
Assigned to:					
FY 2017 Budget Appropriations	3,739,233	-	-	-	3,739,233
Transportation Projects	-	-	-	3,338,389	3,338,389
Emergency and Disaster Relief	-	-	-	81,654	81,654
Health Department	-	-	-	974	974
Unassigned:					
Unassigned	4,404,725	(17,342)	-	(2,776,677)	1,610,706
Total Fund Balances	\$ 8,615,435	\$ 40,576,997	\$ 25,479,354	\$ 20,713,128	\$ 95,384,914

The proprietary fund balance sheet contains the line item "Net Position Restricted for Other Purposes". Following is a list of the detail balances contained in that line item for September 30, 2016.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 13 - FUND BALANCES/RESTRICTED BALANCE - CONTINUED

Fund	Amount	Purpose
Airport Enterprise Fund	\$ 8,739,202	Passenger Facility Charges Program
Airport Enterprise Fund	3,455,256	Customer Facility Charges Program
Total Net Position Restricted for Other Purposes	<u>\$ 12,194,458</u>	

NOTE 14 - DEFERRED OUTFLOWS OF RESOURCES

The County defers losses resulting from the refunding of debt issues and amortizes the losses over the lesser of the remaining life of the refunded debt or the life of the new debt. Unamortized deferred losses on debt refunding are presented as deferred outflows of resources within the Statement of Net Position. As of September 30, 2016, the unamortized deferred outflow on refunding totaled \$2,967,552, consisting of unamortized losses associated with the 2015 advanced refunding. Amortization expense of the deferred outflow totaled \$304,651 for the year ended September 30, 2016, and is included in interest expense on the Statements of Revenues, Expenses and Changes in Net Position.

NOTE 15 – ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2016, is as follows:

	Amount
Governmental Funds	
General Fund	\$ 348,156
Tourist Development	76,802
Capital Outlay	78,909
Other Governmental	32,055
Total	<u>\$ 535,922</u>

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

NOTE 16 - PENSION PLAN

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 16 - PENSION PLAN - CONTINUED

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

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

- ***Regular Class, Senior Management Service Class, and Elected Officers' Class Members*** – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.
- ***Special Risk Class and Special Risk Administrative Support Class Members*** – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.
- **The Deferred Retirement Option Program (DROP)** is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months.

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

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

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 16 - PENSION PLAN - CONTINUED

HIS Membership and Plan Benefits - The HIS membership is available to all members within the FRS and defined contribution Investment Plan. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirements systems must provide proof of eligible health insurance coverage, which can include Medicare.

Contribution Requirements -The County is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution. The County’s contractually required contribution rate includes the HIS contribution, .06% administrative and educational fee and any applicable unfunded actuarial liability “UAL” rates. The HIS required contribution rate is 1.66% for the 2015 and 2016 FRS plan years. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Descriptions and contribution rates in effect during the period ended September 30, 2016 and two preceding FRS fiscal years are as follows:

	September 30, 2016	June 30, 2016	June 30, 2015	June 30, 2014
Regular Class	7.52%	7.26%	7.37%	6.95%
Senior Management	21.77%	21.43%	21.14%	18.31%
Elected Officials	42.47%	42.27%	43.23%	33.03%
Deferred Retirement Option Program	12.99%	12.88%	12.28%	12.84%
Special Risk Regular	22.57%	22.04%	19.82%	19.06%
Special Risk Administrative Support	28.06%	32.95%	42.07%	35.96%

For the years ending September 30, 2016, 2015, 2014, the County contributed \$8,820,596, \$7,451,964 and \$6,770,760 respectively, equal to 100% of the required contributions for each year.

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

Net pension liability, deferred outflows/inflows of resources and pension expense related to the County defined benefit pension plan

At September 30, 2016, the County reported a liability of \$94,611,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s long-term share of contributions to the FRS relative to the contributions of all participating governments. At June 30, 2016, the County’s change in proportion was an increase from its proportion measured as of June 30, 2015. The following table presents the information on the County’s proportionate share of the FRS and HIS:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 16 - PENSION PLAN - CONTINUED

	<u>FRS</u>	<u>HIS</u>	<u>County Total</u>
Proportionate share of Net Pension Liability at June 30, 2016	\$ 71,598,556	\$ 23,012,784	\$ 94,611,340
County's proportion at June 30, 2016	0.00283557756	0.00197456901	
County's proportion at June 30, 2015	0.00269702499	0.00196252961	
Change in proportion during current year	<u>0.0001385257</u>	<u>0.00001203940</u>	

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$1,078,216.

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>		<u>County Total</u>
	<u>Deferred Outflow</u>	<u>Deferred Inflow</u>	<u>Deferred Outflow</u>	<u>Deferred Inflow</u>	<u>Deferred Outflow (Deferred Inflow)</u>
Differences between expected and actual experience	\$ 5,482,136	\$ 666,631	\$ -	\$ 52,415	\$ 4,763,090
Changes in assumptions	4,331,498	-	3,611,291	-	7,942,789
Net difference between projected and actual earnings on pension plan investments	18,507,354	-	11,636	-	18,518,990
Changes in proportion and differences between County contributions and proportionate share of contributions	2,949,588	2,052,143	322,505	121,320	1,098,630
County contributions subsequent to the measurement date	<u>2,049,268</u>	<u>-</u>	<u>273,052</u>	<u>-</u>	<u>2,322,320</u>
	<u>\$ 33,319,844</u>	<u>\$ 2,718,774</u>	<u>\$ 4,218,484</u>	<u>\$ 173,735</u>	<u>\$ 34,645,819</u>

\$2,322,320 reported as deferred outflows related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 16 - PENSION PLAN – CONTINUED

Reporting year Ending June 30,	FRS	HIS	County Total Deferred Outflow (Deferred Inflow)
2017	\$ 3,870,733	\$ 676,832	\$ 4,547,565
2018	3,870,733	676,832	4,547,565
2019	11,086,048	674,617	11,760,665
2020	7,814,952	673,553	8,488,505
2021	1,430,986	580,267	2,011,253
Thereafter	478,350	489,596	967,946
Totals	<u>\$ 28,551,802</u>	<u>\$ 3,771,697</u>	<u>\$ 32,323,499</u>

The total FRS pension liability in the June 30, 2016 actuarial valuation was determined based on the discount rate using the following actuarial assumptions, applied to all periods included in the measurement. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method, which differs from the Ultimate Entry Age Normal cost allocation method used in the funding valuation for the system.

FRS actuarial methods and assumptions are:

Actuarial cost allocation method	Individual Entry Age Cost
Amortization method	Level Percentage of Pay, Closed
Equivalent single amortization period	30 years
Asset valuation method	Fair market value
Actuarial Assumptions:	
Discount rate	7.60%
Long Term expected rate of return, net of investment expense, including inflation	7.60%
Municipal bond rate	N/A
Inflation	2.60%
Salary increases including inflation	3.25%
Cost of living adjustment	3.00%
Morality rates were based on Generational RP-2000 with projections scale	

HIS actuarial methods and assumptions are:

Actuarial Assumptions:	
Discount rate	7.65%
Long Term expected rate of return, net of investment expense, including inflation	N/A
Municipal bond rate	2.85%
Inflation	2.60%
Salary increases including inflation	3.25%
Morality rates were based on Generational RP-2000 with projections scale	

The Actuarial assumptions that determined the total pension liability as of June 30, 2016 were based on the results of an actuarial experience study for the period of July 1, 2008 – June 30, 2013.

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 16 - PENSION PLAN – CONTINUED

The discount rate used for calculating the total FRS pension liability was 7.60%. The FRS plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long term expected rate of return. The discount rate used for calculating the total HIS pension liability is equal to the single rate that results in the same actuarial present value as would be calculated by using two different discount rates for the discount at the long-term expected rate of return for benefit payments prior to the projected depletion of the fiduciary net pension (trust assets) and the discount at a municipal bond rate for benefit payments after the projected depletion date. The HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

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

Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric)	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed income	18.0%	4.7%	4.6%	4.6%
Global equity	53.0%	8.1%	6.8%	17.2%
Real estate (property)	10.0%	6.4%	5.8%	12.0%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	11.1%
	100.0%			
Assumed Inflation - Mean			2.6%	1.9%

⁽¹⁾ As outlined in the Plan's investment policy

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

FRS Net Pension Liability			HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
6.60%	7.60%	8.60%	1.85%	2.85%	3.85%
\$131,817,789	\$71,598,556	\$21,473,997	\$26,400,891	\$23,012,784	\$20,200,839

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

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

Benefits Provided

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

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

Membership

At September 30, 2016, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	28
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	722
Total	750
Participating Employers	1

Funding Policy

The County contracted Insurance Broker negotiates the premium rates with BCBSFL. The County has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs which for fiscal year 2016 was \$378,102. The County contributes the remainder to cover the costs of providing the benefits to the retirees via the insured plan. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The County annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC) amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 19 - POSTEMPLOYMENT BENEFITS - CONTINUED

Board of County Commissioners - Continued

Annual OPEB Costs and Net OPEB Obligation - Continued

each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following shows the components of the County's net OPEB obligation:

Annual Required Contribution	\$	521,722
Interest on Prior Year Net OPEB Obligation		50,128
Adjustment to Annual Required Contribution		(72,472)
Annual OPEB Costs		<u>499,378</u>
Estimated Employer Contributions made		<u>(252,188)</u>
Increase (Decrease) in Net OPEB Obligation		247,190
Net OPEB Obligation , Beginning of Year		<u>1,253,195</u>
Estimated Net OPEB Obligation, End of Year	\$	<u><u>1,500,385</u></u>

The County had an actuarial valuation performed for the plan as of September 30, 2016 to determine the employer's ARC for the fiscal year ended September 30, 2016. The County's annual OPEB cost (expense) of \$499,378 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 31, 2007. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2014	\$ 439,677	62.90%	\$1,110,717	\$ 31,812,521	14.21%
9/30/2015	\$ 450,001	68.30%	\$1,253,195	\$ 31,944,218	14.45%
9/30/2016	\$ 499,378	50.50%	\$1,500,385	\$ 32,818,887	14.06%

Funded Status and Funding Progress

As of September 30, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$4,613,497 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,613,497. 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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 19 - POSTEMPLOYMENT BENEFITS - CONTINUED

Board of County Commissioners - Continued

Actuarial methods and Assumptions - Continued

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, 2016, 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 4.5% initially, increased by increments to an ultimate rate of 5.2% in 2026. The assumed inflation rate is 2.3% compounded annually. The Unfunded Actuarial Liability (UAAL) is being amortized using an open amortization period of 30 level annual payments. The remaining amortization period at September 30, 2016, was 21 years.

Sheriff

Background

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

Plan Description

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

Benefits Provided

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 19 – POST EMPLOYMENT BENEFITS – CONTINUED

Sheriff – Continued

Membership

At September 30, 2016, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	41
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	388
Total	429
Participating Employers	1

Funding Policy

Retirees and beneficiaries currently receiving medical/prescription benefits are required to make monthly premium contributions in order to maintain their coverage. The single retiree premium is paid by the OCSO for retirees with at least 20 years of service, until the retiree reaches age 65. Effective October 1, 2010 that benefit is no longer available except to retirees that met the criteria as of September 30, 2010. Effective June 2011 the OCSO instituted a policy whereby retiring members with thirty years of service with the agency will receive a 50% premium subsidy on their retired employee coverage. This subsidy is limited to five years from their retirement date or until they reach age 65, whichever comes first. Dependent coverage is paid by the retiree. The amount of the premium contribution may change from time to time. Surviving spouses of retirees are eligible to continue coverage under the plan, but must continue to pay the full premium. However, the premiums for health coverage for surviving spouses and any dependent children of officers who had sustained catastrophic injuries or death in the line of duty are paid fully by the OCSO as prescribed by FS Sec 112.19(g) and 112.19(h)1.

Annual OPEB Costs and Net OPEB Obligation

The Sheriff's annual OPEB cost (expense) is the actuarially required contribution (ARC) of the employer determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 25 years. The following shows the components of the Sheriff's net OPEB obligation as of September 30, 2016:

Annual Required Contribution	\$ 487,472
Interest on Prior Year Net OPEB Obligation	165,928
Adjustment to Annual Required Contribution	(188,555)
Annual OPEB Costs	464,845
Estimated Employer Contributions made	(198,114)
Increase (Decrease) in Net OPEB Obligation	266,731
Net OPEB Obligation , Beginning of Year	4,148,209
Estimated Net OPEB Obligation, End of Year	\$ 4,414,940

The Sheriff's annual OPEB cost (expense) was \$464,845 for the year ended September 30, 2016. The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 and the prior two (2) years were as follows:

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 19 – POST EMPLOYMENT BENEFITS – CONTINUED

Sheriff – Continued

Annual OPEB Costs and Net OPEB Obligation - Continued

Fiscal Year Ended	Annual OPEB Costs	Estimated Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2014	\$356,813	\$178,290	49.96%	\$4,006,350	\$17,466,290	22.94%
9/30/2015	\$377,890	\$236,031	62.46%	\$4,148,209	\$17,466,290	23.75%
9/30/2016	\$464,845	\$198,113	42.62%	\$4,414,940	\$14,482,863	30.48%

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability of benefits of \$3,400,380 was unfunded. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the government-wide financial statements of Okaloosa County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and Assumptions

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

In the July 1, 2013, actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.3% initially, reduced by decrements to reach 5% in 2018 and increase to the ultimate level of 5.5% in 2023. The Unfunded Actuarial Liability (UAAL) is being amortized assuming 30 level annual payments. The remaining amortization period at September 30, 2016, was 23 years.

NOTE 20 - RISK MANAGEMENT

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 20 - RISK MANAGEMENT

A. Method of Risk Management

Public Liability

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

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

Property Insurance

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

Workers' Compensation

The County contracts with a Third Party Administrator to have its workers' compensation claims processed. The County retains risk for all claims up to \$500,000 per incident. Excess insurance is purchased to cover losses up to a statutory limit for workers' compensation and \$1,000,000 for employers' liability.

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

Employee Medical Benefits

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

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

Excess insurance is purchased from a commercial carrier to provide a specific claim and aggregate limits coverage. Specific claim coverage benefits the covered individual by providing unlimited coverage to begin when a specific claim exceeds \$105,000 plus an

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 20 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management

Employee Medical Benefits - Continued

additional corridor of \$296,500. Aggregate limits coverage limits the Sheriff's total risk exposure. This coverage provides the Sheriff with an additional \$1,000,000 in coverage for the coverage year when total claims paid less the total paid under the specific claim excess coverage exceeds 125% of the expected claims for the current plan year.

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, 2016, the amount of these liabilities was \$505,955. 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, 2016. 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, 2016</u>	As of <u>September 30, 2015</u>
Unpaid claims and adjustment expenses at beginning of year	\$ 587,412	\$ 735,652
Incurred claims and claim adjustment expenses		
A) Provision for insured events of current fiscal year	4,372,346	4,333,541
B) Increases (decreases) in provision for insured events of prior fiscal years	-	-
Total incurred claims and claim adjustment expenses	<u>4,959,758</u>	<u>5,069,193</u>
Payments		
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	4,453,803	4,481,781
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	-	-
Total payments	<u>4,453,803</u>	<u>4,481,781</u>
Unpaid claims and claim adjustment at end of year	<u>\$ 505,955</u>	<u>\$ 587,412</u>

Special Risk Policies

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 20 - RISK MANAGEMENT - CONTINUED

A. Method of Risk Management

Special Risk Policies - Continued

County Commissioners purchases a commercial policy. The County bears no risk of loss under this type of coverage. The Sheriff insures this exposure separately.

B. Claim Liabilities for Retained Risk

Claim liabilities for workers' compensation, general liabilities (including errors and omissions), and auto liability (both bodily injury and property damage) have been determined based on an actuarial evaluation of all claims reported and all claims incurred but not reported (IBNR) as of September 30, 2016. 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, 2016 were as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Workers' compensation	\$ 730,702	\$ 2,317,984	\$ 3,048,686
General liability	116,751	279,682	396,433
Automobile liability	<u>10,976</u>	<u>11,932</u>	<u>22,908</u>
Total claims liability recognized	<u>\$ 858,429</u>	<u>\$ 2,609,598</u>	<u>\$ 3,468,027</u>

C. Funding of Claims Liabilities

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 20 - RISK MANAGEMENT - CONTINUED

D. Reconciliation of Claims Liabilities

	As of September 30, 2016				As of September 30, 2015			
	Workers' Compensation	Liability	Property	Total	Workers' Compensation	Liability	Property	Total
Unpaid claims and adjustment expenses at beginning of year	\$ 2,888,718	\$ 661,775	\$ -	\$ 3,550,493	\$ 2,533,499	\$ 1,319,871	\$ -	\$ 3,919,595
Incurred claims and claim adjustment expenses								
A) Provision for insured events of current fiscal year	1,222,327	116,509	30,093	1,368,929	1,007,972	164,356 66,225	117,209	1,289,537
B) Increases (decreases) in provision for insured events of prior fiscal years	28,076	304,309	29,915	362,300	366,986	251,892	89,948	708,826
Total incurred claims and claim adjustment expenses	1,250,403	420,818	60,008	1,731,229	1,374,958	416,248	207,157	1,998,363
Payments								
A) Claims and claim adjustment expenses attributable to insured events of current fiscal year	269,176	31,345	22,645	323,166	321,539	12,049	27,261	360,849
B) Claims and claim adjustment expenses attributable to insured events of prior fiscal year	821,259	654,815	14,455	1,490,529	698,200	1,062,295	246,121	2,006,616
Total payments	1,090,435	686,160	37,100	1,813,695	1,019,739	1,074,344	273,382	2,367,465
Unpaid claims and claim adjustment expenses at end of year	\$ 3,048,686	\$ 396,433	\$ 22,908	\$ 3,468,027	\$ 2,888,718	\$ 661,775	\$ -	\$ 3,550,493

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 21 – COMMITMENTS AND CONTINGENCIES

Wastewater Service Interlocal Agreement with Fort Walton Beach

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

The City will be billed monthly at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow. Additionally, the City will pay to the County the Sewer Readiness to Serve Fee, which is equal to \$3,750 per month. Beginning March 2011, and each year thereafter, the Readiness to Serve Fee will increase by 3% annually. Service to the City began March 2010. Fees of \$2,915,545 paid by the City during 2016 are reflected as Charges for Services in the Water and Sewer fund. The minimum commitment to the County under the Agreement is as follows:

Fiscal Year Ending September 30,	Payment
2017	\$ 54,537
2018	56,173
2019	57,858
2020	59,594
2021	61,382
2022-2026	335,662
2027-2031	389,130
2032-2036	451,112
2037-2039	304,460
Total	\$ 1,769,908

Customer Facility Charge Agreement

As of December 1, 2004, the County entered into a Customer Facility Charge Agreement with the on-airport rental car companies. In accordance with Ordinance No. 04-64, the County imposes and the rental car companies collect on behalf of the County, a Customer Facility Charge (CFC). Effective July 2007, Ordinance 04-64 was amended to increase the CFC charge from two dollars and fifty cents (\$2.50) to three dollars and twenty-five cents (\$3.25) per rental car transaction day on all rental car contracts. In December 2010, Ordinance 10-16 was implemented increasing the CFC charge from three dollars and twenty-five cents (\$3.25) to three dollars and seventy-five cents (\$3.75). CFC revenue will be utilized by the County to construct, operate and maintain facilities and services for the rental car operators and their customers at the Northwest Florida Regional Airport. The facilities were completed and began operations in fiscal year 2009. CFC collections for the year ended September 30, 2016 were \$1,829,063 and will be used for debt service on the Series 2007 taxable airport revenue bonds. In fiscal year 2016, the Airport used \$481,229 of CFC revenue generated from the rental car companies for abatement of certain facility rent.

Grants

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

Okaloosa County, Florida
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2016

NOTE 21 – COMMITMENTS AND CONTINGENCIES - CONTINUED

Lawsuits

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

Arbitrage Rebate

Section 148(f) of the Internal Revenue Code of 1986, as amended, and the proposed and temporary regulations issued by the Internal Revenue Service on May 15, 1989, and made final effective May 18, 1992, require the rebate to the United States government of the excess of earnings on non-purpose investments over earnings which would have been made on such investments if they had been made at bond yield, together with earnings on all future rebate amounts. Although rebates need not be remitted until five years after issuance of the bonds and each five (5) years thereafter, computations must be made annually to show financial position at fiscal year-end. Okaloosa County has five (5) bond issues and one note falling within the purview of the above directives - \$26,615,000 Sales Tax Revenue Bonds, Series 2009; \$3,600,000 Capital Improvement Revenue Bond, Series 2011; \$22,165,000 Sales Tax Revenue Bonds, Series 2014; \$67,595,000 Water and Sewer Revenue Bonds, Series 2015; and \$12,960,000 Sales Tax Revenue Bonds, Series 2016.

According to the calculations, the Board has no rebate liability with respect to the bonds at September 30, 2016. 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.

Medicaid County Billing Retrospective

In accordance with section 409.915, F.S., Okaloosa County must contribute a portion of the cost for State Medicaid for county "resident" Medicaid patients. House Bill 5301 pledged the Agency for Health Care Administration (AHCA) would certify and identify the county costs of unpaid retroactive amounts owed from November 2001 thru April 2012 and allow the County to either pay or petition for hearing. July

NOTE 21 – COMMITMENTS AND CONTINGENCIES - CONTINUED

Medicaid County Billing Retrospective - Continued

2012, AHCA certified open claims of \$839,540 with net payments, credits, and transfers of \$562,436 resulting in a preliminary certification of \$277,104. After final certifications, AHCA certified the County's portion of the retroactive amounts to be \$265,850. The Board approved the final certification of \$265,850 resulting in reduction of the State Revenue Sharing of \$6,277 per month for 2013 and \$3,139 per month for the following four (4) year period.

NOTE 22– RELATED ORGANIZATION

Library Cooperative

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

The current agreement was entered January 2016 and shall end or be renewed December 2016. The Okaloosa County Board of County Commissioners' contribution to the library cooperative for the year ended September 30, 2016 was \$619,135. In addition, approximately \$83,153 of allocable indirect costs was charged to the fund. These charges were treated as an in-kind contribution by the County during the year ended September 30, 2016. The future commitment to the library cooperative in 2017 is \$670,957.

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Required Supplementary Information

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Okaloosa County, Florida
POST EMPLOYMENT BENEFITS PLANS SCHEDULE OF FUNDING PROGRESS
September 30, 2016

Board of County Commissioners

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)⁽¹⁾	Unfunded Actuarial Liabilities (UAAL)⁽²⁾	Funded Ratio	Covered Payroll⁽³⁾	UAAL as a Percentage of Covered Payroll⁽³⁾
October 1, 2013	-	\$ 4,521,893	\$ 4,521,893	0.0%	\$ 17,466,290	25.9%
October 1, 2014	-	\$ 4,615,780	\$ 4,615,780	0.0%	\$ 17,466,290	26.4%
October 1, 2015	-	\$ 4,613,497	\$ 4,613,497	0.0%	\$ 29,190,777	15.8%

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

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

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

Approach revised in 2011.

Sheriff

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)⁽⁴⁾	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	-	\$ 2,873,292	\$ 2,873,292	0.0%	\$ 11,765,499	24.4%
July 1, 2013	-	\$ 3,400,380	\$ 3,400,380	0.0%	\$ 13,845,979	24.6%
July 1, 2015	-	\$ 5,225,092	\$ 5,225,092	0.0%	\$ 14,482,863	36.1%

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

Okaloosa County, Florida
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years*

	Florida Retirement System		
	2016	2015	2014
County's proportion of the net pension liability (asset)	0.283557756%	0.269702499%	0.269702499%
County's proportionate share of the net pension liability (asset)	\$ 71,598,556	\$ 34,835,695	\$ 34,835,695
County's covered-employee payroll	\$ 75,588,485	\$ 73,573,015	\$ 73,573,015
County's proportionate share of the net pension liability (asset)	94.72%	47.35%	47.35%
as a percentage of its covered-employee payroll			
Plan fiduciary net position as a	92.00%	92.00%	92.00%
percentage of the total pension liability			
	Health Insurance Subsidy		
	2016	2015	2014
County's proportion of the net pension liability (asset)	0.197456901%	0.196252961%	0.269702499%
County's proportionate share of the net pension liability (asset)	\$ 23,012,784	\$ 20,014,715	\$ 34,835,695
County's covered-employee payroll	\$ 75,588,485	\$ 73,573,015	\$ 73,573,015
County's proportionate share of the net pension liability (asset)	30.44%	27.20%	47.35%
as a percentage of its covered-employee payroll			
Plan fiduciary net position as a	92.00%	92.00%	92.00%
percentage of the total pension liability			

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

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

Okaloosa County, Florida
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	Florida Retirement System		
	2016	2015	2014
Contractually required contribution	\$ 6,915,008	\$ 6,575,576	\$ 6,575,576
Contributions in relation to the contractually required contribution	\$ (6,575,576)	\$ (6,575,576)	\$ (6,575,576)
Contribution deficiency (excess)	<u>\$ 339,432</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 75,588,485	\$ 73,573,015	\$ 73,573,015
Contributions as a percentage of covered-employee payroll	9.15%	8.94%	8.94%
	Health Insurance Subsidy		
	2016	2015	2014
Contractually required contribution	\$ 1,012,092	\$ 750,201	\$ 6,575,576
Contributions in relation to the contractually required contribution	\$ (750,201)	\$ (750,201)	\$ (6,575,576)
Contribution deficiency (excess)	<u>\$ 261,891</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 75,588,485	\$ 73,573,015	\$ 73,573,015
Contributions as a percentage of covered-employee payroll	1.34%	1.02%	8.94%

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

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

Okaloosa County, Florida
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The following changes in actuarial assumptions occurred in 2016:

FRS: There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained

HIS: The municipal rate used to determine total pension liability was decreased from 3.5% to 2.85%

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

Board of County Commissioners

County Transportation Trust Fund

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

Natural Disaster Fund

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

Local Housing Assistance Trust Fund

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

E-911 Operations Fund

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

Radio Communications Fund

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

Law Enforcement Trust Fund

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

Police Academy Fund

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

County Public Health Fund

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

Municipal Services Benefit Units Fund

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

Unincorporated County Parks Fund

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

Prisoner Benefit Fund

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

Additional Court Cost Fund

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

Drug Abuse Trust Fund

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

Domestic Violence Trust Fund

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

Nonmajor Governmental Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

Board of County Commissioners (Continued)

Traffic Education Trust Fund

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

Clerk of Circuit Court

Courts Special Revenue Fund

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

Public Records Modernization Trust Fund

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

Public Records Courts Special Revenue Fund

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

Public Records 10% Fine Special Revenue Fund

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

Sheriff

Federal Law Enforcement Trust Fund

This fund is used to account for confiscated merchandise and funds and is expended for Law Enforcement Purposes. Funds cannot be used for normal operating expenses.

