

# BAY COUNTY FLORIDA

## *Annual Comprehensive Financial Report*

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2022



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**OF**  
**BAY COUNTY, FLORIDA**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**PREPARED BY THE OFFICE**  
**OF**  
**BILL KINSAUL**  
**CLERK OF COURT AND COMPTROLLER**

**KATY NAIL**  
**FINANCE OFFICER**

INTRODUCTORY SECTION	Page
Letter of Transmittal	A-1
Location of Government	A-8
Listing of County Officials	A-10
Organizational Chart	A-13
Certificate of Achievement for Excellence in Financial Reporting	A-14
FINANCIAL SECTION	
Independent Auditors' Report	B-1
Management's Discussion and Analysis	B-5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	B-18
Statement of Activities	B-20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	B-22
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	B-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	B-24
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	B-25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Tourist Development Fund	B-26
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Transportation Fund	B-27
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Michael Fund	B-28
Statement of Net Position – Proprietary Funds	B-29
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	B-31
Statement of Cash Flows – Proprietary Funds	B-32
Statement of Fiduciary Net Position – Fiduciary Funds	B-34

FINANCIAL SECTION (CONTINUED)	Page
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	B-35
Statement of Net Position – Discretely Presented Component Units	B-36
Statement of Activities – Discretely Presented Component Units	B-38
Notes to Basic Financial Statements	B-40
Required Supplementary Information:	
Schedule of the County’s Proportionate Share of the Net Pension Liability	B-116
Schedule of the County’s Contributions	B-117
Schedule of Changes in the County’s Total Other Postemployment Benefits Liability and Related Ratios	B-118
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	B-122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	B-126
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Public Safety	B-130
Intergovernmental Radio Communications	B-131
District Mosquito Control	B-132
MSTU Fire Protection	B-133
Court	B-134
Statement of Revenues, Expenses, and Changes in Net Position – Transportation Planning Organization	B-135
Statement of Cash Flows – Transportation Planning Organization	B-136
Combining Statement of Net Position – Internal Service Funds	B-140
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	B-141
Combining Statement of Cash Flows – Internal Service Funds	B-142
Combining Statement of Fiduciary Net Position – Fiduciary Funds	B-146
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	B-148

STATISTICAL SECTION	Page
Statistical Section Descriptions	C-1
Schedule 1 – Net Position By Component – Last Ten Fiscal Years	C-2
Schedule 2 – Changes in Net Position – Last Ten Fiscal Years	C-4
Schedule 3 – Fund Balance, Governmental Funds – Last Ten Fiscal Years	C-8
Schedule 4 – Changes in Fund Balance, Governmental Funds – Last Ten Fiscal Years	C-10
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	C-12
Schedule 6 – Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	C-13
Schedule 7 – Principal Property Taxpayers – Current Year and Nine Years Ago	C-14
Schedule 8 – Property Tax Levies and Collections – Last Ten Fiscal Years	C-15
Schedule 9 – State of Florida and Bay County Total Historical Half-Cent Sales Tax Distributions – For Ten Year Period 2013-2022	C-16
Schedule 10 – Distribution of Half-Cent Sales Tax in Bay County Florida – For Ten Year Period 2013-2022	C-17
Schedule 11 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	C-18
Schedule 12 – Pledged Revenue Coverage – Last Ten Fiscal Years	C-20
Schedule 13 – Wholesale Water System Historical Revenues, Expenses and Debt Service Coverage – Last Ten Fiscal Years	C-22
Schedule 14 – Historical Coverage of Projected Maximum Annual Debt Service By Sales Tax Revenues – Last Ten Fiscal Years	C-24
Schedule 15 – Direct and Overlapping Governmental Activities Debt	C-26
Schedule 16 – Demographic and Economic Statistics – Last Ten Fiscal Years	C-27
Schedule 17 – Principal Employers – Current Year and Nine Years Ago	C-28
Schedule 18 – Full-time Equivalent County Employees by Function – Last Ten Fiscal Years	C-29
Schedule 19 – Operating Indicators by Function – Last Ten Fiscal Years	C-30
Schedule 20 – Capital Asset Statistics by Function – Last Ten Fiscal Years	C-31

COMPLIANCE SECTION	Page
Independent Auditors' Management Letter	D-1
Independent Accountants' Report	D-5
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	D-7
Independent Auditors' Report on Compliance for Each Major Federal Program/State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	D-9
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance	D-13
Summary Schedule of Prior Year Audit Findings	D-17
Schedule of Expenditures of Federal Awards and State Financial Assistance	D-18
Management's Corrective Action Plan	D-23



March 29, 2023

Honorable Tommy Hamm, Chairman and  
Distinguished Members of the Board of  
County Commissioners  
Honorable Tommy Ford, Sheriff  
Honorable Mark A. Andersen, Supervisor of Elections  
Honorable Dan Sowell, Property Appraiser  
Honorable Chuck Perdue, Tax Collector  
Bay County, Florida

Dear Sir or Madam,

We are pleased to present to you and the citizens of Bay County the accompanying Annual Comprehensive Financial Report (ACFR) of Bay County, Florida (the "County") for the fiscal year ended September 30, 2022. This report was prepared by the Division of Board Finance within the Office of the Clerk of Court & Comptroller. Responsibility for the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Clerk as Chief Financial Officer and Comptroller of Bay County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly represent the financial position, results of operations and cash flows of the County as measured by the financial activity of its various funds. We further believe that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The purpose of this letter is to give insight to the County's financial operations for the fiscal year. The ACFR is designed to meet the needs of a wide range of financial statement users.

A wealth of information is presented in this report and we encourage your careful review to obtain a clear picture of the financial position of Bay County. We would like to recommend that you read the complementary information offered in the Management's Discussion and Analysis on Page B-5.

## **General**

The County's financial statements have been prepared 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). GASB 34 establishes a reporting model that the County has reported in five parts:

1. Management's Discussion and Analysis: a narrative report providing significant information about the County and how the County's financial position has changed from September 30, 2021 to September 30, 2022 and the reasons for the change;
2. Government-wide Financial Statements: statements which report on the governmental and business-type assets, liabilities, expenses and revenues of the County;
3. Fund Financial Statements: statements which report on the major individual governmental and proprietary funds of the County;
4. Budgetary Comparisons for the County's general fund and major special revenue funds, and
5. The notes to the financial statements.

## **Accounting System and Budgetary Control**

The accounting records for general governmental operations are maintained on a modified accrual basis with revenue being recorded upon determination that it is both available and measurable. Expenditures for general governmental operations are recorded when the services or goods are received and the liabilities incurred. Accounting records for enterprise and internal service funds are converted to the full accrual basis of accounting at fiscal year-end for reporting purposes.

In developing and evaluating the accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding, (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that, (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

State law requires counties and their elected officials to develop balanced budgets to provide for the operation of their offices. Details of expenditures to be made and the resources available to meet these proposed obligations must be included in the budget. Upon adoption, the budget document becomes the legal basis for carrying out the activities of the County. Except as noted within the Notes to the Basic Financial Statements, the Board of County Commissioners adopts budgets for all funds. The Property Appraiser and the Tax Collector's budgets are approved by the Florida Department of Revenue. The Sheriff and Supervisor of Elections prepare budgets for their General Funds, which are submitted to and approved by the Board.



The Clerk of Court & Comptroller, as ex-officio Clerk to the Board, prepares and submits a budget for services provided to the Board of County Commissioners for their approval. Budgets are adopted on a basis consistent with generally accepted accounting principles, except as noted in the Notes to the Basic Financial Statements. The legal level of budgetary control is at the fund level. Expenditures cannot exceed the total amount budgeted for each fund. Budget control is maintained by a computerized encumbrance system, which restricts budgetary amounts upon input. Purchase orders that exceed account appropriations are not released until additional appropriations are made available. All appropriations lapse at year-end. If required, encumbrances are reestablished at the beginning of the new fiscal year if the funds are appropriated in the annual budget.

### **The Reporting Entity and Its Services**

Bay County is a non-chartered county established under the legal authority of the Constitution and the Laws of the State of Florida. The County provides a full range of services. These include tax assessments and collections, state and county courts, public safety (law enforcement, fire and EMS), physical environment, transportation, economic environment, human services and general administrative services. In addition, the County also operates four enterprise activities. The County's Component Units consist of the Panama City Beach Convention & Visitors Bureau, Inc., the Mexico Beach Community Development Council, Inc., the Panama City Community Development Council, Inc and the Bay County Transportation Planning Organization. These are included in the County's reporting entity due to the significance of their operational or financial relationship with the County. For more information regarding the Component Units, please refer to Note 1 in the Notes to the Basic Financial Statements.

### **Economic Condition and Outlook**

During fiscal year 2022, Bay County continued to respond to challenges raised by natural disasters and local and national emergencies. Recovery work continues from Hurricane Michael that struck Bay County in 2018, as well as the COVID 19 Pandemic that followed in 2020. In Spring of 2022, Bay County experienced several wildfires, four of which required multi-agency response from across the state. These fires reached approximately 35,000 acres and were eventually extinguished after almost two weeks.

Bay County was awarded more than \$47.5 million in Hurricane Mitigation Grant Program funds due to Hurricane Michael. Projects for this program include paving rural dirt roads, hardening county buildings to ensure durability during storms and bad weather events, and construction of new community centers and facilities that will also serve as public long-term emergency shelters in the northern part of the county. To date, Bay County has repaid \$150 million in debt borrowed to cover Hurricane Michael recovery costs.

The County, along with leadership within the Bay County Chamber of Commerce, continues to encourage entrepreneurship, recruitment and retention of new business and industry. This has been especially crucial since Hurricane Michael, as the support from local governments and agencies sparked county-wide growth and revitalization. Although restoration has become a pivotal aspect of its operations, the County continues to carry out its Comprehensive Plan and will ensure that any future growth will promote an economically secure and ecologically safe environment in which to live. With multiple tax abatements in process, it is estimated these will bring in over 800 new jobs to Bay County.

Bay County has defined itself by its warm welcoming atmosphere, diverse economy, and more recently, its strength and resilience. Bay County's economy is focused in the areas of aerospace, technology, manufacturing, distribution/logistics, retail and tourism. Incorporated in 1913, the County lies within the heart of the Florida Panhandle on the Gulf of Mexico. Serving as a home for two major military installations, Tyndall Air Force Base and the Naval Surface Warfare Center, the County's economy has greatly benefitted from the reliability of this local aerospace supplier sector. The inherent level of protection offered by these installations also stimulates labor trends and reinforces the sense of security felt throughout the area.

## **Major Initiatives**

### ***For the Year***

With the launch of the new Housing Department, Bay County expended over \$18 million in state funding. The Purchase Assistance Program awarded more than \$6 million to 104 families/first time homebuyers and an additional \$5 million to assist in the purchase of their forever home. More than \$20,000 was awarded for foreclosure prevention, homelessness prevention and rental assistance. During fiscal year 2022, Bay County approved contributions to three rental development projects in the amount of \$6 million, all of which will break ground in 2023. Approximately 308 multi-family units will be constructed and house low-income families at or below 80 percent of the area median income. The County also expended or encumbered more than \$16.6 million of the \$36 million in Hurricane Housing Recovery Program Funding received in 2021.

During fiscal year 2022, the Capital Projects division of Bay County managed approximately \$3 million in vertical construction projects, including grant funded projects, renovations and construction of new buildings. With the closure of the Waste to Energy Facility in 2021, building demolition was underway in 2022 and is set to be completed in fiscal year 2023. The construction of the new Community Center at Bay Dunes was approximately 90 percent complete at year end.

Since Hurricane Michael, restoring and rebuilding Bay County assets to a more durable and safe condition continues to be a priority. Capital Improvement projects related to Hurricane Michael completed during fiscal year 2022 include the Bay County Jail, Bay County Finance Office at 225 McKenzie Avenue, Harder's Park Improvements and various Waste Water Treatment Plant Building Improvements.

The County continues to improve the road system and increase neighborhood safety through pedestrian paths and sidewalks to schools, reducing neighborhood flooding and traffic congestion using funds collected from the half-cent sales tax that voters passed in November 2016. There have been over 42 projects completed with the use of these funds, including resurfacing 18 county roads, dirt road stabilization and drainage projects, bridge repair and replacement and roadway safety projects. Projects completed during fiscal year 2022 include Jenks Avenue Widening, County Road 2297 Cooks Bayou Bridge and Moylan Road and Panama City Beach Parkway Turn Lane. Continuing projects include Titus Road-SR 390 Connector Road, Nehi Road Stabilization, County Road 30 Front Beach Road Sidewalk and Magnolia Beach Road Multi-Use Path.

In addition, Bay County's millage rate remained unchanged during the year and is among the lowest in the state at 4.43 mills.

### ***For the Future***

Bay County will continue to focus on the restoration and improvement of its facilities and infrastructure. Some significant projects that are currently in process for future completion include the new Juvenile Justice Facility, Bay County Skate Park, Community Center at Bay Dunes, and Bay County Library Hardening, all set to be completed in 2023. Re-opening the East Pass (also known as the Old Pass) continues to be a future priority for Bay County. The P25 Public Safety Radio System continued during 2022 and is set to be completed in fiscal year 2023. This project, totaling more than \$12 million, gives the County the capability of reliably meeting communication needs operationally, functionally and reliably.

Anticipated future repair/upgrade projects related to Hurricane Michael are estimated to be over \$6 million. These include Lift Station Hardening, various Water Treatment Plant Pump Repairs and Replacements, and various park improvements.

Bay County Housing Division will continue to advocate and provide families and first time homebuyers with purchase assistance services, home repairs and improvements, counseling, foreclosure prevention and rental assistance. With approximately \$14 million of HHRP funding available and continued annual state funding, Bay County will be able to continue assisting families with these needs.

Bay County encourages citizen participation in determining its future initiatives through development of informative web sites and access to elected officials through e-mail.

### **Independent Audit**

In compliance with the laws of the State of Florida, Bay County was audited by independent certified public accountants. The opinion of Carr, Riggs & Ingram, LLC may be found on Page B-1 of this report. The reports relating specifically to the single audit are included in the section entitled "Compliance".



## **Reporting Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bay County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR of which the contents conform to program standards. An ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Bay County has been awarded the Certificate of Achievement for thirty-two consecutive years (fiscal years ended September 30, 1989 through 2021). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA for approval.

## **Acknowledgments**

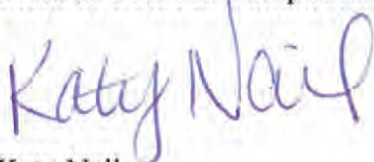
Preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the Clerk's Division of Board Finance, the County Manager, the County's Legal Staff, the Office of Management and Budget, and the various directors of the County departments, as well as, staff of the County Constitutional offices.

We would also like to thank the Constitutional Officers; Tommy Ford, Dan Sowell, Mark Andersen, Chuck Perdue; County Commissioners: Tommy E. Hamm, Robert L. Carroll, William T. Dozier, Douglas Moore and Clair Pease for their interest and support in administering the financial operations of the County during the fiscal year presented.

Respectfully submitted,



Bill Kinsaul  
Clerk of Court & Comptroller



Katy Nail  
Finance Officer

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# BAY COUNTY *Florida*



Bay County, Florida is located in the Northwest portion of the State on the Gulf of Mexico. The County's 764 square miles are home to approximately 174,410 people. The County has seven incorporated municipalities: Panama City, Panama City Beach, Lynn Haven, Springfield, Callaway, Parker and Mexico Beach.

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## *County Officials Bay County, Florida*



*Tommy Hamm  
Commissioner  
District I*



*Robert Carroll  
Commissioner  
District II*



*William T. Dozier  
Commissioner  
District III*



*Doug Moore  
Commissioner  
District IV*



*Clair Pease  
Commissioner  
District V*

## *County Officials Bay County, Florida*



*Mark Andersen  
Supervisor of  
Elections*



*Bill Kinsaul  
Clerk of Court  
& Comptroller*



*Dan Sowell  
Property Appraiser*



*Chuck Perdue  
Tax Collector*

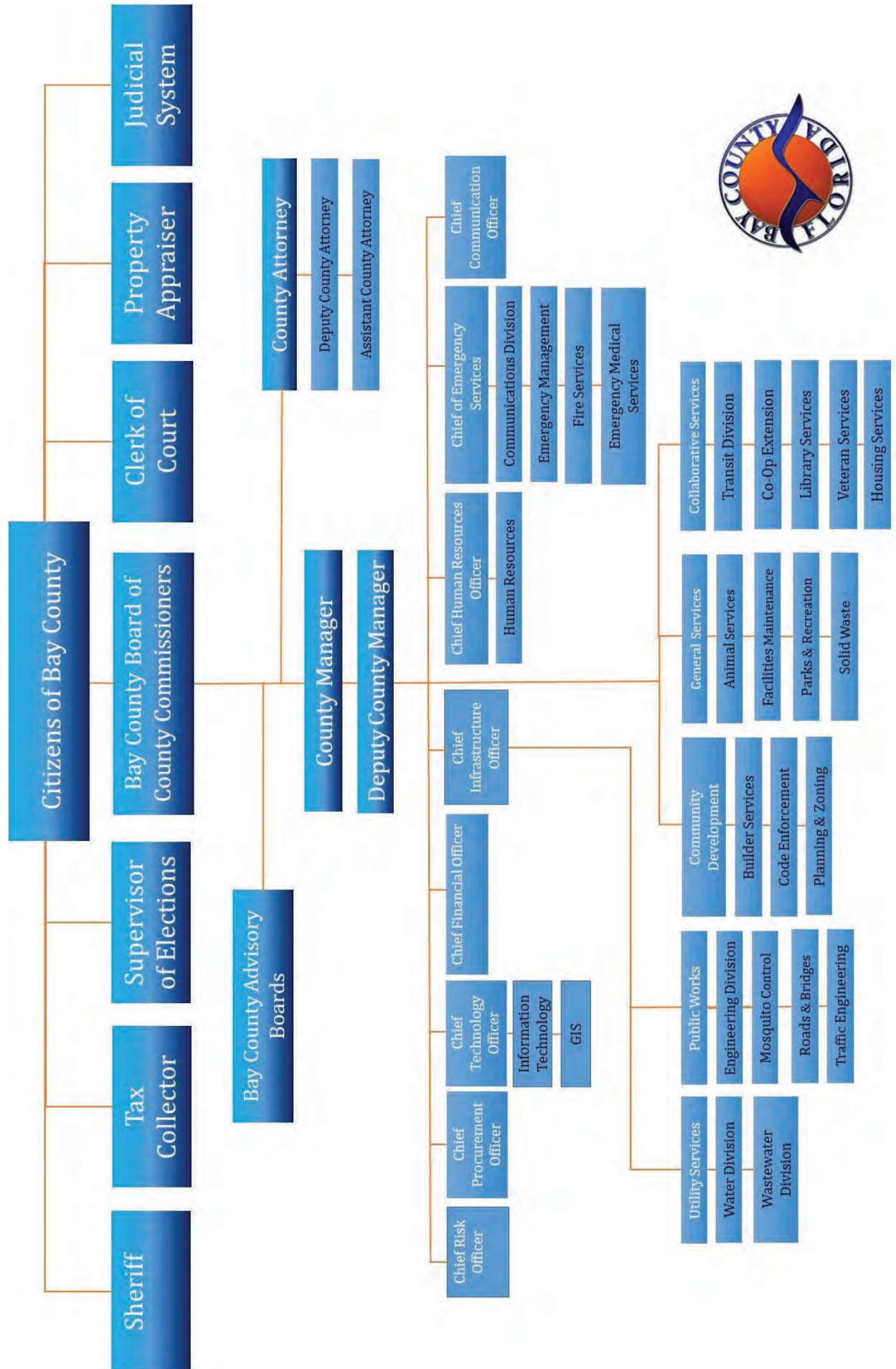


*Tommy Ford  
Sheriff*

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# BAY COUNTY ORGANIZATIONAL CHART Fiscal Year 2022



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

*The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bay County, Florida for its annual comprehensive financial report for the fiscal year ended September 30, 2021.*

*In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.*

*A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.*



Government Finance Officers Association

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

Presented to

**Bay County  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

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## INDEPENDENT AUDITORS' REPORT

The Honorable County Commissioners  
Bay County, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major discretely presented component unit, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of and for the year ended September 30, 2022, and the related notes to basic financial statements, which collectively comprise Bay County, Florida's basic financial statements as listed in the table of contents.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Tourist Development, Transportation, and Hurricane Michael Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bay County, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As described in Note 23 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.



***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay County, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bay County, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay County, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-5 through B-16, the schedule of Bay County, Florida's proportionate share of the net pension liability on page B-116, the schedule of Bay County, Florida's contributions on page B-117, and the schedule of changes in Bay County, Florida's total other postemployment benefits liability and related ratios on page B-118 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bay County, Florida's basic financial statements. The accompanying combining and individual nonmajor governmental, internal service, discretely presented component unit fund statements, and fiduciary fund financial statements, budgetary schedules listed in the table of contents and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *State of Florida Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 governmental, internal service, discretely presented component unit fund statements, and fiduciary fund financial statements, budgetary schedules listed in the table of contents and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

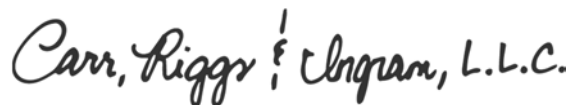
***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of Bay County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bay County, Florida's 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 Bay County, Florida's internal control over financial reporting and compliance.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

Management's discussion and analysis is designed to provide an objective, user-friendly analysis of Bay County, Florida's (the County) financial activities. The analysis reflects on significant events that occurred during the fiscal year and how they relate to the County's financial condition as well as the overall health of the County. This section should be read in conjunction with the County's financial statements in the following section.

### ***FINANCIAL HIGHLIGHTS***

- Total assets and deferred outflows of the County exceeded total liabilities and deferred inflows by \$411,025,174 (net position). Of this amount, \$19,082,548 is a deficit in unrestricted net position for governmental activities and \$45,069,252 is unrestricted net position for business-type activities, while \$199,054,853 is restricted net position for governmental activities and \$25,306,873 is restricted net position for business-type activities.
- The County's total assets decreased by \$1,100,131 or approximately 0.1 percent during fiscal year 2022. Of this amount, an increase of \$34,202,078 is attributable to governmental activities and a decrease of \$35,302,209 is attributable to business-type activities.
- The County's total liabilities increased by \$77,264,999 or approximately 15 percent during fiscal year 2022. Of this amount, an increase of \$80,171,831 is attributable to governmental activities and a decrease of \$2,906,832 is attributable to business-type activities.
- Total County's total net position decreased by \$9,794,474. Of this amount, an increase of \$18,849,283 is attributable to governmental activities and a decrease of \$28,643,757 is attributable to business-type activities.
- As of September 30, 2022, the general fund's unassigned fund balance was \$40,834,470 or 27 percent of the general fund's total expenditures.
- Governmental activities' revenues and expenditures increased during the year to \$280,679,814 (approximate 10% increase) and \$259,064,159 (approximate 11% increase), respectively. Conversely, Business-type activities revenues and expenses decreased during the year to \$49,132,268 (approximate 5% decrease) and \$43,985,880 (approximate 7% decrease), respectively.
- The County's outstanding bonded debt decreased by \$18,795,369 or 12 percent during fiscal year 2022 while notes payable increased by \$12,172,8002 or about 6 percent. These changes are primarily attributable to scheduled debt service principal payments during the fiscal year and the issuance of new debt for the Southport Sports Park.
- The County's total deferred outflows of resources increased by \$6,476,586 or approximately 24 percent. Of this amount, an increase of \$6,133,227 is attributable to governmental activities and an increase of \$343,359 is attributable to business-type activities.
- The County's total deferred inflows of resources decreased by \$62,094,070 or approximately 77 percent. Of this amount, a decrease of \$58,685,809 is attributable to governmental activities and a decrease of \$3,408,261 is attributable to business-type activities

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. The *government-wide financial statements* present an overall picture of the County's financial position and results of operations. The *fund financial statements* present financial information for the County's major funds. The *notes to the financial statements* provide additional information concerning the County's finances that are not otherwise disclosed in the government-wide or fund financial statements.

### ***Government-wide Financial Statements***

The *government-wide financial statements* include the ***Statement of Net Position*** and ***Statement of Activities***. These statements are designed to provide readers with a broad overview of the County's financial position in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities as well as the change in net position. Governmental activities are primarily supported by property taxes, sales taxes, federal and state grants, charges for services, and state shared revenues, while business-type activities are supported by charges to the users of those activities, such as water, sewer, and solid waste disposal charges.

The ***Statement of Net Position*** presents information on all assets, liabilities and deferred inflows/outflows of the County, with the difference between them reported as *net position*. Assets, liabilities, deferred inflows/outflows and net position are reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the County's improving or declining financial position.

The ***Statement of Activities*** presents information on all revenues and expenses of the County and the change in net position for the 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 the statement of activities for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Expenses are reported by major function, along with program revenues relating to those functions, providing the net cost of all functions provided by the County. In order to better understand the County's operations, governmental activities expenses, include among others, general government services, public safety, culture and recreation, transportation, and economic environment. Business-type activities' expenses, which are financed by user fees and charges, include water and sewer services, solid waste disposal, and building permitting and inspection services.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the following legally separate component units: Mexico Beach Community Development Council, Inc., Panama City Community Development Council, Inc., Panama City Beach Convention and Visitor's Bureau, Inc., and Bay County Transportation Planning Organization. Financial information for these component units is reported separately from the County's financial information.



## ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the County to account for revenues that are restricted to certain uses, comply with legal requirements, or account for the use of federal and state grants. The three major categories of funds found in the County's *fund financial statements* include: governmental funds, proprietary funds, and fiduciary funds.

*Fund financial statements* provide financial information for the County's major funds and more detailed information about the County's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The fiduciary fund statement provides information concerning assets held in trust by the County for the benefit of parties outside the government.

*Fund financial statements* for all governmental funds include a ***Balance Sheet*** and a ***Statement of Revenues, Expenditures, and Changes in Fund Balance***. The County's general fund and major special revenue funds include a ***Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual***. For the proprietary funds, which include internal service funds in addition to business-type activities, a ***Statement of Net Position***, a ***Statement of Revenues, Expenses, and Changes in Fund Net Position***, and a ***Statement of Cash Flows*** are presented. A ***Statement of Fiduciary Net Position*** is presented for the County's agency funds.

The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The enterprise funds account for the fiscal activities relating to solid waste disposal, the wholesale water system, retail water and wastewater utilities, and builders service activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. Because these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within *governmental activities* in the government-wide financial statements.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the County's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the County's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the County's overall financial health and present the means used to pay for various activities, or functions provided by the County. All assets of the County, including buildings, land, roads, and bridges are reported in the ***Statement of Net Position***, as well as all liabilities, including outstanding principal on debt, capital leases, and future employee benefits obligated but not yet paid by the County. The ***Statement of Activities*** includes depreciation on all long-lived assets of the County, but all transactions between different functions of the County have been eliminated to avoid duplication of the revenues and expenses.

The *fund financial statements* provide a presentation of the County's major funds, along with a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are

not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

*Notes to the financial statements* provide additional detail concerning the financial activities and financial balances of the County. Additional information about the accounting practices of the County, investments of the County, and long-term debt are just a few of the items included in the notes to the financial statements.

## **FINANCIAL ANALYSIS OF THE COUNTY**

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the County:

### **Bay County, Florida Net Position**

September 30,	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 393,454,440	\$ 368,880,826	\$ 100,068,609	\$ 95,205,332	\$ 493,523,049	\$ 464,086,158
Capital assets	368,833,549	359,205,085	136,051,591	176,217,077	504,885,140	535,422,162
<b>Total assets</b>	<b>762,287,989</b>	<b>728,085,911</b>	<b>236,120,200</b>	<b>271,422,409</b>	<b>998,408,189</b>	<b>999,508,320</b>
<b>Deferred outflows of resources</b>	<b>31,867,960</b>	<b>25,734,733</b>	<b>1,830,078</b>	<b>1,486,719</b>	<b>33,698,038</b>	<b>27,221,452</b>
Current and other liabilities	82,007,368	70,905,288	10,621,692	10,011,755	92,629,060	80,917,043
Long-term liabilities	407,429,840	338,360,089	102,565,250	106,082,019	509,995,090	444,442,108
<b>Total liabilities</b>	<b>489,437,208</b>	<b>409,265,377</b>	<b>113,186,942</b>	<b>116,093,774</b>	<b>602,624,150</b>	<b>525,359,151</b>
<b>Deferred inflows of resources</b>	<b>16,652,016</b>	<b>75,337,825</b>	<b>1,804,887</b>	<b>5,213,148</b>	<b>18,456,903</b>	<b>80,550,973</b>
Net investment in capital assets	108,094,420	120,938,759	52,582,324	85,408,521	160,676,744	206,347,280
Net position-restricted	199,054,853	174,469,887	25,306,873	23,506,603	224,361,726	197,976,490
Net position-unrestricted	(19,082,548)	(26,191,204)	45,069,252	42,687,082	25,986,704	16,495,878
<b>Total net position</b>	<b>\$ 288,066,725</b>	<b>\$ 269,217,442</b>	<b>\$ 122,958,449</b>	<b>\$ 151,602,206</b>	<b>\$ 411,025,174</b>	<b>\$ 420,819,648</b>

Investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the County's largest portion of net position (39%). These capital assets are utilized to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that although the County's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net position*, representing 55% of the County's net position at \$224,361,726, is subject to external restrictions, and thus is limited as to how it may be used. The balance of *unrestricted net position* is \$25,986,704.