Teen Challenge Driver Fund

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

Second Dollar Program Fund

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

DEBT SERVICE FUND

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

Board of County Commissioners

Okaloosa Debt Service Fund

This fund is used to account for accumulation of resources and payment of bond debt for Sales Tax Revenue Bonds, Series 2009, 2011, 2014, and 2016 and Tourism Development note.

CAPITAL PROJECTS FUNDS

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

Board of County Commissioners

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, 2016

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Trust Fund	E-911 Operations Special Revenue Fund
ASSETS				
Cash and Cash Equivalents	\$ 2,711,686	\$ 538,112	\$ 1,047,678	\$ 589,547
Investments	16,693	46,636	359,442	367,566
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	971,823	936,723	-	-
Prepays	6,512	-	-	115,198
Total Assets	<u>\$ 3,706,714</u>	<u>\$ 1,521,471</u>	<u>\$ 1,407,120</u>	<u>\$ 1,072,311</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 132,373	\$ -	\$ -	\$ -
Contracts Payable	58,513	123,246	18,276	157
Other Accrued Liabilities	109,561	-	-	7,044
Due to Other Funds	-	-	-	109,346
Due to Other Elected Officials	89	-	-	-
Due to Other Governments	882	-	-	3,117
Due to Depositors	60,395	-	-	-
Unearned Revenue	-	379,848	1,073,704	-
Total Liabilities	<u>361,813</u>	<u>503,094</u>	<u>1,091,980</u>	<u>119,664</u>
Fund Balances				
Nonspendable	6,512	-	-	115,198
Restricted	-	936,723	315,140	952,647
Committed	-	-	-	-
Assigned	3,338,389	81,654	-	-
Unassigned	-	-	-	(115,198)
Total Fund Balances	<u>3,344,901</u>	<u>1,018,377</u>	<u>315,140</u>	<u>952,647</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 3,706,714</u>	<u>\$ 1,521,471</u>	<u>\$ 1,407,120</u>	<u>\$ 1,072,311</u>

Radio Communications Special Revenue Fund	Law Enforcement Trust Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Services Benefit Unit Special Revenue Fund
\$ 813	\$ 134,041	\$ 47,853	\$ 50,311	\$ 538,631
46	1,647	897	676	45,536
-	-	-	125	-
109,346	-	-	-	-
6,609	5,750	1,752	-	43
-	-	-	-	18,566
5,852	-	-	-	-
<u>\$ 122,666</u>	<u>\$ 141,438</u>	<u>\$ 50,502</u>	<u>\$ 51,112</u>	<u>\$ 602,776</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,849
-	-	-	50,138	23,146
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>50,138</u>	<u>24,995</u>
5,852	-	-	-	-
122,666	141,438	50,502	-	-
-	-	-	-	577,781
-	-	-	974	-
(5,852)	-	-	-	-
<u>122,666</u>	<u>141,438</u>	<u>50,502</u>	<u>974</u>	<u>577,781</u>
<u>\$ 122,666</u>	<u>\$ 141,438</u>	<u>\$ 50,502</u>	<u>\$ 51,112</u>	<u>\$ 602,776</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016

	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Cost Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,791,081	\$ 430,404	\$ 46,244	\$ 57,748
Investments	2,136,750	506,794	427,296	693
Accounts Receivable	1,795	69	-	-
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	293	-	97,485	1,220
Due from Other Governments	-	-	3,394	-
Prepays	-	-	85	-
Total Assets	\$ 3,929,919	\$ 937,267	\$ 574,504	\$ 59,661
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 10,438	\$ 1,368	\$ 13,766	\$ 322
Contracts Payable	285	29,596	26,588	-
Other Accrued Liabilities	10,094	3,058	6,225	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	68	-	-	-
Due to Other Governments	130	13,453	34,783	-
Due to Depositors	-	39,667	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	21,015	87,142	81,362	322
Fund Balances				
Nonspendable	-	-	85	-
Restricted	3,908,904	850,125	493,142	59,339
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(85)	-
Total Fund Balances	3,908,904	850,125	493,142	59,339
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 3,929,919	\$ 937,267	\$ 574,504	\$ 59,661

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ 3,469	\$ 201,122	\$ 376,092	\$ 253,607	\$ 549,382
2,016	1,030	-	-	-
-	-	-	-	-
-	-	1,704	10,639	65,049
2,700	5,590	-	-	-
-	-	-	-	-
-	-	6,000	-	-
<u>\$ 8,185</u>	<u>\$ 207,742</u>	<u>\$ 383,796</u>	<u>\$ 264,246</u>	<u>\$ 614,431</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	54,652	-	-
-	-	8	-	-
-	-	-	-	-
-	-	46,709	-	-
-	-	-	-	-
-	-	282,427	-	-
<u>-</u>	<u>-</u>	<u>383,796</u>	<u>-</u>	<u>-</u>
-	-	6,000	-	-
8,185	207,742	-	264,246	614,431
-	-	-	-	-
-	-	-	-	-
-	-	(6,000)	-	-
<u>8,185</u>	<u>207,742</u>	<u>-</u>	<u>264,246</u>	<u>614,431</u>
<u>\$ 8,185</u>	<u>\$ 207,742</u>	<u>\$ 383,796</u>	<u>\$ 264,246</u>	<u>\$ 614,431</u>

Continued...

Okaloosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016

	Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund
ASSETS				
Cash and Cash Equivalents	\$ 35,964	\$ 244,002	\$ -	\$ -
Investments	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Elected Officials	-	-	-	-
Due from Other Governments	-	-	-	-
Prepays	-	-	-	-
Total Assets	\$ 35,964	\$ 244,002	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS,				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-
Other Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Depositors	-	-	-	-
Unearned Revenue	-	244,002	-	-
Total Liabilities	-	244,002	-	-
Deferred Inflow of Resources				
Unavailable Revenue	-	-	-	-
Fund Balances				
Nonspendable				
Nonspendable	-	-	-	-
Spendable				
Restricted	35,964	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	35,964	-	-	-
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 35,964	\$ 244,002	\$ -	\$ -

Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit III-A)
\$ 525	\$ 2,262,631	\$ 11,910,943
233	8,505,029	12,418,980
-	41	2,030
-	-	186,738
-	-	121,442
-	394,587	2,325,093
-	-	133,647
<u>\$ 758</u>	<u>\$ 11,162,288</u>	<u>\$ 27,098,873</u>
\$ 300	\$ 18,792	\$ 179,208
-	744,759	1,074,704
-	-	190,634
2,650,000	-	2,759,354
-	71	228
-	-	99,074
-	2,500	102,562
-	-	1,979,981
<u>2,650,300</u>	<u>766,122</u>	<u>6,385,745</u>
-	-	-
-	-	133,647
-	10,396,166	19,357,360
-	-	577,781
-	-	3,421,017
<u>(2,649,542)</u>	<u>-</u>	<u>(2,776,677)</u>
<u>(2,649,542)</u>	<u>10,396,166</u>	<u>20,713,128</u>
<u>\$ 758</u>	<u>\$ 11,162,288</u>	<u>\$ 27,098,873</u>

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016

	County Transportation Trust Special Revenue Fund	Natural Disaster Special Revenue Fund	Local Housing Assistance Trust Fund	E-911 Operations Special Revenue Fund
Revenues				
Taxes	\$ 4,569,849	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	2,050,393	409,621	931,529	949,964
Charges for Services	442,893	-	-	6,803
Fines	-	-	-	-
Miscellaneous	24,082	151,269	16,160	13,060
Total Revenues	<u>7,087,217</u>	<u>560,890</u>	<u>947,689</u>	<u>969,827</u>
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	56,685	-	806,844
Physical Environment	870,175	-	-	-
Transportation	7,259,491	-	-	-
Economic Environment	-	-	944,816	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Capital Outlay	1,129,121	623,880	-	613,663
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
Total Expenditures	<u>9,258,787</u>	<u>680,565</u>	<u>944,816</u>	<u>1,420,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,171,570)</u>	<u>(119,675)</u>	<u>2,873</u>	<u>(450,680)</u>
Other Financing Sources (Uses)				
Transfers In	2,916,504	-	-	-
Transfers Out	(67,014)	-	-	-
Transfers Among Constitutional Officers	-	-	-	-
Issuance of Debt	-	-	-	-
Original Issue Premium	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,849,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>677,920</u>	<u>(119,675)</u>	<u>2,873</u>	<u>(450,680)</u>
Fund Balances - Beginning	<u>2,666,981</u>	<u>1,138,052</u>	<u>312,267</u>	<u>1,403,327</u>
Fund Balances - Ending	<u>\$ 3,344,901</u>	<u>\$ 1,018,377</u>	<u>\$ 315,140</u>	<u>\$ 952,647</u>

Radio Communications Special Revenue Fund	Law Enforcement Trust Special Revenue Fund	Police Academy Special Revenue Fund	County Public Health Special Revenue Fund	Municipal Services Benefit Unit Special Revenue Fund
\$ -	\$ -	\$ -	\$ 595,519	\$ -
-	-	-	-	489,933
-	-	-	-	17,360
-	-	25,222	-	-
95,529	148,526	-	-	-
1,023	1,072	389	91,668	18,706
<u>96,552</u>	<u>149,598</u>	<u>25,611</u>	<u>687,187</u>	<u>525,999</u>
-	-	-	-	-
77,740	-	12,451	-	-
-	-	-	-	-
-	-	-	-	449,107
-	-	-	-	-
-	-	-	601,661	-
-	-	-	-	-
-	-	-	-	-
58,782	-	-	89,563	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>136,522</u>	<u>-</u>	<u>12,451</u>	<u>691,224</u>	<u>449,107</u>
<u>(39,970)</u>	<u>149,598</u>	<u>13,160</u>	<u>(4,037)</u>	<u>76,892</u>
-	-	-	4,000	-
-	-	-	-	-
-	(47,050)	-	-	43
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(47,050)</u>	<u>-</u>	<u>4,000</u>	<u>43</u>
(39,970)	102,548	13,160	(37)	76,935
<u>162,636</u>	<u>38,890</u>	<u>37,342</u>	<u>1,011</u>	<u>500,846</u>
<u>\$ 122,666</u>	<u>\$ 141,438</u>	<u>\$ 50,502</u>	<u>\$ 974</u>	<u>\$ 577,781</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016

	Unincorporated County Parks Special Revenue Fund	Prisoner Benefit Special Revenue Fund	Additional Court Cost Special Revenue Fund	Drug Abuse Trust Special Revenue Fund
Revenues				
Taxes	\$ 2,044,392	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	16,810	927,510	1,263,026	-
Fines	-	-	-	10,500
Miscellaneous	14,267	8,350	78,988	514
Total Revenues	2,075,469	935,860	1,342,014	11,014
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	766,076	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	957,068	-	-	-
Court-Related	-	-	865,062	6,421
Capital Outlay	125,703	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
Total Expenditures	1,082,771	766,076	865,062	6,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	992,698	169,784	476,952	4,593
Other Financing Sources (Uses)				
Transfers In	68,000	-	-	-
Transfers Out	(1,262,342)	-	(529,795)	-
Transfers Among Constitutional Officers	293	-	-	-
Issuance of Debt	-	-	-	-
Original Issue Premium	-	-	-	-
Total Other Financing Sources (Uses)	(1,194,049)	-	(529,795)	-
Net Change in Fund Balances	(201,351)	169,784	(52,843)	4,593
Fund Balances - Beginning	4,110,255	680,341	545,985	54,746
Fund Balances - Ending	<u>\$ 3,908,904</u>	<u>\$ 850,125</u>	<u>\$ 493,142</u>	<u>\$ 59,339</u>

Domestic Violence Trust Special Revenue Fund	Traffic Education Special Revenue Fund	Courts Special Revenue Fund	Public Records Modernization Trust Special Revenue Fund	Public Records Courts Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	2,923,967	114,499	347,593
32,733	78,751	859,347	-	-
228	6,645	-	739	1,125
<u>32,961</u>	<u>85,396</u>	<u>3,783,314</u>	<u>115,238</u>	<u>348,718</u>
-	-	-	260,366	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	3,783,314	-	526,434
-	-	-	209,024	77,743
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,783,314</u>	<u>469,390</u>	<u>604,177</u>
<u>32,961</u>	<u>85,396</u>	<u>-</u>	<u>(354,152)</u>	<u>(255,459)</u>
-	-	-	-	-
(36,347)	-	-	-	-
-	(32,300)	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(36,347)</u>	<u>(32,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,386)	53,096	-	(354,152)	(255,459)
11,571	154,646	-	618,398	869,890
<u>\$ 8,185</u>	<u>\$ 207,742</u>	<u>\$ -</u>	<u>\$ 264,246</u>	<u>\$ 614,431</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016

	Public Records 10% Fine Special Revenue Fund	Federal Law Enforcement Trust Special Revenue Fund	Teen Driver Challenge Special Revenue Fund	Second Dollar Program Special Revenue Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	120,699	-	-
Charges for Services	-	-	-	-
Fines	187,318	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	187,318	120,699	-	-
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	121,849	32,300	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	207,340	-	-	-
Capital Outlay	-	45,900	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Costs	-	-	-	-
Total Expenditures	207,340	167,749	32,300	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,022)	(47,050)	(32,300)	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Transfers Among Constitutional Officers	-	47,050	32,300	-
Issuance of Debt	-	-	-	-
Original Issue Premium	-	-	-	-
Total Other Financing Sources (Uses)	-	47,050	32,300	-
Net Change in Fund Balances	(20,022)	-	-	-
Fund Balances - Beginning	55,986	-	-	-
Fund Balances - Ending	\$ 35,964	\$ -	\$ -	\$ -

Okaloosa Debt Service Fund	Road and Bridge Construction Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit IV-A)
\$ -	\$ 1,849,602	\$ 9,059,362
-	-	489,933
5,122,390	2,254,492	11,856,448
-	-	6,068,323
-	-	1,412,704
452,949	81,009	962,243
<u>5,575,339</u>	<u>4,185,103</u>	<u>29,849,013</u>
190,750	-	451,116
-	-	1,873,945
-	-	870,175
-	2,196,903	9,905,501
-	-	944,816
-	-	601,661
-	-	957,068
-	-	5,388,571
-	3,715,818	6,689,197
3,425,000	-	3,425,000
4,038,562	-	4,038,562
150,124	-	150,124
<u>7,804,436</u>	<u>5,912,721</u>	<u>35,295,736</u>
<u>(2,229,097)</u>	<u>(1,727,618)</u>	<u>(5,446,723)</u>
1,200,588	340,720	4,529,812
(2,820,690)	-	(4,716,188)
-	-	336
-	-	-
160,121	-	160,121
<u>(1,459,981)</u>	<u>340,720</u>	<u>(25,919)</u>
(3,689,078)	(1,386,898)	(5,472,642)
1,039,536	11,783,064	26,185,770
<u>\$ (2,649,542)</u>	<u>\$ 10,396,166</u>	<u>\$ 20,713,128</u>

Okaloosa County, Florida
CAPITAL OUTLAY CONSTRUCTION TRUST CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 264	\$ 264
Intergovernmental	120,000	120,000	124,244	4,244
Charges for Services	-	361,657	289,326	(72,331)
Miscellaneous	60,000	127,619	149,318	21,699
Total Revenues	180,000	609,276	563,152	(46,124)
Expenditures				
Current				
Public Safety	43,000	110,619	-	110,619
Culture and Recreation	525,298	605,484	76,836	528,648
Capital Outlay	12,987,827	27,155,679	1,917,075	25,238,604
Total Expenditures	13,556,125	27,871,782	1,993,911	25,877,871
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,376,125)	(27,262,506)	(1,430,759)	25,831,747
Other Financing Sources (Uses)				
Transfers In	15,000	15,000	11,111	(3,889)
Transfers Out	(257,950)	(303,950)	(652,454)	348,504
Issuance of Debt	-	14,000,000	12,960,000	1,040,000
Original Issue Premium	-	-	1,040,000	(1,040,000)
Total Other Financing Sources (Uses)	(242,950)	13,711,050	13,358,657	1,384,615
Net Change in Fund Balance	(13,619,075)	(13,551,456)	11,927,898	25,479,354
Fund Balance - Beginning	13,619,075	13,551,456	13,551,456	-
Fund Balance - Ending	\$ -	\$ -	\$ 25,479,354	\$ 25,479,354

Okaloosa County, Florida
COUNTY TRANSPORTATION TRUST SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 4,400,000	\$ 4,400,000	\$ 4,569,849	\$ 169,849
Intergovernmental	1,707,719	2,331,065	2,050,393	(280,672)
Charges for Services	281,495	281,495	442,893	161,398
Miscellaneous	5,000	5,000	24,082	19,082
Total Revenues	6,394,214	7,017,560	7,087,217	69,657
Expenditures				
Current				
Physical Environment	1,323,849	1,411,692	870,175	541,517
Transportation	8,245,179	8,222,996	7,259,491	963,505
Capital Outlay	1,391,690	2,899,343	1,129,121	1,770,222
Total Expenditures	10,960,718	12,534,031	9,258,787	3,275,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,566,504)	(5,516,471)	(2,171,570)	3,344,901
Other Financing Sources (Uses)				
Transfers In	2,916,504	2,916,504	2,916,504	-
Transfers Out	-	(67,014)	(67,014)	-
Total Other Financing Sources (Uses)	2,916,504	2,849,490	2,849,490	-
Net Change in Fund Balance	(1,650,000)	(2,666,981)	677,920	3,344,901
Fund Balance - Beginning	1,650,000	2,666,981	2,666,981	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,344,901	\$ 3,344,901

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 1,169,776	\$ 409,621	\$ (760,155)
Miscellaneous	-	-	151,269	151,269
Total Revenues	-	1,169,776	560,890	(608,886)
Expenditures				
Current				
Public Safety	-	965,340	56,685	908,655
Economic Environment	-	-	-	-
Capital Outlay	-	1,342,488	623,880	718,608
Total Expenditures	-	2,307,828	680,565	1,627,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,138,052)	(119,675)	1,018,377
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(1,138,052)	(119,675)	1,018,377
Fund Balance - Beginning	-	1,138,052	1,138,052	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,377</u>	<u>\$ 1,018,377</u>

Okaloosa County, Florida
LOCAL HOUSING ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 3,193,711	\$ 931,529	\$ (2,262,182)
Miscellaneous	2,500	46,645	16,160	(30,485)
Total Revenues	2,500	3,240,356	947,689	(2,292,667)
Expenditures				
Current				
Economic Environment	312,115	3,552,623	944,816	2,607,807
Total Expenditures	312,115	3,552,623	944,816	2,607,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,615)	(312,267)	2,873	315,140
Net Change in Fund Balance	(309,615)	(312,267)	2,873	315,140
Fund Balance - Beginning	309,615	312,267	312,267	-
Fund Balance - Ending	\$ -	\$ -	\$ 315,140	\$ 315,140

Okaloosa County, Florida
E-911 OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 930,000	\$ 930,000	\$ 949,964	\$ 19,964
Charges for Services	3,250	3,250	6,803	3,553
Miscellaneous	10,000	10,000	13,060	3,060
Total Revenues	943,250	943,250	969,827	26,577
Expenditures				
Current				
Public Safety	1,618,250	2,028,450	806,844	1,221,606
Capital Outlay	125,000	318,126	613,663	(295,537)
Total Expenditures	1,743,250	2,346,576	1,420,507	926,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800,000)	(1,403,326)	(450,680)	952,646
Net Change in Fund Balance	(800,000)	(1,403,326)	(450,680)	952,646
Fund Balance - Beginning	800,000	1,403,326	1,403,327	1
Fund Balance - Ending	\$ -	\$ -	\$ 952,647	\$ 952,647

Okaloosa County, Florida
RADIO COMMUNICATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 110,000	\$ 110,000	\$ 95,529	\$ (14,471)
Miscellaneous	1,000	1,000	1,023	23
Total Revenues	111,000	111,000	96,552	(14,448)
Expenditures				
Current				
Public Safety	146,000	146,000	77,740	68,260
Capital Outlay	30,000	127,636	58,782	68,854
Total Expenditures	176,000	273,636	136,522	137,114
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,000)	(162,636)	(39,970)	122,666
Net Change in Fund Balance	(65,000)	(162,636)	(39,970)	122,666
Fund Balance - Beginning	65,000	162,636	162,636	-
Fund Balance - Ending	\$ -	\$ -	\$ 122,666	\$ 122,666

Okaloosa County, Florida
LAW ENFORCEMENT TRUST FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ -	\$ 139,770	\$ 148,526	\$ 8,756
Miscellaneous	-	-	1,072	1,072
Total Revenues	-	139,770	149,598	9,828
Expenditures				
Current				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	139,770	149,598	9,828
Other Financing Sources (Uses)				
Transfers Among				
Constitutional Officers	(3,000)	(178,660)	(47,050)	131,610
Total Other Financing Sources (Uses)	(3,000)	(178,660)	(47,050)	131,610
Net Change in Fund Balance	(3,000)	(38,890)	102,548	141,438
Fund Balance - Beginning	3,000	38,890	38,890	-
Fund Balance - Ending	\$ -	\$ -	\$ 141,438	\$ 141,438

Okaloosa County, Florida
POLICE ACADEMY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 25,000	\$ 25,000	\$ 25,222	\$ 222
Miscellaneous	350	350	389	39
Total Revenues	25,350	25,350	25,611	261
Expenditures				
Current				
Public Safety	8,350	17,522	12,451	5,071
Total Expenditures	8,350	17,522	12,451	5,071
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,000	7,828	13,160	5,332
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	(30,000)	(45,170)	-	45,170
Total Other Financing Sources (Uses)	(30,000)	(45,170)	-	45,170
Net Change in Fund Balance	(13,000)	(37,342)	13,160	50,502
Fund Balance - Beginning	13,000	37,342	37,342	-
Fund Balance - Ending	\$ -	\$ -	\$ 50,502	\$ 50,502

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 595,661	\$ 595,661	\$ 595,519	\$ (142)
Miscellaneous	2,000	91,563	91,668	105
Total Revenues	597,661	687,224	687,187	(37)
Expenditures				
Current				
Human Services	601,661	602,671	601,661	1,010
Capital Outlay	-	89,563	89,563	-
Total Expenditures	601,661	692,234	691,224	1,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(5,010)	(4,037)	973
Other Financing Sources (Uses)				
Transfers In	4,000	4,000	4,000	-
Total Other Financing Sources (Uses)	4,000	4,000	4,000	-
Net Change in Fund Balance	-	(1,010)	(37)	973
Fund Balance - Beginning	-	1,010	1,011	1
Fund Balance - Ending	\$ -	\$ -	\$ 974	\$ 974

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Licenses and Permits	\$ 478,287	\$ 494,896	\$ 489,933	\$ (4,963)
Intergovernmental	-	97,680	17,360	(80,320)
Miscellaneous	-	12,167	18,706	6,539
Total Revenues	478,287	604,743	525,999	(78,744)
Expenditures				
Current				
Transportation	946,583	1,105,565	449,107	656,458
Total Expenditures	946,583	1,105,565	449,107	656,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	(468,296)	(500,822)	76,892	577,714
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	-	-	43	43
Total Other Financing Sources (Uses)	-	-	43	43
Net Change in Fund Balance	(468,296)	(500,822)	76,935	577,757
Fund Balance - Beginning	468,296	500,822	500,846	24
Fund Balance - Ending	\$ -	\$ -	\$ 577,781	\$ 577,781

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 2,041,577	\$ 2,041,577	\$ 2,044,392	\$ 2,815
Charges for Services	7,500	7,500	16,810	9,310
Miscellaneous	90,000	90,000	14,267	(75,733)
Total Revenues	<u>2,139,077</u>	<u>2,139,077</u>	<u>2,075,469</u>	<u>(63,608)</u>
Expenditures				
Current				
Culture and Recreation	3,830,718	3,937,117	957,068	2,980,049
Capital Outlay	1,046,017	1,117,872	125,703	992,169
Total Expenditures	<u>4,876,735</u>	<u>5,054,989</u>	<u>1,082,771</u>	<u>3,972,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,737,658)</u>	<u>(2,915,912)</u>	<u>992,698</u>	<u>3,908,610</u>
Other Financing Sources (Uses)				
Transfers In	-	68,000	68,000	-
Transfers Out	(1,262,342)	(1,262,342)	(1,262,342)	-
Transfers Among Constitutional Officers	-	-	293	293
Total Other Financing Sources (Uses)	<u>(1,262,342)</u>	<u>(1,194,342)</u>	<u>(1,194,049)</u>	<u>293</u>
Net Change in Fund Balance	(4,000,000)	(4,110,254)	(201,351)	3,908,903
Fund Balance - Beginning	<u>4,000,000</u>	<u>4,110,254</u>	<u>4,110,255</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,908,904</u>	<u>\$ 3,908,904</u>

Okaloosa County, Florida
PRISONER BENEFIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 672,000	\$ 672,000	\$ 927,510	\$ 255,510
Miscellaneous	5,600	5,600	8,350	2,750
Total Revenues	677,600	677,600	935,860	258,260
Expenditures				
Current				
Public Safety	1,277,600	1,357,941	766,076	591,865
Capital Outlay	-	-	-	-
Total Expenditures	1,277,600	1,357,941	766,076	591,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,000)	(680,341)	169,784	850,125
Net Change in Fund Balance	(600,000)	(680,341)	169,784	850,125
Fund Balance - Beginning	600,000	680,341	680,341	-
Fund Balance - Ending	\$ -	\$ -	\$ 850,125	\$ 850,125

Okaloosa County, Florida
ADDITIONAL COURT COST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,340,200	\$ 1,408,168	\$ 1,263,026	\$ (145,142)
Miscellaneous	42,000	42,000	78,988	36,988
Total Revenues	1,382,200	1,450,168	1,342,014	(108,154)
Expenditures				
Current				
Court-Related	1,559,150	1,773,309	865,062	908,247
Total Expenditures	1,559,150	1,776,309	865,062	911,247
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,950)	(326,141)	476,952	803,093
Other Financing Sources (Uses)				
Transfers Out	(675,000)	(675,000)	(529,795)	(145,205)
Total Other Financing Sources (Uses)	(675,000)	(675,000)	(529,795)	145,205
Net Change in Fund Balance	(851,950)	(1,001,141)	(52,843)	948,298
Fund Balance - Beginning	851,950	1,001,141	545,985	(455,156)
Fund Balance - Ending	\$ -	\$ -	\$ 493,142	\$ 493,142

Okaloosa County, Florida
DRUG ABUSE TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 13,000	\$ 13,000	\$ 10,500	\$ (2,500)
Miscellaneous	300	300	514	214
Total Revenues	13,300	13,300	11,014	(2,286)
Expenditures				
Current				
Court-Related	58,300	68,046	6,421	61,625
Total Expenditures	58,300	68,046	6,421	61,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,000)	(54,746)	4,593	59,339
Net Change in Fund Balance	(45,000)	(54,746)	4,593	59,339
Fund Balance - Beginning	45,000	54,746	54,746	-
Fund Balance - Ending	\$ -	\$ -	\$ 59,339	\$ 59,339

Okaloosa County, Florida
DOMESTIC VIOLENCE TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 27,000	\$ 32,733	\$ 32,733	\$ -
Miscellaneous	-	-	228	228
Total Revenues	<u>27,000</u>	<u>32,733</u>	<u>32,961</u>	<u>228</u>
Expenditures				
Current				
Court-Related	5,255	5,255	-	5,255
Total Expenditures	<u>5,255</u>	<u>5,255</u>	<u>-</u>	<u>5,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,745</u>	<u>27,478</u>	<u>32,961</u>	<u>5,483</u>
Other Financing Sources (Uses)				
Transfers Out	(27,000)	(39,048)	(36,347)	(2,701)
Total Other Financing Sources (Uses)	<u>(27,000)</u>	<u>(39,048)</u>	<u>(36,347)</u>	<u>2,701</u>
Net Change in Fund Balance	(5,255)	(11,570)	(3,386)	8,184
Fund Balance - Beginning	<u>5,255</u>	<u>11,570</u>	<u>11,571</u>	<u>1</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,185</u>	<u>\$ 8,185</u>

Okaloosa County, Florida
TRAFFIC EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 90,000	\$ 90,000	\$ 78,751	\$ (11,249)
Miscellaneous	750	5,750	6,645	895
Total Revenues	<u>90,750</u>	<u>95,750</u>	<u>85,396</u>	<u>(10,354)</u>
Expenditures				
Current				
Court-Related	<u>105,500</u>	<u>182,197</u>	<u>-</u>	<u>182,197</u>
Total Expenditures	<u>105,500</u>	<u>182,197</u>	<u>-</u>	<u>182,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,750)</u>	<u>(86,447)</u>	<u>85,396</u>	<u>171,843</u>
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	<u>(95,250)</u>	<u>(68,199)</u>	<u>(32,300)</u>	<u>35,899</u>
Total Other Financing Sources (Uses)	<u>(95,250)</u>	<u>(68,199)</u>	<u>(32,300)</u>	<u>35,899</u>
Net Change in Fund Balance	(110,000)	(154,646)	53,096	207,742
Fund Balance - Beginning	<u>110,000</u>	<u>154,646</u>	<u>154,646</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,742</u>	<u>\$ 207,742</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 21,907	\$ -	\$ (21,907)
Charges for Services	2,836,000	2,684,924	2,923,967	239,043
Fines	740,975	740,975	859,347	118,372
Total Revenues	3,576,975	3,447,806	3,783,314	335,508
Expenditures				
Current				
Court-Related	3,576,975	3,447,806	3,783,314	(335,508)
Total Expenditures	3,576,975	3,447,806	3,783,314	(335,508)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual expenditures exceed legally budgeted amounts at September 30, 2016 due to amounts were funded from revenues that exceeded budgeted amounts.