Governmental activities long-term liabilities increased by \$69,069,751 during 2022, while business-type activities long-term liabilities decreased by \$3,516,769. A substantial increase in net pension liability accounts for the majority of the increase in governmental activities. The County recognized an increase of \$68,373,649 in governmental activities' net pension liability, while business-type activities had an increase of \$3,898,613. These figures are adjusted annually in accordance with updated valuations prepared by the State of Florida for the Florida Retirement System's Pension Plan, in which Bay County participates. Regularly scheduled debt service payments due on bonds and notes payable was the largest factor in the decrease of long-term liabilities for business-type activities. The County's proportions of the net pension liability, as

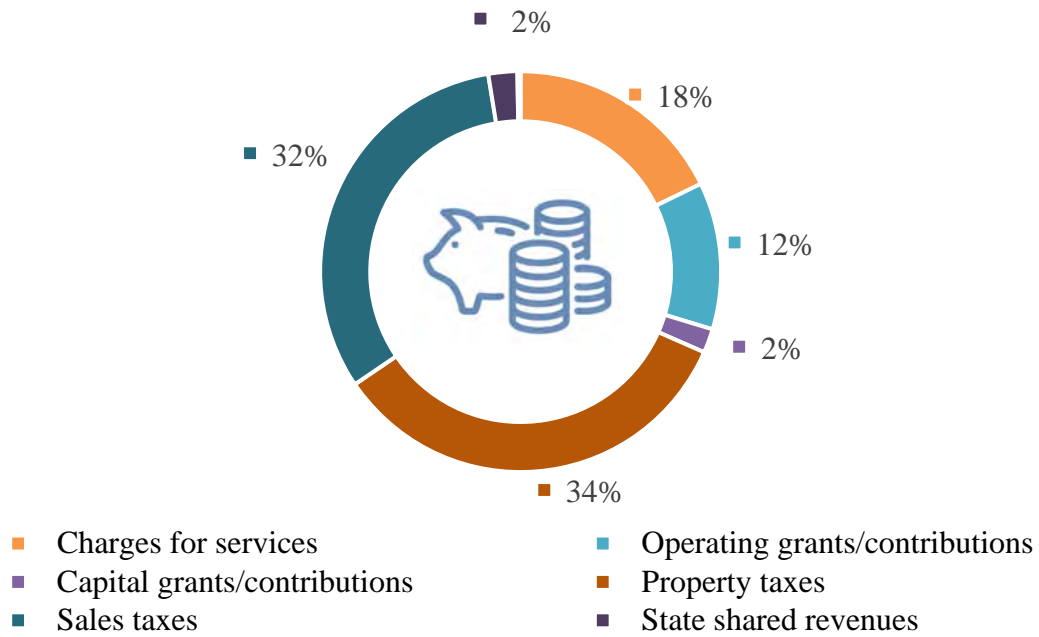
recorded, are determined by calculating the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined. The recognition of these liabilities is required by the Governmental Accounting Standards Board (GASB).

The following schedule provides a summary of the changes in net position:

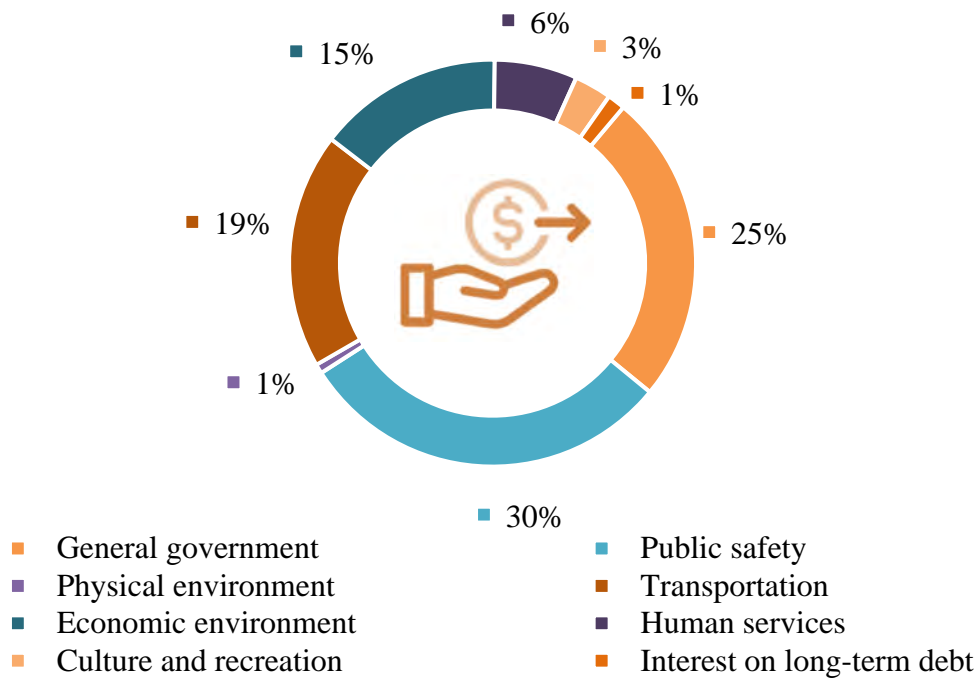
### Bay County, Florida Changes in Net Position

Year ended September 30,	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Program revenues</b>						
Charges for services	\$ 49,901,290	\$ 35,010,781	\$ 44,057,946	\$ 45,715,790	\$ 93,959,236	\$ 80,726,571
Operating grants/contributions	33,301,062	34,183,855	25,927	341,186	33,326,989	34,525,041
Capital grants/contributions	5,486,406	3,801,596	4,475,020	4,444,947	9,961,426	8,246,543
<b>General revenues</b>						
Property taxes	95,141,991	85,706,636	-	-	95,141,991	85,706,636
Sales taxes	89,556,226	84,964,163	2,700	1,100	89,558,926	84,965,263
State shared revenues – unrestricted	6,575,457	5,118,893	-	-	6,575,457	5,118,893
Other	717,382	6,718,197	570,675	997,626	1,288,057	7,715,823
<b>Total revenues</b>	<b>280,679,814</b>	<b>255,504,121</b>	<b>49,132,268</b>	<b>51,500,649</b>	<b>329,812,082</b>	<b>307,004,770</b>
<b>Expenses</b>						
General government	64,293,176	60,318,488	-	-	64,293,176	60,318,488
Public safety	77,704,743	63,386,157	-	-	77,704,743	63,386,157
Physical environment	1,941,335	7,337,452	-	-	1,941,335	7,337,452
Transportation	48,600,739	45,958,641	-	-	48,600,739	45,958,641
Economic environment	38,180,350	32,212,367	-	-	38,180,350	35,212,367
Human services	17,061,983	9,999,680	-	-	17,061,983	9,999,680
Culture and recreation	7,654,642	7,540,895	-	-	7,654,642	7,540,895
Interest on long-term debt	3,627,191	4,192,989	-	-	3,627,191	4,192,989
Wholesale water system	-	-	17,909,903	16,575,079	17,909,903	16,575,079
Retail water and wastewater	-	-	13,228,101	13,035,165	13,228,101	13,035,165
Solid waste	-	-	10,187,092	15,111,930	10,187,092	15,111,930
Building services	-	-	2,660,784	2,388,445	2,660,784	2,388,445
<b>Total expenses</b>	<b>259,064,159</b>	<b>233,946,669</b>	<b>43,985,880</b>	<b>47,110,619</b>	<b>303,050,039</b>	<b>281,057,288</b>
Increase (decrease) in net position before transfers	21,615,655	21,557,452	5,146,388	4,390,030	26,762,043	25,947,482
Transfers	(3,040,888)	(6,070,901)	3,040,888	6,070,901	-	-
Special item-asset impairment	-	-	(36,831,033)	-	(36,831,033)	-
<b>Changes in net position</b>	<b>18,574,767</b>	<b>15,486,551</b>	<b>(28,643,757)</b>	<b>10,460,931</b>	<b>(10,068,990)</b>	<b>25,947,482</b>
<b>Net position - beginning</b>	<b>269,217,442</b>	<b>257,561,525</b>	<b>151,602,206</b>	<b>137,283,056</b>	<b>420,819,648</b>	<b>394,844,581</b>
Prior period adjustment	274,516	(3,830,634)	-	3,858,219	274,516	27,585
<b>Net position – beginning (as restated)</b>	<b>269,491,958</b>	<b>253,730,891</b>	<b>151,602,206</b>	<b>141,141,275</b>	<b>421,094,164</b>	<b>394,872,166</b>
<b>Net position – ending</b>	<b>\$ 288,066,725</b>	<b>\$ 269,217,442</b>	<b>\$ 122,958,449</b>	<b>\$ 151,602,206</b>	<b>\$ 411,025,174</b>	<b>\$ 420,819,648</b>

Governmental Activities'  
Revenues  
Fiscal Year Ended September 30, 2022



Governmental Activities'  
Expenditures  
Fiscal Year Ended September 30, 2022



As reflected in the Statement of Activities, the County's net position decreased by \$9,794,474 (approximately 2%) County wide, revenues and expenses increased in fiscal year 2022, 7% and 8% respectively, with revenues exceeding expenses overall. The predominant factor in the decrease of net position was the recognition of a significant impairment loss (\$36,831,033) on the closed incinerator site. The site is no longer operational and is in the process of being decommissioned, therefore no longer serves its intended purpose. The County continues to receive funding from various State and Federal agencies to help offset Hurricane Michael recovery costs as well as to assist in the hardening of County facilities. The American Rescue Plan also continues to support County projects, such as those aimed at relieving stormwater drainage issues, as well as by providing an offset for eligible public safety & human services costs. Early in fiscal year 2022, an ordinance was passed establishing the Bay County Local Provider Participation Fund Non-Ad Valorem Special Assessment, which allows for the levy of an annual special assessment on area hospitals. This special assessment is intended to pave a way for the hospitals to receive higher reimbursement percentages on Medicaid-eligible patient costs. Currently, the hospitals are only reimbursed for approximately 60% of these costs. As funding is received each year, it will be transferred to the Agency for Healthcare Administration (AHCA) to be added to State funds allocated back to hospitals to assist in covering their Medicaid shortfall. During fiscal year 2022, \$10,209,285 was received and submitted to AHCA in relation to this program. These factors played a part in the increase in total revenues of \$22,807,312 from the prior year, which scaled back the overall decrease to net position. Governmental activity revenues exceeded expenses by \$21,615,655, while business-type activities revenues exceeded expenses by \$5,146,388. Total expenses increased by \$21,963,816 from fiscal year 2021.

Property taxes continue to be a vital source of County's governmental activities' revenues (34%). Taxes levied during the year increased approximately 11% over the prior year, with property values increasing by about 16%. The County was able to continue holding their overall millage rate constant for fiscal year 2022.

The County's governmental resources are utilized in a variety of ways. Expenses related to general government operations account for 25% of all governmental outflows, while public safety and transportation account for 30% and 19% respectively. Economic Environment expenses represent roughly 15% of these expenses.

The County's business-type activities are supported primarily by charges for services (90%) as well as federal and state grants (9%). During fiscal year 2022, the majority of business-type activities' expenses were comprised of wholesale water expenses (41%) and retail water and wastewater expenses (30%).

## ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

### ***Governmental Funds***

#### **General Fund**

The main operating fund of the County is the general fund. As of September 30, 2022, total assets were \$142,902,513 and total liabilities were \$67,011,451. At the end of fiscal year 2022, unassigned fund balance of the general fund was \$40,834,470 while total fund balance equaled \$73,938,694. Total assets of the general fund increased \$9,670,762 from fiscal year 2021. The general fund supports the transportation fund annually, transferring funds for general operations.

During fiscal year 2022, general fund transferred \$13,400,083 to transportation. Due to the growing size and complexity of its funding sources and expenditures related to Hurricane Michael, during fiscal year 2021, the County decided to create a separate fund for all related activity. In order to properly reallocate prior year activity, the general fund recorded additional transfers of \$3,805,393 to the fund. General fund's revenues, in line with County wide revenues, increased in fiscal year 2022 by \$16,610,342. A significant portion of this is represented by the Bay County Local Provider Participation Fund special assessments that were introduced in fiscal year 2022, amounting to \$10,209,285. Also impactful during the year was a large increase in the amount of assistance provided to local citizens for housing needs. In total, the County was the recipient of over \$36 million in funding to help bridge the gap for citizens struggling with securing low-income housing in the area. The funds can also be used to rehabilitate homes and prevent eviction or foreclosure for those eligible, amongst other strategies. During fiscal year 2022, approximately \$8.2 million was utilized from this program to directly meet those needs. With housing shortages, a competitive market and inflation on the rise, this program has been very beneficial to many County citizens in need of extra financial support.

Each Constitutional Officer remitted excess fees to the County in fiscal year 2022, the majority of which were above budgeted amounts.

### **Transportation Fund**

The *transportation fund* accounts for the use of gas taxes restricted for transportation improvements, such as roads and bridges. This fund also accounts for the maintenance of the County's roadways, as well as, its road signs and traffic signals, and storm water management. Transportation's fund balance decreased \$12,523,119 in fiscal year 2022, not including other financing sources. During the year, the County brought several projects to a close, such as the Cooks Bayou Bridge at CR2297, the paving of several dirt roads, stabilization of Silver Lake Road, improvements to Wildwood Road, and the widening of Jenks Avenue between Highway 390 and Baldwin Road. Projects that continued to progress during the year included construction of CR30 Front Beach Road Sidewalks, Laird Street Outfall Canal Drainage improvements, the stabilization of Nehi Road, and construction of the Titus SR390 Connector Road. New projects that came online during fiscal year 2022 included the paving of County Line Road, the stabilization of Linger Longer Road, improvements to Sherman Avenue from 11<sup>th</sup> Street to the 15<sup>th</sup> Street intersection, signalization improvements for the intersection of N. Lagoon Drive and Joan Avenue, and roadway and drainage design improvements to Sweetwater Branch Road and Minge Branch Drive. Traffic pattern analysis is conducted continuously to help improve the safety and convenience of the County's roadways in agreement with the County's Comprehensive Plan. Several of these projects have been made possible by the half-cent sales tax passed by voters in fiscal year 2017, which is strictly to be used on betterments to transportation in Bay County. The County continues to monitor and prioritize areas in need of improvement as it progresses on previously approved projects. In total, the County estimated an amount in excess of \$100 million required for necessary improvements and has plans to address these needs by 2026, when the tax is scheduled to sunset (unless reapproved by voters). A Citizen Oversight Committee ensures that these tax dollars are spent appropriately. For more detailed information on these projects, you can visit [www.bayhalfcent.com](http://www.bayhalfcent.com).

## Tourist Development Fund

The *tourist development fund* is used to account for the local option sales and use tourism tax, also known as the Tourist Development Tax, which is utilized to promote tourism in Bay County. Four of the five cents collected are designated for tourism promotion, while one cent is designated for maintenance and protection of the local beaches. Fund balance increased by 19% in fiscal year 2022. In comparison to fiscal year 2021, the growth of the Tourist Development Tax revenue continued, increasing another 2% over the prior record-setting year. With the slowdown of COVID-19 and this influx of funds, the Convention and Visitors Bureau was able to plan and hold more events while also heightening their marketing strategies to help retain and attract new visitors for future tourist seasons. The Publix Sports Park also aided in bringing new visitors to the area, exceeding budgeted revenues for the year with several tournaments and other sporting events that welcomed teams and their families to the area year-long. The Bay County Tourist Development Tax office, a department of the Bay County Clerk & Comptroller, continues to strive to inform and educate collectors of the tax about its benefits, which far exceed its cost.

## Hurricane Michael Fund and Other Governmental Funds

All activity related to recovery efforts post Hurricane Michael is housed in a separate governmental fund so that it is not commingled with normal County operations. This includes all revenues and their related expenditures. During the year, \$3,805,393 was transferred to the fund, representing additional insurance proceeds received post-storm. The *MSTU-fire protection fund* accounts for the provision of fire services throughout the County. Its primary source of revenue is ad valorem taxes, which comprised 92% of its revenues in 2022. The fund had a decrease in fund balance of approximately 7% over the prior year.

## Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. All proprietary funds are reported as major funds.

Unrestricted net position of proprietary funds, after including prior period and restatement adjustment at the end of the year is presented below.

	2022	2021
FUND	Unrestricted Net Position	Unrestricted Net Position
Wholesale water system	\$ 22,007,831	\$ 22,153,447
Retail water and wastewater	21,506,063	18,055,827
Solid waste fund	(7,648,926)	(6,104,824)
Building services	9,204,284	8,582,632
Total	\$ 45,069,252	\$ 42,687,082

The *wholesale water system fund* is used to account for the operations of the County's wholesale water system. Impact fees charged to and paid by new customers must be used to expand and enhance the water system which provides service to those individuals. Charges for services increased \$821,107 over fiscal year 2021. Total operating expenditures increased from fiscal year



2021 to fiscal year 2022 in the amount of \$1,457,644. New construction continued to flourish in fiscal year 2022, especially for prominent developers installing complete neighborhoods. Factors such as this along with continued rehabilitation and replacement of capital assets helped the fund continue to grow, seeing an overall net position increase of \$4,453,330.

The County's *solid waste fund* accounts for the operations and maintenance of the County's landfill. In fiscal year 2022, \$9,187,266 was generated by charges for services; this represents a decrease of \$2,189,529 from the prior year. This decrease, in part, is to be expected as the County closed the Incinerator operation during fiscal year 2021. The County reduced the tipping fee by 37% during fiscal year 2021 as a response to the closure of the plant. This action was done in efforts to relieve haulers of additional commuting costs to travel to the landfill and was possible considering the significant costs savings that are anticipated with the closing of the incinerator. Also, as we move further away from clean-up efforts post Hurricane Michael, tip fee revenue is expected to decline. As required by the Department of Environmental Protection, the County has set aside, as of the end of the current fiscal year, \$8,243,431 for closure costs of its landfill. As of September 30, 2022, the County has accrued a total liability for landfill closure and post closure care of \$10,625,912 and total net position was \$7,888,589, a decrease of approximately 83%. This decrease is reflective of a large capital asset impairment loss recorded during the year on the Incinerator Facility, which is no longer operational.

### ***CAPITAL ASSETS ACTIVITY***

The following schedule provides a summary of the County's capital assets activity. The County's total investment in capital assets for both its governmental and business-type activities as of September 30, 2022, was \$504,885,140 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in process.

Major capital asset events during the current fiscal year included the following:

- Construction was completed on County Road 2297 Cooks Bayou Bridge Replacement. No additional costs were incurred during the year, though project close-out activities were finalized and approved early in fiscal year 2022.
- The Jenks Avenue Widening project was completed during the year, with total final project costs of \$2,582,333 incurred during the year.
- The County substantially completed upgrades to the P-25 Public Safety Radio System, with costs of \$6,260,472 incurred during the year.

### **Capital Assets (net of depreciation)**

September 30,	Governmental Activities		Business-type Activities		Total	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
Land	\$ 21,010,594	\$ 19,461,820	\$ 6,365,111	\$ 5,727,643	\$ 27,375,705	\$ 25,189,463
Construction in progress	15,790,858	50,200,297	3,726,178	4,367,640	19,517,036	54,567,937
Books	805,622	766,033	-	-	805,622	766,033
Buildings and improvements	161,387,935	149,589,992	13,069,279	3,170,646	174,457,214	152,760,638
Furniture and equipment	24,978,675	23,281,574	6,129,659	6,199,409	31,108,334	29,480,983

Infrastructure	143,199,241	115,383,283	106,761,364	156,751,739	249,960,605	272,135,022
Right-to-use assets	1,660,624	1,850,581	-	-	1,660,624	1,850,581
Total	\$ 368,833,549	\$ 360,533,580	\$ 136,051,591	\$ 176,217,077	\$ 504,885,140	\$ 536,750,657

Additional information on the County's capital assets can be found in note 8 – Capital Assets, of the notes to basic financial statements of this report.

## ***DEBT MANAGEMENT***

At the end of the current fiscal year, the County had total bonded debt outstanding of \$142,501,967. This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### **Outstanding Bonded Debt**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue Bonds	\$72,176,337	\$84,570,954	\$70,325,630	\$76,726,382	\$142,501,967	\$161,297,336

The County's total bonded debt outstanding decreased by \$18,795,369 during the fiscal year ended September 30, 2022. This decrease is representative of scheduled debt service payments throughout the year.

The Florida Constitution, along with Bay County, does not set legal debt limits on revenue bonds. More detailed information about the County's liabilities is presented in notes 12 and 13 of the notes to basic financial statements.

## ***OTHER FINANCIAL INFORMATION***

- Taxable assessed property values continue to grow, increasing approximately 16% over fiscal year 2021. Over the past five years, values have risen by approximately 45%.
- As of fiscal year 2022, the County's general millage rate has remained stable for six years at 4.4362 mills. Inflation rose over 4% during the year, though signs of relief began to show towards year-end.
- In fiscal year 2022, half-cent sales tax distributions to Bay County were \$17,867,287, which was an increase of 8.57% over the prior year. Heightened tourism traffic and inflation are two likely causes of this increase.
- The unemployment rate continued to improve during 2022, moving from 3.9% down to 2.5%. Specifically, county-wide employment increased approximately 3%.

The County is combatting economic pressures with the strategic use of intergovernmental revenue sources, such as grant funding from State and Federal agencies. The County continues to progress on projects with the use of American Rescue Plan Act (ARPA) funding as well as making strides with citizen home ownership via the Hurricane Housing Recovery Program (HHRP). During the year, the County made use of ARPA funds by tackling stormwater drainage in certain areas that have been identified as problem areas, amongst various other projects. This included purchasing properties in ideal locations for placement of new drainage infrastructure. Tax abatement is an ongoing program offered by the County to industries looking to expand to the area. During the year, several new businesses were granted property tax exemptions in return

for anticipated future job opportunities for Bay County citizens. Other projects on the horizon include the Water and Wastewater Utility System Hydraulic Modeling project, which will assist the County in making informed decisions by being able to analyze detailed and measurable data related to specific scenarios system wide. The design of the Southport Sports Complex kicked off during fiscal year 2022 along with planning work on the Septic to Sewer Utility Services project. The Panama City Beach Skate Park construction continued during the year and should be complete in the near future for locals and visitors to enjoy.

This report was prepared by Board Finance department under the direction of the Clerk of Court and Comptroller. Questions concerning this report or requests for additional information should be addressed to Bay County Board Finance, P.O. Box 2269, Panama City, Florida 32402, Attention: Katy Nail.

## BASIC FINANCIAL STATEMENTS

Bay County, Florida  
Statement of Net Position  
September 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,075,112	\$ 2,325,184	\$ 20,400,296	\$ 5,501,103
Investments	221,691,603	45,172,489	266,864,092	1,641,685
Accounts receivable, net	13,778,356	3,950,620	17,728,976	121,791
Lease receivable	949,620	-	949,620	-
Special assessments receivable	108,776	-	108,776	-
Accrued interest receivable	382,410	111,793	494,203	-
Due from other governments	48,279,387	2,084,898	50,364,285	1,201,770
Due from primary government	-	-	-	1,336,440
Due from component units	350,088	-	350,088	-
Prepays	25,144,333	151,840	25,296,173	719,063
Inventory	-	668,262	668,262	10,903
Notes receivable	285,663	2,180,204	2,465,867	-
Investment in joint venture	-	7,650,229	7,650,229	-
Restricted assets				
Cash and cash equivalents	3,145,348	1,747,285	4,892,633	52
Investments	61,263,744	34,025,805	95,289,549	945
Capital assets				
Nondepreciable	36,801,452	10,091,289	46,892,741	867,934
Depreciable, net	330,371,473	125,960,302	456,331,775	9,299,671
Right-to-use lease assets	1,660,624	-	1,660,624	-
Total assets	762,287,989	236,120,200	998,408,189	20,701,357
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	1,466,807	120,154	1,586,961	-
Deferred outflows related to OPEB	556,790	47,236	604,026	10,942
Deferred outflows related to pension	29,844,363	1,662,688	31,507,051	-
Total deferred outflows of resources	31,867,960	1,830,078	33,698,038	10,942
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	20,510,008	2,207,954	22,717,962	2,482,971
Internal balances	(3,375,319)	3,375,319	-	-
Due to other governments	3,390,810	130,918	3,521,728	-
Due to primary government	-	-	-	350,088
Due to component units	1,336,440	-	1,336,440	-
Unearned revenues	58,600,321	3,033,287	61,633,608	84,609
Accrued interest payable	562,798	268,118	830,916	1,079
Advances	950,000	-	950,000	-
Customer deposits	32,310	1,606,096	1,638,406	-
Long-term liabilities				
Due within one year				
Estimated liability for self insured losses	1,081,419	-	1,081,419	-
Accrued compensated absences	2,571,496	227,555	2,799,051	48,015
Notes payable	8,704,682	1,493,158	10,197,840	-
Lease liability	381,129	-	381,129	-
Finance purchase liability	194,498	17,137	211,635	-
Bonds payable	1,501,000	6,191,000	7,692,000	-
Due in more than one year				
Estimated liability for self insured losses	3,218,581	-	3,218,581	-
Accrued compensated absences	3,452,381	325,415	3,777,796	14,754
Other postemployment benefits	12,086,337	775,060	12,861,397	116,730
Net pension liability	108,132,022	5,936,601	114,068,623	-
Notes payable	193,783,614	12,809,536	206,593,150	1,239,445
Lease liability	1,275,451	-	1,275,451	-
Finance purchase liability	371,893	29,246	401,139	-
Bonds payable	70,675,337	64,134,630	134,809,967	-
Landfill postclosure liability	-	10,625,912	10,625,912	-
Total liabilities	489,437,208	113,186,942	602,624,150	4,337,691

Continued

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Net Position (Continued)  
September 30, 2022

Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Units
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	\$ -	\$ 848,714	\$ 848,714	\$ -
Deferred inflows-lease revenue	903,134	-	903,134	-
Deferred inflows related to pension	8,363,627	229,845	8,593,472	-
Deferred inflows related to OPEB	7,385,255	726,328	8,111,583	166,435
Total deferred inflows of resources	16,652,016	1,804,887	18,456,903	166,435
<b>NET POSITION</b>				
Net investment in capital assets	108,094,420	52,582,324	160,676,744	8,928,160
Restricted for				
Debt service	3,726,554	7,714,744	11,441,298	1,061
Impact fees	3,616,689	17,592,129	21,208,818	-
General government	40,965,131	-	40,965,131	-
Public safety	11,955,915	-	11,955,915	-
Court function	3,000,290	-	3,000,290	-
Transportation	52,280,249	-	52,280,249	-
Recreation	4,713,597	-	4,713,597	-
Economic environment	59,619,977	-	59,619,977	-
Physical environment	19,176,451	-	19,176,451	-
Unrestricted (deficit)	(19,082,548)	45,069,252	25,986,704	7,278,952
Total net position	\$ 288,066,725	\$ 122,958,449	\$ 411,025,174	\$ 16,208,173

The accompanying notes are an integral part of the basic financial statements

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary Government</b>				
Governmental activities				
General government	\$ 64,293,176	\$ 22,981,708	\$ 10,389,491	\$ 835,343
Public safety	77,704,743	8,523,926	14,055,027	354,226
Physical environment	1,941,335	50,388	105,869	213,782
Transportation	48,600,739	5,548,401	123,906	3,568,521
Economic environment	38,180,350	2,436,247	8,576,250	59,310
Human services	17,061,983	10,360,620	50,519	-
Culture and recreation	7,654,642	-	-	455,224
Interest on long-term debt	3,627,191	-	-	-
Total governmental activities	259,064,159	49,901,290	33,301,062	5,486,406
Business-type activities				
Wholesale water system	17,909,903	17,659,999	20,051	1,919,588
Retail water and wastewater	13,228,101	13,600,686	5,876	2,555,432
Solid waste	10,187,092	9,187,266	-	-
Building services	2,660,784	3,609,995	-	-
Total business-type activities	43,985,880	44,057,946	25,927	4,475,020
Total primary government	\$ 303,050,039	\$ 93,959,236	\$ 33,326,989	\$ 9,961,426
<b>Component Units</b>	\$ 23,812,950	\$ 19,129,539	\$ 6,638,619	\$ 370,990

General revenues

Property taxes, levied for general purposes

Sales taxes

State shared revenues - unrestricted

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position before extraordinary item

Special item-asset impairment

Change in net position

Net position - beginning

Restatement and/or prior period adjustment

Net position - beginning (as restated)

Net position - ending



Bay County, Florida  
Statement of Activities  
Year Ended September 30, 2022

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (30,086,634)	\$ -	\$ (30,086,634)	\$ -
(54,771,564)	-	(54,771,564)	-
(1,571,296)	-	(1,571,296)	-
(39,359,911)	-	(39,359,911)	-
(27,108,543)	-	(27,108,543)	-
(6,650,844)	-	(6,650,844)	-
(7,199,418)	-	(7,199,418)	-
(3,627,191)	-	(3,627,191)	-
(170,375,401)	-	(170,375,401)	-
-	1,689,735	1,689,735	-
-	2,933,893	2,933,893	-
-	(999,826)	(999,826)	-
-	949,211	949,211	-
-	4,573,013	4,573,013	-
(170,375,401)	4,573,013	(165,802,388)	-
-	-	-	2,326,198
95,141,991	-	95,141,991	-
89,556,226	2,700	89,558,926	-
6,575,457	-	6,575,457	-
(2,614,316)	16,207	(2,598,109)	11,419
3,331,698	554,468	3,886,166	14,798
191,991,056	573,375	192,564,431	26,217
(3,040,888)	3,040,888	-	-
188,950,168	3,614,263	192,564,431	26,217
18,574,767	8,187,276	26,762,043	2,352,415
	(36,831,033)	(36,831,033)	-
18,574,767	(28,643,757)	(10,068,990)	2,352,415
269,217,442	151,602,206	420,819,648	14,178,329
274,516	-	274,516	(322,571)
269,491,958	151,602,206	421,094,164	13,855,758
\$ 288,066,725	\$ 122,958,449	\$ 411,025,174	\$ 16,208,173

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2022

	General	Tourist Development	Transportation	Hurricane Michael	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,190,838	\$ 2,850,308	\$ 1,495,394	\$ 3,123,143	\$ 5,925,366	\$ 17,585,049
Accounts receivable, net	7,039,054	2,899,810	6,698	-	3,694,054	13,639,616
Leases receivable	567,975	-	-	-	381,645	949,620
Special assessments receivable	108,776	-	-	-	-	108,776
Accrued interest receivable	135,680	92,638	42,872	85,907	13,939	371,036
Investments	59,407,520	55,505,545	29,120,600	60,818,621	7,310,691	212,162,977
Due from other funds	5,838,738	661,726	466,012	-	514,740	7,481,216
Due from other governments	4,634,485	45,684	5,575,340	37,416,041	598,680	48,270,230
Advances to other funds	1,823,785	-	-	-	-	1,823,785
Due from component units	-	350,000	-	-	-	350,000
Prepays	644,608	21,922,361	-	-	163,703	22,730,672
Notes receivable	285,663	-	-	-	-	285,663
Restricted assets						
Cash and cash equivalents	2,843,313	68,185	-	4,955	228,895	3,145,348
Investments	55,382,078	1,327,796	-	96,484	4,457,386	61,263,744
<b>Total assets</b>	<b>\$ 142,902,513</b>	<b>\$ 85,724,053</b>	<b>\$ 36,706,916</b>	<b>\$ 101,545,151</b>	<b>\$ 23,289,099</b>	<b>\$ 390,167,732</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 5,519,233	\$ 1,085,554	\$ 4,200,193	\$ 5,200,264	\$ 3,833,650	\$ 19,838,894
Unearned revenues	58,557,276	-	43,036	-	9	58,600,321
Due to other funds	677,758	-	61,338	-	5,295	744,391
Advances from other funds	-	-	-	-	1,944,730	1,944,730
Due to other governments	1,274,874	3,486	-	2,107,484	4,966	3,390,810
Due to component units	-	1,336,440	-	-	-	1,336,440
Advances	950,000	-	-	-	-	950,000
Customer deposits	32,310	-	-	-	-	32,310
<b>Total liabilities</b>	<b>67,011,451</b>	<b>2,425,480</b>	<b>4,304,567</b>	<b>7,307,748</b>	<b>5,788,650</b>	<b>86,837,896</b>
<b>Deferred inflows of resources</b>						
Deferred revenue-lease revenue	557,268	-	-	-	345,866	903,134
Unavailable revenue - other receivables	1,395,100	-	-	-	-	1,395,100
<b>Total deferred inflows of resources</b>	<b>1,952,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>345,866</b>	<b>2,298,234</b>
<b>Fund balances</b>						
Nonspendable	2,468,393	21,922,361	-	-	163,703	24,554,457
Restricted	21,237,450	61,036,437	21,353,245	94,237,403	16,969,377	214,833,912
Assigned	9,398,381	339,775	11,049,104	-	21,503	20,808,763
Unassigned	40,834,470	-	-	-	-	40,834,470
<b>Total fund balances</b>	<b>73,938,694</b>	<b>83,298,573</b>	<b>32,402,349</b>	<b>94,237,403</b>	<b>17,154,583</b>	<b>301,031,602</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 142,902,513</b>	<b>\$ 85,724,053</b>	<b>\$ 36,706,916</b>	<b>\$ 101,545,151</b>	<b>\$ 23,289,099</b>	
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 funds.						368,106,262
Internal service funds are used by management to charge the costs of various activities to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.						2,506,726
Deferred outflows and deferred inflows, excluding deferred inflows-lease revenue are not financial statement resources or liabilities and therefore are not reported in the funds.						16,054,569
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid.						(562,531)
Revenues not available for use in the current fiscal year deferred until future periods on the governmental funds balance sheet						1,395,100
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						(400,465,003)
<b>Net position of governmental activities</b>						<b>\$ 288,066,725</b>

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year Ended September 30, 2022

	General	Tourist Development	Transportation	Hurricane Michael	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 83,378,620	\$ 40,118,286	\$ 25,508,411	\$ -	\$ 11,763,371	\$ 160,768,688
Licenses and permits	4,468	-	-	-	-	4,468
Intergovernmental	50,888,515	67,073	7,092,696	10,006,718	812,426	68,867,428
Charges for services	19,730,405	1,689,008	2,717,871	-	9,497,809	33,635,093
Fines and forfeitures	652,846	-	-	-	-	652,846
Special assessments	10,259,673	-	-	-	-	10,259,673
Investment earnings	(955,526)	(596,993)	(320,046)	(531,552)	(140,911)	(2,545,028)
Contributions and donations	397,286	-	512,964	-	6,633,191	7,543,441
Miscellaneous	4,954,847	201,239	216,515	1,074	174,155	5,547,830
Total revenues	169,311,134	41,478,613	35,728,411	9,476,240	28,740,041	284,734,439
<b>EXPENDITURES</b>						
Current						
General government	24,833,303	-	-	5,682,064	4,525,712	35,041,079
Public safety	75,094,243	-	-	500,651	13,382,788	88,977,682
Physical environment	870,729	-	17,224	469,471	-	1,357,424
Transportation	304,111	-	35,831,055	4,301,908	-	40,437,074
Economic environment	11,545,971	24,416,625	-	-	-	35,962,596
Human services	15,646,090	-	-	-	1,419,687	17,065,777
Culture and recreation	6,606,163	-	-	851,479	-	7,457,642
Capital outlay						
General government	1,633,287	-	-	3,091,293	-	4,724,580
Public safety	3,546,028	-	-	486	8,311,645	11,858,159
Physical environment	1,689,399	-	-	2,941,795	-	4,631,194
Transportation	445,524	-	11,934,629	2,321,619	-	14,701,772
Economic environment	-	739,478	-	-	-	739,478
Human services	-	-	-	-	187,399	187,399
Culture and recreation	1,962,373	-	-	-	-	1,962,373
Debt service						
Principal	6,557,687	2,194,709	20,008	549,617	2,554,293	11,876,314
Interest and fiscal charges	2,400,247	640,877	448,614	-	382,085	3,871,823
Bond issuance costs	139,560	-	-	86,195	-	225,755
Total expenditures	153,274,715	27,991,689	48,251,530	20,796,578	30,763,609	281,078,121
Excess (deficit) of revenues over (under) expenditures	16,036,419	13,486,924	(12,523,119)	(11,320,338)	(2,023,568)	3,656,318
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	49,488	-	13,400,083	3,805,393	1,321,682	18,576,646
Transfers out	(18,578,595)	-	-	-	-	(18,578,595)
Proceeds from issuance of debt	11,521,018	-	69,174	-	110,822	11,701,014
Issuance of refunding debt	9,505,000	-	-	99,886,218	-	109,391,218
Payment to refunded bond escrow agent	(9,505,000)	-	-	(99,886,218)	-	(109,391,218)
Proceeds from sales of capital assets	221,715	-	52,326	-	-	274,041
Total other financing sources (uses)	(6,786,374)	-	13,521,583	3,805,393	1,432,504	11,973,106
Net change in fund balance	9,250,045	13,486,924	998,464	(7,514,945)	(591,064)	15,629,424
Fund balance - beginning (as previously stated)	64,554,842	69,811,649	31,403,885	101,752,348	17,745,647	285,268,371
Prior period adjustment	133,807	-	-	-	-	133,807
Fund balance - beginning (as restated)	64,688,649	69,811,649	31,403,885	101,752,348	17,745,647	285,402,178
Fund balance - ending	\$ 73,938,694	\$ 83,298,573	\$ 32,402,349	\$ 94,237,403	\$ 17,154,583	\$ 301,031,602

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
Year Ended September 30, 2022

Amounts reported for governmental activities in the statement of activities (page B-21)  
are different because:

Net change in fund balance - total governmental funds (page B-23)	\$ 15,629,424
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.	13,848,328
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, impairments, and donations) is a decrease in net position.	(2,386,621)
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.	(1,983,883)
Internal service funds are used by management to charge the costs of workers compensation and insurance costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(1,115,287)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,318,595)
Capital contributions of capital assets from governmental activities to proprietary funds do not require the use of current financial resources and do not impact net position.	(3,117,650)
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	19,051
<b>Change in net position of governmental activities (page B-21)</b>	<b>\$ 18,574,767</b>

Bay County, Florida  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<b>REVENUES</b>				
Taxes	\$ 81,514,090	\$ 81,514,090	\$ 83,378,620	\$ 1,864,530
Licenses and permits	3,400	3,400	4,468	1,068
Intergovernmental	26,099,231	34,163,643	34,397,662	234,019
Charges for services	21,497,406	21,620,432	19,630,255	(1,990,177)
Fines and forfeitures	329,000	519,000	652,846	133,846
Special assessments	-	-	10,209,285	10,209,285
Investment earnings	280,000	280,000	(544,395)	(824,395)
Contributions and donations	736,361	795,581	397,286	(398,295)
Miscellaneous	5,773,423	2,060,123	4,923,615	2,863,492
Total revenues	136,232,911	140,956,269	153,049,642	12,093,373
<b>EXPENDITURES</b>				
Current				
General government	29,911,920	46,032,068	23,726,492	22,305,576
Public safety	73,807,905	76,196,792	71,734,837	4,461,955
Physical environment	402,071	579,279	530,501	48,778
Economic environment	2,326,715	7,233,930	2,781,383	4,452,547
Human services	9,847,152	5,823,317	15,407,024	(9,583,707)
Culture and recreation	7,719,198	8,041,843	6,406,951	1,634,892
Capital outlay				
General government	670,904	1,656,551	1,633,287	23,264
Public safety	1,074,374	1,503,141	3,546,028	(2,042,887)
Culture and recreation	11,228,000	12,465,764	1,962,373	10,503,391
Debt service				
Principal	4,880,397	5,939,397	6,519,116	(579,719)
Interest and fiscal charges	3,679,857	2,937,959	2,396,688	541,271
Bond issuance costs	-	-	139,560	(139,560)
Total expenditures	145,548,493	168,410,041	136,784,240	31,625,801
Excess (deficit) of revenues over (under) expenditures	(9,315,582)	(27,453,772)	16,265,402	43,719,174
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	998,409	49,488	(948,921)
Transfers out	(14,457,690)	(16,281,475)	(17,352,217)	(1,070,742)
Proceeds from issuance of debt	10,000,000	10,000,000	11,521,018	1,521,018
Issuance of refunding debt	-	-	9,505,000	9,505,000
Payment to refunded bond escrow agent	-	-	(9,505,000)	(9,505,000)
Proceeds from sales of capital assets	-	-	221,715	221,715
Total other financing sources (uses)	(4,457,690)	(5,283,066)	(5,559,996)	(276,930)
Net change in fund balance	\$ (13,773,272)	\$ (32,736,838)	10,705,406	\$ 43,442,244
Fund balance - beginning			64,474,736	
Prior period adjustment			133,807	
Fund balance - beginning (restated)			64,608,543	
Fund balance - ending			\$ 75,313,949	

Note: The general fund includes funds that are maintained as special revenue funds for accounting purposes, but do not meet the criteria for separate reporting in these financial statements. Therefore, the budgetary comparison statement above, only includes the legally adopted budget for the general fund. A reconciliation between the actual amounts on the budgetary basis above and the actual amounts on the GAAP basis for the general fund amount listed in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds is provided in note 3 of the Notes to Basic Financial Statements.

Bay County, Florida  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Tourist Development Fund  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 25,901,390	\$ 27,966,187	\$ 40,118,286	\$ 12,152,099
Intergovernmental	1,388,692	1,410,081	67,073	(1,343,008)
Charges for services	-	-	1,689,008	1,689,008
Investment earnings	225,500	225,500	(596,993)	(822,493)
Miscellaneous	221,285	221,285	201,239	(20,046)
Total revenues	27,736,867	29,823,053	41,478,613	11,655,560
<b>EXPENDITURES</b>				
Current				
Economic environment	22,288,629	29,163,700	24,416,625	4,747,075
Capital outlay				
Economic environment	-	23,375,643	739,478	22,636,165
Debt service				
Principal	2,190,000	2,190,000	2,194,709	(4,709)
Interest and fiscal charges	640,416	640,416	640,877	(461)
Total expenditures	25,119,045	55,369,759	27,991,689	27,378,070
Excess (deficit) of revenues over (under) expenditures	2,617,822	(25,546,706)	13,486,924	39,033,630
Net change in fund balance	\$ 2,617,822	\$ (25,546,706)	13,486,924	\$ 39,033,630
Fund balance - beginning			69,811,649	
Fund balance - ending			\$ 83,298,573	

The accompanying notes are an integral part of the basic financial statements



Bay County, Florida  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Transportation Fund  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 18,624,770	\$ 18,624,770	\$ 25,508,411	\$ 6,883,641
Intergovernmental	3,439,714	9,459,484	7,092,696	(2,366,788)
Charges for services	2,718,280	2,718,280	2,717,871	(409)
Investment earnings	101,000	101,000	(320,046)	(421,046)
Contributions and donations	500,000	666,468	512,964	(153,504)
Miscellaneous	-	-	216,515	216,515
Total revenues	25,383,764	31,570,002	35,728,411	4,158,409
<b>EXPENDITURES</b>				
Current				
Physical environment	-	16,100	17,224	(1,124)
Transportation	47,029,364	32,186,672	35,831,055	(3,644,383)
Capital outlay				
Transportation	415,000	27,689,830	11,934,629	15,755,201
Debt service				
Principal	-	-	20,008	(20,008)
Interest and fiscal charges	1,509,848	1,613,019	448,614	1,164,405
Total expenditures	48,954,212	61,505,621	48,251,530	13,254,091
Excess (deficit) of revenues over (under) expenditures	(23,570,448)	(29,935,619)	(12,523,119)	17,412,500
<b>OTHER FINANCING SOURCES</b>				
Transfers in	13,400,083	13,573,348	13,400,083	(173,265)
Transfers out	-	(28,240)	-	28,240
Proceeds from issuance of debt	-	-	69,174	69,174
Proceeds from sales of capital assets	-	-	52,326	52,326
Total other financing sources	13,400,083	13,545,108	13,521,583	(23,525)
Net change in fund balance	\$ (10,170,365)	\$ (16,390,511)	998,464	\$ 17,388,975
Fund balance - beginning			31,403,885	
Fund balance - ending			\$ 32,402,349	

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Hurricane Michael Fund  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 5,269,638	\$ 10,006,718	\$ 4,737,080
Investment earnings	-	-	(531,552)	(531,552)
Miscellaneous	-	-	1,074	1,074
Total revenues	-	5,269,638	9,476,240	4,206,602
<b>EXPENDITURES</b>				
Current				
General government	200,000	4,494,756	5,682,064	(1,187,308)
Public safety	-	2,509,949	500,651	2,009,298
Physical environment	28,696,108	10,648,604	469,471	10,179,133
Transportation	10,000,000	26,313	4,301,908	(4,275,595)
Economic environment	-	5,380	-	5,380
Culture and recreation	-	1,179,340	851,479	327,861
Capital outlay				
General government	-	2,691,493	3,091,293	(399,800)
Public safety	-	44,430	486	43,944
Physical environment	-	7,761,377	2,941,795	4,819,582
Transportation	-	15,435,404	2,321,619	13,113,785
Debt service				
Principal	-	-	549,617	(549,617)
Bond issuance costs	-	-	86,195	(86,195)
Total expenditures	38,896,108	44,797,046	20,796,578	24,000,468
Excess (deficit) of revenues over (under) expenditures	(38,896,108)	(39,527,408)	(11,320,338)	28,207,070
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	631,300	3,805,393	3,174,093
Issuance of refunding debt	38,896,108	38,896,108	99,886,218	60,990,110
Payment to refunded bond escrow agent	-	-	(99,886,218)	(99,886,218)
Total other financing sources	38,896,108	39,527,408	3,805,393	(35,722,015)
Net change in fund balance	\$ -	\$ -	(7,514,945)	\$ (7,514,945)
Fund balance - beginning			101,752,348	
Fund balance - ending			\$ 94,237,403	

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Net Position  
Proprietary Funds  
September 30, 2022

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total	
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 1,058,406	\$ 741,372	\$ 1,500	\$ 523,906	\$ 2,325,184	\$ 490,063
Accounts receivable, net	1,687,475	1,413,831	806,395	42,919	3,950,620	138,740
Accrued interest receivable	52,005	37,757	7,460	14,571	111,793	11,374
Due from component units	-	-	-	-	-	88
Prepaid expenses	597	1,868	3,724	145,651	151,840	2,413,661
Investments	20,610,907	14,369,019	-	10,192,563	45,172,489	9,528,626
Inventory	418,072	250,190	-	-	668,262	-
Due from other funds	534,246	316,406	137,575	-	988,227	111,548
Due from other governments	-	2,084,898	-	-	2,084,898	9,157
Total current assets	24,361,708	19,215,341	956,654	10,919,610	55,453,313	12,703,257
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	854,479	459,318	426,600	6,888	1,747,285	-
Investments	16,639,713	8,944,539	8,307,413	134,140	34,025,805	-
Notes receivable	-	2,180,204	-	-	2,180,204	-
Advances to other funds	-	-	-	120,945	120,945	-
Investment in joint venture	-	7,650,229	-	-	7,650,229	-
Capital assets						
Land	261,192	4,714,000	1,389,919	-	6,365,111	-
Construction in progress	2,444,442	1,281,736	-	-	3,726,178	8,678
Buildings	5,820,306	49,680	6,360,115	-	12,230,101	516,699
Improvements	3,828,732	527,543	97,633	-	4,453,908	222,946
Furniture and equipment	4,712,828	2,192,723	8,949,741	1,021,398	16,876,690	1,084,495
Infrastructure	119,348,922	38,187,036	38,616,415	-	196,152,373	-
Less: accumulated depreciation	(58,478,283)	(26,629,833)	(18,214,354)	(430,300)	(103,752,770)	(1,105,531)
Total capital assets, net	77,938,139	20,322,885	37,199,469	591,098	136,051,591	727,287
Total noncurrent assets	95,432,331	39,557,175	45,933,482	853,071	181,776,059	727,287
Total assets	119,794,039	58,772,516	46,890,136	11,772,681	237,229,372	13,430,544
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	-	-	120,154	-	120,154	-
Deferred outflows related to OPEB	11,482	17,070	10,765	7,919	47,236	18,658
Deferred outflows related to pension	414,420	591,866	337,926	318,476	1,662,688	561,097
Total deferred outflows of resources	425,902	608,936	468,845	326,395	1,830,078	579,755

Continued

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2022

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total	
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued liabilities	\$ 743,311	\$ 743,719	\$ 311,287	\$ 409,637	\$ 2,207,954	\$ 671,114
Due to other funds	2,456	7,110	4,411,025	63,900	4,484,491	3,352,109
Due to other governments	-	108,940	-	21,978	130,918	-
Accrued interest payable	125,426	88,022	54,551	119	268,118	267
Estimated liability for self insured losses, current	-	-	-	-	-	1,081,419
Accrued compensated absences, current	39,805	89,618	44,709	53,423	227,555	104,738
Capital leases payable, current	5,155	3,963	5,156	2,863	17,137	11,454
Notes payable, current	1,020,859	472,299	-	-	1,493,158	-
Bonds payable, current	2,055,000	710,000	3,426,000	-	6,191,000	-
Total current liabilities	3,992,012	2,223,671	8,252,728	551,920	15,020,331	5,221,101
Noncurrent liabilities						
Estimated liability for self insured losses, net	-	-	-	-	-	3,218,581
Customer deposits	-	1,300,426	164,642	141,028	1,606,096	-
Unearned revenue	-	3,033,287	-	-	3,033,287	-
Accrued compensated absences	62,887	130,026	66,522	65,980	325,415	180,495
Other postemployment benefits	234,914	182,831	180,504	176,811	775,060	150,852
Net pension liability	1,325,848	2,104,593	1,272,890	1,233,270	5,936,601	2,203,875
Capital leases payable, net	6,799	9,963	4,310	8,174	29,246	13,423
Notes payable, net	11,101,629	1,707,907	-	-	12,809,536	-
Bonds payable, net	21,152,950	24,306,680	18,675,000	-	64,134,630	-
Landfill postclosure liability	-	-	10,625,912	-	10,625,912	-
Total noncurrent liabilities	33,885,027	32,775,713	30,989,780	1,625,263	99,275,783	5,767,226
Total liabilities	37,877,039	34,999,384	39,242,508	2,177,183	114,296,114	10,988,327
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred gain on refunding	628,228	220,486	-	-	848,714	-
Deferred inflows related to pension	96,476	73,942	61,613	(2,186)	229,845	179,036
Deferred inflows related to OPEB	140,064	280,259	166,271	139,734	726,328	336,210
Total deferred inflows of resources	864,768	574,687	227,884	137,548	1,804,887	515,246
<b>NET POSITION</b>						
Net investment in capital assets	41,967,519	(5,174,413)	15,209,157	580,061	52,582,324	702,410
Restricted for						
Debt service	4,852,519	2,533,867	328,358	-	7,714,744	-
Impact fees	12,650,265	4,941,864	-	-	17,592,129	-
Unrestricted	22,007,831	21,506,063	(7,648,926)	9,204,284	45,069,252	1,804,316
Total net position (deficit)	\$ 81,478,134	\$ 23,807,381	\$ 7,888,589	\$ 9,784,345	\$ 122,958,449	\$ 2,506,726

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
Year Ended September 30, 2022

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 17,659,999	\$ 13,600,686	\$ 9,187,266	\$ 3,609,995	\$ 44,057,946	\$ 12,652,318
Miscellaneous	24,026	251,594	87,803	131,069	494,492	1,026,436
Total operating revenues	17,684,025	13,852,280	9,275,069	3,741,064	44,552,438	13,678,754
<b>OPERATING EXPENSES</b>						
Personal services	1,646,499	3,430,202	1,888,736	1,868,510	8,833,947	3,565,082
Contracted services	1,752,346	1,863,699	2,159,616	478,123	6,253,784	410,136
Repairs and maintenance	1,351,976	479,659	1,130,163	10,472	2,972,270	835,551
Utilities	2,487,884	300,903	39,590	-	2,828,377	394,750
Depreciation	4,873,333	1,646,047	3,086,847	76,471	9,682,698	143,373
Materials	-	-	-	-	-	2,740,321
Insurance claims	-	-	-	-	-	2,038,782
Other operating expenses	4,697,756	4,457,879	949,214	226,176	10,331,025	4,678,329
Total operating expenses	16,809,794	12,178,389	9,254,166	2,659,752	40,902,101	14,806,324
Operating income (loss)	874,231	1,673,891	20,903	1,081,312	3,650,337	(1,127,570)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues-grants	20,051	827,330	-	-	847,381	1,131
Investment earnings (loss)	(320,281)	467,958	(46,151)	(85,319)	16,207	(70,600)
Interest and fiscal charges	(1,099,462)	(1,049,712)	(815,311)	(1,032)	(2,965,517)	(3,707)
Taxes	-	-	2,700	-	2,700	-
Gain(Loss) on disposal of capital assets	(647)	-	(117,615)	-	(118,262)	6,745
Insurance proceeds	-	-	59,976	-	59,976	-
Total nonoperating revenues (expenses)	(1,400,339)	245,576	(916,401)	(86,351)	(2,157,515)	(66,431)
Income (loss) before capital contributions and transfers	(526,108)	1,919,467	(895,498)	994,961	1,492,822	(1,194,001)
Capital contributions	4,979,438	1,736,823	-	-	6,716,261	54,958
Transfers in	-	-	27,681	-	27,681	23,756
Transfers out	-	-	-	(49,488)	(49,488)	-
Change in net position before special item	4,453,330	3,656,290	(867,817)	945,473	8,187,276	(1,115,287)
Special item-asset impairment	-	-	(36,831,033)	-	(36,831,033)	-
Change in net position	4,453,330	3,656,290	(37,698,850)	945,473	(28,643,757)	(1,115,287)
Total net position (deficit) - beginning	77,024,804	20,151,091	45,587,439	8,838,872	151,602,206	3,622,013
Total net position (deficit) - ending	\$ 81,478,134	\$ 23,807,381	\$ 7,888,589	\$ 9,784,345	\$ 159,789,482	\$ 2,506,726

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2022

	Business-type Activities Enterprise Funds					Governmental
	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 17,464,547	\$ 12,374,259	\$ 9,701,019	\$ 3,530,193	\$ 43,070,018	\$ 12,754,436
Cash received from miscellaneous operating activities	24,027	251,594	87,803	131,070	494,494	1,026,436
Cash paid to suppliers for goods and services	(10,097,505)	(6,992,484)	(2,997,826)	(446,883)	(20,534,698)	(10,345,840)
Cash paid to employees for services	(1,629,768)	(3,352,641)	(1,847,173)	(1,790,152)	(8,619,734)	(3,470,528)
Net cash provided by (used in) operating activities	5,761,301	2,280,728	4,943,823	1,424,228	14,410,080	(35,496)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	27,681	-	27,681	23,756
Transfers out	-	-	-	(49,488)	(49,488)	-
Advances to/from other funds - payments received from (made to) other funds	-	-	-	58,135	58,135	-
Taxes received	-	-	2,700	-	2,700	-
Contributions received	20,051	827,330	-	-	847,381	1,131
Net cash provided by (used in) noncapital financing activities	20,051	827,330	30,381	8,647	886,409	24,887
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Interest paid on long-term debt	(1,642,534)	(1,083,800)	(733,100)	(1,428)	(3,460,862)	(4,111)
Principal paid on long-term debt	(2,948,081)	(1,153,905)	(3,294,241)	-	(7,396,227)	(11,264)
Proceeds from long-term debt	10,174	12,381	7,371	11,037	40,963	-
Capital contributions received	1,919,588	1,733,978	-	-	3,653,566	-
Insurance proceeds	-	-	59,976	-	59,976	-
Proceeds from sale of capital assets	19,138	-	-	-	19,138	6,745
Purchase of capital assets	(1,170,023)	(1,099,197)	(707,405)	(411,329)	(3,387,954)	(39,180)
Impairment of asset to Hurricane Michael Fund	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(3,811,738)	(1,590,543)	(4,667,399)	(401,720)	(10,471,400)	(47,810)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale and maturities of investment securities	43,413,276	26,201,844	10,007,933	11,418,974	91,042,027	12,079,349
Purchase of investments	(46,466,940)	(28,674,424)	(10,480,088)	(12,631,324)	(98,252,776)	(12,257,283)
Return of investment	-	3,867	-	-	3,867	-
Interest and dividends on investments	216,176	205,566	35,356	61,281	518,379	60,179
Collections on loans	340,273	457,149	-	-	797,422	-
Net cash provided by (used in) investing activities	(2,497,215)	(1,805,998)	(436,799)	(1,151,069)	(5,891,081)	(117,755)
Net change in cash and cash equivalents	(527,601)	(288,483)	(129,994)	(119,914)	(1,065,992)	(176,174)
Cash and cash equivalents - beginning	2,440,486	1,489,173	558,094	650,708	5,138,461	666,237
Cash and cash equivalents - ending	\$ 1,912,885	\$ 1,200,690	\$ 428,100	\$ 530,794	\$ 4,072,469	\$ 490,063
Classified as						
Current assets	\$ 1,058,406	\$ 741,372	\$ 1,500	\$ 523,906	\$ 2,325,184	\$ 490,063
Restricted assets	854,479	459,318	426,600	6,888	1,747,285	-
Total	\$ 1,912,885	\$ 1,200,690	\$ 428,100	\$ 530,794	\$ 4,072,469	\$ 490,063
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>						
Assets acquired via lease	\$ 10,175	\$ 12,381	\$ 7,371	\$ 11,037	\$ 40,964	\$ 3,155
Assets acquired via capital contributions	\$ 3,059,850	\$ 2,845	\$ -	\$ -	\$ 3,062,695	\$ 54,958

Continued

The accompanying notes are an integral part of the basic financial statements



Bay County, Florida  
Statement of Cash Flows (Continued)  
Proprietary Funds  
Year Ended September 30, 2022