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	100,000	100,000	114,499	14,499
Miscellaneous	619,500	619,500	739	(618,761)
Total Revenues	719,500	719,500	115,238	(604,262)
Expenditures				
Current				
General Government	-	249,400	260,366	(10,966)
Capital Outlay	719,500	470,100	209,024	261,076
Total Expenditures	719,500	719,500	469,390	250,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(354,152)	(354,152)
Net Change in Fund Balance	-	-	(354,152)	(354,152)
Fund Balance - Beginning	-	-	618,398	618,398
Fund Balance - Ending	\$ -	\$ -	\$ 264,246	\$ 264,246

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 315,000	\$ 315,000	\$ 347,593	\$ 32,593
Miscellaneous	867,300	867,300	1,125	(866,175)
Total Revenues	1,182,300	1,182,300	348,718	(833,582)
Expenditures				
Current				
Court-Related	-	537,925	526,434	11,491
Capital Outlay	1,182,300	644,375	77,743	566,632
Total Expenditures	1,182,300	1,182,300	604,177	578,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(255,459)	(255,459)
Net Change in Fund Balance	-	-	(255,459)	(255,459)
Fund Balance - Beginning	-	-	869,890	869,890
Fund Balance - Ending	\$ -	\$ -	\$ 614,431	\$ 614,431

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines	\$ 165,000	\$ 165,000	\$ 187,318	22,318
Miscellaneous	42,340	42,340	-	(42,340)
Total Revenues	<u>207,340</u>	<u>207,340</u>	<u>187,318</u>	<u>(20,022)</u>
Expenditures				
Current				
Court-Related	-	207,340	207,340	-
Capital Outlay	207,340	-	-	-
Total Expenditures	<u>207,340</u>	<u>207,340</u>	<u>207,340</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(20,022)</u>	<u>(20,022)</u>
Net Change in Fund Balance	-	-	(20,022)	(20,022)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>55,986</u>	<u>55,986</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,964</u>	<u>\$ 35,964</u>

Okaloosa County, Florida
FEDERAL LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 120,000	\$ 120,000	\$ 120,699	\$ 699
Total Revenues	120,000	120,000	120,699	699
Expenditures				
Current				
Public Safety	130,049	130,049	121,849	8,200
Capital Outlay	45,900	45,900	45,900	-
Total Expenditures	175,949	175,949	167,749	8,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,949)	(55,949)	(47,050)	8,899
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	55,949	55,949	47,050	(8,899)
Total Other Financing Sources (Uses)	55,949	55,949	47,050	(8,899)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
TEEN DRIVER CHALLENGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Safety	66,090	66,090	32,300	33,790
Total Expenditures	66,090	66,090	32,300	33,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,090)	(66,090)	(32,300)	33,790
Other Financing Sources (Uses)				
Transfers Among Constitutional Officers	66,090	66,090	32,300	(33,790)
Total Other Financing Sources (Uses)	66,090	66,090	32,300	(33,790)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
SECOND DOLLAR PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

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

Okaloosa County, Florida
OKALOOSA DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,046,500	\$ 5,046,500	\$ 5,122,390	\$ 75,890
Miscellaneous	486,148	486,148	452,949	(33,199)
Total Revenues	5,532,648	5,532,648	5,575,339	42,691
Expenditures				
Current				
General Government	590,750	1,103,622	190,750	912,872
Debt Service				
Principal	1,392,000	1,392,000	3,425,000	(2,033,000)
Interest	2,524,501	2,609,786	4,038,562	(1,428,776)
Other Debt Service Costs	500	160,621	150,124	10,497
Total Expenditures	4,507,751	5,266,029	7,804,436	(2,538,407)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,024,897	266,619	(2,229,097)	(2,495,716)
Other Financing Sources (Uses)				
Transfers In	1,345,793	1,354,415	1,200,588	153,827
Transfers Out	(2,820,690)	(2,820,690)	(2,820,690)	-
Original Issue Premium	-	160,121	160,121	-
Total Other Financing Sources (Uses)	(1,474,897)	(1,306,154)	(1,459,981)	(153,827)
Net Change in Fund Balance	(450,000)	(1,039,535)	(3,689,078)	(2,649,543)
Fund Balance - Beginning	450,000	1,039,535	1,039,536	1
Fund Balance - Ending	\$ -	\$ -	\$ (2,649,542)	\$ (2,649,542)

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Expenditures exceed legally budgeted amounts at September 30, 2016 due to the prepayment of the October 1st debt service.

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,849,602	\$ 49,602
Intergovernmental	1,950,000	4,397,922	2,254,492	(2,143,430)
Miscellaneous	90,000	119,995	81,009	(38,986)
Total Revenues	<u>3,840,000</u>	<u>6,317,917</u>	<u>4,185,103</u>	<u>(2,132,814)</u>
Expenditures				
Current				
Transportation	2,099,839	4,108,113	2,196,903	1,911,210
Capital Outlay	12,490,161	14,333,588	3,715,818	10,617,770
Total Expenditures	<u>14,590,000</u>	<u>18,441,701</u>	<u>5,912,721</u>	<u>12,528,980</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,750,000)</u>	<u>(12,123,784)</u>	<u>(1,727,618)</u>	<u>10,396,166</u>
Other Financing Sources (Uses)				
Transfers In	-	340,720	340,720	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>340,720</u>	<u>340,720</u>	<u>-</u>
Net Change in Fund Balance	(10,750,000)	(11,783,064)	(1,386,898)	10,396,166
Fund Balance - Beginning	<u>10,750,000</u>	<u>11,783,064</u>	<u>11,783,064</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,396,166</u>	<u>\$ 10,396,166</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.

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.

Tax Collector

Building Maintenance Fund

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

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Okaloosa County, Florida
COMBINING STATEMENT ON NET POSITION
NONMAJOR ENTERPRISE FUNDS
PROPRIETARY FUNDS

	Business-type Activities			
	Inspection and Code Enforcement	Solid Waste	Tax Collector Building Maintenance	Nonmajor Enterprise Funds (Exhibit VII)
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 648,351	\$ 2,560,540	\$ 42,982	\$ 3,251,873
Investments	173,892	520,464	-	694,356
Receivables, Net of Allowance for Uncollectible	95,398	590,823	-	686,221
Due from Other Governments	-	1,176	-	1,176
Prepays	295	-	-	295
Restricted Assets				
Cash and Cash Equivalents				
Customer Deposits	-	25,508	-	25,508
Total Restricted Assets	-	25,508	-	25,508
Total Current Assets	917,936	3,698,511	42,982	4,659,429
Capital Assets				
Land	-	133,301	-	133,301
Buildings	-	115,363	-	115,363
Improvements Other Than Buildings	-	276,776	-	276,776
Intangible	42,425	-	-	42,425
Machinery and Equipment	356,173	3,432,489	-	3,788,662
Less Accumulated Depreciation/Amortization	(336,443)	(2,517,223)	-	(2,853,666)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	62,155	1,440,706	-	1,502,861
Total Noncurrent Assets	62,155	1,440,706	-	1,502,861
Total Assets	\$ 980,091	\$ 5,139,217	\$ 42,982	\$ 6,162,290
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges Related to Pensions	\$ 330,035	\$ 385,043	\$ -	\$ 715,078
Total Deferred Outflows of Resources	\$ 330,035	\$ 385,043	\$ -	\$ 715,078

Continued...

Okaloosa County, Florida
COMBINING STATEMENT ON NET POSITION
NONMAJOR ENTERPRISE FUNDS
PROPRIETARY FUNDS

	Business-type Activities			
	Inspection and Code Enforcement	Solid Waste	Tax Collector Building Maintenance	Nonmajor Enterprise Funds (Exhibit VII)
LIABILITIES				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 7,205	\$ 51,730	\$ -	\$ 58,935
Contracts Payable	2,660	987,387	-	990,047
Accrued Liabilities				
Compensated Absences	87,893	62,116	-	150,009
Closure Costs Payable	-	357,905	-	357,905
Other Accrued Liabilities	18,539	18,577	-	37,116
Due to Other Elected Officials	-	-	-	-
Due to Other Governments	21,533	497	-	22,030
Unearned Revenue	13,797	-	-	13,797
Current Liabilities Payable from Restricted Assets				
Customer Deposits Payable	-	25,508	-	25,508
Total Current Liabilities Payable from Restricted Assets	-	25,508	-	25,508
Total Current Liabilities	<u>151,627</u>	<u>1,503,720</u>	<u>-</u>	<u>1,655,347</u>
Noncurrent Liabilities				
Compensated Absences	82,461	50,046	-	132,507
Closure Costs Payable	-	3,668,375	-	3,668,375
Other Post Employment Benefits	18,865	19,506	-	38,371
Net Pension Liability	907,989	1,059,321	-	1,967,310
Total Noncurrent Liabilities	<u>1,009,315</u>	<u>4,797,248</u>	<u>-</u>	<u>5,806,563</u>
Total Liabilities	<u>\$ 1,160,942</u>	<u>\$ 6,300,968</u>	<u>\$ -</u>	<u>\$ 7,461,910</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Charges Related to Pensions	\$ 55,888	\$ 65,202	\$ -	\$ 121,090
Total Deferred Inflows of Resources	<u>\$ 55,888</u>	<u>\$ 65,202</u>	<u>\$ -</u>	<u>\$ 121,090</u>
NET POSITION				
Net Investment in Capital Assets	\$ 62,155	\$ 1,440,706	\$ -	\$ 1,502,861
Unrestricted (Deficit)	31,141	(2,282,616)	42,982	(2,208,493)
Total Net Position (Deficit)	<u>93,296</u>	<u>(841,910)</u>	<u>42,982</u>	<u>(705,632)</u>
Total Liabilities and Net Position (Deficit)	<u>\$ 1,310,126</u>	<u>\$ 5,524,260</u>	<u>\$ 42,982</u>	<u>\$ 6,877,368</u>

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGE IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type Activities			Total Nonmajor Enterprise Funds (Exhibit VIII)
	Inspection and Code Enforcement	Solid Waste	Tax Collector Building Maintenance	
Operating Revenues				
Licenses and Permits	\$ 1,790,600	\$ -	\$ -	\$ 1,790,600
Charges for Services	237,563	8,736,334	-	8,973,897
Miscellaneous	255	105	42,982	43,342
Total Operating Revenues	2,028,418	8,736,439	42,982	10,807,839
Operating Expenses				
Personal services	1,063,918	857,916	-	1,921,834
Contractual Services	496,895	6,354,018	-	6,850,913
Supplies	25,518	79,777	-	105,295
Utilities	-	12,836	-	12,836
Other Operating Expenses	66,691	363,701	-	430,392
Depreciation/Amortization	18,069	244,782	-	262,851
Total Operating Expenses	1,671,091	7,913,030	-	9,584,121
Operating Income (Loss)	357,327	823,409	42,982	1,223,718
Nonoperating Revenues (Expenses)				
Intergovernmental	-	143,060	-	143,060
Investment Income	5,940	18,400	-	24,340
Gain/Loss on Disposal of Capital Assets	-	7,027	-	7,027
Total Nonoperating Revenues (Expenses)	5,940	168,487	-	174,427
Income (Loss) Before Contributions and Transfers	363,267	991,896	42,982	1,398,145
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	363,267	991,896	42,982	1,398,145
Total Net Position (Deficit)	(269,971)	(1,833,806)	-	(2,103,777)
Total Net Position (Deficit) - Ending	\$ 93,296	\$ (841,910)	\$ 42,982	\$ (705,632)

**Board of County Commissioners
Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2016**

	Business-type Activities			Total Nonmajor Enterprise Funds (Exhibit IV)
	Inspection and Code Enforcement	Solid Waste	Tax Collector Building Maintenance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 1,956,078	\$ 8,848,585	\$ 42,982	\$ 10,847,645
Payments to Suppliers	(615,628)	(6,451,854)	-	(7,067,482)
Payments to Employees	(1,045,047)	(826,735)	-	(1,871,782)
Net Cash Provided (Used) by Operating Activities	<u>295,403</u>	<u>1,569,996</u>	<u>42,982</u>	<u>1,908,381</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating Subsidy - Intergovernmental Revenue	-	164,123	-	164,123
Net Cash Provided (Used) by Non-capital Financing Activities	<u>-</u>	<u>164,123</u>	<u>-</u>	<u>164,123</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(45,648)	(157,243)	-	(202,891)
Proceeds from Disposal of Capital Assets	-	7,027	-	7,027
Net cash provided (used) by capital and related financing activities	<u>(45,648)</u>	<u>(150,216)</u>	<u>-</u>	<u>(195,864)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale and Maturities of Investments	(1,187)	(3,716)	-	(4,903)
Interest Income	5,955	18,400	-	24,355
Net Cash Provided (Used) by Investing Activities	<u>4,768</u>	<u>14,684</u>	<u>-</u>	<u>19,452</u>
Net Increase (Decrease) in Cash and Cash Equivalents	254,523	1,598,587	42,982	1,896,092
Cash and Cash Equivalents - Beginning of Year	<u>393,828</u>	<u>987,461</u>	<u>-</u>	<u>1,381,289</u>
Cash and Cash Equivalents - End of Year	<u>\$ 648,351</u>	<u>\$ 2,586,048</u>	<u>\$ 42,982</u>	<u>\$ 3,277,381</u>

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**Board of County Commissioners
Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2016**

	Business-type Activities			Total Nonmajor Enterprise Funds (Exhibit IV)
	Inspection and Code Enforcement	Solid Waste	Tax Collector Building Maintenance	
Cash and Cash Equivalents at End of Year Consist of:				
Current assets	\$ 648,351	\$ 2,560,540	\$ 42,982	\$ 3,251,873
Restricted assets	-	25,508	-	25,508
Total	\$ 648,351	\$ 2,586,048	\$ 42,982	\$ 3,277,381
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 357,327	\$ 823,409	\$ 42,982	\$ 1,223,718
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation/Amortization	18,069	244,782	-	262,851
Decrease (Increase) in Assets				
Accounts Receivables	(58,398)	110,146	-	51,748
Due from Other Elected Officials	2,546	-	-	2,546
Deferred Outflows	(210,660)	(245,772)	-	(456,432)
Increase (Decrease) in Liabilities				
Accounts Payable	(577)	42,548	-	41,971
Service Contracts Payable	(1,298)	613,041	-	611,743
Due to Other Elected Officials	-	(118)	-	(118)
Due to Other Governments	(27,195)	381	-	(26,814)
Compensated Absences Payable	2,650	(1,777)	-	873
Other Accrued Liabilities	(22,438)	(12,140)	-	(34,578)
Closure Costs Payable	-	(297,374)	-	(297,374)
Unearned Revenue	(13,942)	2,000	-	(11,942)
Other Post Employment Benefits	2,817	3,286	-	6,103
Net Pension Liability	316,610	369,377	-	685,987
Deferred Inflows	(70,108)	(81,793)	-	(151,901)
Net Cash Provided (Used) by Operating Activities	\$ 295,403	\$ 1,569,996	\$ 42,982	\$ 1,908,381

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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 the Board of County Commissioners of Okaloosa County and to other government units, on a cost reimbursement basis.

Board of County Commissioners

Self Insurance

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

Garage Service Fund

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

Clerk of 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 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 the retirees of the Sheriff.

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Okaloosa County, Florida
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2016

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,515,451	\$ 1,503	\$ 153,801
Investments	38,510	-	-
Receivables, Net of Allowance for Uncollectible	21,685	3,703	-
Due from Other Funds	-	-	-
Due from Other Elected Officials	-	480	-
Due from Other Governments	-	532,267	-
Inventory	-	254,015	-
Prepays	-	7,428	-
	<u>1,575,646</u>	<u>799,396</u>	<u>153,801</u>
Noncurrent Assets			
Capital Assets			
Land	-	316,861	-
Buildings	-	900,466	-
Improvements Other Than Buildings	-	257,345	-
Machinery and Equipment	12,726	2,494,134	-
Less Accumulated Depreciation/Amortization	(7,832)	(3,267,826)	-
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	<u>4,894</u>	<u>700,980</u>	<u>-</u>
Total Noncurrent Assets	<u>4,894</u>	<u>700,980</u>	<u>-</u>
Total Assets	<u>\$ 1,580,540</u>	<u>\$ 1,500,376</u>	<u>\$ 153,801</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 82,509	\$ 577,560	\$ -
Total Deferred Outflows of Resources	<u>\$ 82,509</u>	<u>\$ 577,560</u>	<u>\$ -</u>

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ 928,259	\$ 2,121,800	\$ 4,720,814
-	-	38,510
-	370,944	396,332
96,358	-	96,358
-	-	480
-	-	532,267
-	-	254,015
-	-	7,428
1,024,617	2,492,744	6,046,204
-	-	316,861
-	-	900,466
-	-	257,345
-	-	2,506,860
-	-	(3,275,658)
-	-	705,874
-	-	705,874
\$ 1,024,617	\$ 2,492,744	\$ 6,752,078
\$ -	\$ -	\$ 660,069
\$ -	\$ -	\$ 660,069

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2016

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
LIABILITIES			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,901	\$ 95,028	\$ -
Contracts Payable	2,991	34,444	-
Accrued Liabilities			
Compensated Absences	9,616	89,863	153,801
Claims and Judgments	858,429	-	-
Other Accrued Liabilities	4,027	29,427	-
Due to Other Funds	-	1,020,000	-
Due to Other Elected Officials	90	12	-
Due To Other Governments	8,188	516	-
Deferred Revenue	8,075	-	-
	<u>894,317</u>	<u>1,269,290</u>	<u>153,801</u>
Total Current Liabilities			
Noncurrent Liabilities			
Compensated Absences	7,918	71,570	-
Claims and Judgments	2,609,598	-	-
Other Post Employment Benefits	4,180	27,211	-
Net Pension Liability	226,996	1,588,980	-
	<u>2,848,692</u>	<u>1,687,761</u>	<u>-</u>
Total Noncurrent Liabilities			
	<u>\$ 3,743,009</u>	<u>\$ 2,957,051</u>	<u>\$ 153,801</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pensions	\$ 13,971	\$ 97,803	\$ -
	<u>\$ 13,971</u>	<u>\$ 97,803</u>	<u>\$ -</u>
Total Deferred Inflows of Resources			
NET POSITION			
Net Investment in Capital Assets	\$ 4,894	\$ 700,980	\$ -
Unrestricted (Deficit)	(2,098,825)	(1,677,898)	-
	<u>(2,093,931)</u>	<u>(976,918)</u>	<u>-</u>
Total Net Position (Deficit)			
	<u>\$ 1,663,049</u>	<u>\$ 2,077,936</u>	<u>\$ 153,801</u>
Total Liabilities and Net Position (Deficit)			

Statement C-1

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VII)
\$ -	\$ -	\$ 97,929
-	-	37,435
1,024,617	-	1,277,897
-	505,955	1,364,384
-	-	33,454
-	-	1,020,000
-	-	102
-	-	8,704
-	-	8,075
1,024,617	505,955	3,847,980
-	-	79,488
-	-	2,609,598
-	4,414,940	4,446,331
-	-	1,815,976
-	4,414,940	8,951,393
\$ 1,024,617	\$ 4,920,895	\$ 12,799,373
\$ -	\$ -	\$ 111,774
\$ -	\$ -	\$ 111,774
\$ -	\$ -	\$ 705,874
-	(2,428,151)	(6,204,874)
-	(2,428,151)	(5,499,000)
\$ 1,024,617	\$ 2,492,744	\$ 7,412,147

Okaloosa County, Florida
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2016

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
Operating Revenues			
Charges for Services	\$ 11,810,536	\$ 4,585,413	\$ 31,019
Miscellaneous	1,116,963	2,082	-
Total Operating Revenues	12,927,499	4,587,495	31,019
Operating Expenses			
Personal Services	203,505	1,391,802	31,019
Contractual Services	90,864	1,828	-
Supplies	8,941	2,767,470	-
Insurance Premiums and Claims	12,021,022	-	-
Utilities	-	4,572	-
Other Operating Expenses	10,454	326,645	-
Depreciation/Amortization	1,218	73,553	-
Total Operating Expenses	12,336,004	4,565,870	31,019
Operating Income (Loss)	591,495	21,625	-
Nonoperating Revenues (Expenses)			
Investment Income (Loss)	35,419	(14,819)	-
Other Non-Operating Revenue	607,210	-	-
Gain/Loss on Disposal of Capital Assets	-	50,108	-
Total Nonoperating Revenues (Expenses)	642,629	35,289	-
Income (Loss) Before			
Contributions and Transfers	1,234,124	56,914	-
Capital Contributions	-	26,168	-
Operating Transfers In	400,000	-	-
Operating Transfers Out	(1,400,000)	-	-
Change in Net Position	234,124	83,082	-
Total Net Position (Deficit) - Beginning	(2,328,055)	(1,060,000)	-
Total Net Position (Deficit)- Ending	\$ (2,093,931)	\$ (976,918)	\$ -

Statement C-2

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit VIII)
\$ 38,679	\$ 4,427,454	\$ 20,893,101
-	-	1,119,045
<u>38,679</u>	<u>4,427,454</u>	<u>22,012,146</u>
38,679	266,731	1,931,736
-	358,235	450,927
-	-	2,776,411
-	4,372,346	16,393,368
-	-	4,572
-	-	337,099
-	-	74,771
<u>38,679</u>	<u>4,997,312</u>	<u>21,968,884</u>
-	(569,858)	43,262
-	5,699	26,299
-	-	607,210
-	-	50,108
<u>-</u>	<u>5,699</u>	<u>683,617</u>
-	(564,159)	726,879
-	-	26,168
-	-	400,000
<u>-</u>	<u>-</u>	<u>(1,400,000)</u>
-	(564,159)	(246,953)
<u>-</u>	<u>(1,863,992)</u>	<u>(5,252,047)</u>
<u>\$ -</u>	<u>\$ (2,428,151)</u>	<u>\$ (5,499,000)</u>

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2016

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 12,846,300	\$ 4,897,739	\$ -
Receipts from Interfund Services Provided	-	-	58,469
Payments to Suppliers	(12,895,218)	(3,545,172)	-
Payments to Employees	(194,728)	(1,358,177)	(89,488)
Payments for Other Revenues	607,210	-	-
Net Cash Provided (Used) by Operating Activities	<u>363,564</u>	<u>(5,610)</u>	<u>(31,019)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers In	400,000	-	-
Transfers Out	(1,400,000)	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(2,333)	(115,985)	-
Proceeds from Disposal of Capital Assets	-	40,018	-
Capital Contributions	-	26,168	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,333)</u>	<u>(49,799)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of Investments	(6,314)	(69)	-
Interest Income	33,012	(14,750)	-
Net Cash Provided (Used) by Investing Activities	<u>26,698</u>	<u>(14,819)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(612,071)	(70,228)	(31,019)
Cash and Cash Equivalents - Beginning of Year	<u>2,127,522</u>	<u>71,731</u>	<u>184,820</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,515,451</u>	<u>\$ 1,503</u>	<u>\$ 153,801</u>

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IV)
\$ -	\$ -	\$ 17,744,039
57,679	4,056,625	4,172,773
-	(4,818,906)	(21,259,296)
-	-	(1,642,393)
-	-	607,210
<u>57,679</u>	<u>(762,281)</u>	<u>(377,667)</u>
-	-	400,000
-	-	(1,400,000)
-	-	(1,000,000)
-	-	(118,318)
-	-	40,018
-	-	26,168
-	-	(52,132)
-	-	(6,383)
-	5,699	23,961
-	5,699	17,578
57,679	(756,582)	(1,412,221)
<u>870,580</u>	<u>2,878,382</u>	<u>6,133,035</u>
<u>\$ 928,259</u>	<u>\$ 2,121,800</u>	<u>\$ 4,720,814</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2016

	Governmental		
	Self- Insurance	Garage Services	Clerk of Court Compensated Absences
Cash and Cash Equivalents at End of Year Consist of:			
Current assets	\$ 1,515,451	\$ 1,503	\$ 153,801
Total	\$ 1,515,451	\$ 1,503	\$ 153,801
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 591,495	\$ 21,625	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation/Amortization	1,218	73,553	-
Other revenue	607,210	-	-
Decrease (Increase) in Assets			
Accounts Receivable	3,870	(68)	-
Due from Other Elected Officials	-	106	-
Due from Other Governments	-	310,313	-
Due from Other Funds	-	(9,631)	-
Inventories	11,810	(7,428)	-
Prepaid Expenses	(52,665)	(368,654)	-
Deferred Outflows	-	-	-
Increase (Decrease) in Liabilities			
Accounts Payable	1,089	(2,711)	-
Service Contracts Payable	(778,203)	(45,413)	-
Due to Other Funds	-	(380,000)	-
Due to Other Elected Officials	(88)	1	-
Due to Other Governments	1,454	418	-
Compensated Absences Payable	(691)	(16,046)	(31,019)
Claims and Judgments Payable	(82,466)	-	-
Other Accrued Liabilities	(195)	(17,982)	-
Unearned Revenue	(2,602)	-	-
Other Post Employment Benefits	704	4,930	-
Net Pension Liability	79,152	554,067	-
Deferred Inflows	(17,528)	(122,690)	-
Total Adjustments	(227,931)	(27,235)	(31,019)
Net Cash Provided (Used) by Operating Activities	\$ 363,564	\$ (5,610)	\$ (31,019)

Statement C-3

Activities		
Sheriff Compensated Absences	Sheriff Health Benefits Self Insurance	Total Internal Service Funds (Exhibit IV)
\$ 928,259	\$ 2,121,800	4,720,814
<u>\$ 928,259</u>	<u>\$ 2,121,800</u>	<u>\$ 4,720,814</u>
\$ -	\$ (569,858)	43,262
-	-	74,771
-	-	607,210
-	(370,829)	(367,027)
-	-	106
-	-	310,313
(38,679)	-	(48,310)
-	-	4,382
-	-	(421,319)
-	-	-
-	(6,868)	(8,490)
-	-	(823,616)
-	-	(380,000)
-	-	(87)
-	-	1,872
96,358	-	48,602
-	(81,457)	(163,923)
-	-	(18,177)
-	-	(2,602)
-	266,731	272,365
-	-	633,219
-	-	(140,218)
<u>57,679</u>	<u>(192,423)</u>	<u>(420,929)</u>
<u>\$ 57,679</u>	<u>\$ (762,281)</u>	<u>\$ (377,667)</u>

Agency Funds

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

Clerk of Circuit Court

Fine and Forfeiture Fund

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

Jury and Witness Fund

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

Tax Deed Fund

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

Support Fund

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

Registry of Court Fund

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

Board of County Commissioners Trust Fund

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

State Trust Fund

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

Probation Fee Trust Fund

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

Escrow Trust Fund

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

Juvenile Trust Fund

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

Foreclosure Escrow Trust Fund

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

Cash Bond Trust Fund

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

Sheriff

Individual Depositors Fund

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

Suspense (Levies) Fund

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

Tax Collector

Disbursements Fund

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

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Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2016

	Fine and Forfeiture	Jury and Witness	Tax Deed	Support	Registry of Court	BCC Trust	State Trust	Probation Fee Trust
ASSETS								
Cash and Cash Equivalents	\$ 404,469	\$ 32,027	\$ 1,185,525	\$ 116,657	\$ 2,039,620	\$ 34,512	\$ 419,605	\$ 150
Accounts Receivable	-	-	-	3,677	-	-	-	-
Due from Other Funds	-	-	-	-	550	-	-	-
Due from Other Elected Officials	370	-	-	-	-	-	-	-
Total Assets	\$ 404,839	\$ 32,027	\$ 1,185,525	\$ 120,334	\$ 2,040,170	\$ 34,512	\$ 419,605	\$ 150
LIABILITIES								
Liabilities								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 22,453	\$ 1,032	\$ -	\$ -	\$ -
Due to Other Elected Officials	104,812	-	-	-	-	34,512	-	-
Due to Other Governments	300,027	-	-	991	-	-	419,605	-
Due to Depositors	-	32,027	1,185,525	96,890	2,039,138	-	-	150
Taxes Collected in Advance for Other Governments	-	-	-	-	-	-	-	-
Total Liabilities	404,839	32,027	1,185,525	120,334	2,040,170	34,512	419,605	150
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2016

	Escrow Trust	Juvenile Trust	Foreclosure Escrow Trust	Cash Bond Trust	Individual Depositors	Suspense (Levies)	Disbursements	Total Agency Funds (Exhibit V)
ASSETS								
Cash and Cash Equivalents	\$ 180,715	\$ 130	\$ 1,001,970	\$ 442,752	\$ 5,890	\$ 4,409	\$ 1,937,562	\$ 7,805,993
Accounts Receivable	-	-	140	-	-	-	6,360	10,177
Due from Other Funds	-	-	140	-	-	-	-	690
Due from Other Elected Officials	-	-	-	-	-	-	-	370
Total Assets	\$ 180,715	\$ 130	\$ 1,002,250	\$ 442,752	\$ 5,890	\$ 4,409	\$ 1,943,922	\$ 7,817,230
LIABILITIES								
Liabilities								
Due to Other Funds	\$ -	\$ -	\$ 672	\$ -	\$ -	\$ -	\$ -	\$ 24,157
Due to Other Elected Officials	-	-	-	-	5,890	-	-	145,214
Due to Other Governments	-	-	-	-	-	-	14,748	735,371
Due to Depositors	180,715	130	1,001,578	442,752	-	4,409	38,080	5,021,394
Taxes Collected in Advance for Other Governments	-	-	-	-	-	-	1,891,094	1,891,094
Total Liabilities	180,715	130	1,002,250	442,752	5,890	4,409	1,943,922	7,817,230
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2016

	Balances October 1, 2015	Additions	Deletions	Balances September 30, 2016
FINE AND FORFEITURE AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 458,025	\$ 5,407,877	\$ 5,461,433	\$ 404,469
Accounts Receivable	-	372	372	-
Due from Other Elected Officials	110	370	110	370
Total Assets	<u>\$ 458,135</u>	<u>\$ 5,408,619</u>	<u>\$ 5,461,915</u>	<u>\$ 404,839</u>
LIABILITIES				
Due to Other Elected Officials	\$ 108,594	\$ 1,354,884	\$ 1,358,666	\$ 104,812
Due to Other Governments	349,541	3,840,241	3,889,755	300,027
Total Liabilities	<u>\$ 458,135</u>	<u>\$ 5,195,125</u>	<u>\$ 5,248,421</u>	<u>\$ 404,839</u>
JURY AND WITNESS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 39,816	\$ 566	\$ 8,355	\$ 32,027
LIABILITIES				
Due to Depositors	\$ 39,816	\$ 566	\$ 8,355	\$ 32,027
TAX DEED AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 664,650	\$ 919,499	\$ 398,624	\$ 1,185,525
LIABILITIES				
Due to Depositors	\$ 664,650	\$ 919,499	\$ 398,624	\$ 1,185,525
SUPPORT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 97,387	\$ 3,635,627	\$ 3,616,357	\$ 116,657
Accounts Receivable	3,727	1,615	1,665	3,677
Total Assets	<u>\$ 101,114</u>	<u>\$ 3,637,242</u>	<u>\$ 3,618,022</u>	<u>\$ 120,334</u>
LIABILITIES				
Due to Other Funds	\$ 6,885	\$ 18,343	\$ 2,775	\$ 22,453
Due to Other Governments	459	7,128	6,596	991
Due to Depositors	93,770	3,586,483	3,583,363	96,890
Total Liabilities	<u>\$ 101,114</u>	<u>\$ 3,611,954</u>	<u>\$ 3,592,734</u>	<u>\$ 120,334</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2016

	Balances October 1, 2015	Additions	Deletions	Balances September 30, 2016
REGISTRY OF COURT AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 2,016,464	\$ 11,749,633	\$ 11,726,477	\$ 2,039,620
Due from Other Funds	-	550	-	550
Total Assets	<u>\$ 2,016,464</u>	<u>\$ 11,750,183</u>	<u>\$ 11,726,477</u>	<u>\$ 2,040,170</u>
LIABILITIES				
Due to Other Funds	\$ 3,413	\$ 156,102	\$ 158,483	\$ 1,032
Due to Depositors	2,013,051	11,905,735	11,879,648	2,039,138
Total Liabilities	<u>\$ 2,016,464</u>	<u>\$ 12,061,837</u>	<u>\$ 12,038,131</u>	<u>\$ 2,040,170</u>
BOARD OF COUNTY COMMISSIONERS TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 31,492</u>	<u>\$ 394,360</u>	<u>\$ 391,340</u>	<u>\$ 34,512</u>
LIABILITIES				
Due to Other Elected Officials	<u>\$ 31,492</u>	<u>\$ 394,360</u>	<u>\$ 391,340</u>	<u>\$ 34,512</u>
STATE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 293,770</u>	<u>\$ 22,464,097</u>	<u>\$ 22,338,262</u>	<u>\$ 419,605</u>
LIABILITIES				
Due to Other Governments	<u>\$ 293,770</u>	<u>\$ 22,464,097</u>	<u>\$ 22,338,262</u>	<u>\$ 419,605</u>
PROBATION FEE TRUST FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ 1,269</u>	<u>\$ 150</u>
LIABILITIES				
Due to Depositors	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ 1,269</u>	<u>\$ 150</u>
ESCROW TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 151,412</u>	<u>\$ 565,746</u>	<u>\$ 536,443</u>	<u>\$ 180,715</u>
LIABILITIES				
Due to Depositors	<u>\$ 151,412</u>	<u>\$ 565,746</u>	<u>\$ 536,443</u>	<u>\$ 180,715</u>

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2016

	Balances October 1, 2015	Additions	Deletions	Balances September 30, 2016
JUVENILE TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,816	\$ 5,837	\$ 7,523	\$ 130
LIABILITIES				
Due to Depositors	\$ 1,816	\$ 5,837	\$ 7,523	\$ 130
FORECLOSURE ESCROW TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 943,365	\$ 9,749,833	\$ 9,691,228	\$ 1,001,970
Accounts Receivable	140	-	-	140
Due from Other Funds	-	140	-	140
	<u>\$ 943,505</u>	<u>\$ 9,749,973</u>	<u>\$ 9,691,228</u>	<u>\$ 1,002,250</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ 672	\$ -	\$ 672
Due to Depositors	943,505	9,749,833	9,691,760	1,001,578
	<u>\$ 943,505</u>	<u>\$ 9,750,505</u>	<u>\$ 9,691,760</u>	<u>\$ 1,002,250</u>
CASH BOND TRUST AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 197,930	\$ 1,034,560	\$ 789,738	\$ 442,752
LIABILITIES				
Due to Depositors	\$ 197,930	\$ 1,034,560	\$ 789,738	\$ 442,752
INDIVIDUAL DEPOSITORS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 7,230	\$ -	\$ 1,340	\$ 5,890
LIABILITIES				
Due to Other Elected Officials	\$ 7,230	\$ -	\$ 1,340	\$ 5,890
SUSPENSE (LEVIES) AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 10,451	\$ -	\$ 6,042	\$ 4,409
LIABILITIES				
Due to Depositors	\$ 10,451	\$ -	\$ 6,042	\$ 4,409

Continued...

Okaloosa County, Florida
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2016

	Balances October 1, 2015	Additions	Deletions	Balances September 30, 2016
DISBURSEMENTS AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,728,745	\$ 256,087,531	\$ 255,878,714	\$ 1,937,562
Accounts Receivable	4,493	6,360	4,493	6,360
Total Assets	<u>\$ 1,733,238</u>	<u>\$ 256,093,891</u>	<u>\$ 255,883,207</u>	<u>\$ 1,943,922</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ 185,149,057	\$ 185,149,057	\$ -
Due to Other Elected Officials	-	5,999,750	5,999,750	-
Due to Other Governments	23,881	61,234,703	61,243,836	14,748
Due to Depositors	40,757	38,080	40,757	38,080
Taxes Collected in Advance	1,668,600	3,672,301	3,449,807	1,891,094
Total Liabilities	<u>\$ 1,733,238</u>	<u>\$ 256,093,891</u>	<u>\$ 255,883,207</u>	<u>\$ 1,943,922</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 6,642,553	\$ 312,016,585	\$ 310,853,145	\$ 7,805,993
Accounts Receivable	8,360	8,347	6,530	10,177
Due from Other Funds	-	690	-	690
Due from Other Elected Officials	110	370	110	370
Total Assets	<u>\$ 6,651,023</u>	<u>\$ 312,025,992</u>	<u>\$ 310,859,785</u>	<u>\$ 7,817,230</u>
LIABILITIES				
Due to Other Funds	\$ 10,298	\$ 185,324,174	\$ 185,310,315	\$ 24,157
Due to Other Elected Officials	147,316	7,748,994	7,751,096	145,214
Due to Other Governments	667,651	87,546,169	87,478,449	735,371
Due to Depositors	4,157,158	27,807,758	26,943,522	5,021,394
Taxes Collected in Advance	1,668,600	3,672,301	3,449,807	1,891,094
Total Liabilities	<u>\$ 6,651,023</u>	<u>\$ 312,099,396</u>	<u>\$ 310,933,189</u>	<u>\$ 7,817,230</u>

STATISTICAL SECTION

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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.

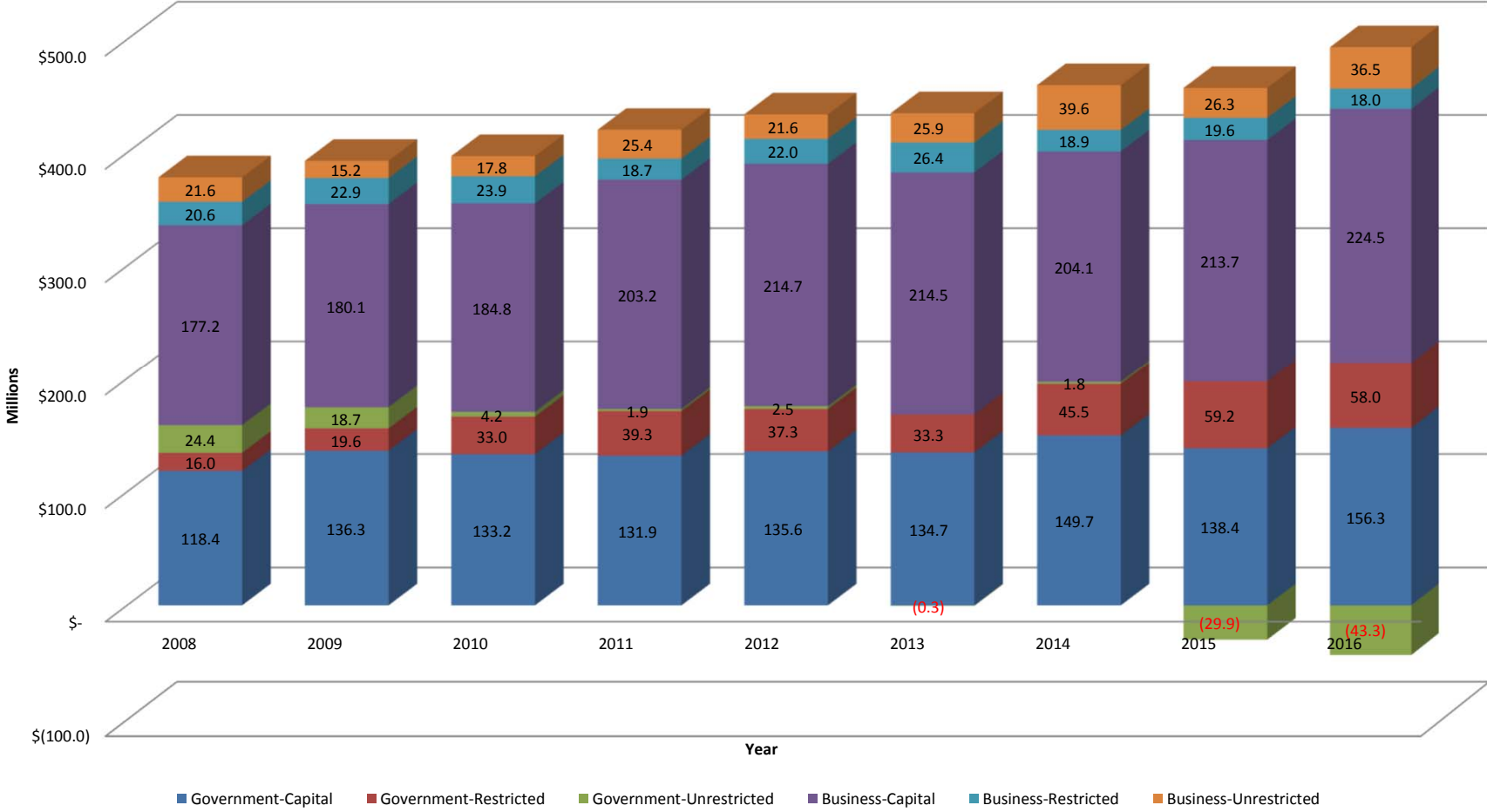
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

(amounts in thousands)	2008	2009	2010	2011	2012	2013	2014	2015	2016
GOVERNMENTAL ACTIVITIES:									
NET INVESTMENT IN CAPITAL ASSETS	\$118,399	\$136,255	\$133,206	\$131,864	\$135,627	\$134,735	\$149,700	\$138,402	\$156,262
RESTRICTED:									
DEBT SERVICE	\$467	\$485	\$1,174	\$431	\$994	\$463	\$504	\$1,039	\$0
OTHER PURPOSES	\$15,537	\$19,153	\$31,866	\$38,864	\$36,326	\$32,871	\$45,004	\$58,132	\$57,959
UNRESTRICTED (DEFICIT)	\$24,418	\$18,709	\$4,244	\$1,865	\$2,534	(\$265)	\$1,846	(\$29,906)	(\$43,267)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$158,821	\$174,602	\$170,490	\$173,024	\$175,481	\$167,804	\$197,054	\$167,667	\$170,954
BUSINESS-TYPE ACTIVITIES									
NET INVESTMENT IN CAPITAL ASSETS	\$177,168	\$180,105	\$184,811	\$203,224	\$214,734	\$214,514	\$204,110	\$213,694	\$224,457
RESTRICTED:									
DEBT SERVICE	\$10,068	\$12,650	\$13,654	\$7,579	\$10,262	\$9,496	\$9,964	\$8,643	\$5,837
OTHER PURPOSES	\$10,570	\$10,262	\$10,249	\$11,090	\$11,773	\$16,888	\$8,956	\$10,969	\$12,194
UNRESTRICTED	\$21,632	\$15,200	\$17,827	\$25,367	\$21,613	\$25,916	\$39,603	\$26,319	\$36,495
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	\$219,438	\$218,217	\$226,541	\$247,260	\$258,382	\$266,814	\$262,633	\$259,625	\$278,983
PRIMARY GOVERNMENT									
NET INVESTMENT IN CAPITAL ASSETS	\$295,567	\$316,360	\$318,017	\$335,088	\$350,361	\$349,249	\$353,810	\$352,096	\$380,719
RESTRICTED:									
DEBT SERVICE	\$10,535	\$13,135	\$14,828	\$8,010	\$11,256	\$9,959	\$10,468	\$9,682	\$5,837
OTHER PURPOSES	\$26,107	\$29,415	\$42,115	\$49,954	\$48,099	\$49,759	\$53,960	\$69,101	\$70,153
UNRESTRICTED	\$46,050	\$33,909	\$22,071	\$27,232	\$24,147	\$25,651	\$41,449	(\$3,587)	(\$6,772)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$378,259	\$392,819	\$397,031	\$420,284	\$433,863	\$434,618	\$459,687	\$427,292	\$449,937

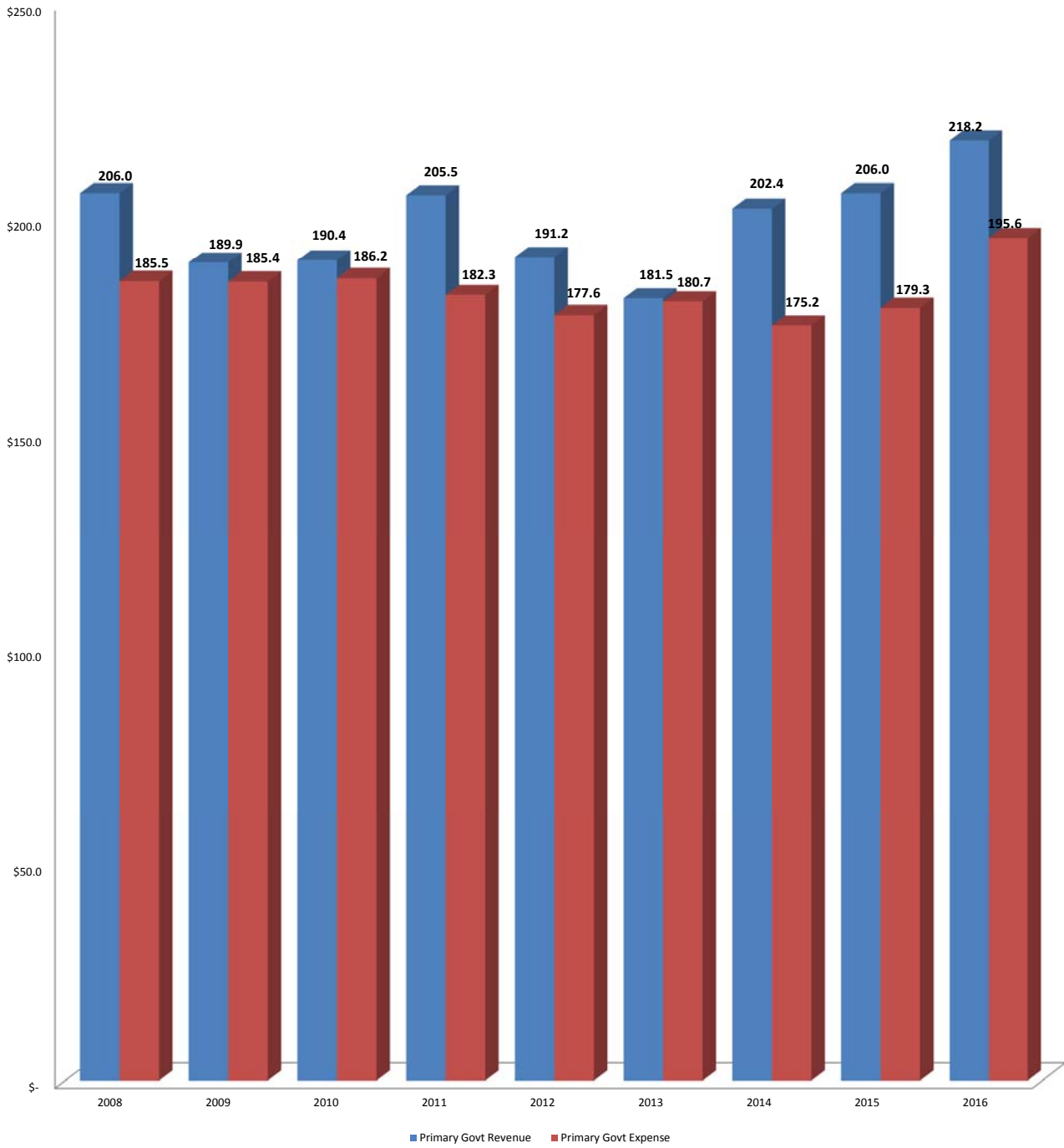
Net Position by Category Last Ten Fiscal Years