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 874,231	\$ 1,673,891	\$ 20,903	\$ 1,081,312	\$ 3,650,337	\$ (1,127,570)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	4,873,333	1,646,047	3,086,847	76,471	9,682,698	143,373
(Increase) decrease in assets						
Accounts receivable, net	(74,341)	109,670	218,812	(9,099)	245,042	101,862
Prepaid expenses	-	(1,000)	-	(145,651)	(146,651)	(294,313)
Inventory	176,903	368,690	-	-	545,593	-
Due from other funds	(121,111)	(126,273)	296,983	-	49,599	260
Due from other governments	-	(700,961)	-	-	(700,961)	(9,134)
Due from component unit	-	-	-	-	-	(25)
Increase (decrease) in liabilities						
Accounts payable and accrued expenses	15,503	(214,948)	55,059	356,748	212,362	170,217
Unearned revenues	-	(667,211)	-	-	(667,211)	-
Due to other funds	52	621	924,011	62,114	986,798	1,066,041
Due to other governments	-	(44,707)	-	(5,322)	(50,029)	-
Customer deposits	-	159,348	(2,042)	(70,703)	86,603	-
Accrued compensated absences	(11,660)	19,663	2,752	40,440	51,195	11,527
Other postemployment benefits	8,836	18,901	9,615	6,398	43,750	18,645
Net pension liability	702,106	1,448,521	912,958	835,028	3,898,613	1,916,426
Landfill postclosure liability	-	-	301,687	-	301,687	-
Estimated liability for self insured losses	-	-	-	-	-	(180,761)
(Increase) decrease in deferred outflows related to pension	(81,362)	(167,859)	(105,797)	(96,766)	(451,784)	(222,079)
(Increase) decrease in deferred outflows related to OPEB	(4,575)	(9,786)	(4,978)	(3,312)	(22,651)	(9,653)
Increase in deferred inflows related to OPEB	(13,182)	(28,198)	(14,344)	(9,544)	(65,268)	(27,813)
Decrease in deferred inflows related to pension	(583,432)	(1,203,681)	(758,643)	(693,886)	(3,239,642)	(1,592,499)
Total adjustments	4,887,070	606,837	4,922,920	342,916	10,759,743	1,092,074
Net cash provided by (used in) operating activities	\$ 5,761,301	\$ 2,280,728	\$ 4,943,823	\$ 1,424,228	\$ 14,410,080	\$ (35,496)

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

Custodial Funds	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,713,125
Accounts receivable, net	61
<b>Total assets</b>	<b>\$ 15,713,186</b>
<b>LIABILITIES</b>	
Deposits	\$ 2,102,452
Due to others	1,041,790
Due to other governments	2,963,718
<b>Total liabilities</b>	<b>\$ 6,107,960</b>
<b>NET POSITION</b>	
Restricted	
Held for others	\$ 9,605,226
<b>Total net position</b>	<b>\$ 9,605,226</b>

Bay County, Florida  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the year ended September 30, 2022

	Custodial Funds
<b>Additions</b>	
Funds held for others	\$ 119,996,794
Court costs	1,050
Property taxes collected for other governments	269,866,564
Seizures	213,695
Bonds, purges, and levies	98,417
<b>Total additions</b>	<b>\$ 390,176,520</b>
<b>Deductions</b>	
Funds held for others	119,159,645
Court costs	25,546
Property taxes distributed to other governments	269,866,564
Seizures	208,030
Bonds, purges, and levies	92,468
<b>Total deductions</b>	<b>\$ 389,352,253</b>
<b>Changes in Net Position</b>	<b>\$ 824,267</b>
Net position - beginning of year	\$ 8,780,959
<b>Net position - end of year</b>	<b>\$ 9,605,226</b>

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Net Position - Discretely Presented Component Units  
September 30, 2022

	Component Units				Total
	Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.	Panama City Community Development Council, Inc.	Bay County Transportation Planning Organization	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,854,963	\$ 21,621	\$ 540,219	\$ 84,300	\$ 5,501,103
Investments	-	-	-	1,641,685	1,641,685
Accounts receivable, net	113,646	-	-	8,145	121,791
Due from other governments	-	-	-	1,201,770	1,201,770
Prepaid expenses	631,336	-	-	87,727	719,063
Inventory	10,903	-	-	-	10,903
Other postemployment assets	-	-	-	4,597	4,597
Due from primary government	1,126,632	1,943	207,865	-	1,336,440
Restricted assets					
Cash and cash equivalents	-	-	-	52	52
Investments	-	-	-	945	945
Capital assets					
Nondepreciable	-	-	-	867,934	867,934
Depreciable, net	530,822	31,046	1,340,183	7,397,620	9,299,671
Total assets	7,268,302	54,610	2,088,267	11,294,775	20,705,954
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources - other postemployment benefits	7,975	1,111	-	1,856	10,942
Total deferred outflows of resources	7,975	1,111	-	1,856	10,942
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	2,051,583	30,656	50,402	350,330	2,482,971
Due to primary government	250,000	-	100,000	88	350,088
Unearned revenues	-	-	-	84,609	84,609
Accrued interest payable	-	-	-	1,079	1,079
Long-term liabilities					
Due within one year					
Accrued compensated absences	-	-	35,891	12,124	48,015
Due in more than one year					
Accrued compensated absences	-	-	-	14,754	14,754
Other postemployment benefits	113,410	7,917	-	-	121,327
Notes payable	-	-	-	1,239,445	1,239,445
Total liabilities	2,414,993	38,573	186,293	1,702,429	4,342,288
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources - other postemployment benefits	125,159	9,759	-	31,517	166,435
Total deferred inflows of resources	125,159	9,759	-	31,517	166,435
<b>NET POSITION</b>					
Net investment in capital assets	530,822	31,046	1,340,183	7,026,109	8,928,160
Restricted for					
Debt service	-	-	-	1,061	1,061
Unrestricted	4,205,303	(23,657)	561,791	2,535,515	7,278,952
Total net position	\$ 4,736,125	\$ 7,389	\$ 1,901,974	\$ 9,562,685	\$ 16,208,173

The accompanying notes are an integral part of the basic financial statements

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		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Component Units</b>				
Panama City Beach Convention and Visitors Bureau, Inc.	\$ 15,579,680	\$ 16,205,562	\$ 98,241	\$ -
Mexico Beach Community Development Council, Inc.	393,227	390,550	-	-
Panama City Community Development Council, Inc.	1,862,512	2,037,526	-	-
Bay County Transportation Planning Organization	5,977,531	495,901	6,540,378	370,990
<b>Total component units</b>	<b>\$ 23,812,950</b>	<b>\$ 19,129,539</b>	<b>\$ 6,638,619</b>	<b>\$ 370,990</b>
General revenues				
Investment earnings				
Miscellaneous				
<b>Total general revenues</b>				
Change in net position				
Net position - beginning				
Prior period adjustment				
Net position - beginning (as restated)				
<b>Net position - ending</b>				

The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Activities - Discretely Presented Component Units  
Year Ended September 30, 2022

Net (Expenses) Revenues and Changes in Net Position				
Component Units				
Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.	Panama City Community Development Council, Inc.	Bay County Transportation Planning Organization	Total
\$ 724,123	\$ -	\$ -	\$ -	\$ 724,123
-	(2,677)	-	-	(2,677)
-	-	175,014	-	175,014
-	-	-	1,429,738	1,429,738
724,123	(2,677)	175,014	1,429,738	2,326,198
9,654	15	446	1,304	11,419
-	3,897	-	10,901	14,798
9,654	3,912	446	12,205	26,217
733,777	1,235	175,460	1,441,943	2,352,415
4,002,348	6,154	1,726,514	8,443,313	14,178,329
-	-	-	(322,571)	(322,571)
4,002,348	6,154	1,726,514	8,120,742	13,855,758
\$ 4,736,125	\$ 7,389	\$ 1,901,974	\$ 9,562,685	\$ 16,208,173

The accompanying notes are an integral part of the basic financial statements

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

The financial statements of Bay County, Florida (County) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The County is a political subdivision of the State of Florida, established under the legal authority of the state's constitution, and operates under an elected legislative body consisting of five commissioners who are governed by state statutes and regulations. The County provides the following services to its residents: general government, public safety, physical environment, human services, transportation, economic environment and culture and recreation. In addition, the County operates water and sewer systems, solid waste, building services. The Law Library is accounted for within the General Fund.

### **Reporting Entity**

The Bay County Board of County Commissioners (Board) and the offices of the Clerk of Court and Comptroller, Sheriff, Supervisor of Elections, Tax Collector and Property Appraiser are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. The office of the Tax Collector operates on a fee system, whereby the officer retains fees, commissions and other revenue to pay all operating expenditures, including statutory compensation. Any excess income is remitted to the Board after the end of the fiscal year. The offices of the Sheriff, Supervisor of Elections, Clerk of Court and Comptroller and the Property Appraiser operate on a budget system, whereby County appropriated funds are received from the Board and any unexpended appropriations at the end of the year are required to be returned to the Board.

The accompanying financial statements present the County (as the primary government composed of the Board and Constitutional Officers) and its component units, entities for which the County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The accounting policies of the County conform to GAAP as applied to governmental units. The more significant accounting policies used by the County are described below.

In evaluating the County as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the GASB Codification.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Discretely Presented Component Units**

Discretely presented component units are reported in the statement of net position and activities – discretely presented component units financial statements to emphasize that they are legally separate from the County. The following are discretely presented component units of the County:

The Panama City Beach Convention and Visitors Bureau, Inc. (Bureau) is a nonprofit corporation organized in accordance with the provisions of Chapter 617, *Florida Statutes*, whose purpose is to provide support for the Bay County Tourist Development Council, the Board of County Commissioners of Bay County, Florida, and where not in conflict with those two, the City of Panama City Beach, Florida. Its capital assets are the property of the County and are included in the County's capital assets. The Bureau is presented as a discretely presented component unit with a fiscal year end of September 30. Complete financial statements for the Bureau may be obtained from the Bay County Clerk of Court and Comptroller's Office at P.O. Box 2269, Panama City, Florida 32402.

The Bay County Tourist Development Council board members are each appointed as members of the Bureau's governing body. The majority of the Bay County Tourist Development Council board members are appointed by the Bay County Board of County Commissioners. The Board has the ability to appoint, hire, reassign or dismiss persons responsible for the Bureau's operations. Because the County appoints a voting majority and is able to impose its will on and is obligated to provide specific financial benefits to the Bureau, the Bureau is considered a component unit and the discrete presentation method has been used to report the Bureau's financial position and results of operations.

The Mexico Beach Community Development Council, Inc. (Mexico Beach CDC) is organized in accordance with provisions of Chapter 617, *Florida Statutes*, as a nonprofit corporation whose purpose is to provide support for the Bay County Tourist Development Council, the Board of County Commissioners of Bay County, Florida, and where not in conflict with those two, the City of Mexico Beach, Florida. Its capital assets are the property of the County and are included in the County's capital assets. The Mexico Beach CDC is presented as a discretely presented component unit with a fiscal year of September 30. Complete financial statements for the Mexico Beach CDC may be obtained from the Bay County Clerk of Court and Comptroller's Office at P.O. Box 2269, Panama City, Florida 32402.

The Board has the authority to appoint a voting majority of the Mexico Beach CDC's governing body, and to remove appointed members. The County is also legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the Mexico Beach CDC. Because the County appoints a voting majority and is able to impose its will on and is obligated to provide specific financial support to the Mexico Beach CDC, the Mexico Beach CDC is considered a component unit and the discrete presentation method has been used to report the Mexico Beach CDC's financial position and results of operations.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Discretely Presented Component Units (continued)**

The Panama City Community Development Council, Inc. (Panama City CDC) is organized in accordance with provisions of Chapter 617, *Florida Statutes*, as a nonprofit corporation whose purpose is to provide support for the Bay County Tourist Development Council, the Board of County Commissioners of Bay County, Florida, and where not in conflict with those two, the City of Panama City, Florida. The Panama City CDC is presented as a discretely presented component unit with a fiscal year of September 30. Complete financial statements for the Panama City CDC may be obtained from the Bay County Clerk of Court and Comptroller's Office at P.O. Box 2269, Panama City, Florida 32402.

The Board has the ability to provide ongoing accountability to the Panama City CDC. The County is also legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the Panama City CDC. Because the County has the ability to provide ongoing accountability and is able to impose its will on and is obligated to provide specific financial support to the Panama City CDC, the Panama City CDC is considered a component unit and the discrete presentation method has been used to report the Panama City CDC's financial position and results of operations.

The Bay County Transportation Planning Organization (TPO) is an intergovernmental organization organized in accordance with the provisions of 23 CFR Part 450, 23 CFR Part 771, and Chapter 339, *Florida Statutes* to establish a cooperative, comprehensive, and continuing planning process. The board is comprised of local government officials, including Bay County and local Bay County municipal officials, who make decisions regarding transportation at a regional level. Effective fiscal year ending September 30, 2021, it was determined that the TPO was fiscally dependent and provided a financial burden to Bay County and therefore would be presented as a component unit of Bay County. The TPO does not issue its own financial statements. Fund financial statements of the TPO are included as supplementary information.

**Blended Component Units**

Blended component units are legally separate entities but are in substance, part of the government's operations and data from these units are combined with data of the primary government. There are no blended component units included in the County's financial reporting entity.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, gas taxes, various other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary and custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

### **Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds and internal service funds, while business-type activities incorporate the County's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's wholesale water, retail water and wastewater, solid waste, and building services functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, and internal service funds and fiduciary funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The County reports the following major governmental funds:

The *General Fund* is the County's general operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Tourist Development Fund* is used to account for the local option sales and use tourism tax, which is utilized to promote tourism in the County and maintain and protect the beaches of the County. Financing is provided principally by local option tourist development taxes.

The *Transportation Fund* is used to account for the operations of the road, bridge and stormwater departments. Financing is provided principally by ad valorem taxes, gasoline taxes and stormwater assessments.

The *Hurricane Michael Fund* is used to record all grant related revenues and expenditures related to Hurricane Michael. Financing is provided principally by federal and state grant revenues for Hurricane Michael recovery.

The County reports the following major enterprise funds:

The *Wholesale Water System fund* is used to account for activities related to the operations of the County's wholesale water system.

The *Retail Water and Wastewater fund* is used to account for activities related to the County's retail water and sewer operations.

The *Solid Waste fund* is used to account for activities related to solid waste collection within the County.

The *Building Services fund* is used to account for the operations of the building department which is financed by fees from permits, licenses and inspections.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (continued)**

Additionally, the County reports the following fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

*Internal Service funds* are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis. The services provided by these funds are facilities, lab, purchasing, workers' compensation, insurance and utilities administration.

*The custodial funds* are used to account for assets held by the County as a custodian for individuals, private organizations, and other governments. The assets are held and disbursed for fines and forfeitures collected pursuant to law, collections related to property foreclosures, documentary stamps and intangible taxes remitted to the State, and other miscellaneous funds collected on behalf of individuals and organizations.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Budgetary Information**

#### *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except those indicated in Note 3, and all proprietary funds. Budgets are prepared and adopted on a basis of accounting consistent with generally accepted accounting principles, except as described in Note 3. All annual appropriations lapse at fiscal year-end. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The annual budgets serve as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Board.

Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Therefore, the fund level is the legal level of control for budget considerations. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Pursuant to Chapter 129, only the Board can approve budget amendments that change the total approved budget appropriation of an individual fund.

If during the fiscal year additional revenue becomes available for appropriations in excess of those estimated in the budget, the Board by resolution may make supplemental appropriations for the year up to the amount of such excess. During the current fiscal year, various supplemental appropriations were approved by the Board.

Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data.

#### *Excess of expenditures over appropriations*

For the year ended September 30, 2022, expenditures exceeded appropriations in the Intergovernmental Radio Communications Fund by \$3,094,691 and in the Court Fund by \$64,086.

### **Cash and Cash Equivalents**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Investments**

Investments of the County are reported at fair value (generally based on quoted market prices) except for the position in the Goldman Sachs money market account and the position in the Local Government Surplus Funds Trust Fund (pool), hereinafter Florida PRIME, administered by the State of Florida State Board of Administration (SBA). This external investment pool has adopted operating procedures consistent with the requirements of GASB 79 and the fair value of the assets in the pools are equal to the value of the pools' shares. Such investments are stated at amortized cost.

### **Accounts Receivable**

Water and sewer services are billed at various dates throughout the month. Special assessments due from property owners are recorded as receivables when the final assessment role is approved.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2022, the allowance for doubtful accounts in the General Fund is \$35,782,517 and total accounts receivable for the fund is \$42,821,571. As of September 30, 2022, the accounts receivable of all other funds are considered collectible; as such, no allowance for doubtful accounts is recorded.

### **Interfund Activities and Transactions**

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 "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories and Prepaid Items**

Inventory in the proprietary funds is valued at cost (first-in, first-out) and consists of expendable supplies. Governmental fund inventory is valued at cost (first-in, first-out). The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, showing this amount is not in spendable form.

**Miscellaneous Revenue**

Miscellaneous revenue consist of various revenues including rental income, fees charged for nonrecurring services, donations, gifts and insurance proceeds. The General Fund's miscellaneous revenue as of September 30, 2022 of \$4,954,847 consisted primarily of an \$800,000 payment for a mediated settlement with Intermedix related to EMS overbilling, \$988,470 of payments from the Statewide Medicaid Managed Care's Public Emergency Transportation program, \$988,010 of payments related to phone commissions for Bay County Sheriff's Office Inmate Welfare Fund, and \$1,206,918 from the release of the Bay County Public Health Unit liability. The Building Service Fund's miscellaneous revenue of \$131,069 consisted primarily of various charges including credit card fees, copies, temporary power, etc. in the amount of \$119,934. The Workers' Compensation Fund's miscellaneous revenue of \$1,026,436 consisted primarily of \$955,496 related to excess reimbursement related to various claims.

**Capital Assets**

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, and infrastructure assets (e.g. roads, bridges, beach renourishment, water and sewer distribution systems and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County as assets with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of one year), but only those infrastructure projects that cost more than \$100,000 are reported as capital assets.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (continued)**

The Board holds legal title to the capital assets used in the operations of the Board, Clerk of Court and Comptroller, Property Appraiser, Supervisor of Elections and Tax Collector, and is accountable for them by Florida Law. The Sheriff is accountable for and maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board's governmental activities' capital assets in the statement of net position. Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	20 - 50
Furniture and equipment	3 - 15
Improvements	20 - 50
Infrastructure	10 - 50
Utility plants	35 - 50
Books	2 - 5

**Right-to-Use Lease Assets and Lease Liability**

Lease contracts that provide the County with control of a nonfinancial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Long-term Obligations (continued)**

In the governmental 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.

### **Unearned Revenues**

Unearned revenues reported in government-wide financial statements represent revenues received in advance of the earnings process. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, in accordance with the modified accrual basis of accounting.

### **Capital Contributions**

The capital contributions accounted for in the proprietary fund types represent contributions from other funds, developers, state and federal grant programs, and impact fees charged to new customers for their anticipated burden on the existing system. The contributions are reported after nonoperating revenues and expenses on the statement of revenues, expenses, and changes in net position.

### **Compensated Absences**

It is the County's policy to grant employees who resign or retire, payment of annual leave earned up to 240 hours and 336 hours, depending upon type of employment. The annual leave policy allows for full-time employees to accumulate 16 to 24 hours a month, depending on employment type. All part-time employees accumulate annual leave at the same rate, prorated for hours actually worked.

It is the Bay County Supervisor of Elections' policy to grant employees who resign or retire payment of paid time off hours earned up to 480 hours, based on a payout service schedule and the availability of the budget. The paid time off policy allows for full-time employees to accumulate 14 to 22 hours a month depending on the length of service. Part-time and temporary employees are not eligible for paid time off.

It is the Bay County Clerk of Court and Comptroller's policy to grant paid absences for paid time off. Employees are permitted to accumulate up to 480 hours of earned, but unused, paid time off benefits, which will be paid to employees in good standing upon termination, based on a payout service schedule. The paid time off policy allows for full-time employees to accumulate 14 to 22 hours a month depending on the length of service.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

It is the Bay County Property Appraiser's policy to grant employees who leave in good standing payment for up to 500 hours of earned, unused paid time off. The paid time off policy allows for full-time employees to accumulate 16 to 20 hours a month, depending on the length of service. Eligible part-time employees earn a prorated amount of leave.

It is the Bay County Tax Collector's policy to grant employees who leave in good standing payment for up to 240 hours of earned, unused paid time off. The paid time off policy allows for full-time employees to accumulate 13 to 22 hours a month, depending on the length of service. Eligible part-time employees earn a prorated amount of leave.

It is the Sheriff's policy to provide vacation and sick leave. A limited amount of accumulated sick leave is paid upon termination of employment with the Sheriff, to those employees that are retiring after at least six years of employment or have been employed a minimum of ten years and meet certain criteria. Employees may accrue compensatory time for overtime worked up, to a maximum of 240 hours. The paid time off policy allows for full-time employees to accumulate 8 to 13 hours a month, depending on the length of service. Upon termination or retirement, unused compensatory time is paid at the employees' regular pay rate.

Governmental fund types accrue benefits in the period they are earned; however, only the current portion of the accrued benefits is recorded in the governmental fund types. The long-term portion is recorded in the long-term liabilities in the government-wide presentation.

Estimated accrued compensated absences amounts for governmental funds represent a reconciling item between the fund and government-wide presentations. The liability for compensated absences is reported in the statement of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows/inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Deferred Outflows/Inflows of Resources (continued)**

The County currently has deferred inflows/outflows that qualify for reporting in these categories. It includes the deferred charge (loss/gain) on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred inflows related to leases are associated with amounts owed to the County, as lessor, by entities leasing the County's capital assets. In addition, the County records deferred inflows/outflows to their net pension liability and other postemployment benefit obligations, additional information related to these deferred outflow/inflows are included in Note 10 and 11.

### **Pensions**

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

### **Other Postemployment Benefits Liability**

For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The County has a single employer OPEB plan. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

### **Categories and Classification of Net Position and Fund Balance**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The County reports three categories of net position, as follows:

*Net investment in capital assets* – This category consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Categories and Classification of Net Position and Fund Balance (continued)**

*Restricted net position* – Net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or creditors, grantors, contributors, or enabling legislation. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – This category consists of all other net position that does not meet the definition of the above two components and is available for general use by the County.

*Net position flow assumption* – Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Categories and Classification of Net Position and Fund Balance (continued)**

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance department to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned* – Unassigned fund balance is the residual classification for the County’s fund balance. The General Fund is the only fund that can report a positive unassigned balance. It would be inappropriate for other funds to report a positive unassigned balance. However, if expenditures are incurred for a specific purpose that exceed the amounts that are restricted, committed or assigned, they may report a negative unassigned balance.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ significantly from those estimates.

### **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2023, and determined there were no events that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Recently Issued and Implemented Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 23.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Recently Issued and Implemented Accounting Pronouncements (continued)**

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years. These statements are as follows:

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued and Implemented Accounting Pronouncements (continued)**

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The County is evaluating the requirements of the above statements and the impact on reporting.

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(400,465,003) difference are as follows:

Bonds payable	\$ (72,176,337)
Notes payable	(202,488,296)
Lease liability	(1,656,580)
Finance purchase liability	(541,514)
Other postemployment benefits	(11,935,485)
Net pension liability	(105,928,147)
Compensated absences	(5,738,644)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ (400,465,003)

Deferred inflows and outflows related to the County's governmental activities are not reported as fund assets and liabilities. All assets and liabilities are reported in the statement of net position. The details of this \$16,054,569 difference are as follows:

Deferred outflows related to pension	\$ 29,283,266
Deferred inflows related to pension	(8,184,591)
Deferred outflows related to OPEB	538,132
Deferred inflows related to OPEB	(7,049,045)
Deferred outflows related to loss on refunding	1,466,807
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 16,054,569

Another element of that reconciliation states, "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$368,106,262 difference are as follows:

Cost of capital assets	\$ 651,294,513
Less: accumulated depreciation	(283,188,251)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 368,106,262

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net change in fund balance - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense." The details of this \$13,848,328 difference are as follows:

Capital outlay	\$ 38,804,955
Depreciation and amortization expense	(24,956,627)
<hr/>	
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 13,848,328

Another element of that reconciliation states, "The net effect of various transactions involving capital assets (i.e., sales, trade-ins, impairments, and donations) is to increase net position." The details of this \$(2,386,622) difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (2,591,935)
Donations of capital assets, assets acquired via trade-ins or insurance proceeds, and transfers of capital assets from internal service funds increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	205,313
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Net adjustments to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (2,386,622)

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Another element of that reconciliation states, "The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$19,051 difference are as follows:

Debt issued or incurred:	
Lease financing	\$ (202,614)
Finance purchase liability	(504,278)
Note proceeds	(120,385,340)
Change in deferred charge on refunding	(156,249)
Principal repayments:	
Bonds	12,394,617
Notes	97,975,388
Leases	391,719
Finance purchase	1,000,808
Payment to refunded escrow agent	9,505,000
<hr/>	
Net adjustment to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 19,051

Another element of that reconciliation states, "Some income (expenses) reported in the statement of activities do not require the use of current financial resources and therefore are not reported as income (expenditures) in governmental funds." The details of this \$(1,983,883) difference are as follows:

OPEB expense	\$ (319,571)
Pension expenses	(1,718,959)
Compensated absences	(234,632)
Accrued interest	289,279
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Net adjustment to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (1,983,883)

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### **NOTE 3 – BUDGETS**

The County adopts budgets on a basis consistent with GAAP. The County is not required to adopt budgets for non major special revenue funds.

#### **Special Revenue Funds**

The following special revenue funds were not budgeted:

- Crime Prevention Fund
- Law Enforcement Training Fund
- Special Law Enforcement Trust Fund
- Special Contribution Fund
- Chapter 705 Fund
- Inmate Welfare Fund
- Records Modernization – Court Fund
- Records Modernization – Records Fund

The General Fund includes funds that are maintained as special revenue funds for accounting purposes, but do not meet the criteria for separate reporting in the fund financial statements. Therefore the budgetary comparison statement only includes the legally adopted budget for the General Fund. The information below provides the reconciliation between the actual amounts on the budgetary basis reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund on page B-25 and the actual amounts on the GAAP basis for the General Fund per the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on page B-23.

Bay County, Florida  
Notes to Basic Financial Statements  
September 30, 2022

**NOTE 3 – BUDGETS (continued)**

Year ended September 30, 2022	General Fund Budgetary Basis	GAAP to Budget Differences Over (Under)	General Fund Actual Amounts GAAP Basis
Revenues			
Taxes	\$ 83,378,620	\$ -	\$ 83,378,620
Licenses and permits	4,468	-	4,468
Intergovernmental	34,397,662	16,490,853	50,888,515
Charges for services	19,630,255	100,150	19,730,405
Fines and forfeitures	652,846	-	652,846
Special assessments	10,209,285	50,388	10,259,673
Investment earnings	(544,395)	(411,131)	(955,526)
Contributions and donations	397,286	-	397,286
Miscellaneous	4,923,615	31,232	4,954,847
Total revenues	153,049,642	16,261,492	169,311,134
Expenditures			
Current			
General government	23,698,343	1,134,960	24,833,303
Public safety	71,734,837	3,359,406	75,094,243
Physical environment	530,501	340,228	870,729
Transportation	-	304,111	304,111
Economic environment	2,781,383	8,764,588	11,545,971
Human services	15,407,024	239,066	15,646,090
Culture and recreation	6,406,951	199,212	6,606,163
Capital outlay			
General government	1,633,287	-	1,633,287
Public safety	3,546,028	-	3,546,028
Physical environment	-	1,689,399	1,689,399
Transportation	-	445,524	445,524
Culture and recreation	1,962,373	-	1,962,373
Debt service			
Principal	6,512,105	45,582	6,557,687
Interest and fiscal charges	2,395,902	4,345	2,400,247
Bond issuance costs	139,560	-	139,560
Total expenditures	136,748,294	16,526,421	153,274,715
Excess (deficit) of revenues over (under) expenditures	16,301,348	(264,929)	16,036,419
Other financing sources (uses)			
Transfer In	49,488	-	49,488
Transfers out	(17,352,217)	(1,226,378)	(18,578,595)
Issuance of debt	11,485,072	35,946	11,521,018
Issuance of refunding debt	9,505,000	-	9,505,000
Payment to refunded bond escrow agent	(9,505,000)	-	(9,505,000)
Proceeds from sales of capital assets	221,715	-	221,715
Total other financing sources (uses)	(5,595,942)	(1,190,432)	(6,786,374)
Net change in fund balance	\$ 10,705,406	\$ (1,455,361)	\$ 9,250,045

#### NOTE 4 – RESTRICTED ASSETS

Certain assets of the various funds are required by resolution and ordinance to be set aside and used for specific purposes and are not available to be used for general operations. These assets consist of the following:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,145,348	\$ 1,747,285	\$ 4,892,633
Investments	61,263,744	34,025,805	95,289,549
Total	\$ 64,409,092	\$ 35,773,090	\$ 100,182,182

The following amounts are payable from restricted assets:

	Governmental Activities	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total
Customer deposits	\$ 32,310	\$ -	\$ 1,300,426	\$ 164,642	\$ 141,028	\$ 1,638,406
Accrued interest payable	494,606	118,953	82,044	37,763	-	733,366
Current maturities of bonds/notes	2,562,167	255,833	59,167	285,500	-	3,162,667
Total payable from restricted assets	\$ 3,089,083	\$ 374,786	\$ 1,441,637	\$ 487,905	\$ 141,028	\$ 5,534,439

#### NOTE 5 – DEPOSITS AND INVESTMENTS

*Deposit Policies* – The County’s cash and cash equivalents include cash on hand, demand deposits, and highly liquid debt instruments with original maturities of three months or less.