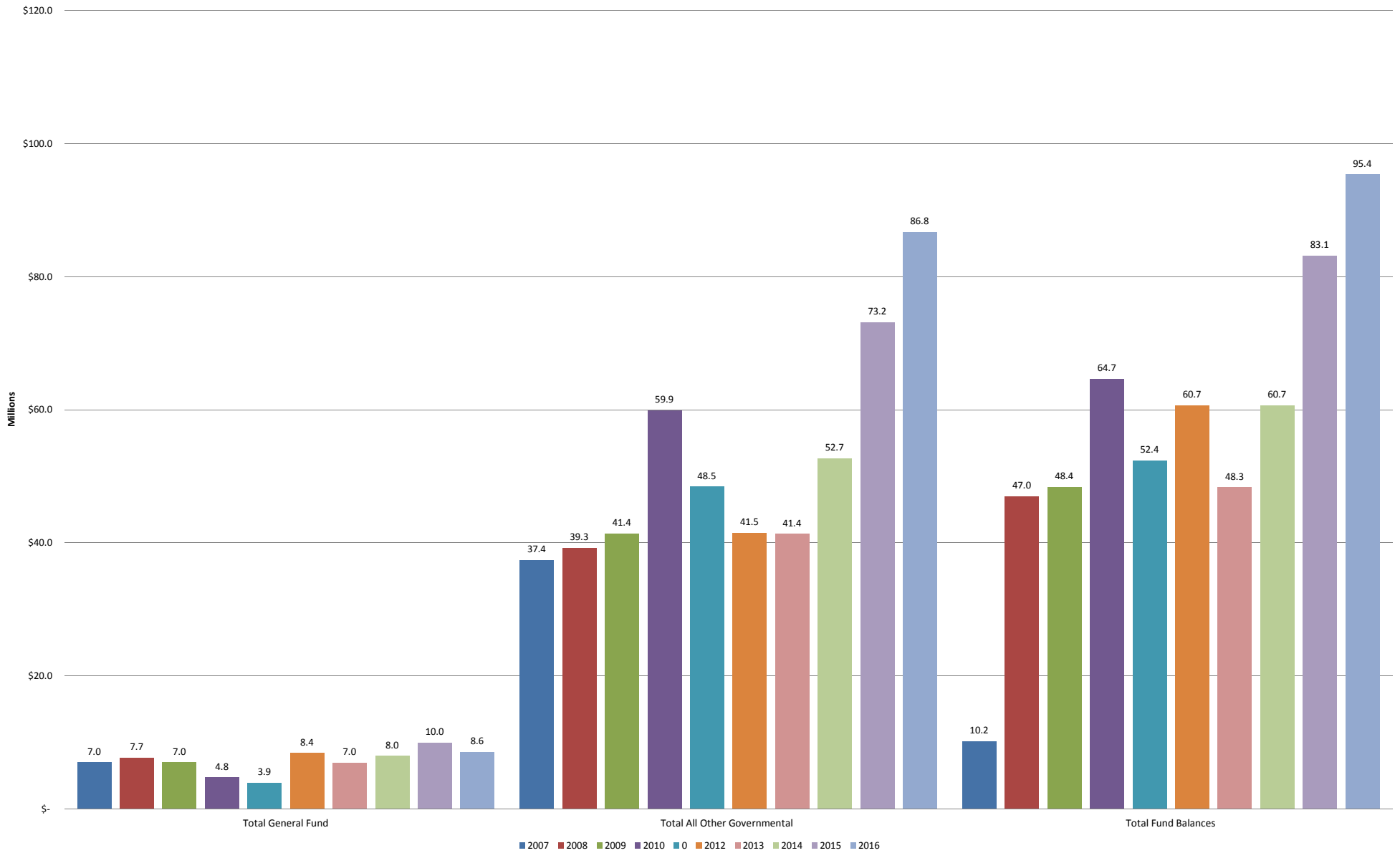
CHANGES IN NET POSITION - LAST NINE FISCAL YEARS * - (ACCRUAL BASIS OF ACCOUNTING)

(amounts in thousands)	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES									
GOVERNMENTAL ACTIVITIES:									
GENERAL GOVERNMENT	\$34,777	\$31,008	\$32,146	\$31,726	\$30,552	\$28,715	\$29,543	\$30,449	\$33,975
PUBLIC SAFETY	49,963	53,499	47,995	45,335	46,360	45,296	47,804	49,096	52,621
PHYSICAL ENVIRONMENT	1,138	867	2,594	2,148	933	1,502	1,178	1,139	1,376
TRANSPORTATION	17,229	18,901	18,922	17,728	16,245	14,632	13,712	14,349	17,224
ECONOMIC ENVIRONMENT	6,471	7,456	8,980	9,290	5,563	4,983	6,174	6,432	8,501
HUMAN SERVICES	4,964	5,110	4,672	4,454	4,352	4,500	4,277	4,535	4,931
CULTURE AND RECREATION	5,069	4,500	5,031	4,007	5,902	11,997	7,521	7,317	8,238
COURT-RELATED	9,088	8,082	7,390	7,118	6,634	7,589	7,406	8,154	8,147
INTEREST AND FISCAL CHARGES	181	116	1,138	1,531	1,692	1,745	1,526	2,659	2,471
TOTAL GOVERNMENTAL EXPENSES	\$128,880	\$129,539	\$128,868	\$123,337	\$118,233	\$120,959	\$119,141	\$124,130	\$137,484
BUSINESS-TYPE ACTIVITIES:									
WATER AND SEWER	\$25,057	\$24,067	\$25,752	\$27,124	\$26,149	\$27,657	\$25,122	\$26,444	\$26,004
AIRPORT	8,363	9,804	10,575	12,527	12,928	12,450	13,223	12,415	13,966
SOLID WASTE	9,757	8,404	7,757	6,874	7,438	7,684	8,566	7,155	7,913
INSPECTIONS	1,582	1,245	7,561	1,149	1,600	1,588	1,541	1,678	1,671
EMERGENCY MEDICAL SERVICES	7,326	7,504	1,241	7,495	6,933	7,234	7,587	7,440	8,553
CONFERENCE CENTER	4,556	4,817	4,424	3,754	4,301	3,153	0	0	0
TOTAL BUSINESS-TYPE EXPENSES	\$56,641	\$55,841	\$57,310	\$58,923	\$59,349	\$59,766	\$56,039	\$55,132	\$58,107
TOTAL PRIMARY GOVERNMENT EXPENSES	\$185,521	\$185,380	\$186,178	\$182,260	\$177,582	\$180,725	\$175,180	\$179,262	\$195,591
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:									
CHARGES FOR SERVICES									
GENERAL GOVERNMENTAL	\$11,996	\$10,590	\$10,488	\$11,002	\$12,364	\$11,378	\$11,482	\$12,538	\$12,124
OTHER	17,218	17,359	12,287	15,752	13,332	14,090	11,829	13,423	13,338
OPERATING GRANTS AND CONTRIBUTIONS	6,167	10,843	9,867	7,675	8,354	5,845	7,379	6,738	8,959
CAPITAL GRANTS AND CONTRIBUTIONS	579	7,611	4,287	2,611	6,240	1,249	1,716	1,393	984
TOTAL GOVERNMENT PROGRAM REVENUE	\$35,960	\$46,403	\$36,929	\$37,040	\$40,290	\$32,562	\$32,406	\$34,092	\$35,405
BUSINESS-TYPE ACTIVITIES:									
CHARGES FOR SERVICES									
WATER & SEWER	\$24,207	\$22,662	\$24,107	\$25,686	\$26,025	\$26,778	\$28,746	\$28,239	\$33,038
OTHER	25,857	25,613	26,086	27,742	28,186	29,176	25,461	25,255	29,401
OPERATING GRANTS AND CONTRIBUTIONS	771	584	797	548	338	528	264	272	455
CAPITAL GRANTS AND CONTRIBUTIONS	9,204	6,226	9,027	18,035	10,292	4,720	18,962	10,860	11,697
TOTAL BUSINESS-TYPE PROGRAM REVENUE	\$60,039	\$55,085	\$60,017	\$72,011	\$64,841	\$61,202	\$73,433	\$64,626	\$74,591
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$95,999	\$101,488	\$96,946	\$109,051	\$105,131	\$93,764	\$105,839	\$98,718	\$109,996
NET (EXPENSE)/REVENUE									
GOVERNMENTAL ACTIVITIES	(\$92,920)	(\$83,136)	(\$91,939)	(\$86,297)	(\$77,943)	(\$88,397)	(\$86,735)	(\$90,038)	(\$102,079)
BUSINESS-TYPE ACTIVITIES	\$3,398	(\$756)	\$2,707	\$13,088	\$5,492	\$1,436	\$17,394	\$9,494	\$16,484
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(\$89,522)	(\$83,892)	(\$89,232)	(\$73,209)	(\$72,451)	(\$86,961)	(\$69,341)	(\$80,544)	(\$85,595)
GENERAL REVENUES									
GOVERNMENTAL ACTIVITIES:									
TAXES	\$76,704	\$68,952	\$64,567	\$61,192	\$58,759	\$58,010	\$68,740	\$73,101	\$77,192
STATE SHARED REVENUE	17,573	16,130	15,801	16,880	17,041	17,801	22,673	23,228	24,643
GRANT AND CONTRIBUTIONS NOT RESTRICTED	2,033	256	1,725	6,622	360	124	146	3	3
OTHER	3,710	3,783	5,734	4,137	4,241	4,785	2,951	5,831	3,527
TOTAL GOVERNMENTAL ACTIVITIES	\$100,020	\$89,121	\$87,827	\$88,831	\$80,401	\$80,720	\$94,510	\$102,163	\$105,365
BUSINESS-TYPE ACTIVITIES:									
TAXES	\$6,869	\$5,825	\$4,830	\$6,810	\$6,780	\$6,709	\$1,111	\$1,504	\$1,122
STATE SHARED REVENUE	0	0	0	0	0	0	0	0	0
GRANT AND CONTRIBUTIONS NOT RESTRICTED	96	25	0	0	0	0	0	0	0
OTHER	3,039	(6,594)	786	823	(1,151)	287	927	3,641	1,752
TOTAL BUSINESS-TYPE ACTIVITIES	\$10,004	(\$744)	\$5,616	\$7,633	\$5,629	\$6,996	\$2,038	\$5,145	\$2,874
CHANGES IN NET POSITION									
GOVERNMENTAL ACTIVITIES	\$7,100	\$5,985	(\$4,112)	\$2,534	\$2,458	(\$7,677)	\$7,775	\$12,125	\$3,286
BUSINESS-TYPE ACTIVITIES	\$13,402	(\$1,500)	\$8,323	\$20,721	\$11,121	\$8,432	\$19,432	\$14,639	\$19,358
TOTAL PRIMARY GOVERNMENT	\$20,502	\$4,485	\$4,211	\$23,255	\$13,579	\$755	\$27,207	\$26,764	\$22,644

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



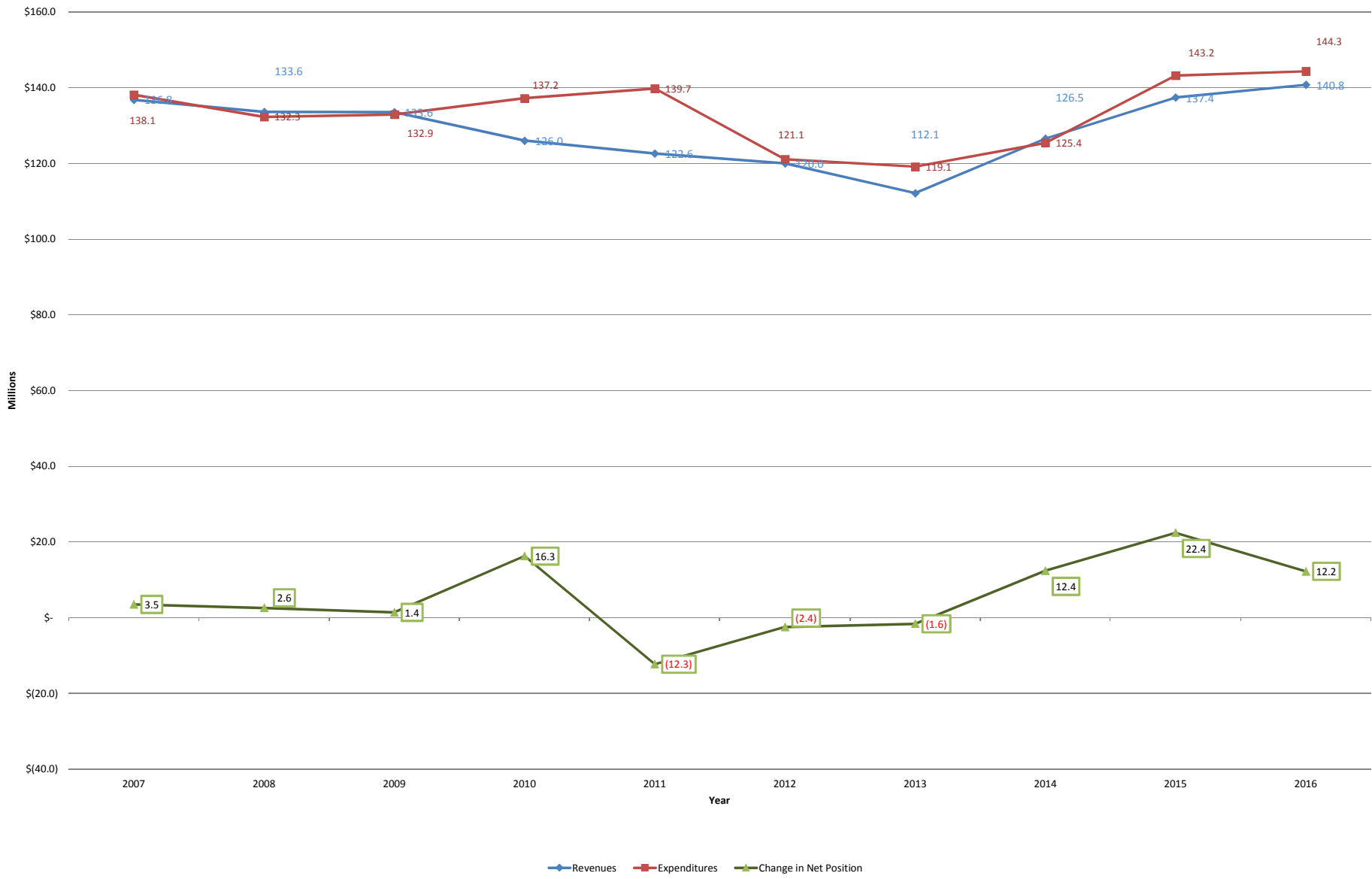
Fund Balances - Governmental Funds Last Ten Fiscal Years



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
TAXES	\$73,867,055	\$73,373,458	\$72,281,816	\$64,566,859	\$61,193,262	\$58,759,403	\$58,009,904	\$68,739,375	\$73,100,840	\$77,192,003
LICENSES & PERMITS	\$214,234	\$9,100	\$1,380,759	\$1,327,905	\$1,325,765	\$1,335,069	\$816,294	\$822,400	\$848,363	\$865,485
INTERGOVERNMENTAL	\$31,531,631	\$30,009,477	\$35,475,825	\$36,535,915	\$33,113,485	\$34,752,396	\$30,863,164	\$30,120,655	\$31,928,295	\$33,791,368
CHARGES FOR SERVICES	\$23,289,780	\$22,131,456	\$20,050,104	\$16,832,903	\$16,703,982	\$18,066,625	\$18,655,266	\$21,372,281	\$23,045,957	\$23,862,806
FINES & FORFEITURES	\$2,522,536	\$1,611,445	\$311,933	\$263,008	\$366,891	\$465,016	\$466,561	\$1,164,801	\$1,384,872	\$1,431,519
MISCELLANEOUS	\$5,359,597	\$6,452,039	\$4,053,181	\$6,474,468	\$9,896,129	\$6,602,495	\$3,307,732	\$4,307,247	\$7,076,827	\$3,616,291
TOTAL REVENUES	\$136,784,833	\$133,586,975	\$133,553,618	\$126,001,058	\$122,599,514	\$119,981,004	\$112,128,921	\$126,526,759	\$137,385,154	\$140,759,472
EXPENDITURES										
GENERAL GOVERNMENT SERVICES	\$29,818,265	\$33,527,359	\$31,564,827	\$30,831,739	\$29,385,011	\$28,153,161	\$26,836,490	\$28,079,338	\$29,330,828	\$30,551,262
PUBLIC SAFETY	\$45,003,091	\$47,406,613	\$48,819,375	\$44,472,469	\$43,923,618	\$43,331,001	\$44,072,056	\$46,091,455	\$47,208,844	\$48,955,445
PHYSICAL ENVIRONMENT	\$869,499	\$952,412	\$822,003	\$2,267,404	\$2,190,121	\$1,012,021	\$1,052,328	\$1,121,652	\$1,065,957	\$1,211,921
TRANSPORTATION	\$12,859,021	\$13,124,250	\$14,177,430	\$14,276,604	\$13,049,151	\$12,403,808	\$11,660,285	\$11,423,718	\$11,610,886	\$13,847,394
ECONOMIC ENVIRONMENT	\$6,387,789	\$6,297,322	\$7,415,472	\$9,052,837	\$9,158,215	\$5,077,420	\$4,941,758	\$6,336,515	\$6,408,961	\$8,466,893
HUMAN SERVICES	\$4,538,445	\$4,654,542	\$4,803,243	\$4,323,033	\$4,111,405	\$4,020,503	\$4,185,618	\$4,051,161	\$4,213,371	\$4,639,176
CULTURE AND RECREATION	\$8,137,562	\$4,494,534	\$3,887,890	\$4,452,522	\$3,419,210	\$5,330,917	\$11,418,463	\$6,603,579	\$6,311,704	\$6,914,218
COURT RELATED	\$11,448,620	\$8,752,790	\$8,114,665	\$7,102,441	\$6,824,745	\$6,795,357	\$7,158,838	\$7,400,259	\$8,111,902	\$7,808,128
CAPITAL OUTLAY	\$16,993,757	\$11,226,400	\$12,625,889	\$18,693,921	\$25,526,067	\$10,304,163	\$5,427,895	\$11,282,675	\$23,602,553	\$13,705,605
PRINCIPAL RETIREMENT	\$1,934,681	\$1,737,530	\$587,575	\$587,505	\$582,411	\$3,050,000	\$713,000	\$1,329,000	\$3,094,789	\$3,938,378
INTEREST	\$66,319	\$85,381	\$45,532	\$435,901	\$1,479,158	\$1,587,593	\$1,626,624	\$1,648,372	\$2,032,150	\$4,131,798
OTHER CHARGES	\$23,699	\$24,187	\$22,836	\$692,498	\$96,448	\$19,768	\$41,210	\$13,101	\$212,836	\$150,124
TOTAL EXPENDITURES	\$138,080,748	\$132,283,320	\$132,886,737	\$137,188,874	\$139,745,560	\$121,085,712	\$119,134,565	\$125,380,825	\$143,204,781	\$144,320,342
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	(\$1,295,915)	\$1,303,655	\$666,881	(\$11,187,816)	(\$17,146,046)	(\$1,104,708)	(\$7,005,644)	\$1,145,934	(\$5,819,627)	(\$3,560,870)
OTHER FINANCING SOURCES (USES)										
SPECIAL ITEM	\$0	\$0	\$0	\$0	\$0	(\$2,007,041)	\$0	\$0	\$0	\$0
TRANSFERS IN	\$9,898,053	\$9,066,308	\$8,965,209	\$7,963,351	\$11,551,302	\$11,920,643	\$6,333,962	\$16,598,302	\$9,263,264	\$8,841,151
TRANSFERS OUT	(\$8,895,030)	(\$7,782,208)	(\$8,234,782)	(\$6,876,756)	(\$10,293,670)	(\$11,257,307)	(\$5,938,836)	(\$7,820,602)	(\$8,499,093)	(\$7,829,475)
BUDGET TRANSFERS AMONG										
CONSTITUTIONAL OFFICERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$825,000	\$0	\$0
PROCEEDS FROM CAPITAL LEASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXCESS FEES DUE TO OTHER GOVERNMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ISSUANCE OF DEBT	\$3,800,000	\$0	\$0	\$26,363,759	\$3,600,000	\$0	\$5,000,000	\$1,650,000	\$27,472,889	\$13,584,438
ORIGINAL ISSUE PREMIUM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200,121
TOTAL OTHER FINANCING SOURCES(USES)	\$4,803,023	\$1,284,100	\$730,427	\$27,450,354	\$4,857,632	(\$1,343,705)	\$5,395,126	\$11,252,700	\$28,237,060	\$15,796,235
NET CHANGE IN FUND BALANCES	\$3,507,108	\$2,587,755	\$1,397,308	\$16,262,538	(\$12,288,414)	(\$2,448,413)	(\$1,610,518)	\$12,398,634	\$22,417,433	\$12,235,365
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.67%	1.49%	1.42%	0.50%	1.27%	1.57%	4.00%	2.44%	3.87%	6.04%

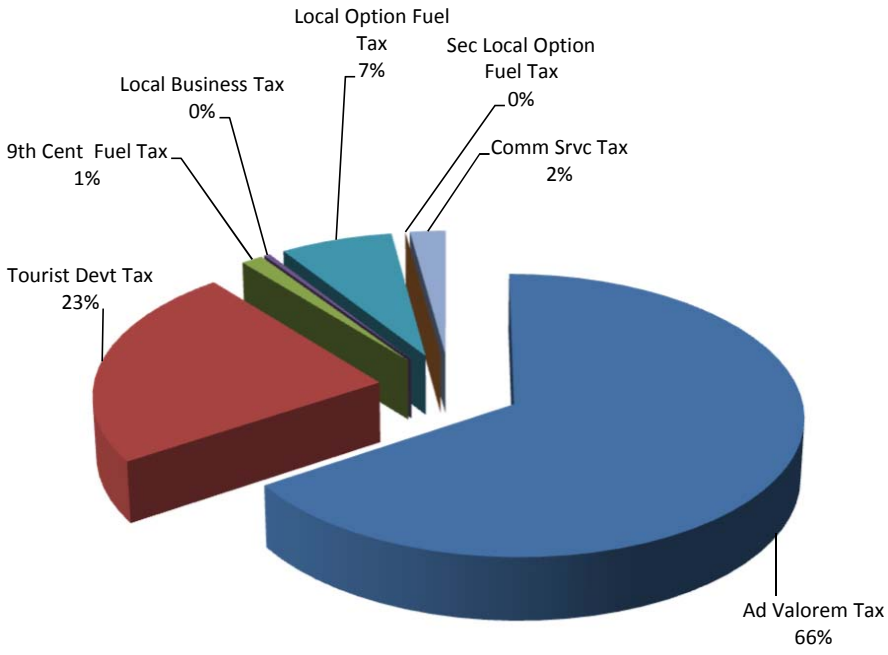
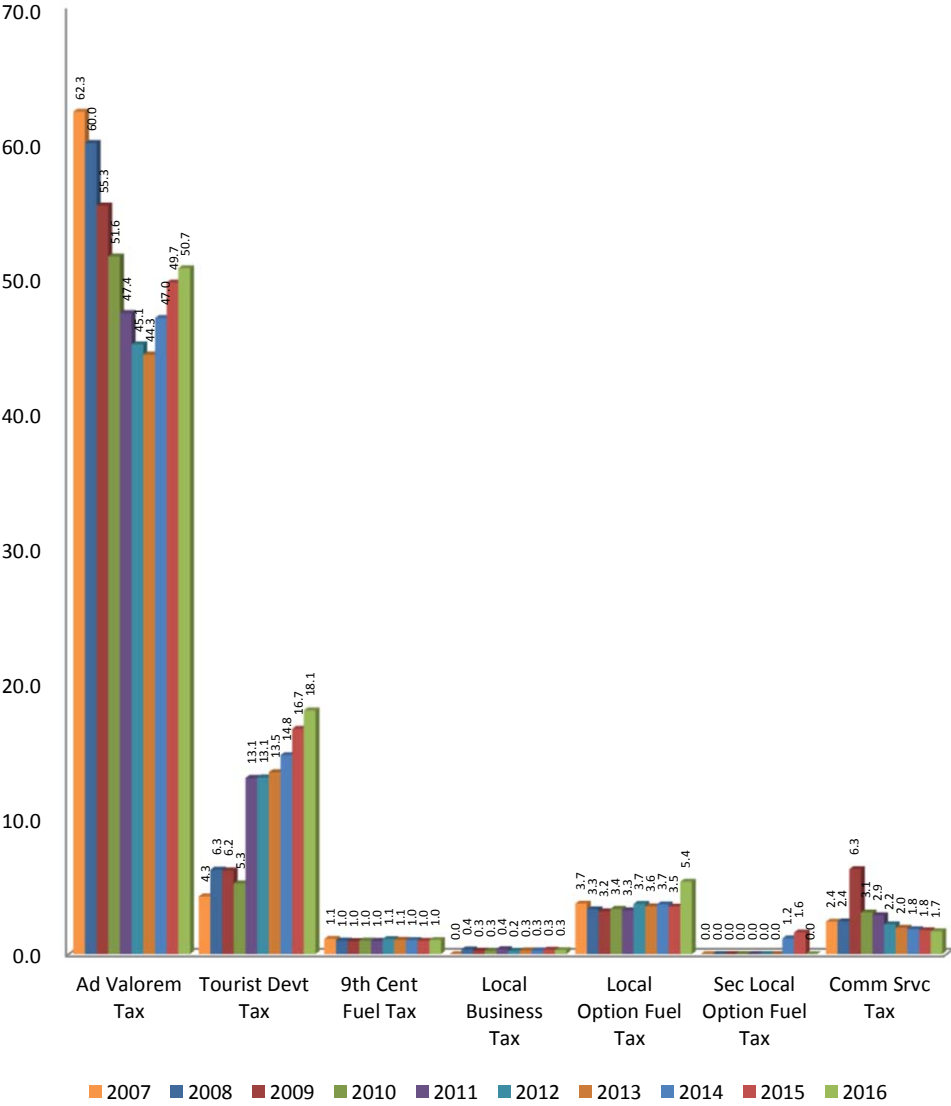
Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years



GOVERNMENTAL TAX REVENUES BY SOURCE - LAST TEN FISCAL YEARS

FISCAL YEAR	AD VALOREM TAX	TOURIST DEVELOPMENT TAX	9TH CENT VOTED FUEL TAX	LOCAL BUSINESS TAX	LOCAL OPTION FUEL TAX	SECOND LOCAL OPTION FUEL TAX	COMMUNICATION SERVICE TAX	TOTAL TAXES
2007	\$62,280,020	\$4,293,620	\$1,128,995	\$0	\$3,749,553	\$0	\$2,414,866	\$73,867,054
2008	\$59,958,051	\$6,285,864	\$1,003,998	\$350,931	\$3,337,538	\$0	\$2,437,077	\$73,373,458
2009	\$55,342,840	\$6,226,986	\$957,813	\$252,511	\$3,188,176	\$0	\$6,313,490	\$72,281,816
2010	\$51,591,467	\$5,260,031	\$1,007,578	\$251,035	\$3,360,644	\$0	\$3,096,105	\$64,566,860
2011	\$47,413,163	\$13,092,667	\$977,680	\$363,365	\$3,262,337	\$0	\$2,894,338	\$68,003,550
2012	\$45,105,639	\$13,128,501	\$1,119,335	\$241,449	\$3,735,262	\$0	\$2,208,919	\$65,539,105
2013	\$44,348,020	\$13,520,017	\$1,066,902	\$268,190	\$3,559,220	\$0	\$1,956,905	\$64,719,254
2014	\$47,044,564	\$14,780,313	\$1,038,703	\$276,084	\$3,694,824	\$1,167,117	\$1,848,458	\$69,850,063
2015	\$49,668,734	\$16,713,548	\$992,766	\$324,402	\$3,533,694	\$1,604,709	\$1,766,987	\$74,604,840
2016	\$50,717,606	\$18,078,186	\$1,039,247	\$283,877	\$5,380,205	\$0	\$1,692,888	\$77,192,009

Governmental Tax Revenues by Source Fiscal Year 2016 (\$77,192,009)



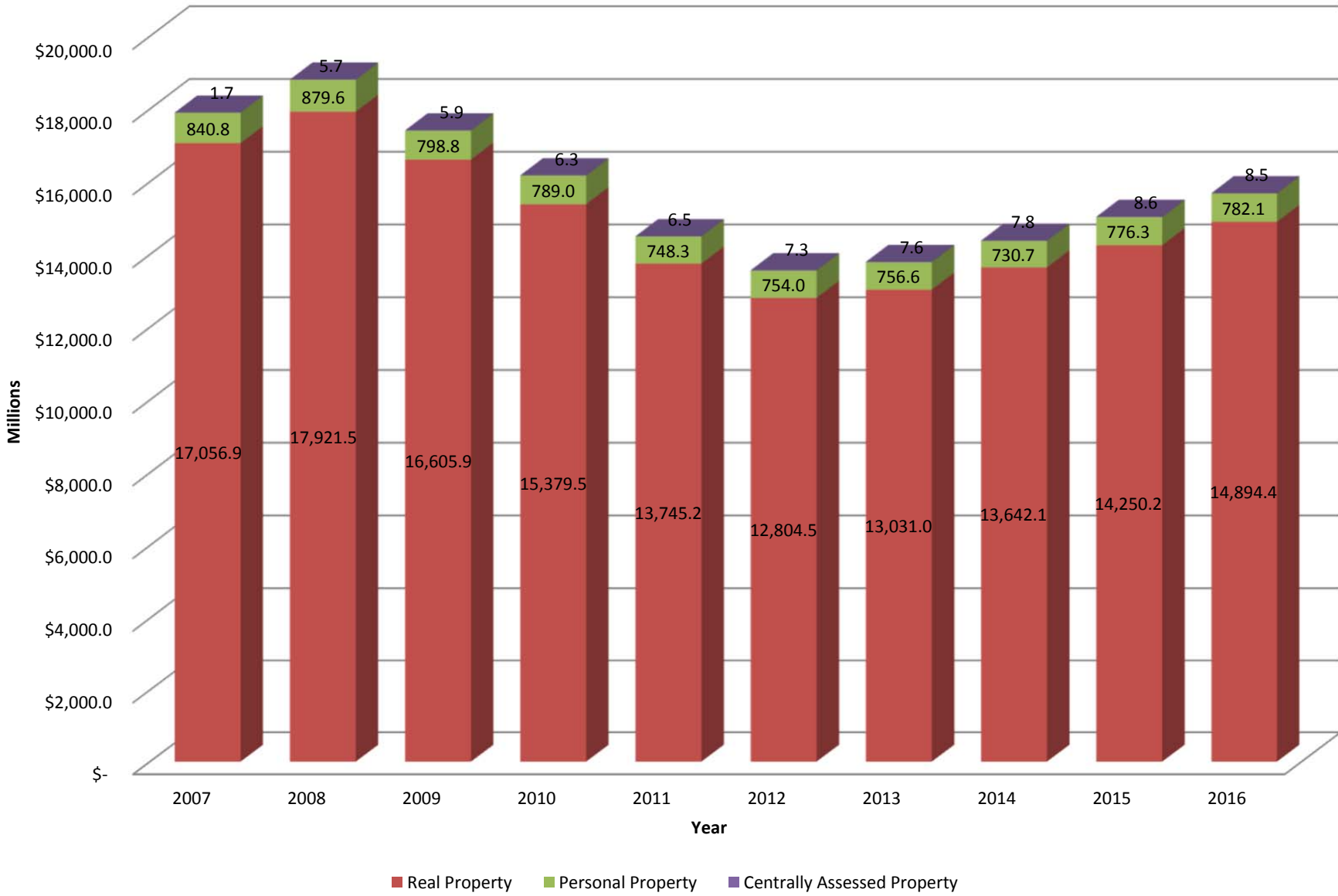
TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY - LAST TEN FISCAL YEARS

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				
2007	17,056,877,307	840,818,749	1,672,030	17,899,368,086	11.6445	21,058,080,101	85.00%
2008	17,921,513,970	879,629,168	5,697,214	18,806,840,352	11.1721	22,125,694,532	85.00%
2009	16,605,928,228	798,827,354	5,875,411	17,410,630,993	11.1035	20,483,095,286	85.00%
2010	15,379,485,139	788,963,431	6,340,541	16,174,789,111	11.1089	19,029,163,660	85.00%
2011	13,745,152,717	748,267,784	6,451,134	14,499,871,635	11.0039	17,058,672,512	85.00%
2012	12,804,470,883	753,956,598	7,314,456	13,565,741,937	11.2389	15,959,696,396	85.00%
2013	13,030,999,186	756,578,546	7,592,401	13,795,170,133	7.5510	16,229,611,921	85.00%
2014	13,642,118,444	730,736,448	7,839,717	14,380,694,609	7.2790	16,918,464,246	85.00%
2015	14,250,207,252	776,305,018	8,593,056	15,035,105,326	11.0088	17,688,359,207	85.00%
2016	14,894,351,738	782,076,839	8,494,897	15,684,923,474	11.0088	18,452,851,146	85.00%

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

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Taxable Assesed Value Last Ten Fiscal Years

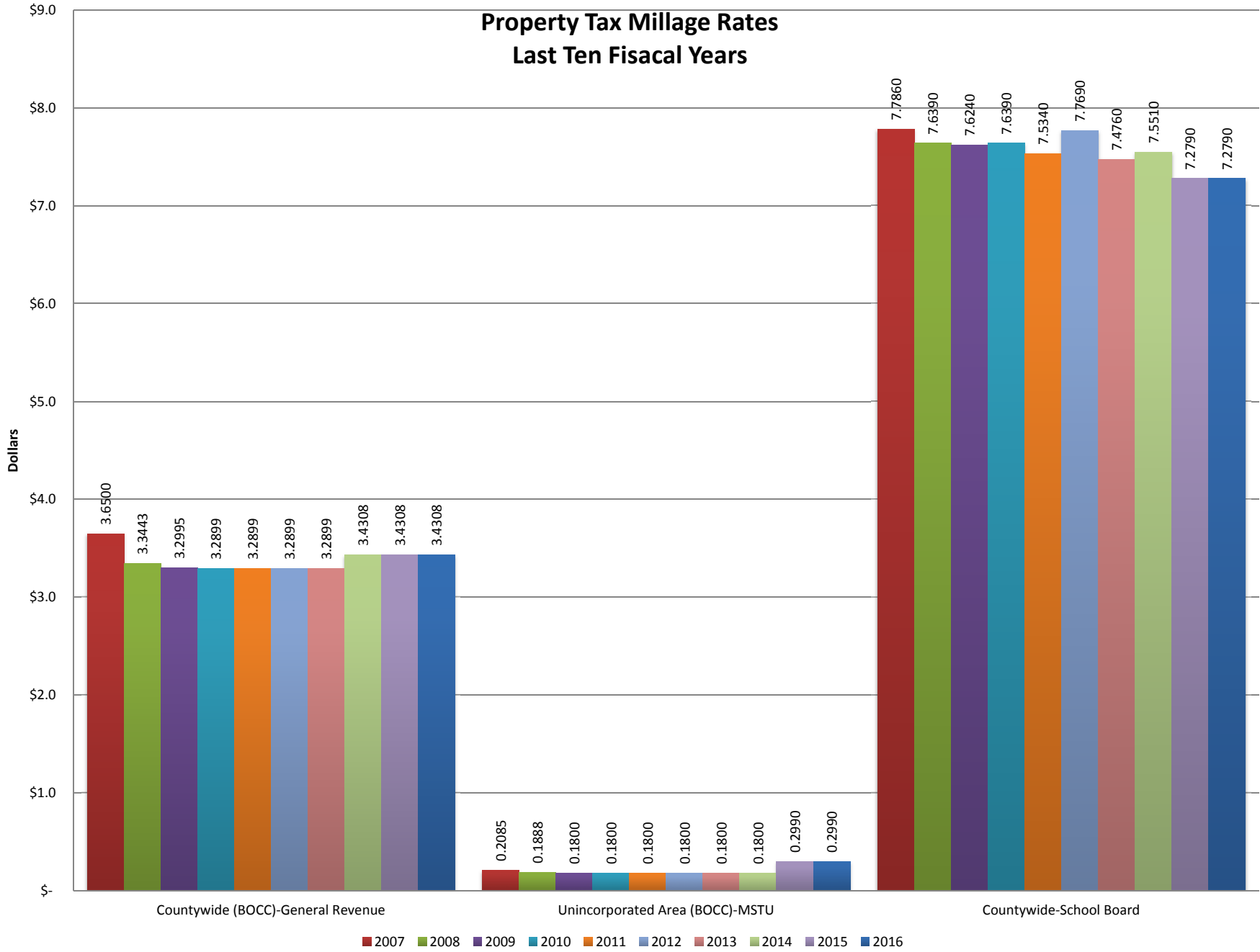


PROPERTY TAX MILLAGE RATES FOR DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
COUNTYWIDE (BOCC)										
GENERAL REVENUE	3.6500	3.3443	3.2995	3.2899	3.2899	3.2899	3.2899	3.4308	3.4308	3.4308
UNINCORPORATED AREA (BOCC)										
MUNICIPAL SERVICE TAXING UNIT (MSTU)	0.2085	0.1888	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.2990	0.2990
COUNTYWIDE (OTHER)										
SCHOOL BOARD	7.7860	7.6390	7.6240	7.6390	7.5340	7.7690	7.4760	7.5510	7.2790	7.2790
TOTAL MILLAGES	11.6445	11.1721	11.1035	11.1089	11.0039	11.2389	10.9459	11.1618	11.0088	11.0088
MUNICIPALITIES										
CINCO BAYOU	2.3000	2.0639	2.0639	2.0639	2.1000	2.3000	2.3500	2.3500	3.0000	3.0000
CRESTVIEW	6.4989	5.8466	5.8466	5.8466	5.8466	5.5966	5.5966	5.8466	6.9466	6.9466
DESTIN	1.5000	1.4550	1.4550	1.4550	1.4550	1.4550	1.4550	1.5000	1.5000	1.5000
FORT WALTON BEACH	4.6400	4.1986	4.1986	4.1986	4.5383	4.5383	4.5383	5.7697	5.7697	5.7697
LAUREL HILL	0.0000	5.0000	4.8400	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
MARY ESTHER	3.4000	3.0125	2.6996	2.6996	2.6435	2.6435	2.6435	2.6435	3.5000	3.5000
NICEVILLE	3.5000	3.2669	3.2000	3.4500	3.6301	3.6500	3.7000	3.7000	3.7000	3.7000
SHALIMAR	2.2000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
VALPARAISO	3.1200	2.8754	3.7500		3.9330	4.0644	4.5240	4.5240	5.0240	5.0240
SPECIAL DISTRICTS										
NW FLORIDA WATER MANAGEMENT	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0400	0.0400	0.0378	0.0378
LAKE PIPPIN MSBU	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DESTIN FIRE	0.7700	0.8004	0.9009	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EAST NICEVILLE FIRE	2.0000	1.9200	2.0000	2.3500	2.3500	2.3700	2.3700	2.3700	2.7000	2.7000
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	1.8000	1.6819	1.7827	2.0500	2.2500	2.3500	2.3500	2.3500	2.3500	1.3500
OCEAN CITY-WRIGHT FIRE	1.7800	1.6460	1.8144	1.8144	2.0000	2.0000	2.0000	2.2500	2.4000	2.4000
OKALOOSA ISLAND FIRE	1.9855	2.0250	1.9998	2.1900	2.7949	2.9950	3.1154	3.5550	3.4500	3.4500
SYLVANIA HEIGHTS	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
ALMARANTE FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
BAKER FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
BLACKMAN FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
DORCAS FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
HOLT FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT
NORTH OKALOOSA FIRE	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT	FLAT

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Property Tax Millage Rates Last Ten Fiscal Years

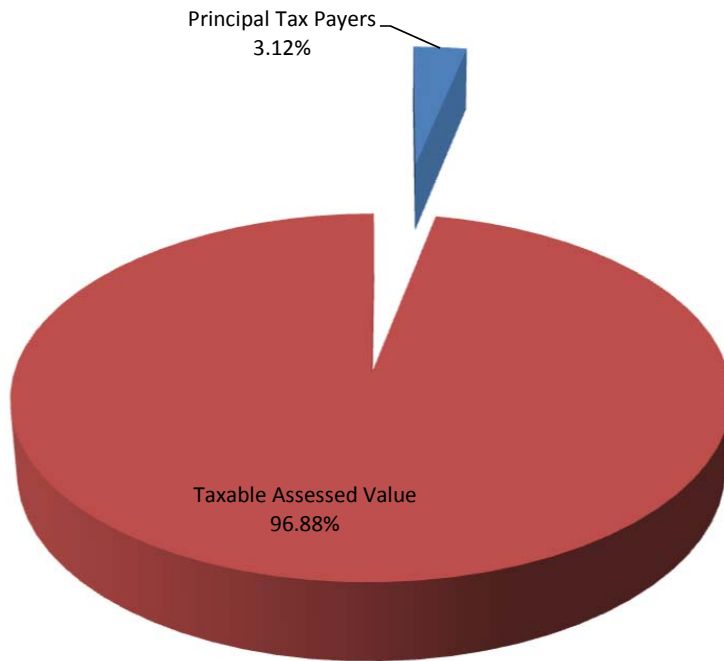


PRINCIPAL PROPERTY TAX PAYERS - LAST FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER

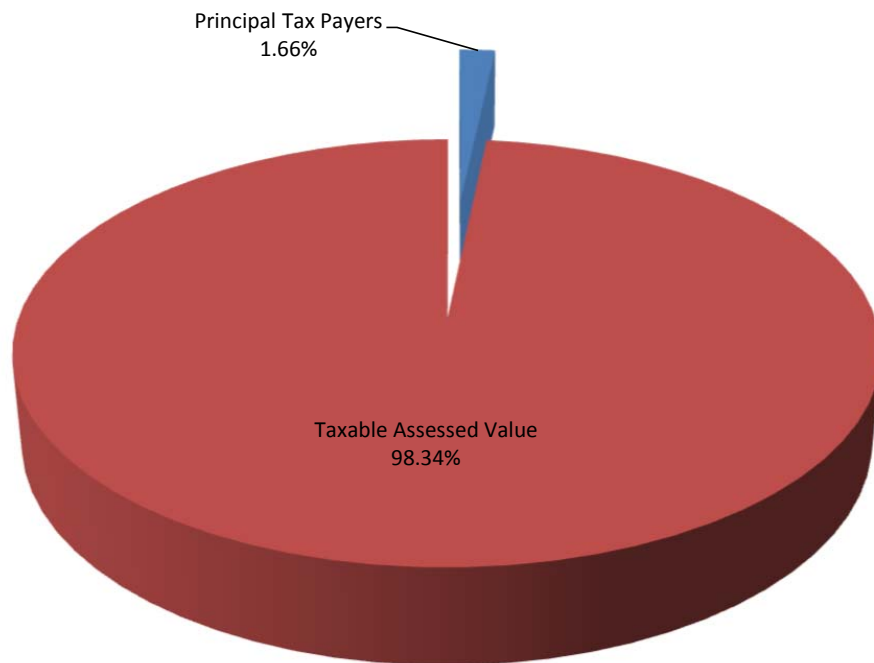
TAXPAYER	2016		2007	
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
GULF POWER COMPANY	\$145,159,830	0.93%	\$42,301,993	0.24%
FLORIDA GAS TRANSMISSION	\$74,695,618	0.48%	\$28,129,715	0.16%
EMERALD GRANDE INC	\$54,227,300	0.35%		
EMBARQ CORP	\$45,790,554	0.29%		
DESTIN COMMONS LTD	\$34,562,451	0.22%		
CHOCTAWHATCHEE ELECTRIC CO	\$31,553,084	0.20%	\$21,934,790	0.12%
COXCOM INC	\$29,024,958	0.19%		
SRM-SPE LLC	\$27,517,960	0.18%		
WALMART STORES EAST LP	\$24,944,494	0.16%	\$28,369,468	
BEACH RESORT INVESTMENT LLC	\$22,140,373	0.14%		
SPRINT FLORIDA INC			\$49,880,702	0.28%
SANTA ROSA MALL LLC			\$29,427,670	0.16%
FT WALTON BEACH MEDICAL CENTER			\$28,147,712	0.16%
VALPARAISO REALTY			\$25,607,986	0.14%
TOLBERT ENTERPRISES			\$24,010,000	0.13%
FRENCH QUARTER II LLC			\$19,844,793	0.11%
TOTAL PRINCIPAL TAXPAYER VALUE	\$489,616,622	3.12%	\$297,654,829	1.66%
TOTAL OTHER TAXPAYER VALUE	\$15,195,306,852	96.88%	\$17,601,713,257	98.34%
TOTAL TAXABLE ASSESSED VALUE	\$15,684,923,474	100.0%	\$17,899,368,086	100.0%

SOURCE: OKALOOSA COUNTY PROPERTY APPRAISER

Principal Property Tax Payers Current Year 2016



Principal Property Tax Payers Year 2007

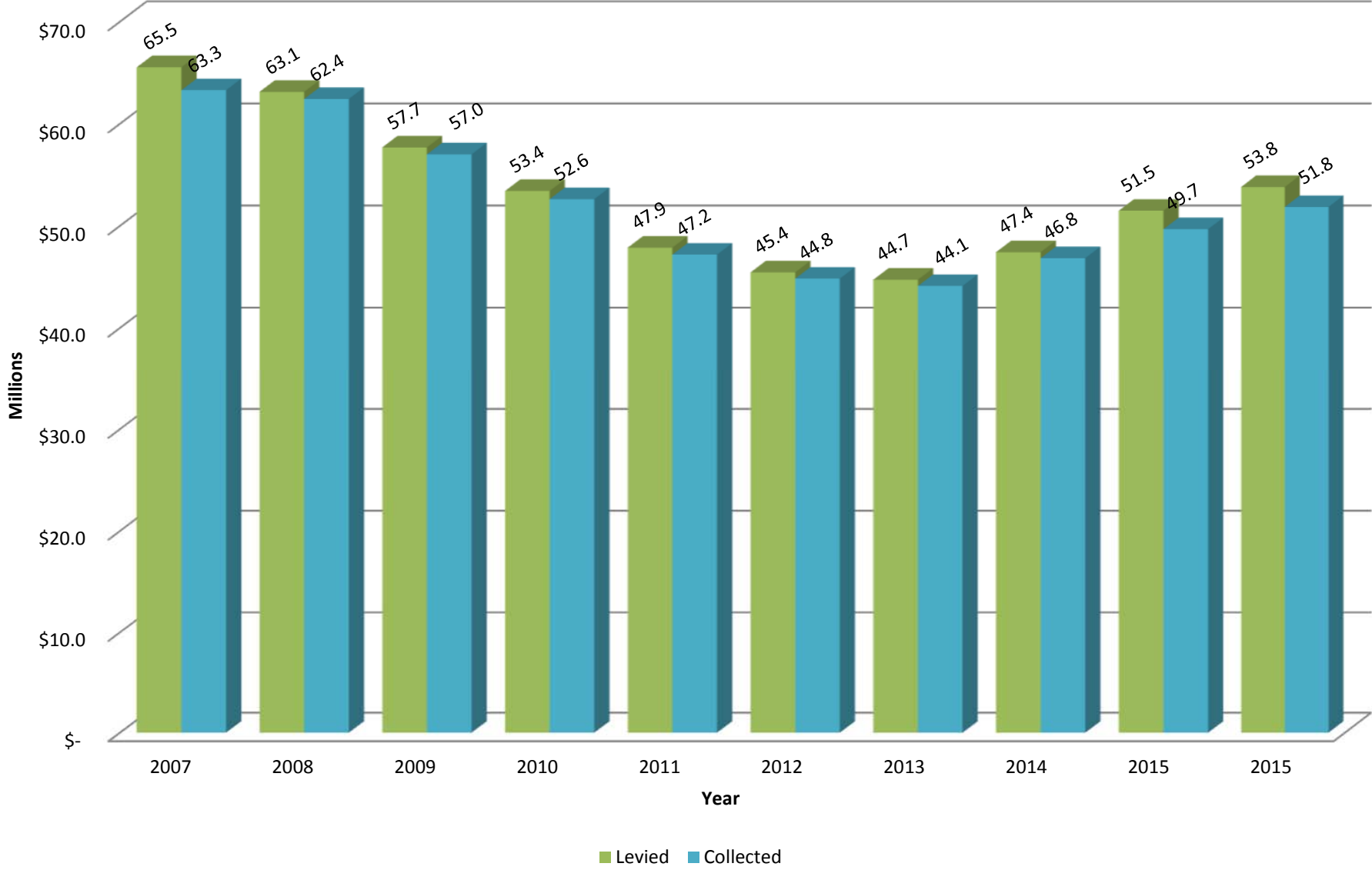


PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

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
2007	\$65,531,728	\$63,181,930	96.4%	\$100,657	\$63,282,587	96.6%
2008	\$63,123,125	\$62,249,498	98.6%	\$173,101	\$62,422,599	98.9%
2009	\$57,679,952	\$56,797,501	98.5%	\$198,907	\$56,996,408	98.8%
2010	\$53,408,513	\$52,477,263	98.3%	\$137,394	\$52,614,657	98.5%
2011	\$47,862,708	\$46,941,453	98.1%	\$235,856	\$47,177,309	98.6%
2012	\$45,434,311	\$44,537,852	98.0%	\$283,894	\$44,821,746	98.7%
2013	\$44,715,750	\$43,934,031	98.3%	\$168,991	\$44,103,022	98.6%
2014	\$47,418,367	\$46,623,220	98.3%	\$210,673	\$46,833,893	98.8%
2015	\$51,479,158	\$49,506,421	96.2%	\$162,314	\$49,668,735	96.5%
2015	\$53,794,633	\$51,776,803	96.2%	\$62,994	\$51,839,797	96.4%

SOURCE: OKALOOSA COUNTY TAX COLLECTOR RECAPITULATION OF THE TAX ROLL

Property Tax Levies and Collections Last Ten Fiscal Years



RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	SPECIAL OBLIGATION BONDS(1)	REVENUE BONDS (2)	CAPITAL LEASES (3)	COMMERCIAL PAPER, NOTES, AND LOANS (4)	WATER BONDS, NOTES, AND LOANS (5)	AIRPORT BONDS, NOTES, AND LOANS (6)	SOLID WASTE BONDS (7)	CONFERENCE CENTER BONDS (8)	CAPITAL LEASES			
2007	\$1,161,258	\$0	\$151,578	\$0	\$98,525,577	\$9,841,983	\$976,397	\$12,280,000	\$0	\$123,790,290	1.73%	\$642
2008	\$857,792	\$0	\$0	\$3,580,000	\$95,295,296	\$20,735,156	\$740,869	\$12,010,000	\$0	\$135,027,617	1.81%	\$687
2009	\$530,526	\$0	\$0	\$3,360,000	\$92,048,960	\$20,632,249	\$446,475	\$12,010,000	\$0	\$130,426,566	1.75%	\$663
2010	\$182,412	\$25,749,919	\$0	\$3,140,000	\$88,476,519	\$20,283,475	\$153,221	\$11,725,000	\$0	\$151,751,057	2.03%	\$772
2011	\$0	\$29,391,615	\$0	\$2,740,000	\$84,700,701	\$22,693,018	\$0	\$3,490,000	\$0	\$143,838,719	1.92%	\$732
2012	\$0	\$19,153,198	\$0	\$0	\$95,984,441	\$23,995,407	\$0	\$1,685,000	\$0	\$151,569,848	2.03%	\$771
2013	\$0	\$28,510,203	\$0	\$4,973,393	\$84,863,512	\$22,235,623	\$0	\$155,000	\$0	\$137,070,512	1.83%	\$697
2014	\$0	\$28,290,659	\$0	\$6,059,000	\$88,566,870	\$20,249,582	\$0	\$0	\$0	\$143,166,111	1.92%	\$728
2015	\$0	\$52,719,870	\$0	\$6,022,211	\$81,984,312	\$19,235,035	\$0	\$0	\$0	\$159,961,428	1.77%	\$796
2016	\$0	\$63,899,514	\$416,292	\$4,490,979	\$79,094,314	\$19,515,143	\$0	\$0	\$0	\$167,416,242	1.86%	\$822

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

(2) Includes Sales Tax Revenue Bonds, Series 2009 (Net issuance discount), Capital Improvement Revenue Bond, Series 2011, Sales Tax Revenue Bonds, Series 2014, and Sales Tax Revenue Bonds, Series 2016

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

(4) Includes Florida Local Government Finance Commission Pooled Paper Loan and Private Bank Note, 2015