*Custodial Credit Risk of Deposits* – There is a risk that in the event of failure of the depository financial institution, the government will not be able to recover the deposits. All cash resources of the County are placed in banks which are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County’s funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

*Investments Policies* – Florida Statutes, Section 218.415, authorizes the County to invest surplus funds in the following:



## **NOTE 5 – DEPOSITS AND INVESTMENTS**

The Local Government Surplus Funds Trust Fund, hereinafter, Florida PRIME, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statutes, Section 163.01.

The Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest-bearing time deposits or savings accounts in state-certified qualified public depositories as defined in Florida Statutes, Section 280.02.

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et. seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

In addition, the County is authorized by law or by county ordinance to invest funds in the following securities:

Commercial Paper of U.S. Corporations having a rating of at least A-1, P-1, or F-1, by two (2) Nationally Recognized Statistical Rating Organizations (NRSROs).

Bankers' Acceptances that are eligible for purchase by the Federal Reserve Banks and have a Letter of Credit rating of A or better by any NRSRO.

Obligations, rated A3/A- or better by at least one (1) NRSROs, of any state and its various local governments.

Overnight repurchase agreements.

Corporate Debt Securities dollar denominated rated A3/A- or better by at least two (2) NRSROs.

U.S. Agency (FNMA, FHLMC and GNMA) Mortgage-Backed Securities including Collateralized Mortgage Obligations (CMOs), but excluding derivative mortgage securities, such as interest-only, principal-only, residuals and inverse floaters.

U.S. Small Business Association (SBA) government guaranteed securities.

**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

Asset-Backed Securities (ABS) rated AA3/AA- or better by at least 2 NRSROs at the time of purchase.

*Interest Rate Risk* – In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting investments beyond one year to 25% of the investment portfolio. The weighted average maturity is disclosed in months in order to achieve this objective.

*Foreign Currency Risk* – The County had no investments exposed to any foreign currency risk during the period October 1, 2021 through September 30, 2022.

*Credit Risk* – The County has established an investment policy that all commercial paper purchased is required to be a rated investment as established by a nationally recognized statistical rating organization at the end of the fiscal year. The commercial paper listed below is from U.S. corporations and is denominated in U.S. currency.

## NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2022, the County had the following investments as rated by Standard and Poors, Moody's and/or Fitch Investor Services:

<b>Investment Type</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Months)</b>	<b>Rating (if applicable)</b>
U.S. Government Securities	\$ 53,218,144	\$ 52,346,218	17.88	TSY/TSY
Corporate Bonds	2,772,516	2,754,270	31.83	A2/A+
Corporate Bonds	2,811,870	2,790,720	24.97	A3/A-
Corporate Bonds	2,889,601	2,878,500	29.90	A3/A
Corporate Bonds	1,996,742	1,989,180	5.53	Aa2/AA
Corporate Bonds	3,256,195	2,967,180	30.20	A2/A
Corporate Bonds	2,405,153	2,148,458	39.03	Aa3/AA-
Corporate Bonds	2,510,453	2,324,200	31.17	A2/A-
Corporate Bonds	4,966,047	4,682,019	18.52	Aa2/AA-
Corporate Bonds	2,203,468	2,092,024	9.67	N/A/AA
Commercial Paper	15,366,911	15,341,692	3.13	P-1/A-1+
Commercial Paper	19,797,913	19,762,666	3.43	P-1/A-1
Municipal Bonds	7,664,834	7,218,297	19.16	Aa3/AA
Municipal Bonds	1,583,216	1,491,014	20.39	Aa2/AAA
Municipal Bonds	1,747,512	1,623,108	25.43	AA1/AAA
Municipal Bonds	5,874,660	5,603,153	7.40	Aa1/AA+
Municipal Bonds	1,605,717	1,563,355	8.50	Aa3/A+
Municipal Bonds	2,976,495	2,969,651	18.96	N/A/AA
Municipal Bonds	1,700,000	1,675,633	4.94	Aa3/N/A
Municipal Bonds	1,006,155	939,790	24.40	Aa2/AA
Municipal Bonds	500,000	467,240	21.33	Aaa/AAA
Municipal Bonds	820,000	750,713	30.73	A1/N/A
Municipal Bonds	1,366,660	1,297,051	17.02	N/A/AA-
Municipal Bonds	3,083,894	2,877,390	22.02	N/A/A
Municipal Bonds	1,000,000	974,840	9.13	Aa3/AA-
Municipal Bonds	1,000,000	950,560	18.30	Aa2/N/A
Asset Back Securities	33,751,414	32,115,800	22.26	AGY/AA+
Asset Back Securities	2,500,000	2,333,250	20.63	AGY/AGY
FL Class	95,629,375	95,629,375	3.47	AAAf/S1
	<u>278,004,945</u>	<u>272,557,347</u>		
<b>Investments Measured at Amortized Cost</b>				
Florida Prime (SBA)	90,933,946	90,933,946	0.7	AAAm
Goldman Sachs	304,978	304,978	0.37	Aaa-mf/AAAm
Total investments valued at amortized cost	<u>91,238,924</u>	<u>91,238,924</u>		
<b>Total investments</b>	<u>\$ 369,243,869</u>	<u>\$ 363,796,271</u>		

## NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

The investment information above includes investments held by the County for the Bay County Transportation Planning Organization in the amount of \$1,643,337.

The County categorized their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The County has the following recurring fair value measurements as of September 30, 2022:

	Fair Value	Level 1	Level 2	Level 3	Net Asset Value
<b>Investments, at fair value</b>					
Asset-Backed Securities	\$ 34,449,050	\$ -	\$ 34,449,050	\$ -	\$ -
U.S. Treasury	52,346,218	52,346,218	-	-	-
Corporate Bonds	24,626,551	22,534,527	-	2,092,024	-
Municipal Bonds	30,401,795	4,415,170	25,986,625	-	-
Commercial Paper	35,104,358	-	35,104,358	-	-
FLCLASS	95,629,375	-	-	-	95,629,375
Total Investments, at fair value	\$ 272,557,347	\$ 79,295,915	\$ 95,540,033	\$ 2,092,024	\$95,629,375

*Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are observable for the asset or liability; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of September 30, 2022, the County had two investments stated at amortized cost in accordance with GASB 79 in the amount of \$90,933,946 and \$304,978 with Florida Prime and Goldman Sachs, respectively.

**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

Investments are stated at amortized cost in accordance with GASB 79. Per GASB 79, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. Financial statements on the Florida PRIME Fund and the Goldman Sachs Fund may be obtained online at [www.sbafla.com](http://www.sbafla.com) and [www.gsam.com](http://www.gsam.com), respectively.

For SBA investment, Chapter 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days."

For the Goldman Sachs investment, its market portfolio comprises U.S. Government and U.S. Treasury securities including bills, bonds, notes, and repurchase agreements. The money market portfolio is structured to maximize current income to the extent consistent with the preservation of capital while also maintaining liquidity by investing exclusively in high quality money market instruments. The portfolio is invested in at least 99.7% of total assets in cash, U.S. Government Securities, and/or repurchase agreements that are collateralized fully by cash or U.S. Government Securities.

As of September 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value for either the Florida Prime investments or Goldman Sachs investments.

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**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool created under the laws of Florida to provide eligible units of local government the option to invest in a fund with an investment portfolio structured to maintain safety of principal and liquidity over return. The trust is administered by Public Trust Advisors, LLC and an appointed Board of Trustees. This investment pool is measured at the Stable Net Asset Value and is rated AAAsf/S1 by FitchRatings. The Net Asset Value is \$95,629,375 and the weighted average maturity for the portfolio is 3.47 months as of September 30, 2022.

*Concentration of Credit Risk* – The County limits investments in commercial paper to 30% of the total investment portfolio and 5% of the total investment portfolio per issuer. The County's investments in commercial paper did not exceed 30% and no single issuer exceeded 5% of the County's total investments for the year ended September 30, 2022.

**NOTE 6 – PROPERTY TAXES**

Property tax revenue is recognized in the year for which it is levied. The property tax calendar is as follows:

Lien date	January 1
Levy date	October 1
Tax bills mailed	November 1
Payments due by	March 31
Delinquent date	April 1
Tax sale - delinquent property taxes	June 1

**NOTE 7 – NOTES RECEIVABLE**

Notes receivable recorded by the County at September 30, 2022, are as follows:

**Governmental Funds**

Note receivable from individuals related to the sale of property. Principal and interest payments at a 4.5% - 5.0% interest rate.	\$	285,663
<b>Total notes receivable – governmental funds</b>	<b>\$</b>	<b>285,663</b>

## NOTE 7 – NOTES RECEIVABLE (continued)

### Enterprise Funds

Note receivable from the joint venture (Military Point Advanced Wastewater Treatment Facility). Principal and interest based upon the 2014 Wastewater System Revenue Refunding Bonds and State Revolving Fund Note. Reduction of the principal balance mirrors the principal reduction of the bonds payable and note payable. Interest varies from 1.23% to 3.31%. \$ 2,180,204

Total notes receivable – enterprise funds	\$ 2,180,204
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## NOTE 8 – CAPITAL ASSETS

Changes in capital assets of the governmental activities are summarized as follows:

	September 30, 2021 (as restated)	Increases	Decreases	September 30, 2022
Capital assets, not being depreciated				
Land	\$ 19,461,820	\$ 1,568,499	\$ (19,725)	\$ 21,010,594
Construction in progress	50,200,297	27,947,650	(62,357,089)	15,790,858
Total capital assets, not being depreciated	69,662,117	29,516,149	(62,376,814)	36,801,452
Capital assets, being depreciated				
Books	1,699,603	301,097	(381,881)	1,618,819
Buildings and improvements	174,680,583	23,981,005	(8,453,370)	190,208,218
Furniture and equipment	72,864,462	10,430,679	(4,746,415)	78,548,726
Infrastructure	312,219,136	40,196,105	(8,125,749)	344,289,492
Total capital assets, being depreciated	561,463,784	74,908,886	(21,707,415)	614,665,255
Less accumulated depreciation				
Books	(933,570)	(261,508)	381,881	(813,197)
Buildings and improvements	(25,090,591)	(7,613,282)	3,883,590	(28,820,283)
Furniture and equipment	(49,582,888)	(7,810,425)	3,823,262	(53,570,051)
Infrastructure	(196,835,853)	(9,022,214)	4,767,816	(201,090,251)
Total accumulated depreciation	(272,442,902)	(24,707,429)	12,856,549	(284,293,782)
Total capital assets, being depreciated, net	289,020,882	50,201,457	(8,850,866)	330,371,473

**NOTE 8 – CAPITAL ASSETS (Continued)**

	September 30, 2021 (as restated)	Increases	Decreases	September 30, 2022
Right-to-use lease assets, being amortized				
Land	\$ -	\$ 112,708	\$ -	\$ 112,708
Equipment	662,795	-	-	662,795
Buildings	1,187,786	89,906	-	1,277,692
Right-to-use lease assets, being amortized	1,850,581	202,614	-	2,053,195
Less accumulated amortization				
Land	-	(9,937)	-	(9,937)
Equipment	-	(256,299)	-	(256,299)
Buildings	-	(126,335)	-	(126,335)
Total accumulated amortization	-	(392,571)	-	(392,571)
Right-to-use lease assets being amortized, net	1,850,581	(189,957)	-	1,660,624
Total governmental-type activities' capital assets, net	\$ 360,533,580	\$ 79,527,649	\$ (71,227,680)	\$ 368,833,549

Changes in capital assets of the business-type activities are summarized as follows:

	September 30, 2021	Increases	Decreases	September 30, 2022
Capital assets, not being depreciated				
Land	\$ 5,727,643	\$ 637,468	\$ -	\$ 6,365,111
Construction in progress	4,367,640	5,010,746	(5,652,208)	3,726,178
Total capital assets, not being depreciated	10,095,283	5,648,214	(5,652,208)	10,091,289
Capital assets, being depreciated				
Buildings	3,419,696	8,852,309	(41,904)	12,230,101
Improvements	2,774,123	1,715,554	(35,769)	4,453,908
Furniture and equipment	16,389,683	1,480,062	(993,055)	16,876,690
Infrastructure	244,996,161	773,698	(49,617,486)	196,152,373
Total capital assets, being depreciated	267,579,663	12,821,623	(50,688,214)	229,713,072
Less accumulated depreciation				
Buildings	(2,648,870)	(408,304)	41,905	(3,015,269)
Improvements	(374,303)	(260,926)	35,768	(599,461)
Furniture and equipment	(10,190,274)	(1,224,983)	668,226	(10,747,031)
Infrastructure	(88,244,422)	(7,788,485)	6,641,898	(89,391,009)
Total accumulated depreciation	(101,457,869)	(9,682,698)	7,387,797	(103,752,770)
Total capital assets, being depreciated, net	166,121,794	3,138,925	(43,300,417)	125,960,302
Total business-type activities' capital assets, net	\$ 176,217,077	\$ 8,787,139	\$ (48,952,625)	\$ 136,051,591



## NOTE 8 – CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General government	\$	3,079,439
Public safety		9,027,818
Physical environment		516,589
Transportation		7,923,913
Economic environment		2,672,850
Human services		63,380
Culture and recreation		1,672,638
Internal service funds		143,373
Total depreciation and amortization expense - governmental activities	\$	25,100,000
Business-type activities		
Wholesale water system	\$	4,873,333
Retail water & wastewater		1,646,047
Solid waste		3,086,847
Building services		76,471
Total depreciation expense - business-type activities	\$	9,682,698

## NOTE 9 – LEASES

### *Lessee*

The County accounts for leases in accordance with GASB Statement No. 87, *Leases*. The County has entered into four lease agreements to obtain the right-to-use various buildings for offices and storage space. The total annual rental for these lease for the fiscal year ended September 30, 2022 was \$142,319. These leases have various lease terms ranging from ending in one to five years. One lease includes an additional renewal terms of two five year extensions, which are expected to be renewed. The payments for 3 leases are fixed and one lease include a 3% annual escalation. Monthly payment amounts are \$12,385.

The County has entered into a lease agreement to obtain the right-to-use equipment. The total annual rental for this lease for the fiscal year ended September, 30 2022 was \$151,745. This lease expires in February 2024. The lease has no renewal terms and payments are fixed. Monthly payment amounts are \$12,645.

The County has entered into four lease agreements to obtain the right-to-use various land for parking. The total annual rental for these lease for the fiscal year ended September 30, 2022 was \$67,500. These leases all expire in December 2024. They have varying renewal terms, none are expected to be renewed. There is no rent escalation in the leases. Monthly payment amounts are \$5,625.

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**NOTE 9 – LEASES (Continued)**

The following is a schedule of minimum future lease payments from lease agreements as of December 31:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 381,129	\$ 29,210	\$ 410,339
2024	314,904	22,150	337,054
2025	65,975	19,203	85,178
2026	61,436	17,923	79,359
2027	63,929	16,618	80,547
2028-2032	359,502	61,679	421,181
2033-2037	409,705	20,502	430,207
Total	\$ 1,656,580	\$ 187,285	\$ 1,843,865

***Lessor***

The County's operations consist of agreements for use of a building and use of radio towers. The agreements are made up of various non-cancelable agreements which expire between the years 2024 and 2047. The County recognized \$39,954 of lease revenue principal and \$20,272 of lease interest for the year ended September 30, 2022. Minimum future revenues do not include contingent revenues, based on sales by the lease of the building. Contingent revenues amounted to \$5,161 for the year ended September 30, 2022.

**NOTE 10 – RETIREMENT PLANS**

**Defined Benefit Plans**

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

## **NOTE 10 – RETIREMENT PLANS (Continued)**

### **Defined Benefit Plans (continued)**

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, *Florida Statutes*. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, *Florida Statutes*, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, *Florida Statutes*. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

### **Benefits Provided**

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, *Florida Statutes*.

## **NOTE 10 – RETIREMENT PLANS (Continued)**

### **Contributions**

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The County's contribution rates as of September 30, 2022, were as follows:

	October 1, 2021 through June 30, 2022		July 1, 2022 through September 30, 2022	
	FRS	HIS	FRS	HIS
Regular class	9.16%	1.66%	10.25%	1.66%
Senior management	27.35%	1.66%	29.91%	1.66%
Special risk employee class	24.23%	1.66%	26.17%	1.66%
Elected officials	49.76%	1.66%	55.34%	1.66%
DROP plan participants	16.68%	1.66%	16.94%	1.66%

The County's contributions for the year ended September 30, 2022, were \$10,853,252 to FRS and \$1,191,366 to HIS.

### **Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2022, the County reported a liability for its proportionate shares of the net pension liabilities of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2022.

The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS		HIS	
Net pension liability	\$	93,242,646	\$	20,825,977
Proportion at:				
Current measurement date		0.250598139%		0.196603493%
Prior measurement date		0.244961995%		0.189864523%
Pension expense (benefit)		12,730,507		1,342,108

**NOTE 10 – RETIREMENT PLANS (Continued)**

At September 30, 2022, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liability	\$ 108,132,022	\$ 5,936,601	\$ 114,068,623
Deferred outflows of resources related to pensions	\$ 29,844,363	\$ 1,662,688	\$ 31,507,051
Deferred inflows of resources related to pension	\$ 8,363,627	\$ 229,845	\$ 8,593,472
Pension expense	\$ 12,969,322	\$ 1,103,293	\$ 14,072,615

**Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,428,487	\$ -
Changes of assumptions	11,483,222	-
Net difference between projected and actual earnings on pension plan investments	6,156,800	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,939,695	4,661,868
Employer contributions subsequent to the measurement date	2,755,670	-
<b>Total</b>	<b>\$ 27,763,874</b>	<b>\$ 4,661,868</b>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 632,041	\$ 91,625
Changes of assumptions	1,193,614	3,221,374
Net difference between projected and actual earnings on pension plan investments	30,148	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,595,392	618,605
Employer contributions subsequent to the measurement date	291,982	-
<b>Total</b>	<b>\$ 3,743,177</b>	<b>\$ 3,931,604</b>

## NOTE 10 – RETIREMENT PLANS (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30,	FRS	HIS
2023	\$ 4,894,901	\$ (106,396)
2024	1,546,780	51,865
2025	(2,507,101)	128,216
2026	15,432,588	(85,626)
2027	979,168	(314,969)
Thereafter	-	(153,499)
Total	\$ 20,346,336	\$ (480,409)

### Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.54%
Bond Buyer General Obligation 20-Bond Municipal Bond	N/A	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base table, generationally mortality using gender specific MP-2018 mortality improvement projection scale.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study of the FRS for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2022:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability was decreased from 6.80% to 6.70%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

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**NOTE 10 – RETIREMENT PLANS (Continued)**

**Actuarial Assumptions (continued)**

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	<u>100.0%</u>			

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the County's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

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**NOTE 10 – RETIREMENT PLANS (Continued)**

**Sensitivity Analysis (continued)**

	FRS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
County's proportionate share of the net pension liability	\$ 161,256,745	\$ 93,242,646	\$ 36,374,766

	HIS		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
County's proportionate share of the net pension liability	\$ 23,823,737	\$ 20,825,977	\$ 18,340,775

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

**Defined Contribution Plan**

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2022, totaled \$2,758,912.

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The County and the Sheriff's Office administer a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 *Florida Statutes*, the County and the Sheriff's Office are required to provide eligible retirees (as defined in the County's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The County and the Sheriff's Office do not issue stand-alone financial statements for these Plans. All financial information related to the Plans is accounted for in the County's basic financial statements.



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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Funding Policy**

The County and the Sheriff's Office are funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by the Board of County Commissioners annually during the budget process. The County does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. County and Sheriff's Office contributions are assumed to be equal to benefits paid.

The Sheriff's Office has made amendments to the Plan, providing different benefits depending on the date of retirement. The Sheriff's Office pays a portion of the retiree premium for the coverage elected by retirees who retired on or before April 24, 2007. The retiree pays the rest of the premium. For retirements following this date, the Sheriff's Office has frozen the dollar amount upon which the benefit paid on behalf of the retiree at the October 1, 2008, amount. Furthermore, the Sheriff's Office will only pay for retiree coverage until the retiree becomes eligible for Medicare; any elections for family or spouse will be paid by the participant.

**Plan Membership**

At the valuation dates September 30, 2021 for the County and September 30, 2022 for the Sheriff's office, OPEB membership consisted of the following:

	County Employees	Sheriff's Office Employees
Inactive Members	21	19
Active Members	694	520
Total	715	539

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability reported at September 30, 2022 was based on an actuarial valuation dated September 30, 2021 for the County and an actuarial valuation dated September 30, 2022 for the Sheriff's Office using the following actuarial assumptions:

**County**

Inflation rate	2.20%
Salary increases – including inflation	3.25%
Discount rate – investment rate of return	2.43%
Health care cost trend rates	4.00%
Retirees' share of benefit-related costs	100% of projected health insurance premium

**Sheriff's Office**

Inflation rate	2.50%
Salary increases – including inflation	4.00%
Discount rate – investment rate of return	4.77%
Health care cost trend rates	4.00%
Retirees' share of benefit-related costs	100% of projected health insurance premium

The discount rate was selected based on a S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. Eligible bonds must be rated as least AA by S&P, Aa2 by Moody's or AA by Fitch. The high quality bond index at September 30, 2021 and September 30, 2022 was 2.43% and 4.77% respectively.

Mortality rates for the County were based on the Pub-2010 Annuitant Mortality Tables for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements using gender-specific improvement scale MP-2021. Mortality rates for the Sheriff's Office were based on the Pub-2010 Annuitant Mortality Tables for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements using gender-specific improvement scale MP-2021.

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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The actuarial assumptions used in the September 30, 2021 and September 30, 2022 valuations were not based on the results of an actuarial experience study.

The County's total OPEB liability of \$12,861,397 consists of \$4,757,647 for the County and \$8,103,750 for the Sheriff's Office. The information has been provided as of the September 30, 2021 and September 30, 2022 measurement dates.

Description	Total
Total OPEB liability	\$ 12,861,397
OPEB plan fiduciary net position	-
County's net OPEB liability	\$ 12,861,397
OPEB plan fiduciary net position as a percentage of total OPEB liability	0%

The components of the changes in the total OPEB liability are as follows:

Total OPEB liability	
Service cost	\$ 1,322,858
Interest	336,634
Difference between expected and actual experience	(545,204)
Change in assumptions	(1,043,117)
Benefit payments	(401,094)
Net change in total OPEB liability	(329,923)
Total OPEB liability, beginning	13,191,320
Total OPEB liability, ending	\$ 12,861,397

**Sensitivity of OPEB liability to healthcare cost trend rate**

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.43%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.43%) or 1 percentage point higher (3.43%) than the current rate.

	1% Decrease 1.43%	Discount Rate 2.43%	1% Increase 3.43%
Total OPEB liability	\$ 5,309,843	\$ 4,757,647	\$ 4,272,168

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The following presents the total OPEB liability of the County, calculated using the health care cost trend rate of 4.00% as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rate that are 1 percentage point lower (3.00%) or 1 percentage point higher (5.00%) than the current rate:

	1% Decrease 3.00%	Ultimate Trend Rate 4.00%	1% Increase 5.00%
Total OPEB liability	\$ 4,097,344	\$ 4,757,647	\$ 5,575,722

The following presents the total OPEB liability of the Sheriff Office, calculated using the discount rate of 4.77%, as well as what the Sheriff Office's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.77%) or 1 percentage point higher (5.77%) than the current rate.

	1% Decrease 3.77%	Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability	\$ 8,888,295	\$ 8,103,750	\$ 7,411,474

The following presents the total OPEB liability of the Sheriff Office, calculated using the health care cost trend rate 4.00% as well as what the Sheriff Office's total OPEB liability would be if it were calculated using health care cost trend rate that are 1 percentage point lower (3.00%) or 1 percentage point higher (5.00%) than the current rates:

	1% Decrease 3.00%	Ultimate Trend Rate 4.00%	1% Increase 5.00%
Total OPEB liability	\$ 7,394,359	\$ 8,103,750	\$ 8,936,735

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

For the year ended September 30, 2022, the County, including the Sheriff's Office, recognized OPEB expense of \$654,369. At September 30, 2022, the County, including the Sheriff's Office, had deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 268,735	\$ 6,163,263
Differences between expected and actual experience	203,917	1,948,320
Contributions subsequent to the measurement date	131,374	-
<b>Total</b>	<b>\$ 604,026</b>	<b>\$ 8,111,583</b>

## NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the OPEB liability in the reporting period ending September 30, 2023. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended September 30:		
2023	\$	(1,004,495)
2024		(1,004,495)
2025		(1,004,495)
2026		(1,004,491)
2027		(963,698)
Thereafter		(2,657,257)
Total	\$	(7,638,931)

## NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES

Changes in long-term liabilities for governmental activities are summarized as follows:

	Balance (as restated) September 30, 2021	Additions	Deductions	Balance September 30, 2022	Due Within One Year
Bonds from direct placements	\$ 84,570,954	\$ -	\$ (12,394,617)	\$ 72,176,337	\$ 1,501,000
Notes from direct borrowings	189,583,344	120,385,340	(107,480,388)	202,488,296	8,704,682
Lease liability	1,845,685	202,614	(391,719)	1,656,580	381,129
Finance purchase liability	1,071,030	507,433	(1,012,072)	566,391	194,498
OPEB liability	12,460,010	-	(373,673)	12,086,337	-
Accrued compensated absences	5,777,718	1,557,884	(1,311,725)	6,023,877	2,571,496
Estimated liability for self-insured losses	4,480,761	1,557,045	(1,737,806)	4,300,000	1,081,419
Net pension liability	39,758,373	68,373,649	-	108,132,022	-
Governmental activities long-term liabilities	\$ 339,547,875	\$ 192,583,965	\$ (124,702,000)	\$ 407,429,840	\$ 14,434,224

As noted in Note 23, restatements related to the implementation of GASB 87 were required and reflected in the above table.

Accrued compensated absences and net pension liability for governmental activities are generally liquidated by the fund that reports the liability and pays the related payroll costs. Therefore, the general and transportation funds liquidate a majority of the accrued compensated absences liability and net pension liability.

**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

Notes payable in the governmental activities at September 30, 2022, are summarized below:

**Taxable Series 2014A Revenue Note**

On August 21, 2014, the County issued \$635,000 Taxable Series 2014A Revenue Note to finance certain costs associated with dredging improvements within the Kings Point subdivision. The County had previously issued its Taxable Series 2013A Credit Note, on December 17, 2013. The County refinanced that note to provide permanent financing for the improvements. The note contains a provision that, in the event of a default and 30 days' notice to the County, the lender may declare the outstanding principal and interest to be immediately due and payable.

The interest rate is 3.25%, principal and interest are payable semi-annually, March 1 and September 1, commencing on March 1, 2015. Average remaining annual debt service is \$42,158.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3243. This pledge remains in effect until extinguishment or maturity of the debt in 2024, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$84,315. Principal and interest payments paid on the note required 0.04% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$41,559 and \$106,038,853, respectively.

\$ 81,000

**Taxable Series 2015 Revenue Note**

On August 26, 2015, the County issued \$2,500,000 Taxable Series 2015 Revenue Note to provide long term financing of the short term Taxable Series 2013 Credit Note. The note contains a provision that, in the event of a default and 30 days' notice to the County, the lender may declare the outstanding principal and interest to be immediately due and payable.

Principal and interest is payable semiannually on March 1 and September 1. The note is collateralized by non-ad valorem revenue in accordance with Resolution No. 3308. Interest rate is 3.3%. Average remaining annual debt service is \$295,330.

The remaining principal and interest payments on this debt as of September 30, 2022 totaled \$885,989. Annual principal and interest payments on the bond required 0.28% of the total of non-ad valorem revenues. Principal and interest payments paid for the current year and the total of non-ad valorem revenues were \$296,122 and \$106,038,853, respectively.

837,000

**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Non-Ad Valorem Revenue Note Series 2018**

On July 19, 2018, the County issued \$13,150,000 Non-Ad Valorem Revenue Note, Series 2018 to finance certain costs associated with an 800 MHz radio system. The note contains a provision that, in the event of a default and 30 days' notice to the County, the lender may declare the outstanding principal and interest to be immediately due and payable.

The interest rate is 3.02%, principal and interest are payable semi-annually, March 1 and September 1, with interest commencing on March 1, 2019 and principal commencing on March 1, 2020. Average remaining annual debt service is \$2,412,411.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3538. This pledge remains in effect until extinguishment or maturity of the debt in 2025, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$7,237,232. Principal and interest payments paid on the note required 2.27% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$2,412,307 and \$106,038,853, respectively.

6,870,000

**Sales Tax Revenue Refunding Note Series 2020**

On February 20, 2020, the County issued \$38,770,000 Sales Tax Revenue Refunding Note - Series 2020. The proceeds of the note were used to refund the outstanding Sales Tax Refunding Revenue Note – Series 2015 (refunded \$38,760,000) and to pay the cost of issuing the note. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,300,777. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over thirteen years by \$4,287,264 and obtain an economic gain of \$3,760,674. The note is secured by a pledge of the proceeds of the local government half-cent sales tax distributed to the County pursuant to Chapter 218, Part VI, Florida Statutes. The note contains a provision that, in the event of a default, all pledged funds shall be applied to the payment of reasonable and proper charges, expenses and liabilities of the trustee or receiver, to the payment of interest and principal, then to the payment of all fees due any insurer, credit bank, provider of a reserve account insurance policy, or provider of a reserve account letter of credit.