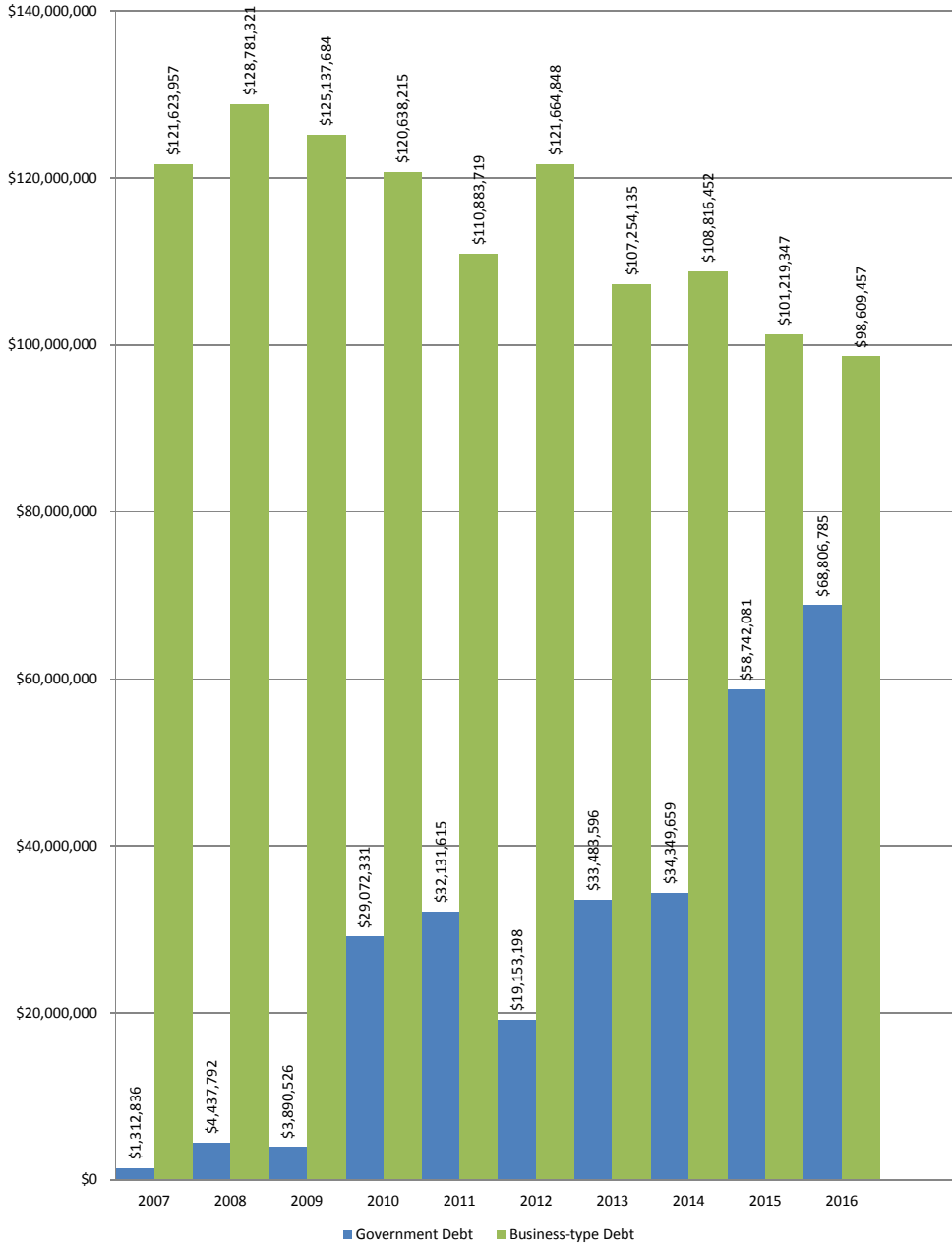
(5) Includes State Pollution Control Bonds, and Revenue Bonds, Series 2015 (Net issuance premium)

(6) Includes Revenue Bonds 2007 (Net issuance discount) and 2014, State Infrastructure Bank Loans, and 2015 Commercial Paper Loan

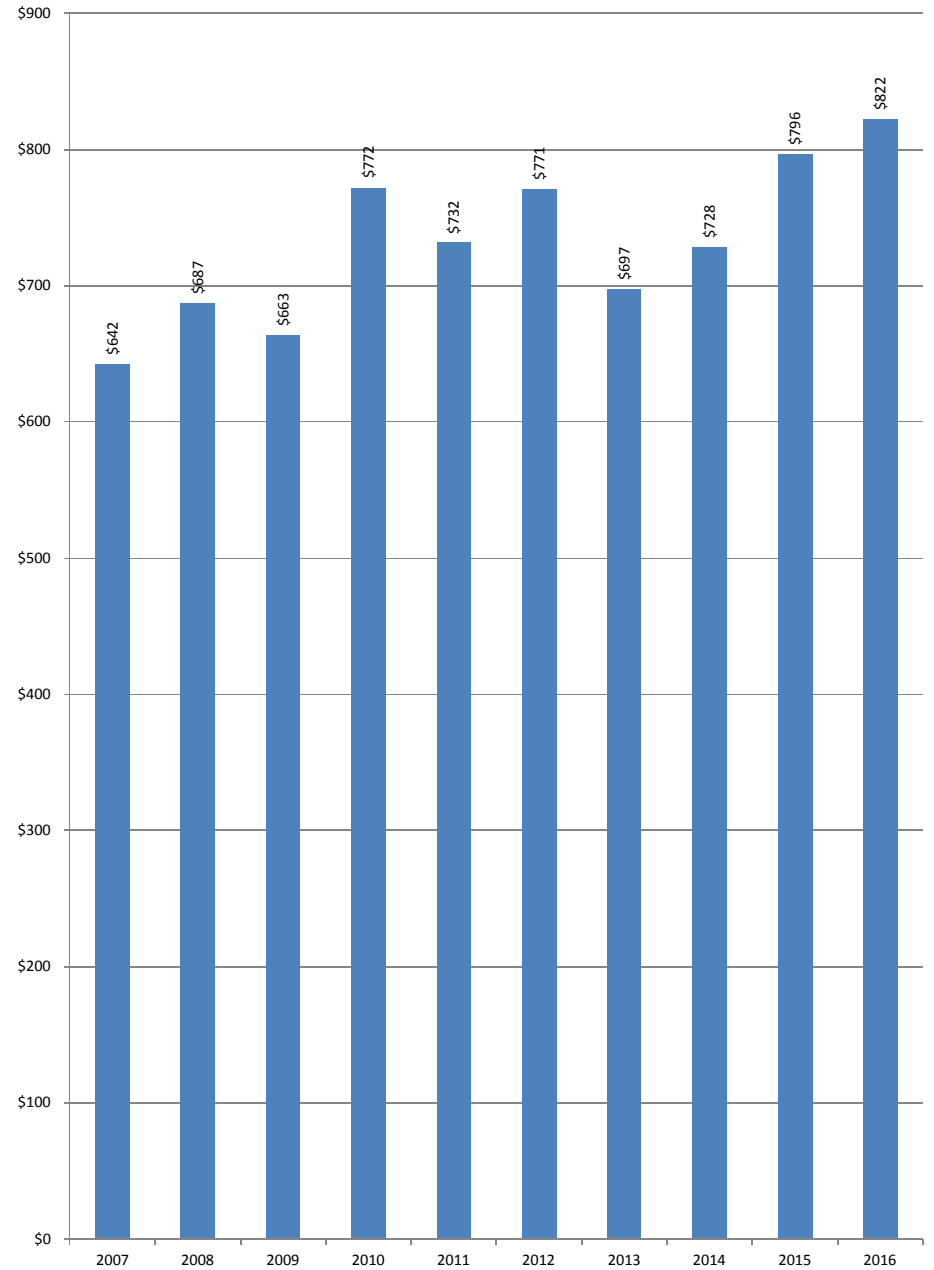
(7) Includes Capital Improvement Bonds, 1991

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

**Debt by Type
Last Ten Fiscal Years**



**Per Capita Debt
Last Ten Fiscal Years**



PLEGGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail -Debt Serv	WATER REVENUE BONDS AND NOTES (PRINCIPAL + INTEREST)							TOTAL	COVERAGE
				1985	1992	2004	2006	2012	2015			
2006	\$23,719,695	\$15,272,060	\$8,447,635	\$68,680	\$331,924	\$3,422,370	\$0	\$0	\$0	\$3,822,974	2.21	
2007	\$26,745,817	\$15,974,674	\$10,771,143	\$68,677	\$194,186	\$2,967,970	\$1,171,405	\$0	\$0	\$4,402,238	2.45	
2008	\$24,694,611	\$16,827,092	\$7,867,519	\$67,831	\$0	\$2,964,695	\$1,900,194	\$0	\$0	\$4,932,720	1.59	
2009	\$23,481,347	\$16,371,638	\$7,109,709	\$67,743	\$0	\$2,976,286	\$509,283	\$0	\$0	\$3,553,312	2.00	
2010	\$24,831,872	\$15,267,581	\$9,564,291	\$67,648	\$0	\$801,210	\$5,171,437	\$0	\$0	\$6,040,295	1.58	
2011	\$25,895,709	\$16,650,924	\$9,244,785	\$67,542	\$0	\$982,850	\$4,989,988	\$0	\$0	\$6,040,380	1.53	
2012	\$26,581,965	\$15,571,980	\$11,009,985	\$67,426	\$0	\$3,728,770	\$0	\$533,531	\$0	\$4,329,727	2.54	
2013	\$26,685,108	\$15,295,914	\$11,389,194	\$68,003	\$0	\$3,754,732	\$2,837,287	\$489,839	\$0	\$7,149,861	1.59	
2014	\$29,122,953	\$14,809,770	\$14,313,183	\$66,451	\$0	\$3,790,065	\$0	\$536,674	\$0	\$4,393,190	3.26	
2015	\$33,938,933	\$15,992,250	\$17,946,683	\$33,520	\$0	\$5,037,556	\$3,077,105	\$300,731	\$1,902,096	\$10,351,008	1.73	
2016	\$33,971,112	\$15,844,441	\$18,126,971	\$0	\$0	\$0	\$0	\$0	\$4,899,300	\$4,899,300	3.70	

PLEDGED-REVENUE BOND COVERAGE

PLEDGED-REVENUE BOND COVERAGE									
FISCAL YEAR	Gross Operating Revenue	Passenger Facility Charges	Direct Operating Expense	Net Revenue Avail -Debt Serv	AIRPORT REVENUE BONDS (PRINCIPAL + INTEREST)				
					2003	2007	2014	TOTAL	COVERAGE
2006	\$7,462,550	\$1,383,854	\$4,221,206	\$4,625,198	\$797,195	\$0	\$0	\$797,195	5.80
2007	\$8,302,612	\$1,493,144	\$4,851,237	\$4,944,519	\$796,109	\$0	\$0	\$796,109	6.21
2008	\$8,039,113	\$1,459,441	\$5,132,705	\$4,365,849	\$788,232	\$263,413	\$0	\$1,051,645	4.15
2009	\$8,557,210	\$1,378,312	\$5,674,469	\$4,261,053	\$789,413	\$208,221	\$0	\$997,634	4.27
2010	\$9,118,672	\$1,466,902	\$6,036,864	\$4,548,710	\$799,213	\$891,775	\$0	\$1,690,988	2.69
2011	\$9,602,757	\$1,732,199	\$7,893,609	\$3,441,347	\$797,950	\$887,675	\$0	\$1,685,625	2.04
2012	\$9,502,093	\$1,451,015	\$8,056,047	\$2,897,061	\$795,575	\$892,975	\$0	\$1,688,550	1.72
2013	\$9,334,305	\$1,384,486	\$7,117,500	\$3,601,291	\$797,393	\$887,075	\$0	\$1,684,468	2.14
2014	\$9,052,923	\$1,488,823	\$7,864,096	\$2,677,650	\$353,691	\$6,250,575	\$559,028	\$7,163,294	0.37
2015	\$8,448,925	\$1,321,169	\$7,776,146	\$1,993,948	\$0	\$300,087	\$269,150	\$569,237	3.50
2016	\$10,073,560	\$1,756,663	\$8,554,275	\$3,275,948	\$0	\$1,160,662	\$894,380	\$2,055,042	1.59

PLEDGED-REVENUE BOND COVERAGE

FISCAL YEAR	Gross Operating Revenue	Direct Operating Expense	Net Revenue Avail -Debt Serv	CONFERENCE CENTER REVENUE BONDS (PRINCIPAL + INTEREST)		
				Bond	TOTAL	COVERAGE
2006	\$5,120,607	\$2,401,044	\$2,719,563	\$944,700	\$944,700	2.88
2007	\$5,603,899	\$2,841,814	\$2,762,085	\$942,695	\$942,695	2.93
2008	\$5,358,647	\$3,163,561	\$2,195,086	\$955,073	\$955,073	2.30
2009	\$5,249,570	\$3,419,702	\$1,829,868	\$671,573	\$671,573	2.72
2010	\$4,617,857	\$3,094,242	\$1,523,615	\$942,038	\$942,038	1.62
2011	\$6,062,145	\$2,597,664	\$3,464,481	\$8,929,631	\$8,929,631	0.39
2012	\$6,110,432	\$3,509,121	\$2,601,311	\$1,903,563	\$1,903,563	1.37
2013	\$6,258,565	\$2,437,430	\$3,821,135	\$1,535,370	\$1,535,370	2.49

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

DIRECT AND OVERLAPPING GOVENMENTAL ACTIVITIES DEBT AND COMPUTATION

DIRECT:	DEBT OUTSTANDNING	PERCENT APPLICABLE TO THIS GOVERNMENTAL UNIT
OKALOOSA COUNTY - REVENUE BONDS	\$60,622,000	100%
OKALOOSA COUNTY - PRIVATE BANK NOTES	\$4,490,979	100%
OKALOOSA COUNTY - CAPITAL LEASE	\$416,292	100%

OVERLAPPING:

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



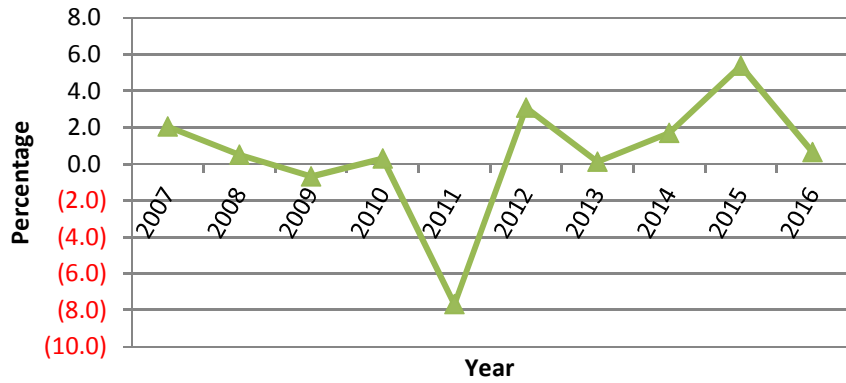
DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

YEAR	POPULATION	PERCENT +/-	PERSONAL INCOME IN THOUSANDS	PERCENT +/-	PER CAPITA PERSONAL INCOME	PERCENT +/-	UNEMPLOYMENT RATE
2007	196,617	2.0%	\$7,436,986	4.1%	\$40,711	4.9%	2.55%
2008	197,597	0.5%	\$7,607,688	2.3%	\$41,858	2.8%	5.10%
2009	196,234	-0.7%	\$7,186,037	-5.5%	\$39,668	-5.2%	7.40%
2010	196,800	0.3%	\$7,417,181	3.2%	\$43,383	9.4%	8.40%
2011	181,679	-7.7%	\$8,086,833	9.0%	\$44,479	2.5%	7.80%
2012	187,280	3.1%	\$8,546,210	5.7%	\$44,903	1.0%	6.70%
2013	187,486	0.1%	\$8,775,211	2.7%	\$45,277	0.8%	5.70%
2014	190,666	1.7%	\$8,783,041	0.1%	\$44,695	-1.3%	5.10%
2015	200,895	5.4%	\$8,983,919	2.7%	\$45,222	1.9%	3.80%
2016	202,183	0.6%	\$9,210,095 (1)	2.5%	\$45,891 (1)	1.5%	4.60%

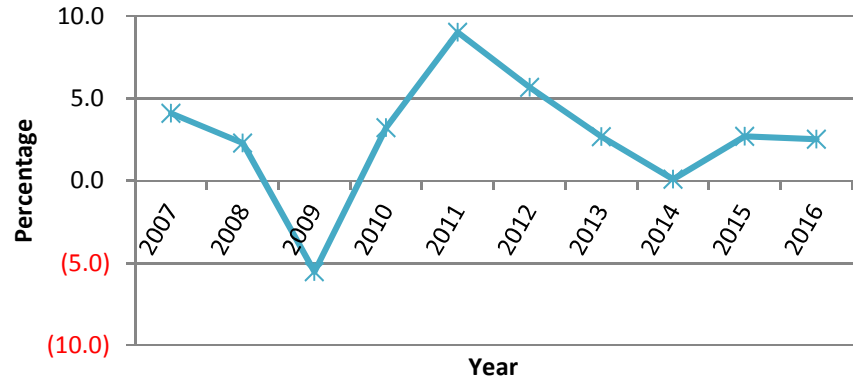
(1) Estimated income figures based upon average percent in prior years.

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

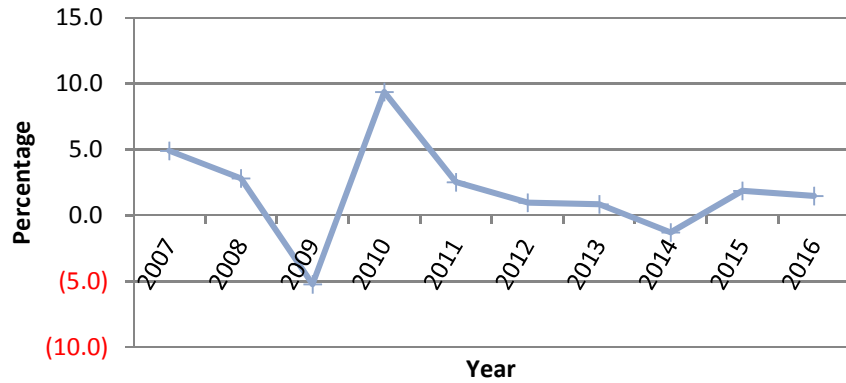
**Population
Last Ten Fiscal Years**



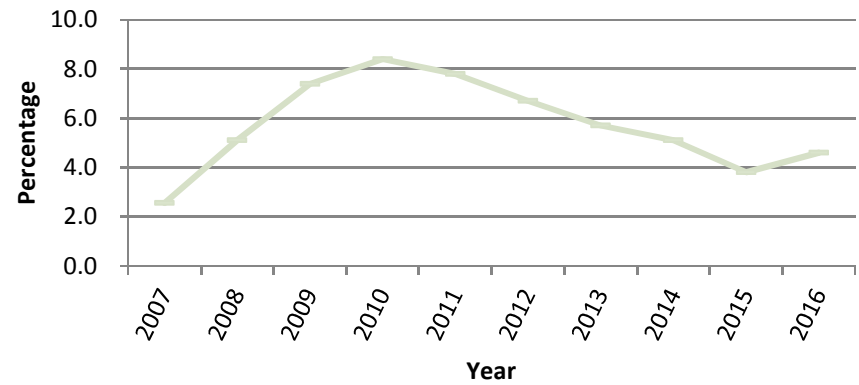
**Personal Income
Last Ten Fiscal Years**



**Per Capita Income
Last Ten Fiscal Years**



**Unemployment Rate
Last Ten Fiscal Years**

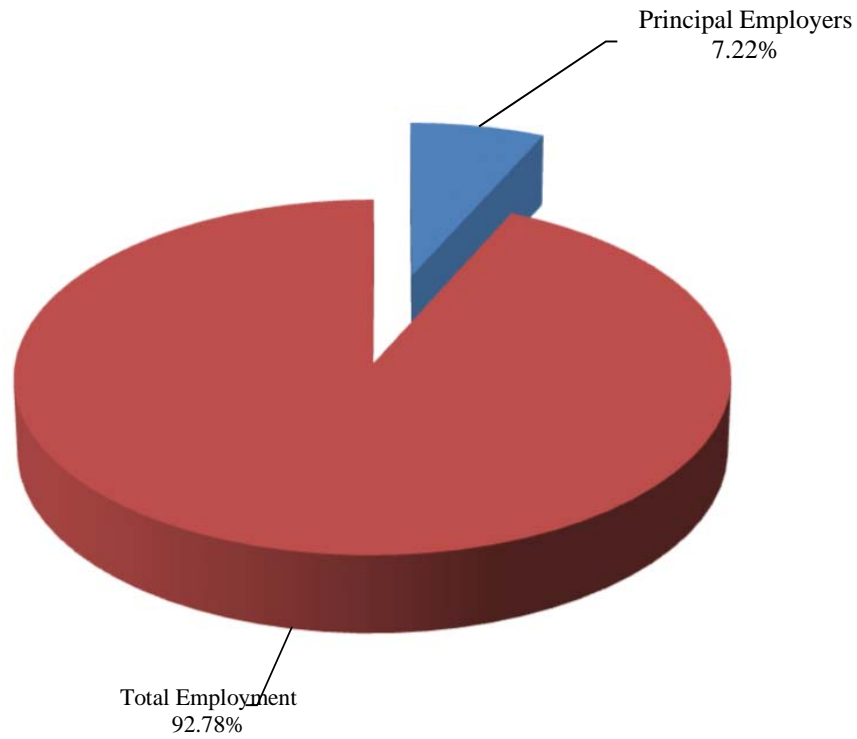


PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

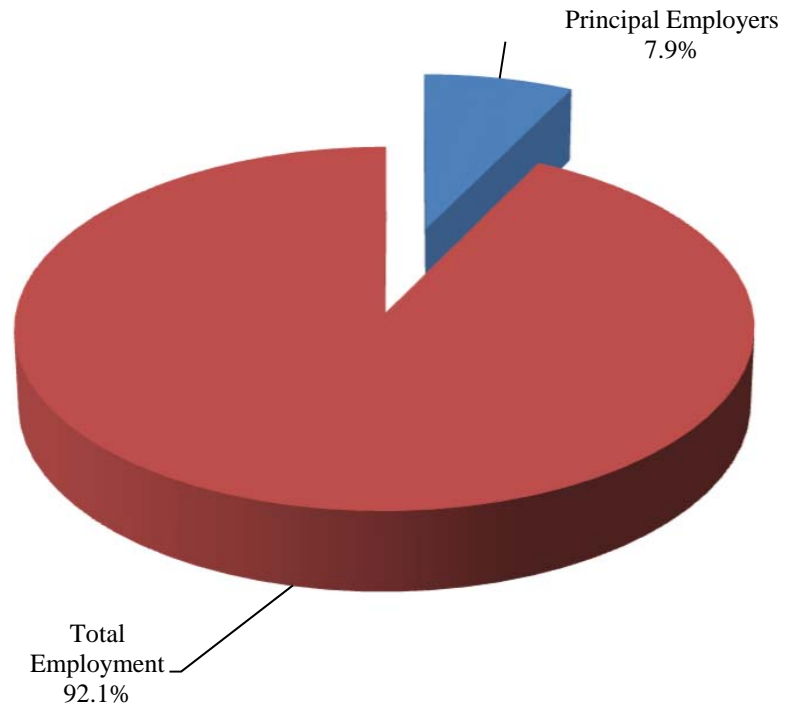
EMPLOYER	2016		2007	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
FT WALTON BEACH MEDICAL CENTER	1,065	1.15%	989	0.98%
LOCKHEED MARTIN CORPORATION	926	1.00%		
RELIANCE TEST AND TECHNOLOGY	800	0.86%		
NORTH OKALOOSA MEDICAL CENTER	643	0.69%	650	0.64%
L-3 CRESTVIEW AEROSPACE	612	0.66%		
CENTURYLINK	600	0.65%		
WALMART	600	0.65%		
ASURION COMPANY	535	0.58%		
WHITE WILSON MEDICAL CENTER	480	0.52%		
THE BOEING COMPANY	450	0.48%		
ABBOT RESORTS/RESORT QUEST			1,300	1.28%
CRESTVIEW AEROSPACE CORPORATION			1,185	1.17%
BAE SYSTEMS			1,000	0.99%
INDYNE INC			800	0.79%
DRS TRAINING & CONTROL SYSTEMS			735	0.73%
LEGENDARY, INC			700	0.69%
SVERDRUP TECHNOLOGY			650	0.64%
TOTAL	6,711	7.22%	8,009	7.90%
TOTAL COUNTY EMPLOYMENT	92,938		101,317	

SOURCE: FLORIDA RESEARCH AND ECONOMIC DATABASE

**Principal Employers
Current Year
2016**



**Principal Employers
Nine Years Ago
2007**

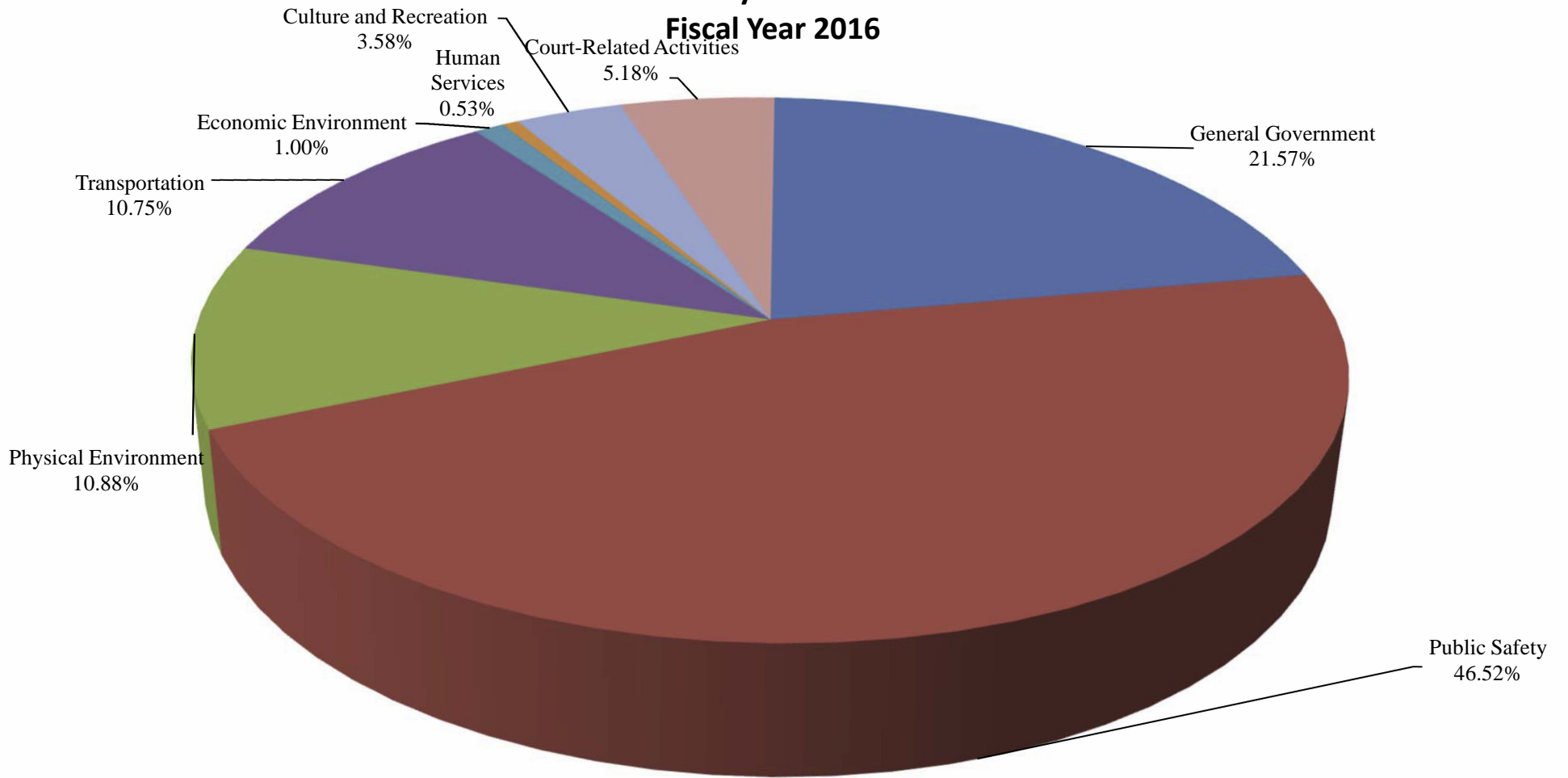


FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION - LAST TEN YEARS

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF OCTOBER 1									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT	305	299	308	316	313	303	309	314	315	325
PUBLIC SAFETY	609	661	641	635	657	629	649	649	669	701
PHYSICAL ENVIRONMENT	169	169	157	161	156	147	144	146	151	164
TRANSPORTATION	158	175	168	166	154	146	156	166	167	162
ECONOMIC ENVIRONMENT	13	14	18	17	18	14	14	14	14	15
HUMAN SERVICES	11	13	9	8	8	8	8	8	8	8
CULTURE AND RECREATION	41	43	42	43	42	42	42	47	53	54
COURT-RELATED ACTIVITIES	102	109	78	82	82	86	86	85	89	78
TOTAL	1,408	1,483	1,420	1,427	1,430	1,375	1,408	1,429	1,465	1,507