**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Sales Tax Revenue Refunding Note Series 2020 (continued)**

The refunding note interest rate is 2.06%, principal payable annually on September 1, commencing September 1, 2020. Interest is payable semi-annually, September 1 and March 1. Average remaining annual debt service is \$4,201,756.

This pledge remains in effect until extinguishment or maturity of the debt in 2032, whichever occurs first. The remaining principal and interest payments on this note as of September 30, 2022, totaled \$42,017,557. Principal and interest payments paid on the bond required 6.67% of local government half-cent sales tax. Principal and interest payments paid for the current year and pledged half-cent sales tax revenue were \$1,336,049 and \$20,029,849, respectively.

37,360,000

**Tourist Development Tax Revenue Refunding Note Series 2020**

On February 20, 2020, the County issued \$32,120,000 Tourist Development Tax Revenue Refunding Note - Series 2020. The proceeds of the note were used to refund the outstanding Tourist Development Tax Revenue Note – Series 2018 (refunded \$33,435,000) and to pay the cost of issuing the note. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$98,469. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over fourteen years by \$4,612,399 and obtain an economic gain of \$3,994,712. The note is secured by up to four cents of the Tourist Development Tax received by the County within the Panama City Beach Tourist Development Tax Sub-District in accordance with Resolution No. 3420. The note contains a provision that, in the event of a default, all pledged funds shall be applied to the payment of reasonable and proper charges, expenses and liabilities of the trustee or receiver, to the payment of interest and principal, then to the payment of all fees due any insurer, credit bank, provider of a reserve account insurance policy, or provider of a reserve account letter of credit.

The refunding note interest rate is 2.06%, principal payable annually on April 1, commencing April 1, 2020. Interest is payable semi-annually, April 1 and October 1. Average remaining annual debt service is \$2,830,304.

This pledge remains in effect until extinguishment or maturity of the debt in 2033, whichever occurs first. The remaining principal and interest payments on this note as of September 30, 2022, totaled \$31,133,340. Principal and interest payments paid on the bond required 9.42% of Tourist Development Tax revenue. Principal and interest payments paid for the current year and pledged Tourist Development Tax revenue were \$2,830,224 and \$30,036,253, respectively.

27,450,000



**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Capital Improvement Revenue Refunding Note, Series 2021**

On June 4, 2021, the County issued \$11,235,000 Capital Improvement Revenue Refunding Note, Series 2021. The proceeds of the note were used to refund the outstanding Capital Improvement Revenue Refunding Bonds – Series 2011 (refunded \$11,235,000) and to pay the cost of issuing the note. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$113,900. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over fourteen years by \$830,973 and obtain an economic gain of \$802,264. The note contains a provision that, in the event of a default, the lender may declare all payments of principal and interest on the bond to be immediately due and payable and the bond shall bear interest at a rate equal to the Stated Rate, plus 3% per annum, not to exceed the maximum rate permitted by law.

The interest rate is 0.91%, principal payable annually on September 1, commencing on September 1, 2021. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2021. Average remaining annual debt service is \$1,919,115.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3793. This pledge remains in effect until extinguishment or maturity of the debt in 2027, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$9,595,574. Annual principal and interest payments paid on the bond required 1.84% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$1,951,829 and \$106,038,853, respectively.

9,340,000

**Revenue Refunding Note, Series 2021B**

On October 21, 2021 the County issued \$100,000,000 Revenue Refunding Note, Series 2021B. The proceeds of the note were used to refund the outstanding County's Revenue Note, Series 2019 C, which was a non-revolving line of credit note. Of the \$100,000,000 total, \$99,886,218 is related to the County and \$113,782 is related to the TPO component unit. The refunding resulted in no difference between the reacquisition price and the net carrying amount of the old debt. The County completed the refunding to reduce its debt service payments over eleven years by \$20,891,500 and obtain an economic gain of \$16,243,974. The note contains a provision that, in the event of a default, the lender may sue to protect and enforce the agreement and shall be entitled to reasonable costs and expenses incurred in enforcing the agreement. In the event of a default, the note shall bear interest at the greater of i) PNC Prime Rate plus 3%, ii) overnight Bank Funding Rate plus 3.5% and iii) 7.00% per annum.

**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Revenue Refunding Note, Series 2021B (continued)**

The refunding note interest rate is .70%, principal payable annually on September 1, commencing on September 1, 2022. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2022. Average remaining annual debt service is \$50,467,512.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3917. This pledge remains in effect until extinguishment or maturity of the debt in 2024, whichever occurs first. The remaining principal and interest payments on this note as of September 30, 2022, totaled \$100,935,023. No principal payments were made in the current year. Interest payments paid on the bond required 0.57% of pledged revenues. Interest payments paid for the current year and pledged revenues were \$602,778 and \$106,038,853, respectively.

99,886,218

**Capital Improvement Revenue Refunding Note, Series 2022B**

On September 8, 2022 the County issued \$9,505,000 Capital Improvement Revenue Note, Series 2022A. The proceeds of the note were used to refund the outstanding County's Capital Improvement Revenue Note Series 2021 and to pay the cost of issuing the note. The refunding resulted in no difference between the reacquisition price and the net carrying amount of the old debt. The County completed the refunding to reduce its debt service payments over sixteen years by \$666,556 and obtain an economic gain of \$499,422. The note contains a provision that, in the event of a default, the lender may sue to protect and enforce the agreement and shall be entitled to reasonable costs and expenses incurred in enforcing the agreement. In the event of a default, the note shall bear interest at the lessor of the sum of the Prime Rate plus 5% per annum and the maximum lawful rate until all amounts then due are paid in full.

The refunding note interest rate is 2.88%, principal payable annually on September 1, commencing on September 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2023. Average remaining annual debt service is \$986,075.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3917. This pledge remains in effect until extinguishment or maturity of the debt in 2037, whichever occurs first. The remaining principal and interest payments on this note as of September 30, 2022, totaled \$11,832,906. No principal payments or interest were paid in the current year, therefore no calculation related to pledged revenue was necessary. Non-ad valorem revenue was \$106,038,853 for the current year.

9,505,000

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**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Capital Improvement Revenue Note, Series 2022A**

On September 8, 2022 the County issued \$10,055,000 Capital Improvement Revenue Note, Series 2022A, to provide funds for construction and renovations of a park and sports complex. The note contains a provision that, in the event of a default, the lender may sue to protect and enforce the agreement and shall be entitled to reasonable costs and expenses incurred in enforcing the agreement. In the event of a default, the note shall bear interest at the lessor of the sum of the Prime Rate plus 5% per annum and the maximum lawful rate until all amounts then due are paid in full.

The interest rate is 3.09%, principal payable annually on September 1, commencing on September 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2023. Average remaining annual debt service is \$1,135,493.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3917. This pledge remains in effect until extinguishment or maturity of the debt in 2042, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$13,625,912. No principal payments or interest were paid in the current year, therefore no calculation related to pledged revenue was necessary. Non-ad valorem revenue was \$106,038,853 for the current year.

10,055,000

**Truist FY21 Fleet Loan**

On November 12, 2020, the Sheriff agreed to finance \$938,211 for the purchase of fleet vehicles. The interest rate is 1.25%, principal and interest payable monthly, commencing on January 16, 2021. Average remaining annual debt service is \$199,250. The loans were secured by the vehicles purchased with loan proceeds.

396,395

**Truist FY22 Fleet Loan**

On December 9, 2021, the Sheriff agreed to finance \$939,122 for the purchase of fleet vehicles. The interest rate is 1.27%, principal and interest payable monthly, commencing on January 9, 2022. Average remaining annual debt service is \$239,406. The loans were secured by the vehicles purchased with loan proceeds.

707,683

Total notes payable – governmental activities

202,488,296

Less: current portion

(8,704,682)

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Long-term portion of notes payable – governmental activities

\$ 193,783,614

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**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

Year Ending September 30,	Principal	Interest	Total
2023	\$ 8,704,682	\$ 2,948,539	\$ 11,653,221
2024	111,724,982	2,421,169	114,146,151
2025	11,721,633	1,818,419	13,540,052
2026	9,153,000	1,583,005	10,736,005
2027	9,316,000	1,404,838	10,720,838
2028-2032	39,683,000	4,392,482	44,075,482
2033-2037	9,070,000	1,113,246	10,183,246
2038-2042	3,114,999	294,570	3,409,569
Total	\$ 202,488,296	\$ 15,976,268	\$ 218,464,564

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Governmental activities' revenue bonds consist of the following at September 30, 2022:

**Capital Improvement Revenue Bonds, Series 2011**

On July 12, 2011, the County issued \$2,340,000 Capital Improvement Revenue Bonds – Series 2011. The proceeds of the bonds to be used for certain capital improvements associated with a new fire station. The bonds contain a provision that, in the event of a default, the lender may declare all payments of principal and interest on the bond to be immediately due and payable and the bond shall bear interest at a rate equal to the Base Rate, plus 4% per annum, not to exceed the maximum rate permitted by law. The Base Rate shall be equal to (i) the Prime Rate or (ii) the Adjusted One Month LIBOR Rate.

The interest rate is 3.96%, principal payable annually on September 1, commencing September 1, 2012. Interest is payable semi-annually, March 1 and September 1. Average remaining annual debt service is \$202,783.

The bonds are special obligation bonds of the County payable solely from and secured by non-ad valorem revenues in accordance with Resolution No. 3051. This pledge remains in effect until extinguishment or maturity of the debt in 2026, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$811,132. Principal and interest payments paid on the bond required 0.19% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$205,937 and \$106,038,853, respectively.

\$ 737,000

**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Sales Tax Revenue Refunding Bond, Series 2018A&B**

On February 22, 2018, the County issued \$11,023,000 Sales Tax Revenue Refunding Bonds, Series 2018A&B. The proceeds of the bonds to be used to refund the County's outstanding Sales Tax Revenue Refunding Bonds, Series 2007. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$393,337. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over fifteen years by \$2,828,875 and obtain an economic gain of \$1,142,956. The bonds contain a provision that, in the event of a default, all pledged funds shall be applied to the payment of reasonable and proper charges, expenses and liabilities of the trustee or receiver, to the payment of interest and principal, then to the payment of all fees due any insurer, credit bank, provider of a reserve account insurance policy, or provider of a reserve account letter of credit.

The refunding bonds interest rate is 2.90%, principal payable annually on September 1, commencing on September 1, 2018. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2018. Average remaining annual debt service is \$943,111.

This pledge remains in effect until extinguishment or maturity of the debt in 2032, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$9,431,107. Principal and interest payments paid on the bond required 4.71% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$942,446 and \$20,029,849, respectively.

8,086,000

**Revenue Bond, Series 2020**

On October 19, 2020, the County issued \$50,000,000 Revenue Bond, Series 2020, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$48,874,337 is related to the County and \$1,125,663 is related to the TPO component unit. The information detailed here includes only the portion of this note that is related to the County. The bond contains a provision that, in the event of a default, the lender may sue to protect and enforce the agreement and shall be entitled to reasonable costs and expenses incurred in enforcing the agreement. In the event of a default, the bond shall bear interest at the lessor of the sum of the Prime Rate plus 5% per annum and the maximum lawful rate until all amounts then due are paid in full.

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**NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)**

**Revenue Bond, Series 2020 (continued)**

The interest rate is 1.06%, principal payable annually on March 1, commencing on March 1, 2024. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2021. Average remaining annual debt service is \$4,043,529.

The bond is secured by non-ad valorem revenue in accordance with Resolution No. 3755. This pledge remains in effect until extinguishment or maturity of the debt in 2035, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$52,565,883. No principal payments were paid in the current year. Interest payments paid on the note required 0.49% of non-ad valorem revenue. Interest payments paid for the current year and non-ad valorem revenue were \$518,075 and \$106,038,853, respectively.

48,874,337

**Capital Improvement Revenue Bond, Series 2021A**

On September 23, 2021, the County issued \$15,046,000 Capital Improvement Revenue Bond, Series 2021A to provide funds to finance certain capital improvements within the County. The bond contains a provision that, in the event of a default, the lender may sue to protect and enforce the agreement and shall be entitled to reasonable costs and expenses incurred in enforcing the agreement. In the event of a default, the bond shall bear interest at the lessor of the sum of the Prime Rate plus 5% per annum and the maximum lawful rate until all amounts then due are paid in full.

The interest rate is 2.29%, principal payable annually on September 1, commencing on September 1, 2022. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2022. Average remaining annual debt service is \$948,363.

The bond is secured by non-ad valorem revenue in accordance with Resolution No. 3831. This pledge remains in effect until extinguishment or maturity of the debt in 2041, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$18,018,905. No principal or interest payments were paid in the current year. Non-ad valorem revenue for the current year was \$106,038,853.

14,479,000

Total bonds payable – governmental activities

72,176,337

Less: current portion

(1,501,000)

Long-term portion governmental activities bonds payable

\$ 70,675,337

## NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES (Continued)

The annual debt service requirements to maturity for the governmental activities' revenue bonds payable at September 30, 2022, are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 1,501,000	\$ 1,113,332	\$ 2,614,332
2024	5,381,523	1,051,338	6,432,861
2025	5,463,622	967,677	6,431,299
2026	5,550,609	882,356	6,432,965
2027	5,432,709	795,370	6,228,079
2028-2032	28,407,798	2,735,626	31,143,424
2033-2037	16,854,076	897,425	17,751,501
2038-2042	3,585,000	207,566	3,792,566
Total	\$ 72,176,337	\$ 8,650,690	\$ 80,827,027

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the County to rebate excess arbitrage earnings from bond proceeds to the federal government. As of September 30, 2022, there was no arbitrage liability for governmental activities.

## NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES

Changes in long-term liabilities for business-type activities are summarized as follows:

	Balance September 30, 2021	Additions	Deductions	Balance September 30, 2022	Due Within One Year
Revenue bonds	\$ 47,195,000	\$ -	\$ (2,655,000)	\$ 44,540,000	\$2,765,000
Adjusted for deferred amounts on					
Issuance discounts/premiums	4,141,382	-	(456,752)	3,684,630	-
Total revenue bonds	51,336,382	-	(3,111,752)	48,224,630	2,765,000
Bonds from direct placements	25,390,000	-	(3,289,000)	22,101,000	3,426,000
Notes from direct borrowings	15,742,970	-	(1,440,276)	14,302,694	1,493,158
Finance purchase liability	17,369	40,964	(11,950)	46,383	17,137
Other postemployment benefits	731,310	43,750	-	775,060	-
Accrued compensated absences	501,775	247,016	(195,821)	552,970	227,555
Landfill closure and postclosure liability	10,324,225	301,687	-	10,625,912	-
Net pension liability	2,037,988	3,898,613	-	5,936,601	-
Business-type activity long-term liabilities	\$106,082,019	\$ 4,532,030	\$ (8,048,799)	\$102,565,250	\$7,928,850

**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

Notes payable in the enterprise funds at September 30, 2022, are summarized below:

**State Revolving Fund Program**

State Revolving Fund Program (Funding Number 0302E0) consists of approved loans in the original amount of \$1,000,000, with a principal forgiveness of \$750,000, payable to the State of Florida Department of Environmental Protection State Revolving Fund Program. The interest rate is 1.23% per annum. The semi-annual loan payment is \$7,645 and the loan matures on July 15, 2040. The loan is collateralized by the gross revenues derived yearly from operation of the Military Point Advance Wastewater Treatment Facility after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on the City of Callaway, Florida and Bay County, Florida Wastewater Revenue Refunding Note, Series 2014. The County is liable for the total obligation. The note contains a provision that, in the event of a default, the State of Florida Department of Environmental Protection may intercept the delinquent amount, plus a penalty of up to 18 percent per annum on the amount due, from any unobligated funds due to the County under any revenue or tax sharing fund established by the State, sue for payment of all amounts due with interest on overdue payments, accelerate the repayment schedule, or increase the interest rate on the unpaid principal to as much as 1.667 times the financing rate.

\$ 246,206

**State Revolving Fund Program**

State Revolving Fund Program (Funding Number DW 030200) consists of approved loans in the amount of \$532,776, with a principal forgiveness of \$399,582, payable to the State of Florida Department of Environmental Protection State Revolving Fund Program. The interest rate is 1.25% per annum. The semi-annual loan payment is \$3,655 and the loan matures on July 15, 2040. The loan is collateralized by the gross revenues derived yearly from operation of the water system after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on the Bay County, Florida Water System Revenue Note, Series 2014 and the Bay County, Florida Water System Revenue Refunding Bonds, Series 2016. The note contains a provision that, in the event of a default, the State of Florida Department of Environmental Protection may intercept the delinquent amount, plus a penalty of 6 percent per annum on the amount due, from any unobligated funds due to the County under any revenue or tax sharing fund established by the State, sue for payment of all amounts due with interest on overdue payments, accelerate the repayment schedule, or increase the interest rate on the unpaid principal to as much as 1.667 times the financing rate.

117,488



**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

**Wastewater Revenue Refunding Note - Series 2014**

On June 17, 2014, the City of Callaway and the County issued \$10,445,000 Wastewater Revenue Refunding Note - Series 2014 to refund the outstanding Wastewater and System Revenue Refunding Bonds - Series 2004 that was jointly issued with the City of Callaway and the County. This note was used as part of projects required for the Military Point Advanced Wastewater Treatment Facility a joint venture of Bay County. Interest rate is 3.31%. The refunding reduced debt service payments over twelve years by \$810,140 and obtain an economic gain of \$651,743. The Military Point Advanced Wastewater Treatment Facility recognized the gain in their financial statements. The effect of that gain is recorded by the County in their investment in the joint venture. The note contains a provision that, in the event of a default, the Trustee may sue to protect and enforce the agreement. All moneys, securities, and funds received by the Trustee shall be applied to the expenses of the Trustee and Paying Agents, to the payment of amounts required for reasonable and necessary operating expenses, reasonable renewals, repairs, and replacements of the system necessary to prevent loss of gross revenues, to the payment of any rebatable arbitrage then due, then to the interest and principal due. In the event of a default, the interest rate shall be adjusted to a rate equal to 2.50% above the interest rate otherwise applicable.

Principal is payable annually on September 1, commencing on September 1, 2015. Interest is payable semiannually on March 1 and September 1. The notes are collateralized by the assets and the anticipated net revenues of the joint venture (Military Point Advanced Wastewater Treatment Facility). The County is liable for one half of the total obligation.

1,934,000

**Water System Revenue Note - Series 2014**

On June 17, 2014 the County issued \$18,925,000 Water System Revenue Note - Series 2014. The proceeds of the note to pay the cost of certain capital improvements to the Wholesale Water System. The bonds contain a provision that, in the event of a default, all pledged funds shall be applied to the payment of reasonable and proper charges, expenses and liabilities of the trustee or receiver, to the payment of the amounts required for operating expenses and for the reasonable renewals, repairs, and replacements of the system necessary to prevent loss of gross revenues, then to the payment of the interest and principal due on the bonds.

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**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

**Water System Revenue Note - Series 2014 (continued)**

The interest rate is 3.70%, principal payable annually on September 1, commencing September 1, 2015. Interest is payable semi-annually, March 1 and September 1. Average remaining annual debt service is \$1,458,076.

The notes secured by a) the net revenues of the wholesale water system, b) impact fees charged by the wholesale water system, c) all cash and investments held in accordance with Resolution No. 3051. This pledge remains in effect until extinguishment or maturity of the debt in 2032, whichever occurs first.

The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$14,580,755. Annual principal and interest payments paid on the note required 18.46% of the total impact fee revenue and wholesale water system net revenue. Principal and interest payments paid for the current year and impact fee revenue and wholesale water system net revenue were \$1,460,445 and \$7,911,949, respectively.

	12,005,000
Total notes payable – enterprise funds	14,302,694
Less: current portion	(1,493,158)
Long-term portion of enterprise funds' notes payable	\$ 12,809,536

Minimum debt service requirements to maturity on the notes are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 1,493,158	\$ 511,140	\$ 2,004,298
2024	1,545,383	458,215	2,003,598
2025	1,599,112	403,427	2,002,539
2026	1,655,342	346,707	2,002,049
2027	1,194,076	287,977	1,482,053
2028-2032	6,643,987	753,363	7,397,350
2033-2037	105,280	5,119	110,399
2038-2042	66,356	958	67,314
Total	\$ 14,302,694	\$ 2,766,906	\$ 17,069,600

**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

Bonds payable in the enterprise funds at September 30, 2022, are summarized below:

**Solid Waste Capital Improvement Revenue Refunding Bonds – Series 2010**

On August 18, 2010, the County issued \$28,320,000 Capital Improvement Revenue Refunding Bonds – Series 2010. The proceeds of the bonds were used to refund the outstanding Solid Waste Sales Tax Revenue Bonds – Series 1998 (refunded \$30,680,000) and to pay the cost of issuing the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,703,997. This difference is reported as a deferred amount on refunding. The County completed the refunding to reduce its debt service payments over twenty-five years by \$5,314,359 and obtain an economic gain of \$3,435,305. The bonds are special obligation bonds of the County payable solely from and secured by non-ad valorem revenues in accordance with Resolution No. 2997. The bonds contain a provision that, in the event of a default, the lender may declare all payments of principal and interest on the bond to be immediately due and payable and the bond shall bear interest at a rate equal to the Base Rate, plus 4% per annum, not to exceed the maximum rate permitted by law. The Base Rate shall be equal to (i) the Prime Rate or (ii) the Adjusted One Month LIBOR Rate.

The refunding bonds interest rate is 3.43%, principal payable annually on September 1, commencing September 1, 2011. Interest is payable semi-annually, March 1 and September 1. Average remaining annual debt service is \$2,647,741.

This pledge remains in effect until extinguishment or maturity of the debt in 2023, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$2,647,741. Annual principal and interest payments on the bond required 2.51% of the total of non-ad valorem revenues. Principal and interest payments paid for the current year and the total of non-ad valorem revenues were \$2,663,083 and \$106,038,853 respectively.       \$   2,560,000

**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

**Water and Sewer System Revenue Refunding Bonds – Series 2015**

On November 4, 2015, the County issued \$28,710,000 Water and Sewer System Revenue Refunding Bonds – Series 2015. The proceeds of the bonds were used to refund the outstanding Water and Sewer System Revenue Bonds – Series 2011 (refunded \$27,075,000) and to pay the cost of issuing the bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$391,517. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its annual debt service payments and extend the maturity by fourteen years. The refunding increased total debt service payments over thirty years by \$15,104,388 and resulted in an economic loss of \$1,236,640.

The bonds are limited obligation bonds of the County payable solely from and secured by the net revenues derived from the water and sewer system, connection fees in accordance with Resolution No. 3318 and 3319, and moneys deposited into the reserve and rate stabilization funds as allowed per the bond agreement. In addition, the Resolutions allow the County to budget and appropriate, if necessary, Non-Ad Valorem Revenues, sufficient to pay the fiscal year principal and interest on the bond, in the event amounts available from the Pledged Funds are insufficient. The bonds contain a provision that, in the event of a default, all pledged funds shall be applied to the payment of reasonable and proper charges, expenses and liabilities of the trustee or receiver, to the payment of interest and principal, then to the payment of all fees due any insurer and Credit Bank not previously mentioned.

The refunding bonds interest rate varies from 2.0%-5.0%, principal payable annually on September 1, commencing September 1, 2017. Interest is payable semi-annually, March 1 and September 1, commencing March 1, 2016. Average remaining annual debt service is \$1,695,458.

This pledge remains in effect until extinguishment or maturity of the debt in 2045, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$38,995,544. Principal and interest payments on the bond required 28.90% of the total of the net revenues derived from the water system, connection fees, and allowable deposits. Principal and interest payments paid for the current year and the total net revenues derived from the water system, connection fees, and allowable deposits were \$1,695,169 and \$5,866,129 respectively.

24,875,000

**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

**Water System Revenue Refunding Bonds – Series 2016**

On October 12, 2016, the County issued \$30,085,000 Water System Revenue Refunding Bonds – Series 2016. The proceeds of the bonds were used to refund the outstanding Water System Revenue Refunding Bonds – Series 2005 (refunded \$36,615,000) and to pay the cost of issuing the bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,233,490. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its annual debt service payments. The refunding decreased total debt service payments over fourteen years by \$9,142,489 and resulted in an economic gain of \$6,886,901.

The bonds are special obligation bonds of the County payable solely from and secured by, a) the net revenues of the wholesale water system, b) impact fees charged by the wholesale water system, c) all cash and investments held in accordance with Ordinance No. 00-04, Resolution No. 2219 and Resolution No. 2625. The bond contains a provision that, in the event of a default, all pledged funds shall be applied to the payment of reasonable and proper charges, expenses and liabilities of the trustee or receiver, to the payment of the amounts required for operating expenses and for the reasonable renewals, repairs, and replacements of the system necessary to prevent loss of gross revenues, then to the payment of the interest and principal due on the bonds.

The bonds are issued on parity with the County's outstanding Water System Revenue Bonds – Series 2014. Interest varies from 4.0% to 5.0%, principal payable annually on September 1, commencing September 1, 2017, interest payable semi-annually on March 1 and September 1, commencing on March 1, 2017. Average remaining annual debt service is \$3,042,813.

This pledge remains in effect until extinguishment or maturity of the debt in 2030, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$24,342,500. Annual principal and interest payments on the bond required 38.44% of the total of impact fee revenue and wholesale water system net revenue. Principal and interest payments paid for the current year and the total of impact fee revenue and wholesale water system net revenue were \$3,041,250 and \$7,911,949, respectively.

19,665,000

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**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

**Solid Waste System Revenue Bond, Series 2021**

On September 23, 2021, the County issued \$20,340,000 Solid Waste System Revenue Bond, Series 2021, for the purposes of financing and refinancing the acquisition, construction, and equipping of capital improvements to the County's solid waste system. The bond contains a provision that, in the event of a default, the lender may sue to protect and enforce the agreement. In the event of a default, the bond shall bear interest at the lessor of 18% per annum and the maximum lawful rate until all amounts then due are paid in full.

The interest rate is 1.87%, principal payable annually on September 1, commencing on September 1, 2022. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2022. Average remaining annual debt service is \$1,231,463.

These bonds are secured by the net revenues of the Solid Waste Fund in accordance with Resolution No. 3833. This pledge remains in effect until extinguishment or maturity of the debt in 2041, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled \$23,397,800. Annual principal and interest payments on the bond required 35.98% of the total net revenues of the Solid Waste Fund. Principal and interest payments paid for the current year and the total of the net revenues of the Solid Waste Fund were \$1,156,114 and \$3,213,239, respectively.

	19,541,000
Total bonds payable – business-type activities	66,641,000
Less: current portion	(6,191,000)
Long-term portion of business-type activities' bonds payable	\$ 60,450,000

The annual debt service requirements to maturity for bonds payable at September 30, 2022, are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 6,191,000	2,420,939	8,611,939
2024	3,772,000	2,196,504	5,968,504
2025	3,919,000	2,052,848	5,971,848
2026	4,071,000	1,900,037	5,971,037
2027	4,233,000	1,740,557	5,973,557
2028-2032	17,641,000	6,125,417	23,766,417
2033-2037	10,770,000	3,864,615	14,634,615
2038-2042	11,344,000	2,060,669	13,404,669
2043-2047	4,700,000	381,000	5,081,000
Total	\$ 66,641,000	\$ 22,742,586	\$ 89,383,586

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**NOTE 13 – LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES (Continued)**

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the County to rebate excess arbitrage earnings from bond proceeds to the Federal Government. As of September 30, 2022, there was no arbitrage liability for business-type activities.

**NOTE 14 – INTERFUND TRANSFERS, RECEIVABLES, PAYABLES, AND ADVANCES**

The County's routine transfers include transfers, (a) to match for special revenue grant requirements, (b) to other funds based on budgetary requirements, and (c) for revenues from a fund that by statute or budgetary authority must collect them for funds that are required by statute or budgetary authority to expend them. Interfund transfers during the year ended September 30, 2022, were as follows:

Transfer In	Transfer Out	
General fund	Builder services fund	<u>\$ 49,488</u>
		<u>\$ 49,488</u>
Transportation fund	General fund	<u>\$ 13,400,083</u>
		<u>\$ 13,400,083</u>
Other nonmajor gov't funds	General fund	<u>\$ 1,321,682</u>
		<u>\$ 1,321,682</u>
Hurricane Michael fund	General fund	<u>\$ 3,805,393</u>
		<u>\$ 3,805,393</u>
Solid waste fund	General fund	<u>\$ 27,681</u>
		<u>\$ 27,681</u>
Internal service funds	General fund	<u>\$ 23,756</u>
		<u>\$ 23,756</u>

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**NOTE 14 – INTERFUND TRANSFERS, RECEIVABLES, PAYABLES, AND  
ADVANCES (Continued)**

Interfund receivables and payables arise from interfund transactions for operating purposes and are recorded by all funds affected in the period in which transactions are executed. At September 30, 2022, interfund receivables and payables are as follows:

Receivable Fund	Payable Fund		
General fund	Internal service funds	\$ 1,436,923	
	Solid waste fund	<u>4,401,815</u>	
			<u>\$ 5,838,738</u>
Transportation fund	Internal service funds	\$ 466,012	
			<u>\$ 466,012</u>
Tourist development fund	General fund	\$ 661,726	
			<u>\$ 661,726</u>
Wholesale water fund	Internal service funds	\$ 534,246	
			<u>\$ 534,246</u>
Retail waste fund	Internal service fund	\$ 316,406	
			<u>\$ 316,406</u>
Solid waste fund	Internal service funds	\$ 137,575	
			<u>\$ 137,575</u>
Internal service funds	General fund	\$ 16,032	
	Transportation fund	61,338	
	Other nonmajor governmental funds	5,295	
	Wholesale water fund	2,456	
	Retail waste fund	7,110	
	Solid waste fund	9,210	
	Builder services fund	2,713	
	Internal services fund	<u>7,394</u>	
			<u>\$ 111,548</u>
Other nonmajor governmental funds	Builder service funds	\$ 61,187	
	Internal service funds	<u>453,553</u>	
			<u>\$ 514,740</u>



**NOTE 14 – INTERFUND TRANSFERS, RECEIVABLES, PAYABLES, AND  
ADVANCES (Continued)**

An interfund advance was made to the MSTU Fire Protection Fund from the Building Services Fund in 2012 and 2014 to provide funds for operations. This advance is expected to be repaid within two years of September 30, 2022. The balance of this advance as of September 30, 2022, was \$120,945. There was also an interfund advance was made to the Intergovernmental Radio Communications Fund from the General Fund in 2022 to provide funds for additional infrastructure and equipment costs incurred while constructing the newly upgraded 800 MHz system. This advance is expected to be repaid within three years of September 30, 2022. The balance of this advance as of September 30, 2022, was \$1,823,785.

**NOTE 15 – FUND BALANCE**

The detail related to fund balance classifications for governmental funds as of September 30, 2022, consists of the following:

	General	Tourist Development	Transportation	Hurricane Michael	Nonmajor Governmental	Total
Nonspendable						
Not in spendable form for interfund advances	\$ 1,823,785	\$ -	\$ -	\$ -	\$ -	1,823,785
prepaid items	644,608	21,922,361	-	-	163,703	22,730,672
Total nonspendable	2,468,393	21,922,361	-	-	163,703	24,554,457
Restricted						
Enabling legislation	2,044,508	59,619,977	21,353,245	94,135,964	12,283,096	189,436,790
Debt service	1,964,694	1,416,460	-	101,439	243,961	3,726,554
Impact fees	2,133,368	-	-	-	1,483,321	3,616,689
Contractual	2,274,820	-	-	-	-	2,274,820
Unspent bond proceeds	12,820,060	-	-	-	2,958,999	15,779,059
Total restricted	21,237,450	61,036,437	21,353,245	94,237,403	16,969,377	214,833,912
Assigned						
For disaster cleanup	1,000,000	-	-	-	-	1,000,000
For neighborhood infrastructure and improvement	57,658	-	-	-	-	57,658
For future insurance costs	841,267	339,775	41,784	-	21,503	1,244,329
For animal control	118,958	-	-	-	-	118,958
For following year expenditures	7,380,498	-	-	-	-	7,380,498
For the purpose of special revenue fund	-	-	11,007,320	-	-	11,007,320
Total assigned	9,398,381	339,775	11,049,104	-	21,503	20,808,763
Unassigned	40,834,470	-	-	-	-	40,834,470
Total fund balances	\$ 73,938,694	\$ 83,298,573	\$ 32,402,349	\$ 94,237,403	\$ 17,154,583	\$ 301,031,602

## **NOTE 16 – COMMITMENTS AND CONTINGENCIES**

### **Landfill Costs and Liabilities**

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure, depending on the closure date. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the Solid Waste Fund.

The County has two landfills. The Majette Landfill closed in September 1987. The Steelfield Road Landfill is currently estimated to have sufficient capacity at current waste generation disposal rates to accept waste through 2036. State and federal laws and regulations require that the County place a final cover on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for 20 to 30 years after closure, depending on closure date. As of September 30, 2022, the Majette Landfill completed the required maintenance and monitoring for financial assurance.

Management currently estimates that the cost to close the Steelfield Landfill will be approximately \$12,886,165 and the postclosure costs to maintain and monitor the Steelfield Landfill will be approximately \$125,738 per year. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Solid Waste Fund has reported a liability for landfill closure and postclosure care at September 30, 2022, in the amount of \$10,625,912, which represents the cumulative amount reported to date, based on 63% of the estimated capacity of the landfill. See note 13 for disclosure of the changes in this estimated liability.

These amounts are based on what it is estimated to cost to perform all closure and postclosure care in 2022. Actual cost may be higher due to inflation, deflation, changes in technology, or changes in applicable laws and regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County was in compliance with these requirements and at September 30, 2022, \$8,243,431 was held for these purposes in a separate general ledger account on deposit in the County's pooled cash and investments. These are reported as restricted cash and investment assets on the Solid Waste Fund balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined to be necessary, these costs may need to be covered by charges to future landfill users or from future tax revenue.

## NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

### Legal Contingencies

The County is involved in certain litigation and claims, as a defendant or plaintiff, arising in the ordinary course of operations. Legal counsel has indicated that the facts of the cases and the law are not sufficiently developed to allow an accurate prediction of the ultimate outcome of the litigation. As such, no estimate of losses, if any, can be determined. During the course of normal operations, the County entered into various other contractual agreements for which the County would be liable in the event of default. The actual potential amount of loss liability associated with a default for these contracts cannot be reasonably estimated at this time. Additionally, in December 2022, the County settled a case regarding private provider building inspections. At the time of issuance an estimate has not been calculated.

### Military Point Advanced Wastewater Treatment Facility

The County entered into debt financing agreements with the City of Callaway on behalf of the Military Point Advanced Wastewater Treatment Facility. As a result, the County is contingently liable for bonds payable and notes payable guaranteed by the City of Callaway.

As of September 30, 2022, the County was contingently liable for the following amounts:

Wastewater System Revenue Refunding Bonds Series 2004 (see note 13)	\$ 1,934,000
Related interest expense	162,570
<b>Total contingent liability – joint venture</b>	<b>\$ 2,096,570</b>

### Construction Commitments

At September 30, 2022 the County had open construction contract commitments as follows:

Fund	Contract Amount	Expended to Date	Remaining Commitment
General fund	\$ 22,926,095	\$ 6,011,190	\$ 16,914,905
Transportation fund	8,134,076	7,028,388	1,105,688
Other nonmajor governmental fund	1,505,738	1,212,134	293,604
Tourist development fund	2,115,643	688,643	1,427,000
Wholesale water fund	11,892,330	5,708,828	6,183,502
Retail water fund	1,786,204	997,106	789,098
Internal service funds	8,678	8,678	-
Transportation planning organization	349,367	79,534	269,833
<b>Total contract commitments</b>	<b>\$ 48,718,131</b>	<b>\$ 21,734,501</b>	<b>\$ 26,983,630</b>

## **NOTE 17 – CONDUIT DEBT OBLIGATIONS**

During the course of normal operations, the County has entered into various conduit debt obligations. Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The County has no responsibility for the payment of these debt issues except for the payments received on the underlying lease or loan agreement. The County's conduit debt obligations at September 30, 2022, are summarized as follows:

Issue	Date of Issue	Amount Outstanding September 30, 2022
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy) Series 2020	October 21, 2020	\$ 8,965,000
Bay County, Florida Industrial Development Revenue Refunding Bonds (Goodwill Industries - Big Bend, Inc.) Series 2017	April 1, 2017	\$ 8,302,547
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy Project) Series 2013 A & B	April 17, 2013	\$ 19,770,000
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy Project) Series 2016	October 1, 2016	\$ 4,475,000
Bay County, Florida Industrial Developmental Revenue Bonds (Gulf Power Company Project) Series 2020	June 1, 2020	\$ 50,000,000

## **NOTE 18 – WORKERS' COMPENSATION – SELF INSURANCE**

During fiscal year 1990, the County established a Workers' Compensation Fund (internal service fund) to account for and finance its uninsured risks of loss relating to workers' compensation claims. Under this program, the Workers' Compensation Fund provides coverage for up to a maximum of \$350,000 for each workers' compensation claim through September 30, 2022. The County purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund. Settled claims exceeded the commercial coverage for fiscal year 2022. Settled claims have not exceeded this commercial coverage for fiscal years 2020 and 2021.

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**NOTE 18 – WORKERS’ COMPENSATION – SELF INSURANCE (Continued)**

All funds, except those which include certain volunteer fire department personnel of the County, participate in the program and make payments to the Workers' Compensation Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$4,300,000 reported in the Workers' Compensation Fund at September 30, 2022, is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. The liability includes an estimate of incurred but not reported losses based on historical experience. Changes in the Workers' Compensation Fund's claims liability amount in fiscal years 2021 and 2022 were as follows:

Year Ending September 30,	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021	\$ 4,480,761	\$ 616,591	\$ (616,591)	\$ 4,480,761
2022	\$ 4,480,761	\$ 1,557,045	\$ (1,737,806)	\$ 4,300,000

**NOTE 19 – INSURANCE**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The County accounts for its uninsured risk of loss with regard to workers' compensation as explained in Note 18. Other types of insurance coverage are explained in the following paragraphs.

The County is a member of the Florida Association of Counties Trust (FACT), a public entity risk pool, which provides general liability insurance coverage. The County pays an annual premium to the Trust and remains liable for the deductible of \$25,000 per claim. The claims liability of \$250,000 reported in the Self-Insurers' Fund is based on the requirements of GASB.

Changes in the Self-Insurers' Fund's claims liability amount in fiscal years 2021 and 2022 were as follows:

Year Ending September 30,	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	\$ 250,000	\$ 4,309,251	\$ (4,309,251)	\$ 250,000
2022	\$ 250,000	\$ 4,055,281	\$ (4,055,281)	\$ 250,000

The County also purchases commercial insurance for other risks of loss, such as automobile liability. Settled claims have not exceeded this commercial coverage during the past three fiscal years.

## NOTE 20 – JOINT VENTURE

The County entered into an interlocal agreement with the cities of Callaway, Parker, Springfield and the former Town of Cedar Grove on September 27, 1996, to supply existing and expanded wastewater treatment and disposal services. The mission of this joint venture is to provide these services in an economical, efficient and environmentally appropriate manner to their respective citizenry. This joint venture, known as the Military Point Advanced Wastewater Treatment Facility (MPAWTF or System), assumed ownership of the existing wastewater treatment plant and then completed construction of a new seven million gallon per day advanced wastewater treatment facility, which was placed in service on July 20, 1999. Funding for the new facility came through a combination of conventional borrowing and State Revolving Fund loans.

The joint venture is owned and governed by the County; and the cities of Callaway, Parker, and Springfield. One owner is selected by the others to be responsible for operating the System. The owner designated to be the Operator is the County. The Operator of the System, in accordance with the interlocal agreement, prepares the system's annual budget, sets treatment rates and collects funds sufficient to pay debt service, cost of operations and maintenance, renewal and replacement, and any enhancements to reserves. The results of operations and cash flows are accounted for in total within the financial statements of the joint venture. The County's interest in equity is reported within the County's Retail Water and Wastewater Fund. As of September 30, 2022, the County's investment in the joint venture was \$7,650,229. Complete financial statements for the joint venture may be obtained from the Operator at P.O. Box 2269, Panama City, Florida 32402.

Summary unaudited financial statements for the Military Point Advanced Wastewater Treatment Facility are as follows:

Statement of Net Position September 30, 2022	
Assets	\$ 29,996,983
Deferred outflows	328,559
Liabilities	7,530,809
Net position	
Net investment in capital assets	15,962,601
Restricted for owners' rate reserve	2,038,474
Unrestricted	4,793,658
Total net position	\$ 22,794,733

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**NOTE 20– JOINT VENTURE (Continued)**

Statement of Activities Year Ended September 30, 2022	
Operating revenues	\$ 5,351,626
Operating expenses	(5,403,368)
Operating income	(51,742)
Nonoperating revenues (expenses), net	1,799,427
Income before distributions	1,747,685
Distributions to owners	(18,067)
Change in net position	1,729,618
Net position, beginning of year	21,065,115
Net position, end of year	\$ 22,794,733

As of September 30, 2022, the County’s portion of contributions and net position in the joint venture is as follows:

County investment, at September 30, 2021	\$ 7,064,468
Add: 2022 County share of net income	589,628
Less: 2022 distributions payable	(3,867)
County investment in joint venture at September 30, 2022	\$ 7,650,229

**NOTE 21 – RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2022, the MPAWTF provided services to the County’s Retail Water & Wastewater Fund. For the year ended September 30, 2022, the billings for these services totaled \$2,070,870.

As described in Note 20, the County is an owner of the Military Point Advanced Wastewater Treatment Facility. The County incurs operational expenses on behalf of the joint venture. Reimbursement for these expenses amounted to \$2,715,085 for the year ended September 30, 2022.

Receivables/payables arising from all non-billing transactions with MPAWTF are recorded as “due from” or “due to” amounts. MPAWTF has recorded \$2,216,424 in “due from” the County and \$1,164,766 in “due to” the County.

In addition, during the current year the County recognized \$77,449 in interest income from the joint venture, which was subsequently used to satisfy interest expense of \$77,449, related to the State Revolving Fund Loan Program as discussed in Note 13.

## NOTE 22 – COUNTY TAX ABATEMENTS

County property tax revenues were reduced by \$38,362 under an agreement entered into by the County through the Economic Development Program allowable under Florida Statute 196.012, for the purposes of increasing business activity and employment in the state. The County, through ordinance, provides abatements to new businesses or expansions of existing businesses that commit to creating jobs. These abatements temporarily reduce the assessed value of the real or personal property involved. The County program specifies a percentage reduction in property taxes for the recipients, up to 100 percent. As of September 30, 2022, eight County abatement agreements were with County businesses, all of which were entered into prior to the fiscal year.

## NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2022, the County also implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2022 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of the respective lease liabilities as of September 30, 2021.

	Governmental Activities	Total
Net position, September 30, 2021 as previously reported	\$ 269,217,442	\$ 269,217,442
Capital leased asset	(522,086)	(522,086)
Right-to-use lease assets	1,850,581	1,850,581
Lease liability	(1,187,786)	(1,187,786)
Lease receivable	989,574	989,574
Deferred inflow related to leases	(989,574)	(989,574)
Prior period adjustment (see note 24)	133,807	133,807
Net position, restated	\$ 269,491,958	\$ 269,491,958

## NOTE 24 –PRIOR PERIOD ADJUSTMENT

Subsequent to the issuance of the prior year audited financial statements, the County determined that a prepaid item was not properly recorded in the General Fund. As a result, as of September 30, 2021, an increase in the beginning fund balance for the General Fund of \$133,807 has been reflected in these financial statements.



**NOTE 25 – HURRICANE MICHAEL**

The total amount of damages related to Hurricane Michael has not yet been determined; therefore, the actual costs for hurricane repairs could be higher than estimated. This is due, in part, to the expansive timeline required to make full recovery and the changing cost scenarios faced by the County. The County continues to work closely with the Federal Emergency Management Agency (FEMA) to help offset the costs associated with Hurricane Michael that were not covered by insurance. The County has approximately 117 projects in various stages of completion and FEMA review and approval.

**NOTE 26 – SPECIAL ITEM**

The County closed down the incinerator during fiscal year 2021. The County suffered an impairment loss of \$36,831,033 as a result of the demolition of the incinerator. The impairment loss is shown as a special item in the solid waste column of the statement of revenues, expenses, and changes in net position and in the business-type activities column of the statement of activities.

The total impairment loss is an estimate based on the values displayed on the Property Appraiser's web site for the buildings and land still on site and not part of the demolition. The official demolition date was at the end of December 2022 and the values of the buildings and land still on site will be re-appraised. Thus, the actual impairment loss could be higher than the estimate at this time.

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## REQUIRED SUPPLEMENTARY INFORMATION

Bay County, Florida  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years

<b>Florida Retirement System</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability (asset)	0.2505981%	0.2449620%	0.2587725%	0.2689660%	0.2556707%	0.2529244%	0.2550759%	0.2425663%
County's proportionate share of the net pension liability (asset)	\$ 93,242,646	\$ 18,504,094	\$ 112,156,832	\$ 92,628,150	\$ 77,009,353	\$ 74,839,008	\$ 64,406,863	\$ 31,330,693
County's covered payroll (2)	\$ 71,444,499	\$ 67,258,461	\$ 64,385,848	\$ 64,712,266	\$ 60,273,701	\$ 58,101,593	\$ 56,321,792	\$ 54,944,720
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	130.51%	27.51%	174.19%	143.14%	127.77%	128.81%	114.36%	57.02%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

<b>Health Insurance Subsidy Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability (asset)	0.1966035%	0.1898645%	0.1854461%	0.1933694%	0.1844422%	0.1821278%	0.1822235%	0.1808524%
County's proportionate share of the net pension liability (asset)	\$ 20,825,977	\$ 23,289,738	\$ 22,644,161	\$ 21,636,098	\$ 19,521,574	\$ 19,473,943	\$ 21,237,389	\$ 18,444,101
County's covered payroll (2)	\$ 71,444,499	\$ 67,258,461	\$ 64,385,848	\$ 64,712,266	\$ 60,273,701	\$ 58,101,593	\$ 56,321,792	\$ 54,944,720
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	29.15%	34.63%	35.17%	33.43%	32.39%	33.52%	37.71%	33.57%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Bay County, Florida  
Schedule of the County's Contributions  
Last 10 Fiscal Years

<b>Florida Retirement System</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 10,853,252	\$ 9,562,643	\$ 8,816,675	\$ 8,511,906	\$ 7,416,042	\$ 6,712,153	\$ 6,485,810	\$ 5,913,973	\$ 5,192,563
Contributions in relation to the contractually required contribution	(10,853,252)	(9,562,643)	(8,816,675)	(8,511,906)	(7,416,042)	(6,712,153)	(6,485,810)	(5,913,973)	(5,192,563)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll (1)	\$ 71,424,306	\$ 67,621,769	\$ 65,324,533	\$ -	\$ 60,485,168	\$ 50,114,760	\$ 49,207,939	\$ 47,022,239	\$ 45,615,661
Contributions as a percentage of covered payroll	15.20%	14.14%	13.50%	#DIV/0!	12.26%	13.39%	13.18%	12.58%	11.38%
<b>Health Insurance Subsidy Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,191,366	\$ 1,120,926	\$ 1,084,563	\$ 1,084,094	\$ 1,003,122	\$ 975,599	\$ 959,484	\$ 691,330	\$ 608,663
Contributions in relation to the contractually required contribution	(1,191,366)	(1,120,926)	(1,084,563)	(1,084,094)	(1,003,122)	(975,599)	(959,484)	(691,330)	(608,663)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll (1)	\$ 71,424,306	\$ 67,621,769	\$ 65,335,113	\$ 65,324,533	\$ 60,485,168	\$ 50,114,760	\$ 49,207,939	\$ 47,022,239	\$ 45,615,661
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.95%	1.95%	1.47%	1.33%

**Notes to schedules:**

(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Bay County, Florida  
Schedule of Changes in the County's Total Other Postemployment Benefits Liability and Related Ratios  
Year Ended September 30, 2022

<i>As of and for the year ended September 30,</i>	<b>2022</b>	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service cost	\$ 1,322,858	\$ 1,347,822	\$ 1,075,210	\$ 1,485,216	\$ 1,592,740
Interest	336,634	306,940	753,846	694,272	581,292
Differences between expected and actual experiences	(545,204)	-	(1,918,450)	96,096	-
Changes of assumptions	(1,043,117)	(236,273)	(5,882,790)	(47,426)	(915,074)
Benefit payments	(401,094)	(356,487)	(311,632)	(564,122)	(593,463)
Net change in total OPEB liability	(329,923)	1,062,002	(6,283,816)	1,664,036	665,495
Total OPEB liability - beginning	13,191,320	12,129,318	18,404,522	16,740,486	16,307,935
Total OPEB liability - ending	12,861,397	13,191,320	12,120,706	18,404,522	16,973,430
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	401,094	356,486	311,632	564,122	593,463
Benefit payments	(401,094)	(356,486)	(311,632)	(564,122)	(593,463)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-
Total OPEB liability	\$ 12,861,397	\$ 13,191,320	\$ 12,120,706	\$ 18,404,522	\$ 16,973,430
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>0.00%</b>	0.00%	0.00%	0.00%	0.00%
<b>Covered payroll</b>	<b>56,633,806</b>	54,952,529	53,653,130	52,657,577	51,896,540
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>22.71%</b>	24.00%	22.59%	34.95%	32.71%

**Notes to Schedule:**

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

\* GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented for only the years for which information is available.

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

*Public Safety* – to account for the operations of the 911 emergency telephone system in the County. Funding is provided from telephone user charges.

*Intergovernmental Radio Communications* – to account for fees collected for the operation of an intergovernmental radio communications network. Funding is provided by traffic surcharges and charges to users of the system.

*District Mosquito Control* – to account for the operations of the mosquito control department. Funding is provided by ad valorem taxes and state funds.

*Municipal Services Tax Unit (MSTU) Fire Protection* – to account for the operations of the fire departments within the County. Funding is provided by ad valorem taxes.

*Court* – to account for court related activities as provided for in Article V section 14(b) of the Florida State Constitution.

*Records Modernization - Records* – to account for funds to be used for modern technology for the storage, retrieval and public access of valuable court and government public records. Funding is provided by Florida Statute 28.24(15)(d).

*Records Modernization - Court* – to account for funds to be used for modern technology for the storage, retrieval and public access of valuable court and government public records. Funding is provided for in Article V of the Florida State Constitution.

*Law Enforcement Training* – to account for law enforcement training projects funded by fines collected on traffic violations.

*Special Law Enforcement Trust* – to account for law enforcement related projects, funded by the proceeds from confiscated property forfeitures.

*Special Contribution* – to account for special projects and activities, funded by private sector donations.

*Crime Prevention* – to account for expenditures to fund crime prevention programs in the County in accordance with Florida Statute 775.083, funded through fines paid by offenders.

*Chapter 705 Fund* – to account for law enforcement related projects, funded by the proceeds from nonfederal confiscated property forfeitures.

*Inmate Welfare* – to account for expenditures related to inmate welfare, funded by the proceeds from jail activities.

	Public Safety	Intergovernmental Radio Communications	District Mosquito Control
<b>ASSETS</b>			
Cash and cash equivalents	\$ 155,612	\$ 26,189	\$ 45,911
Accounts receivable, net	-	3,462,493	-
Lease receivable	-	381,645	-
Accrued interest receivable	4,193	-	1,515
Investments	3,030,315	509,997	894,051
Prepays	146,866	-	-
Due from other funds	-	-	59,195
Due from other governments	304,451	30,274	17,842
Restricted assets			
Cash and cash equivalents	-	154,425	-
Investments	-	3,007,197	-
Total assets	\$ 3,641,437	\$ 7,572,220	\$ 1,018,514
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 91,278	\$ 3,148,296	\$ 36,861
Unearned revenues	-	-	9
Due to other funds	-	-	3,795
Advance from other funds	-	1,823,785	-
Due to other governments	-	-	-
Total liabilities	91,278	4,972,081	40,665
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue-lease revenue	-	345,866	-
Total deferred inflows of resources	-	345,866	-
Fund balance			
Nonspendable	146,866	-	-
Restricted	3,402,527	2,254,273	973,525
Assigned	766	-	4,324
Total fund balance	3,550,159	2,254,273	977,849
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,641,437	\$ 7,572,220	\$ 1,018,514

Bay County, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2022

Special Revenue				
MSTU Fire Protection	Court	Records Modernization - Records	Records Modernization - Court	
\$ 147,704	\$ 578,406	\$ 740,980	\$ 1,396,859	
1,477	83,160	-	17,000	
-	-	-	-	
8,231	-	-	-	
2,876,328	-	-	-	
529	16,308	-	-	
455,545	-	-	-	
246,113	-	-	-	
74,470	-	-	-	
1,450,189	-	-	-	
<u>\$ 5,260,586</u>	<u>\$ 677,874</u>	<u>\$ 740,980</u>	<u>\$ 1,413,859</u>	
\$ 350,020	\$ 194,037	\$ -	\$ 7,505	
-	-	-	-	
1,500	-	-	-	
120,945	-	-	-	
4,966	-	-	-	
<u>477,431</u>	<u>194,037</u>	<u>-</u>	<u>7,505</u>	
-	-	-	-	
-	-	-	-	
529	16,308	-	-	
4,766,213	467,529	740,980	1,406,354	
16,413	-	-	-	
<u>4,783,155</u>	<u>483,837</u>	<u>740,980</u>	<u>1,406,354</u>	
<u>\$ 5,260,586</u>	<u>\$ 677,874</u>	<u>\$ 740,980</u>	<u>\$ 1,413,859</u>	

Continued

	Law Enforcement Training	Special Law Enforcement Trust	Special Contribution
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,274	\$ 99,313	\$ 13,497
Accounts receivable, net	6,000	-	-
Lease receivable	-	-	-
Accrued interest receivable	-	-	-
Investments	-	-	-
Prepays	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Total assets	\$ 52,274	\$ 99,313	\$ 13,497
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenues	-	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	-
Due to other governments	-	-	-
Total liabilities	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue-lease revenue	-	-	-
Total deferred inflows of resources	-	-	-
Fund balance			
Nonspendable	-	-	-
Restricted	52,274	99,313	13,497
Assigned	-	-	-
Total fund balance	52,274	99,313	13,497
Total liabilities and fund balance	\$ 52,274	\$ 99,313	\$ 13,497

Bay County, Florida  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
September 30, 2022

Special Revenue				
Crime Prevention	Chapter 705	Inmate Welfare	Total Nonmajor Governmental Funds	
\$ 243,605	\$ 100,311	\$ 2,330,705	\$	5,925,366
-	-	123,924		3,694,054
-	-	-		381,645
-	-	-		13,939
-	-	-		7,310,691
-	-	-		163,703
-	-	-		514,740
-	-	-		598,680
-	-	-		228,895
-	-	-		4,457,386
<u>\$ 243,605</u>	<u>\$ 100,311</u>	<u>\$ 2,454,629</u>	<u>\$</u>	<u>23,289,099</u>
\$ -	\$ 5,653	\$ -	\$	3,833,650
-	-	-		9
-	-	-		5,295
-	-	-		1,944,730
-	-	-		4,966
<u>-</u>	<u>5,653</u>	<u>-</u>		<u>5,788,650</u>
-	-	-		345,866
<u>-</u>	<u>-</u>	<u>-</u>		<u>345,866</u>
-	-	-		163,703
243,605	94,658	2,454,629		16,969,377
-	-	-		21,503
<u>243,605</u>	<u>94,658</u>	<u>2,454,629</u>		<u>17,154,583</u>
<u>\$ 243,605</u>	<u>\$ 100,311</u>	<u>\$ 2,454,629</u>	<u>\$</u>	<u>23,289,099</u>

	Public Safety	Intergovernmental Radio Communications	District Mosquito Control
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,375,773
Intergovernmental	474,652	-	54,944
Charges for services	1,012,152	927,641	-
Investment earnings	(30,722)	(21,286)	(14,110)
Contributions and donations	-	6,583,861	-
Miscellaneous	-	35,782	1,671
Total revenues	1,456,082	7,525,998	1,418,278
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	764,848	595,651	-
Human services	-	-	1,419,687
Capital outlay			
Public safety	1,163,310	6,282,170	-
Human services	-	-	187,399
Debt service			
Principal	8,098	2,161,527	1,882
Interest	100	256,997	4,328
Total expenditures	1,936,356	9,296,345	1,613,296
Excess (deficit) of revenues over (under) expenditures	(480,274)	(1,770,347)	(195,018)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	30,325	1,003,968	53,639
Issuance of debt	29,362	21,698	7,164
Total other financing sources	59,687	1,025,666	60,803
Net change in fund balance	(420,587)	(744,681)	(134,215)
Fund balance - beginning	3,970,746	2,998,954	1,112,064
Fund balance - ending	\$ 3,550,159	\$ 2,254,273	\$ 977,849

Bay County, Florida  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2022

Special Revenue			
MSTU Fire Protection	Court	Records Modernization - Records	Records Modernization - Court
\$ 10,387,598	\$ -	\$ -	\$ -
85,454	-	-	-
809,816	4,196,604	184,997	565,778
(74,793)	-	-	-
49,330	-	-	-
67,209	-	-	-
11,324,614	4,196,604	184,997	565,778
-	4,158,034	58,063	309,615
10,734,298	-	-	-
-	-	-	-
752,666	-	-	-
-	-	-	-
382,786	-	-	-
120,660	-	-	-
11,990,410	4,158,034	58,063	309,615
(665,796)	38,570	126,934	256,163
233,750	-	-	-
52,598	-	-	-
286,348	-	-	-
(379,448)	38,570	126,934	256,163
5,162,603	445,267	614,046	1,150,191
\$ 4,783,155	\$ 483,837	\$ 740,980	\$ 1,406,354

Continued

	Law Enforcement Training	Special Law Enforcement Trust	Special Contribution
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	55,217	34,901	11,366
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Miscellaneous	-	69,493	-
Total revenues	55,217	104,394	11,366
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	89,472	47,111	9,119
Human services	-	-	-
Capital outlay			
Public safety	-	-	-
Human services	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	89,472	47,111	9,119
Excess (deficit) of revenues over (under) expenditures	(34,255)	57,283	2,247
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
Issuance of debt	-	-	-
Total other financing sources	-	-	-
Net change in fund balance	(34,255)	57,283	2,247
Fund balance - beginning	86,529	42,030	11,250
Fund balance - ending	\$ 52,274	\$ 99,313	\$ 13,497