SOURCE: BUDGET OFFICE

FTE by Function Fiscal Year 2016



OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TRANSIT										
TOTAL ROUTE MILES	163	163	163	163	168	168	215	215	215	220
PASSENGERS	169,389	211,330	171,967	162,820	175,595	179,946	182,584	161,878	139,389	137,644
LIBRARY										
CIRCULATION	608,803	679,720	750,643	751,432	713,416	699,532	696,234	736,264	739,882	762,052
REGISTERED BORROWERS	100,335	92,629	96,474	94,493	77,616	72,730	70,908	70,739	71,322	72,555
PUBLIC WORKS										
ASPHALT OVERLAY (SQUARE YARDS)	71,832	126,312	52,000	61,778	58,809	24,547	42,280	61,219	57,523	78,044
BRIDGES REPAIRED/REPLACED	14	6	12	14	8	7	1	0	1	15
WATER										
NEW CONNECTIONS	404	128	496	134	320	757	140	119	169	189
WATER MAINS REPAIRED	1,344	425	476	52	74	55	63	124	32	36
ANNUAL WATER UNITS BILLED	429,081	430,692	429,412	434,148	437,682	442,834	444,340	451,427	456,066	423,601
SEWER										
ANNUAL SEWER UNITS BILLED	403,631	406,807	398,541	399,660	402,977	407,625	414,612	414,188	418,921	424,767
AIRPORTS										
ENPLANEMENTS	396,045	400,105	332,556	369,230	448,870	385,165	374,431	373,143	385,109	436,410
DEPLANEMENTS	393,800	400,866	332,325	364,118	451,692	387,574	379,194	372,268	385,936	437,957
GROWTH MANAGEMENT										
DEVELOPMENT PERMITS ISSUED	1,536	975	771	817	986	821	893	820	867	873
HOME OCCUPATIONS	547	405	347	359	369	383	460	441	455	505
REFUSE COLLECTION										
TRANSFER STATION TONNAGE	173,655	168,224	141,633	128,360	109,099	121,443	125,755	118,022	117,689	132,475
RECYCLING TONNAGE	4,823	4,181	5,286	5,898	6,584	8,139	6,196	7,278	8,700	8,922
PUBLIC SAFETY										
EMERGENCY CALLS (EMS)	35,184	41,446	21,018	21,997	23,782	23,591	23,986	25,105	25,973	27,139
SYSTEM CALLS (9-1-1)	106,684	100,547	102,199	111,065	117,530	129,530	131,147	103,320	101,451	188,631

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

CAPITAL INDICATORS BY FUNCTION/PROGRAM - LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PARKS AND RECREATION										
COUNTY PARKS	17	18	19	18	18	18	18	19	19	19
UNINCORPORATED PARKS	34	32	31	32	33	34	33	35	35	36
TRANSIT										
BUSES/PASSENGER VAN	17	17	17	17	17	17	17	11	11	11
LIBRARY										
COLLECTION	286,500	295,721	309,859	312,747	321,797	311,899	310,302	309,368	320,095	316,684
PUBLIC WORKS										
PAVED ROADS MAINTAINED (MILES)	621	652	703	652	652	666	670	674	670	678
DIRT ROADS MAINTAINED (MILES)	264	280	122	207	207	201	199	198	199	196
COLD MIX ROADS MAINTAINED (MILES)	----	----	74	74	74	74	72	70	74	71
TRAFFIC SIGNALS	8	9	11	11	13	13	13	13	13	10
WATER										
WATER MAINS (MILES)	447	448	455	455	422	767	726	741	466	513
FIRE HYDRANTS	2,109	2,220	2,267	2,267	4,038	5,519	5,546	5,777	3,980	4,138
MAXIMUM DAILY CAPACITY	18,300	17,300	17,300	17,200	17,200	17,200	17,200	17,200	17,200	10,620
(THOUSANDS OF GALLONS)										
SANITARY SEWERS (MILES)	398	399	400	400	340	558	561	593	448	521
MAXIMUM DAILY TREATMENT CAPACITY	9,006	9,006	12,506	13,206	13,206	13,206	13,206	13,206	11,980	11,980
(THOUSANDS OF GALLONS)										

SOURCE: COUNTY ADMINISTRATOR'S OFFICE

Other Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements (hereinafter referred to as "financial statements") of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida (the County) as of and for the year ended September 30, 2016, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 31, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. [2016-1]

Compliance and Other Matters

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

Okaloosa County, Florida's Response to Findings

The Board of County Commissioners' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 31, 2017

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

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

We have examined Okaloosa County, Florida's (hereinafter referred to as the "County") compliance with the following requirements for the year ended September 30, 2016:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 28.36 in regards to certain court-related functions
- (3) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil spill receipts and expenditures.
- (4) Florida Statute 365.172 and 365.173 in regards to the E911 revenues and expenditures.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, Okaloosa County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

Warren Averett, LLC
Fort Walton Beach, Florida
March 31, 2017

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF RECEIPTS AND
EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

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

We have audited the financial statements of Okaloosa County, Florida as of and for the year ended September 30, 2016, and have issued our report thereon dated March 31, 2017 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 175 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Fort Walton Beach, Florida
March 31, 2017

Okaloosa County, Florida
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO DEEPWATER HORIZON OIL SPILL
For the Fiscal Year Ended September 30, 2016

<u>Source</u>	<u>Amounts Received in the 2015-2016 Fiscal Year</u>	<u>Amounts Expended in the 2015-2016 Fiscal Year</u>
British Petroleum:		
Litigation Settlement	\$ 0	\$1,699,847
Funds relating to proceeds specified for advertising and tourist related media campaigns	\$ 39,581	\$156,792

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance includes \$12,007 of expenditures of State financial assistance (included for CSFA # 37.082), that are related to the Deepwater Horizon Oil Spill.

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Okaloosa County, Florida (hereinafter referred to as "County") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2017.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and Compliance with Requirements Applicable to the Passenger Facility Charge Program; Schedule of Findings and Questioned Costs; Schedule of Receipts and Expenditures of Funds Related to Deepwater Horizon Oil Spill, Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Florida Auditor General*, and Independent Auditors' Report on the Schedule of Receipts and Expenditures of Funds Related to Deepwater Horizon Oil Spill. Disclosures in those reports which are dated March 31, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2014-15 FY Finding #	2013-14 FY Finding #
2016-1	2015-2	N/A
2016-2	N/A	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name of official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Okaloosa County, Florida is a political subdivision of the State of Florida organized under Title VIII, Section 1(e) of the Florida constitution. The primary government includes the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller, the Sheriff, the Tax Collector, the Property Appraiser, and the Supervisor of Elections. As of September 30, 2016, Okaloosa County had no component units, as defined by GASB 61, with a significant operational or financial relationship with the County.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Okaloosa County, Florida for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit see comments 2016-2.

2016-2 AIRPORT FINANCIAL OPERATIONS**Criteria**

The airport enterprise operation is required to adhere to Board of County Commissioner's policy on disbursements requests and to invoice its leaseholders in accordance with contact terms.

Condition

During our testing at the airport we observed that sufficient documentation underlying expenses for advertising were not obtained prior to submission and payment of invoices. The documentation needed to support the invoices was obtained for auditor inspection upon request with no exceptions noted.

Two leaseholders selected for testing were not billed in accordance with lease terms; however the billing differences were not material or significant.

Cause

Previous airport administration did not build a strong financial foundation as noted in previous audit findings. New airport management spent considerable time and effort in FY 16 focusing on improving airport financial operations and significant progress was made; however not all financial improvement objectives were able to be completed during the year under audit.

Effect

There was no significant impact to the financial position of the Airport; however opportunities to enhance the internal control framework exist.

Recommendation

We recommend management continue to strengthen financial operations at the airport as outlined in management's response.

View of responsible official and planned corrective action

Airport management is in process or completed several financial objectives to include written accounting policy and procedures. Significant resources and efforts have been accomplished to train new and existing financial staff however, much more work is required. Management has taken an aggressive approach to addressing financial repairs on a priority basis. A full legal review of all leases to standardize contract language has been accomplished in order to decrease the amount of billing complexities and increase transparency and oversight. A hangar inspection program was developed to annually inspect hangars at the Crestview and Destin airports and new appraisals were accomplished to standardize the leases. Financial consultants have provided training and PROPworks provided an in-house training course for airport finance staff. The Airline-Use and Rental Car Agreements, which are the highest priority agreements, previously extended over the years, were renegotiated and completed for lengthy terms and methodologies that provide significant revenue returns. Negotiations are currently well underway with the Air Force on the Enhanced Use Lease and Joint Use Agreements, which is paramount to ensure the airport and operations can thrive and grow and further continue to receive FAA funding.

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

Purpose of this Letter

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

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

Warren Averett, LLC
Fort Walton Beach, Florida
March 31, 2017

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

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

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

We have audited the compliance of Okaloosa County, Florida (hereinafter referred to as "County"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement*, the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that are could have a direct and material effect on each of County's major federal programs, state projects and passenger facility charge program for the year ended September 30, 2016. The County's major federal programs and state projects are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects and passenger facility charge program for the fiscal year ended September 30, 2016.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Warren Averett, LLC

Fort Walton Beach, Florida

March 31, 2107

Okaloosa County, Florida
Airport Enterprise Fund
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Fiscal Year Ended September 30, 2016

Grantor/Program: Passenger Facility Charges

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

Latest ROD 07-03-C-00-VPS

<u>Amended Amount of Approval</u>	<u>Cumulative Earned Amount at September 30, 2015</u>	<u>Current Year Earned Amount</u>	<u>Cumulative Earned Amount at September 30, 2016</u>	<u>Current Year Expenditures</u>	<u>Unliquidated Passenger Facility Charges</u>	
					<u>at September 30, 2015</u>	<u>at September 30, 2016</u>
<u>\$ 39,922,121</u>	<u>\$ 22,118,435</u>	<u>\$ 1,841,908</u>	<u>\$ 23,960,343</u>	<u>\$ 833,030</u>	<u>\$ 9,697,701</u>	<u>\$ 10,706,579</u>

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Fiscal Year Ended September 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures	Passed Through To Subrecipients
<u>FEDERAL AWARDS</u>				
<u>U.S. Department of Agriculture</u>				
Passed Through Florida Department of Agriculture & Consumer Services				
Food Distribution Program	10.550	82002	1,605	
School Breakfast Program	10.553	01-0303	2,652	
National School Lunch Program	10.555	01-0303	4,149	
Total U.S. Department of Agriculture			8,406	-
<u>U.S. Department of Defense</u>				
<u>Department of the Army</u>				
Planning Assistance to States	12.110	N/A	82,500	
<u>Defense Human Resources Activity</u>				
Electronic Absentee Systems for Elections (EASE)	12.217	H98210-12-1-0007	80,000	
Electronic Absentee Systems for Elections (EASE)	12.219	H98210-13-1-0007	135,600	
Total U.S. Department of Defense			298,100	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Florida Department of Economic Opportunity				
Community Development Block Grants	14.228	10DB-4X-01-56-01-F18	850,987	
Total U.S. Department of Housing and Urban Development			850,987	-
<u>U.S. Department of Justice</u>				
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0515	3,659	
Supervised Visitation, Safe Havens for Children	16.527	2011-CW-AX-K021	2,132	153,208
"ARRA" Public Safety Partnership and Community Policing Grants	16.710	2013-DJ-BX-0013	459,051	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-1067	5,370	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0430	7,623	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0758	33,032	
Equitable Sharing Program	16.922	N/A	120,699	
Passed Through Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-OKAL-2-H3-172	12,800	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-OKAL-3-H3-214		24,617
Passed Through Florida Coalition Against Domestic Violence				
"ARRA" Violence Against Women Grants	16.588	16-8019-LE-ENH	49,863	
Total U.S. Department of Justice			694,229	177,825
<u>U.S. Department of Transportation</u>				
<u>Direct Programs</u>				
<u>Federal Aviation Administration</u>				
Airport Improvement Program	20.106	3-12-0020-017-2014	1,569,023	
Airport Improvement Program	20.106	312-0081-025-2013	973,857	
Airport Improvement Program	20.106	3-12-0081-026-2014	3,356	
<u>Federal Transit Administration</u>				
Federal Transit Capital Improvement Grants	20.507	FL-90-X680-00	6,663	
Federal Transit Capital Improvement Grants	20.507	FL-90-X715-00	200,597	
Federal Transit Capital Improvement Grants	20.507	FL-90-X716-00	79,590	
Federal Transit Capital Improvement Grants	20.507	FL-90-X761-00	300,450	

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures	Passed Through To Subrecipients
Federal Transit Capital Improvement Grants	20.507	FL-90-X795-00	842,617	
Federal Transit Capital Improvement Grants	20.507	FL-90-X815-00	780,364	79,962
Federal Transit Capital Improvement Grants	20.507	FL-90-X867-00	12,774	
Program Generated Income (FTA funded programs)	20.507	Equipment/Insurance Proceeds	441,779	
Indirect Programs				
Passed Through Florida Department of Transportation				
Highway Planning and Construction	20.205	ANZ38, 409797-1-88-01	214,491	
Highway Planning and Construction	20.205	ARB68, 433572-1-38-01 FN 8886-341-A	26,156	
Highway Planning and Construction	20.205	ARN38, 429675-2-58-01/ 429675-2-68-01 FN 8886-500-A	539	
Highway Planning and Construction	20.205	ARR40, 430038-2-38-01 FN 8886-623-A	29,923	
Highway Planning and Construction	20.205	G0E05, 433572-1-58-01/ 433572-1-68-01 FN 8886-518-A	239	
Formula Grants for Rural Areas	20.509	AQD91, 421365-2-84-31	25,868	
Formula Grants for Rural Areas	20.509	ARM72, 421365-2-84-34	208,051	3,090
National Priority Safety Programs	20.616	G0466, M5HVE-16-06-21	58,299	
Total U.S. Department of Transportation			5,774,636	83,052
<u>U. S. Department of Environmental Protection</u>				
Passed Through Florida Department of Environmental Protection				
Nonpoint Source Implementation Grants	66.460	G0326	193,129	
Total U.S. Department of Environmental Protection			193,129	-
<u>Election Assistance Commission</u>				
Passed Through Florida Department of State				
Help America Vote Act Requirements Payments	90.401	MOA # 2013-2014-0001-R	8,873	
Help America Vote Act Requirements Payments	90.401	MOA #2014-2015-0001-OKA	21,800	
Total Election Assistance Commission			30,673	-
<u>U.S. Department of Health & Human Services</u>				
Passed Through Florida Department of Revenue				
Child Support Enforcement	93.563	CST46	13,490	
Child Support Enforcement	93.563	COC46	753,423	
Child Support Enforcement	93.563	N/A	2,671	
Passed Through Florida Department of Children and Families				
Block Grants for Community Mental Health Services	93.958	AH105	15,259	
		Matching	124,164	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AH105	12,998	
		Matching	13,798	
Total U.S. Department of Health & Human Services			797,841	-
Sub-Total Florida Matching			137,962	-
<u>U.S. Department of Homeland Security</u>				
Checked Baggage Screening Design Services Project - (OTA)	N/A	HSTS04-13-H-CT1161	3,919,695	
Law Enforcement Officer Reimbursement Agreement Program - (OTA)	97.090	HSTS02-13-H-SLR205	55,800	
Law Enforcement Officer Reimbursement Agreement Program - (OTA)	N/A	HSTS02-16-H-SLR794	65,540	
Passed Through Florida Division of Emergency Management				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	15-SP-8Z-01-56-02-530	228,556	
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	Matching	15-SP-8Z-01-56-02-530	38,093	
Hazard Mitigation Grant	97.039	16HM-H4-01-56-01-300	17,360	
Emergency Management Performance Grants	97.042	16-FG-5A-01-56-01-113	71,983	
Emergency Management Performance Grants	97.042	17-FG-P9-01-56-01-120	14,196	

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2016

<u>Federal/State Agency, Pass-through Entity, Federal Program/State Project</u>	<u>CFDA/ CSFA Number</u>	<u>Contract or Grant Number</u>	<u>Expenditures</u>	<u>Passed Through To Subrecipients</u>
Homeland Security Grant Program	97.067	15-DS-P4-01-56-01-327	139,100	
Homeland Security Grant Program	97.067	16-DS-P9-01-56-01-209	91,135	
Homeland Security Grant Program	97.067	16-DS-T9-01-56-01-296	20,555	
Homeland Security Grant Program	97.067	16-DS-U8-01-56-01-396	64,909	
Passed Through Florida Department of Law Enforcement Agency				
Homeland Security Grant Program	97.067	2016-LETP-OKA-1-L9-009	13,141	
Total U.S. Department of Homeland Security			<u>4,701,970</u>	<u>-</u>
Subtotal Florida Matching Funds			38,093	-
TOTAL FLORIDA MATCHING FUNDS			<u>176,055</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>13,349,971</u>	<u>260,877</u>
<u>STATE FINANCIAL ASSISTANCE</u>				
<u>Executive Office of the Governor</u>				
Passed Through Enterprise Florida, Inc.				
Enterprise Florida, Inc.	31.003	DIG 11-03	500,000	
Passed Through Florida Division of Emergency Management				
Emergency Management Programs	31.063	16-BG-83-01-56-01-046	92,360	
Emergency Management Programs	31.063	17-BG-83-01-56-01-053	6,372	
Emergency Management Projects	31.067	16-CP-11-01-56-01-163	9,816	
Total Executive Office of the Governor			<u>608,548</u>	<u>-</u>
<u>Florida Dept. of Environmental Protection</u>				
Cooperative Collection Center Grant	37.007	S0834	143,924	
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46042	12,541	
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP46041	34,337	
Stormwater Projects/Deepwater Horizon Oil Spill	37.082	SO697	12,007	
Total Florida Department of Environmental Protection			<u>202,809</u>	<u>-</u>
<u>Florida Department of Economic Opportunity</u>				
<u>Enterprise Florida</u>				
Enterprise Florida, Inc.	40.003	DIG 13-04	32,600	
Total Florida Department of Economic Opportunity			<u>32,600</u>	<u>-</u>
<u>Florida Department of Agriculture & Consumer Services</u>				
Mosquito Control	42.003	021299	9,649	
Mosquito Control	42.003	022257	2,976	
Total Florida Department of Agriculture & Consumer Services			<u>12,625</u>	<u>-</u>
<u>Florida Department of State</u>				
State Library Grant	None	14-SP-01	19,683	
State Aid to Libraries	45.030	14-ST-47	44,915	
Total Florida Department of State			<u>64,598</u>	<u>-</u>
<u>Florida Housing Finance Corporation</u>				
State Housing Initiatives Partnership (SHIP) Program	40.901	2012/2013		1,726
State Housing Initiatives Partnership (SHIP) Program	40.901	2013/2014		156,725
State Housing Initiatives Partnership (SHIP) Program	40.901	2014/2015		399,148
State Housing Initiatives Partnership (SHIP) Program	40.901	2015/2016		387,218

Okaloosa County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA/ CSFA Number	Contract or Grant Number	Expenditures	Passed Through To Subrecipients
Total Florida Housing Finance Corporation			-	944,817
<u>Florida Department of Transportation</u>				
Commission For the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	GO270,43202718401/43202818401	270,523	
Commission For the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	G0B89,43202718401/43202818401	134,569	
Aviation Development Grants	55.004	AR859, 42561729401	322,102	
Aviation Development Grants	55.004	AQJ14, 42390729401	175,688	
Aviation Development Grants	55.004	AQW81, 42390629401	771,092	
Aviation Development Grants	55.004	AR741, 42561619401	46,529	
Aviation Development Grants	55.004	AR742, 42561819401	9,136	
Aviation Development Grants	55.004	ARC12, 42561519401	236,613	
Aviation Development Grants	55.004	ARE15, 42561719401	161	
Aviation Development Grants	55.004	ARQ66, 42230329401	25,157	
Commuter Assistance/Rideshare Grants	55.007	ARN13, 420315-2-84-01	3,340	
Public Transit Block Grant Program Block Grant	55.010	ARN27, 422253-1-84-01	161,530	
Transit Corridor Program	55.013	ARN14, 422256-1-84-01	210,000	
Transportation Regional Incentive Program (TRIP)	55.026	ARB51,421997-33801,34801, 43801,44801,53801,63801	184,554	
Total Florida Department of Transportation			<u>2,550,994</u>	<u>-</u>
<u>Florida Department of Health</u>				
County Grant Awards	64.005	C3046	19,881	
County Grant Awards	64.005	C4046	31,270	
Total Florida Department of Health			<u>51,151</u>	<u>-</u>
<u>Florida Fish and Wildlife Conservation Commission</u>				
Artificial Reef Grants Program	77.007	FWC-13243	140,000	
Total Florida Department of Health			<u>140,000</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>3,663,325</u>	<u>944,817</u>
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			<u>17,189,351</u>	<u>1,205,694</u>

Okaloosa County, Florida
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal funded programs and state funded projects of Okaloosa County, Florida for the year ended September 30, 2016. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Funds received and expended as state financial assistance reported on the schedule include only those state funds provided from state resources to carry out state projects. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Okaloosa County, Florida, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Okaloosa County, Florida.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for all governmental fund grants and the accrual basis of accounting for all proprietary fund grants. The basis of accounting is described in Note 1 C to the County's financial statements. Okaloosa County, Florida has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2016

1. Summary of Auditor Results

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weakness? _____ X Yes _____ None reported
- Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards and State Projects

Internal control over major programs:

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

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

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

Identification of Major Programs

Federal:

CFDA #	Name of Federal Program or Cluster
14.228	Community Development Block Grants
20.106	Airport Improvement Program
N/A	Checked Baggage Screening Design Services Project

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2016

State:

CSFA #	Name of State Project
31.003	Enterprise Florida, Inc.
55.004	Aviation Development Grants
55.007	Commuter Assistance/Rideshare Grants
55.013	Transit Corridor Program
77.007	Artificial Reef Grants Program

1. Identification of Major Programs

Dollar threshold used to distinguish between Type A and B programs for Federal Awards \$ 750,000

Dollar threshold used to distinguish between Type A and B programs for State Projects \$ 300,000

Auditee qualified as low-risk auditee? Yes No

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

FINDING 2016-1 PUBLIC WORKS AND FACILITY MAINTENANCE INVENTORY (BCC)

Criteria

The public works department to include its divisions of Engineering, Traffic Operations, Roads, Environmental Services, Parks Division and Administrative services and its subsidiary facility maintenance division, has substantial amounts of inventory on hand in order to fulfill its mission to internal and external customers. The inventory is not counted and reconciled on a routine basis to perpetual inventory records. The inventory has also not been physically recorded in the general ledger as its value was assumed to be immaterial. Costs are allocated to projects based on work order systems, but the value of any residual inventory has not been captured in the accounting records. In a properly designed system of internal control surrounding inventory, key controls should be in place for existence, completeness, rights or obligations, valuation, and classification and accuracy of significant inventory balances.

Condition

The following conditions exist:

- Physical counts of the inventory is not performed routinely
- The nature of the inventory is diverse since public works serves many different functions
- Physical custody of assets is not segregated from the recordkeeping function
- Two separate platforms are used to account for work orders and inventory, an off the shelf package used by Public Works and an internally developed software used by Facilities Maintenance

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2016

FINDING 2016-1 PUBLIC WORKS AND FACILITY MAINTENANCE INVENTORY (BCC)
(CONTINUED)

Condition (continued)

- The valuation of inventory at year end per the reports generated indicate the residual balances may be significant; however due to controls lacking in other areas, there is limited confidence in the quantities reported and valuation of inventory due to concerns of potential items that could be slow moving or obsolete.

Cause

The system of internal control surrounding this inventory is not properly designed.

Effect

Fraud or errors in reporting could occur with respect to this inventory and not be detected in a timely manner.

Recommendation

Management should evaluate the current design of the system of internal control and personnel available to ensure key controls are in place for the assertions outlined above.

Views of responsible officials and planned corrective action:

We agree with the recommendation and certain changes were implemented to segregate the inventory ordering function from receiving of goods into the inventory system. The comprehensive remediation plan involves the following steps:

- Evaluation of inventory and work order operational processes in both public works and facility maintenance to develop a consistent approach.
- Evaluation of a single software application that could be used by both public works and facility maintenance for inventory and work order functions. The current software applications used have not been updated and lack necessary functionality. In addition one software application would promote consistency in processes and allow for cross staffing between the functions.
- Combining public works and facility maintenance inventory in the North End of the County to one facility as part of a short term plan. The ultimate goal would be one supply warehouse to house both public works and facility maintenance inventory in one building for North County. Due to travel time, the need for separate inventory stores in North and South County is needed.
- Further evaluation of the segregation of duties to include physical count functions to determine if additional personnel is warranted. One additional hire is already planned for FY 17.

While these efforts are currently underway, a complete remediation will not be accomplished until FY 17.

Okaloosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2016

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

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

4. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE

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