Bay County, Florida  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance (Continued)  
Nonmajor Governmental Funds  
Year Ended September 30, 2022

Special Revenue			
Crime Prevention	Chapter 705	Inmate Welfare	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 11,763,371
331	95,561	-	812,426
-	-	1,800,821	9,497,809
-	-	-	(140,911)
-	-	-	6,633,191
-	-	-	174,155
331	95,561	1,800,821	28,740,041
-	-	-	4,525,712
75,173	76,814	990,302	13,382,788
-	-	-	1,419,687
-	13,387	100,112	8,311,645
-	-	-	187,399
-	-	-	2,554,293
-	-	-	382,085
75,173	90,201	1,090,414	30,763,609
(74,842)	5,360	710,407	(2,023,568)
-	-	-	1,321,682
-	-	-	110,822
-	-	-	1,432,504
(74,842)	5,360	710,407	(591,064)
318,447	89,298	1,744,222	17,745,647
\$ 243,605	\$ 94,658	\$ 2,454,629	\$ 17,154,583

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Public Safety  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 416,102	\$ 474,652	\$ 58,550
Charges for services	805,000	805,000	1,012,152	207,152
Investment earnings	7,500	7,500	(30,722)	(38,222)
Total revenues	812,500	1,228,602	1,456,082	227,480
<b>EXPENDITURES</b>				
Current				
Public safety	1,617,634	2,645,340	764,848	1,880,492
Capital outlay				
Public safety	10,000	461,470	1,163,310	(701,840)
Debt service				
Principal	-	-	8,098	(8,098)
Interest	90	90	100	(10)
Total expenditures	1,627,724	3,106,900	1,936,356	1,170,544
Excess (deficit) of revenues over (under) expenditures	(815,224)	(1,878,298)	(480,274)	1,398,024
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	30,325	30,325	-
Transfers out	-	(631,300)	-	631,300
Proceeds from issuance of debt	-	-	29,362	29,362
Total other financing sources	-	(600,975)	59,687	660,662
Net change in fund balance	\$ (815,224)	\$ (2,479,273)	(420,587)	\$ 2,058,686
Fund balance - beginning			3,970,746	
Fund balance - ending			\$ 3,550,159	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Intergovernmental Radio Communications  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Charges for services	\$ 2,201,684	\$ 4,308,787	\$ 927,641	\$ (3,381,146)
Investment earnings	-	-	(21,286)	(21,286)
Contributions and donations	-	-	6,583,861	6,583,861
Miscellaneous	-	-	35,782	35,782
Total revenues	2,201,684	4,308,787	7,525,998	3,217,211
<b>EXPENDITURES</b>				
Current				
Public safety	604,808	607,018	595,651	11,367
Capital outlay				
Public safety	35,000	3,176,000	6,282,170	(3,106,170)
Debt service				
Principal	2,156,000	2,156,000	2,161,527	(5,527)
Interest	262,636	262,636	256,997	5,639
Total expenditures	3,058,444	6,201,654	9,296,345	(3,094,691)
Excess (deficit) of revenues over (under) expenditures	(856,760)	(1,892,867)	(1,770,347)	122,520
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,003,968	1,003,968	1,003,968	-
Issuance of debt	-	1,823,785	21,698	(1,802,087)
Total other financing sources	1,003,968	2,827,753	1,025,666	(1,802,087)
Net change in fund balance	\$ 147,208	\$ 934,886	(744,681)	\$ (1,679,567)
Fund balance - beginning			2,998,954	
Fund balance - ending			\$ 2,254,273	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
District Mosquito Control  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,349,236	\$ 1,349,236	\$ 1,375,773	\$ 26,537
Intergovernmental	51,735	54,944	54,944	-
Investment earnings	3,500	3,500	(14,110)	(17,610)
Miscellaneous	-	-	1,671	1,671
Total revenues	1,404,471	1,407,680	1,418,278	10,598
<b>EXPENDITURES</b>				
Current				
Human services	1,590,555	1,607,365	1,419,687	187,678
Capital outlay				
Human services	225,758	225,758	187,399	38,359
Debt service				
Principal	-	-	1,882	(1,882)
Interest	18,787	18,787	4,328	14,459
Total expenditures	1,835,100	1,851,910	1,613,296	238,614
Excess (deficit) of revenues over (under) expenditures	(430,629)	(444,230)	(195,018)	249,212
<b>OTHER FINANCING SOURCES</b>				
Transfers in	53,639	53,639	53,639	-
Issuance of debt	-	-	7,164	7,164
Total other financing sources	53,639	53,639	60,803	7,164
Net change in fund balance	\$ (376,990)	\$ (390,591)	\$ (134,215)	\$ 256,376
Fund balance - beginning			1,112,064	
Fund balance - ending			\$ 977,849	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
MSTU Fire Protection  
Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 10,183,854	\$ 10,183,854	\$ 10,387,598	\$ 203,744
Intergovernmental	380,262	380,262	85,454	(294,808)
Charges for services	363,186	363,186	809,816	446,630
Investment earnings	30,000	30,000	(74,793)	(104,793)
Contributions and donations	-	-	49,330	49,330
Miscellaneous	-	-	67,209	67,209
Total revenues	10,957,302	10,957,302	11,324,614	367,312
<b>EXPENDITURES</b>				
Current				
Public safety	10,504,752	10,844,246	10,734,298	109,948
Capital outlay				
Public safety	986,920	1,073,360	752,666	320,694
Debt service				
Principal	441,415	441,415	382,786	58,629
Interest	117,367	118,213	120,660	(2,447)
Total expenditures	12,050,454	12,477,234	11,990,410	486,824
Excess (deficit) of revenues over (under) expenditures	(1,093,152)	(1,519,932)	(665,796)	854,136
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	233,750	233,750	-
Issuance of debt	-	-	52,598	52,598
Total other financing sources	-	233,750	286,348	52,598
Net change in fund balance	\$ (1,093,152)	\$ (1,286,182)	(379,448)	\$ 906,734
Fund balance - beginning			5,162,603	
Fund balance - ending			\$ 4,783,155	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Court  
Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 4,066,505	\$ 4,093,948	\$ 4,196,604	\$ 102,656
Total revenues	4,066,505	4,093,948	4,196,604	102,656
<b>EXPENDITURES</b>				
Current				
General government	4,066,505	4,093,948	4,158,034	(64,086)
Total expenditures	4,066,505	4,093,948	4,158,034	(64,086)
Excess (deficit) of revenues over (under) expenditures	\$ -	\$ -	38,570	\$ 38,570
Fund balance - beginning			445,267	
Fund balance - ending			\$ 483,837	

Bay County, Florida  
Statement of Revenues, Expenses, and Changes in Net Position  
Bay County Transportation Planning Organization  
Year Ended September 30, 2022

	Total
<b>OPERATING REVENUES</b>	
Charges for services	\$ 495,901
Total operating revenues	495,901
<b>OPERATING EXPENSES</b>	
Personal services	393,096
Contracted services	4,318,279
Repairs and maintenance	76,404
Utilities	49,528
Depreciation	721,491
Other operating expenses	406,025
Total operating expenses	5,964,823
Operating income (loss)	(5,468,922)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental revenues-grants	5,969,780
Investment earnings (loss)	1,304
Interest and fiscal charges	(12,708)
Proceeds from sales of capital assets	10,178
Contributions	571,322
Total nonoperating revenues (expenses)	6,539,876
Income (loss) before capital contributions and transfers	1,070,954
Capital contributions	370,990
Change in net position	1,441,944
Total net position - beginning (as originally stated)	8,443,313
Prior period adjustment	(322,571)
Total net position - beginning (restated)	8,120,742
Total net position - ending	\$ 9,562,686

Bay County, Florida  
Statement of Cash Flows  
Bay County Transportation Planning Organization  
Year Ended September 30, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 783,739
Cash paid to suppliers for goods and services	(4,960,986)
Cash paid to employees for services	(391,804)
Net cash provided by (used in) operating activities	(4,569,051)

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Contributions received	6,541,102
Net cash provided by (used in) noncapital financing activities	6,541,102

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Interest paid on long-term debt	(12,701)
Proceeds from long-term debt	549,617
Capital contributions received	370,990
Proceeds from sale of capital assets	10,178
Purchase of capital assets	(1,555,338)
Net cash provided by (used in) capital and related financing activities	(637,254)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale and maturities of investment securities	208,031
Purchase of investments	(1,492,373)
Interest and dividends on investments	171
Net cash provided by (used in) investing activities	(1,284,171)

Net change in cash and cash equivalents	50,626
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Cash and cash equivalents - beginning	33,726
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Cash and cash equivalents - ending	\$ 84,352
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Classified as

Current assets	\$ 84,300
Restricted assets	52
Total	\$ 84,352

Continued



Bay County, Florida  
Statement of Cash Flows (Continued)  
Bay County Transportation Planning Organization  
Year Ended September 30, 2022

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**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ (5,468,922)
 Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	721,491
(Increase) decrease in assets	
Accounts receivable, net	1,576
Prepaid expenses	(82,133)
Due from other governments	286,304
Other postemployment benefits	1,705
Increase (decrease) in liabilities	
Accounts payable and accrued liabilities	(28,642)
Unearned revenue	(42)
Accrued compensated absences	3,013
Due to primary government	25
Decrease (increase) in deferred outflows: related to OPEB	(883)
Decrease (increase) in deferred inflows related to OPEB	(2,543)
Total adjustments	899,871
Net cash provided by (used in) operating activities	\$ (4,569,051)

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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 government and to other government units, on a cost reimbursement basis.

*Other Internal Services fund* – to account for the costs of providing a maintenance facility and other goods and services used by other departments.

*Workers' Compensation fund* – to account for the costs of providing a workers' compensation program for the payment of workers' compensation claims.

*Insurance fund* – to account for the costs of providing a self-insured program for the payment of general liability claims.

*Utilities Administration fund* – to account for the costs of providing utility services used by other departments.

Bay County, Florida  
Combining Statement of Net Position  
Internal Service Funds  
September 30, 2022

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 67,524	\$ 338,771	\$ 24,260	\$ 59,508	\$ 490,063
Accounts receivable, net	133,936	-	-	4,804	138,740
Accrued interest	1,272	8,168	507	1,427	11,374
Prepaid expenses	2,967	50,316	2,358,427	1,951	2,413,661
Investments	1,300,317	6,597,059	472,422	1,158,828	9,528,626
Due from component units	88	-	-	-	88
Due from other governments	-	9,157	-	-	9,157
Due from other funds	92,556	9,157	-	9,835	111,548
Total current assets	1,598,660	7,012,628	2,855,616	1,236,353	12,703,257
Noncurrent assets					
Capital assets					
Construction in progress	-	-	-	8,678	8,678
Buildings	181,542	-	-	335,157	516,699
Improvements	222,946	-	-	-	222,946
Furniture and equipment	495,482	47,067	40,177	501,769	1,084,495
Less: accumulated depreciation	(566,424)	(9,020)	(38,714)	(491,373)	(1,105,531)
Total noncurrent assets	333,546	38,047	1,463	354,231	727,287
Total assets	1,932,206	7,050,675	2,857,079	1,590,584	13,430,544
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to OPEB	9,686	1,012	501	7,459	18,658
Deferred outflows related to pension	250,707	33,770	27,125	249,495	561,097
Total deferred outflows of resources	260,393	34,782	27,626	256,954	579,755
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	256,991	41,460	296,288	76,375	671,114
Accrued interest payable	245	7	7	8	267
Accrued compensated absences	46,933	10,904	5,379	41,522	104,738
Due to other funds	776,328	1,233,751	1,141,442	200,588	3,352,109
Capital leases payable	5,677	1,233	625	3,919	11,454
Estimated liability for self insured losses, current	-	1,081,419	-	-	1,081,419
Total current liabilities	1,086,174	2,368,774	1,443,741	322,412	5,221,101
Noncurrent liabilities					
Capital leases payable	7,479	2,174	1,419	2,351	13,423
Estimated liability for self insured losses	-	3,218,581	-	-	3,218,581
Accrued compensated absences	85,389	16,495	6,659	71,952	180,495
Other postemployment benefits	103,453	3,721	2,707	40,971	150,852
Net pension liability	892,381	184,608	116,046	1,010,840	2,203,875
Total noncurrent liabilities	1,088,702	3,425,579	126,831	1,126,114	5,767,226
Total liabilities	2,174,876	5,794,353	1,570,572	1,448,526	10,988,327
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension	183,295	(2,943)	33,380	(34,696)	179,036
Deferred inflows related to OPEB	188,123	20,892	7,571	119,624	336,210
Total deferred inflows of resources	371,418	17,949	40,951	84,928	515,246
<b>NET POSITION</b>					
Net investment in capital assets	320,390	34,640	(581)	347,961	702,410
Unrestricted	(674,085)	1,238,515	1,273,763	(33,877)	1,804,316
Total net position	\$ (353,695)	\$ 1,273,155	\$ 1,273,182	\$ 314,084	\$ 2,506,726

Bay County, Florida  
Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Internal Service Funds  
Year Ended September 30, 2022

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,494,967	\$ 945,608	\$ 4,000,002	\$ 2,211,741	\$ 12,652,318
Miscellaneous	-	1,026,436	-	-	1,026,436
Total operating revenues	5,494,967	1,972,044	4,000,002	2,211,741	13,678,754
<b>OPERATING EXPENSES</b>					
Personal services	1,569,917	270,737	170,350	1,554,078	3,565,082
Contracted services	33,764	37,652	10,156	328,564	410,136
Repairs and maintenance	831,688	70	-	3,793	835,551
Utilities	375,021	-	-	19,729	394,750
Depreciation	76,823	3,257	924	62,369	143,373
Materials	2,740,321	-	-	-	2,740,321
Insurance claims	-	2,038,782	-	-	2,038,782
Other operating expenses	313,757	32,933	4,054,634	277,005	4,678,329
Total operating expenses	5,941,291	2,383,431	4,236,064	2,245,538	14,806,324
Operating income (loss)	(446,324)	(411,387)	(236,062)	(33,797)	(1,127,570)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues-grants	1,131	-	-	-	1,131
Interest and fiscal charges	(2,899)	(102)	-	(706)	(3,707)
Gain (loss) on disposal of capital assets	6,745	-	-	-	6,745
Investment earnings (loss)	(5,747)	(56,728)	(1,258)	(6,867)	(70,600)
Total nonoperation revenues (expenses)	(770)	(56,830)	(1,258)	(7,573)	(66,431)
Net income (loss)	(447,094)	(468,217)	(237,320)	(41,370)	(1,194,001)
<b>OTHER FINANCING SOURCES</b>					
Capital contributions	54,958	-	-	-	54,958
Transfers in	23,756	-	-	-	23,756
Total other financing sources	78,714	-	-	-	78,714
Change in net position	(368,380)	(468,217)	(237,320)	(41,370)	(1,115,287)
Total net position- beginning	14,685	1,741,372	1,510,502	355,454	3,622,013
Total net position - ending	\$ (353,695)	\$ 1,273,155	\$ 1,273,182	\$ 314,084	\$ 2,506,726

Bay County, Florida  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended September 30, 2022

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and others	\$ 5,525,597	\$ 1,014,412	\$ 4,000,000	\$ 2,214,427	\$ 12,754,436
Cash received from miscellaneous operating activities	-	1,026,436	-	-	1,026,436
Cash paid to suppliers for goods and services	(3,616,000)	(1,737,548)	(4,396,558)	(595,734)	(10,345,840)
Cash paid to employees for services	(1,480,753)	(296,548)	(172,706)	(1,520,521)	(3,470,528)
Net cash provided by (used in) operating activities	428,844	6,752	(569,264)	98,172	(35,496)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	23,756	-	-	-	23,756
Contributions received	1,131	-	-	-	1,131
Net cash provided by (used in) noncapital financing activities	24,887	-	-	-	24,887
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	6,745	-	-	-	6,745
Principal paid on long-term debt	(3,727)	(1,372)	(727)	(5,438)	(11,264)
Interest paid on long-term debt	(3,256)	(128)	-	(727)	(4,111)
Purchase of capital assets	-	(33,679)	-	(5,501)	(39,180)
Net cash provided by (used in) capital and related financing activities	(238)	(35,179)	(727)	(11,666)	(47,810)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale and maturities of investment securities	942,444	8,357,466	1,452,843	1,326,596	12,079,349
Purchase of investments	(1,393,657)	(8,483,776)	(946,495)	(1,433,355)	(12,257,283)
Interest and dividends on investments	4,043	33,031	18,041	5,064	60,179
Net cash provided by (used in) investing activities	(447,170)	(93,279)	524,389	(101,695)	(117,755)
Net increase (decrease) in cash and cash equivalents	6,323	(121,706)	(45,602)	(15,189)	(176,174)
Cash and cash equivalents - beginning	61,201	460,477	69,862	74,697	666,237
Cash and cash equivalents - ending	\$ 67,524	\$ 338,771	\$ 24,260	\$ 59,508	\$ 490,063
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Assets acquired via capital lease	\$ 3,155	\$ -	\$ -	\$ -	\$ 3,155
Assets acquired via capital contributions	\$ 54,958	\$ -	\$ -	\$ -	\$ 54,958

Continued

Bay County, Florida  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds  
Year Ended September 30, 2022

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income	\$ (446,324)	\$ (411,387)	\$ (236,062)	\$ (33,797)	\$ (1,127,570)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	76,823	3,257	924	62,369	143,373
(Increase) decrease in assets					
Accounts receivable, net	22,857	77,961	-	1,044	101,862
Prepaid expenses	-	-	(296,373)	2,060	(294,313)
Due from other funds	7,775	(9,157)	-	1,642	260
Due from other governments	23	(9,157)	-	-	(9,134)
Due from component unit	(25)	-	-	-	(25)
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	98,120	30,974	33,083	8,040	170,217
Deferred revenue	-	-	-	-	-
Accrued compensated absences	6,316	7,119	73	(1,981)	11,527
Due to other funds	580,431	530,833	(68,480)	23,257	1,066,041
Other postemployment benefits	8,964	746	728	8,207	18,645
Net pension liability	791,172	184,608	116,046	824,600	1,916,426
Estimated liability for self insured losses	-	(180,761)	-	-	(180,761)
Decrease (increase) in deferred outflows:					
related to net pension	(85,582)	(26,531)	(14,409)	(95,557)	(222,079)
related to OPEB	(4,641)	(386)	(377)	(4,249)	(9,653)
Decrease (increase) in deferred inflows					
related to OPEB	(13,372)	(1,113)	(1,085)	(12,243)	(27,813)
related to net pension	(613,693)	(190,254)	(103,332)	(685,220)	(1,592,499)
Total adjustments	875,168	418,139	(333,202)	131,969	1,092,074
Net cash provided by (used in) operating activities	\$ 428,844	\$ 6,752	\$ (569,264)	\$ 98,172	\$ (35,496)

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*Fines and Forfeitures* – to account for funds collected and disbursed pursuant to statutes, administrative orders and ordinances.

*Jury and Witness* – to account for the receipt and disbursement of funds to jurors and witnesses on behalf of county and state agencies.

*Tax Deed Assets* – to account for the collections and disbursements related to property foreclosures.

*Support* – to account for the collection of child support payments, which are disbursed to the State Depository Unit (SDU).

*Court Registry* – to account for the collection and disbursement of deposits required by circuit and county court legal actions.

*Cash Bond* – to account for funds received from defendants of criminal and civil arrests required to assure that the defendant would meet the requirement to appear in court. Disposition of these bond funds is made as ordered by the court.

*Restitution* – to account for the collections and disbursements related to court ordered restitution.

*Property Tax* – to account for the assets held by the Tax Collector as an agent for individuals, private organizations and other governments.

*Tag* – to account for the receipt and distribution of collections such as vehicle tags, titles, sales tax and registration fees on behalf of various state agencies.

*Other Suspense* – to account for the receipt and disbursement of funds received from various sources such as purges from child support, transportation restitution, miscellaneous contracts, proceeds from court ordered sale of abandoned property, etc. Disbursement of these funds is made in accordance with the purpose of the receipt.

*Forfeitures* – to account for the assets held by the Bay County Sheriff's Office as an agent for individuals until court proceedings are finalized.

*Sheriff's Fees* – to account for the fees charged by the Bay County Sheriff's Office for the service of process in civil cases.

*Search & Rescue* – to account for fees collected and expenses incurred for Search & Rescue training programs as an agent for individuals teaching the program.

*Crime Scene* – to account for cash collected during crime scenes, not considered evidence, as an agent for individuals until investigation is finalized.

Custodial Funds

	Fines and Forfeitures	Jury and Witness	Tax Deed	Support	Court Registry	Cash Bond	Restitution
<b>ASSETS</b>							
Cash and cash equivalents	\$ 6,874,799	\$ 28,501	\$ 621,629	\$ 31,044	\$ 1,741,735	\$ 2,262,744	\$ 120,616
Accounts receivable, net	-	-	-	-	-	-	-
Total assets	\$ 6,874,799	\$ 28,501	\$ 621,629	\$ 31,044	\$ 1,741,735	\$ 2,262,744	\$ 120,616
<b>LIABILITIES</b>							
Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to others	20,993	-	-	5,925	-	-	32,209
Due to other governments	2,484,066	2,310	9,899	25,119	103,154	25,975	88,407
Total liabilities	\$ 2,505,059	\$ 2,310	\$ 9,899	\$ 31,044	\$ 103,154	\$ 25,975	\$ 120,616
<b>NET POSITION</b>							
Restricted							
Held for others	\$ 4,369,740	\$ 26,191	\$ 611,730	\$ -	\$ 1,638,581	\$ 2,236,769	\$ -
Total net position	\$ 4,369,740	\$ 26,191	\$ 611,730	\$ -	\$ 1,638,581	\$ 2,236,769	\$ -

Bay County, Florida  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

Custodial Funds							
Property Tax	Tag	Other Suspense	Forfeiture	Sheriff's Fees	Search & Rescue	Crime Scene	Total
\$ 2,670,258	\$ 595,509	\$ 9,940	\$ 611,226	\$ 18,456	\$ 25,619	\$ 101,049	\$ 15,713,125
-	61	-	-	-	-	-	61
\$ 2,670,258	\$ 595,570	\$ 9,940	\$ 611,226	\$ 18,456	\$ 25,619	\$ 101,049	\$ 15,713,186
\$ 2,102,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,102,452
387,093	595,570	-	-	-	-	-	1,041,790
180,713	-	-	-	18,456	25,619	-	2,963,718
\$ 2,670,258	\$ 595,570	\$ -	\$ -	\$ 18,456	\$ 25,619	\$ -	\$ 6,107,960
\$ -	\$ -	\$ 9,940	\$ 611,226	\$ -	\$ -	\$ 101,049	\$ 9,605,226
\$ -	\$ -	\$ 9,940	\$ 611,226	\$ -	\$ -	\$ 101,049	\$ 9,605,226

	Custodial Funds					
	Fines and Forfeitures	Jury and Witness	Tax Deed	Support	Court Registry	Cash Bond
<b>Additions</b>						
Funds held for others	\$ 71,964,127	\$ -	\$ 1,478,165	\$ 1,229,750	\$ 12,284,344	\$ 2,819,798
Court costs	-	1,050	-	-	-	-
Property taxes collected for other governments	-	-	-	-	-	-
Seizures	-	-	-	-	-	-
Bonds, purges, and levies	-	-	-	-	-	-
<b>Total additions</b>	<b>71,964,127</b>	<b>1,050</b>	<b>1,478,165</b>	<b>1,229,750</b>	<b>12,284,344</b>	<b>2,819,798</b>
<b>Deductions</b>						
Funds held for others	71,029,358	-	2,070,573	1,229,750	12,903,709	1,705,645
Court costs	-	25,546	-	-	-	-
Property taxes distributed to other governments	-	-	-	-	-	-
Seizures	-	-	-	-	-	-
Bonds, purges, and levies	-	-	-	-	-	-
<b>Total deductions</b>	<b>71,029,358</b>	<b>25,546</b>	<b>2,070,573</b>	<b>1,229,750</b>	<b>12,903,709</b>	<b>1,705,645</b>
<b>Changes in Net Position</b>	<b>934,769</b>	<b>(24,496)</b>	<b>(592,408)</b>	<b>-</b>	<b>(619,365)</b>	<b>1,114,153</b>
<b>Net position - beginning of year</b>	<b>3,434,971</b>	<b>50,687</b>	<b>1,204,138</b>	<b>-</b>	<b>2,257,946</b>	<b>1,122,616</b>
<b>Net position - end of year</b>	<b>\$ 4,369,740</b>	<b>\$ 26,191</b>	<b>\$ 611,730</b>	<b>\$ -</b>	<b>\$ 1,638,581</b>	<b>\$ 2,236,769</b>

Bay County, Florida  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended September 30, 2022

Custodial Funds								
Restitution	Property Tax	Tag	Other Suspense	Forfeiture	Sheriff's Fees	Search & Rescue	Crime Scene	Total
\$ 637,400	\$ -	\$ 29,376,899	\$ -	\$ -	\$ 190,020	\$ 16,291	\$ -	\$ 119,996,794
-	-	-	-	-	-	-	-	1,050
-	269,866,564	-	-	-	-	-	-	269,866,564
-	-	-	-	195,023	-	-	18,672	213,695
-	-	-	98,417	-	-	-	-	98,417
637,400	269,866,564	29,376,899	98,417	195,023	190,020	16,291	18,672	390,176,520
637,400	-	29,376,899	-	-	190,020	16,291	-	119,159,645
-	-	-	-	-	-	-	-	25,546
-	269,866,564	-	-	-	-	-	-	269,866,564
-	-	-	-	154,359	-	-	53,671	208,030
-	-	-	92,468	-	-	-	-	92,468
637,400	269,866,564	29,376,899	92,468	154,359	190,020	16,291	53,671	389,352,253
-	-	-	5,949	40,664	-	-	(34,999)	824,267
-	-	-	3,991	570,562	-	-	136,048	8,780,959
\$ -	\$ -	\$ -	\$ 9,940	\$ 611,226	\$ -	\$ -	\$ 101,049	\$ 9,605,226

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

	Page
FINANCIAL TRENDS	C-2
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
REVENUE CAPACITY	C-12
<i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.</i>	
DEBT CAPACITY	C-18
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	C-27
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.</i>	
OPERATING INFORMATION	C-30
<i>These schedules contain information about the County's operations and resources to help the reader understand how the county's financial information relates to the services the County provides and the activities it performs.</i>	

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

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 159,938,052	\$ 171,575,742	\$ 170,031,683	\$ 174,625,157
Restricted	65,276,675	68,225,355	64,930,455	62,482,780
Unrestricted	<u>10,127,270</u>	<u>(11,964,402)</u>	<u>(48,500,836)</u>	<u>(39,893,820)</u>
<b>Total governmental activities net position</b>	<b><u>\$ 235,341,997</u></b>	<b><u>\$ 227,836,695</u></b>	<b><u>\$ 186,461,302</u></b>	<b><u>\$ 197,214,117</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 69,321,153	\$ 77,905,570	\$ 85,630,990	\$ 77,098,606
Restricted	11,160,273	12,794,516	14,775,326	16,126,502
Unrestricted	<u>34,693,980</u>	<u>35,598,707</u>	<u>25,641,282</u>	<u>28,101,073</u>
<b>Total business-type activities net position</b>	<b><u>\$ 115,175,406</u></b>	<b><u>\$ 126,298,793</u></b>	<b><u>\$ 126,047,598</u></b>	<b><u>\$ 121,326,181</u></b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 229,259,205	\$ 249,481,312	\$ 255,662,673	\$ 251,723,763
Restricted	76,436,948	81,019,871	79,705,781	78,609,282
Unrestricted	<u>44,821,250</u>	<u>23,634,305</u>	<u>(22,859,554)</u>	<u>(11,792,747)</u>
<b>Total primary government net position</b>	<b><u>\$ 350,517,403</u></b>	<b><u>\$ 354,135,488</u></b>	<b><u>\$ 312,508,900</u></b>	<b><u>\$ 318,540,298</u></b>

Bay County, Florida  
Net Position by Component  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

Schedule 1

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 185,942,825	\$ 197,386,933	\$ 193,766,314	\$ 236,648,268	\$ 120,938,759	\$ 108,094,420
52,028,548	89,936,688	75,496,876	77,167,310	174,469,887	199,054,853
<u>(37,426,236)</u>	<u>(69,050,293)</u>	<u>(63,690,229)</u>	<u>(56,254,053)</u>	<u>(26,191,204)</u>	<u>(19,082,548)</u>
<b><u>\$ 200,545,137</u></b>	<b><u>\$ 218,273,328</u></b>	<b><u>\$ 205,572,961</u></b>	<b><u>\$ 257,561,525</u></b>	<b><u>\$ 269,217,442</u></b>	<b><u>\$ 288,066,725</u></b>
\$ 76,389,185	\$ 76,550,659	\$ 70,196,300	\$ 94,423,482	\$ 85,408,521	\$ 52,582,324
14,690,995	16,031,428	18,132,682	19,762,480	23,506,603	25,306,873
<u>30,278,469</u>	<u>27,227,589</u>	<u>22,925,271</u>	<u>23,097,094</u>	<u>42,687,082</u>	<u>45,069,252</u>
<b><u>\$ 121,358,649</u></b>	<b><u>\$ 119,809,676</u></b>	<b><u>\$ 111,254,253</u></b>	<b><u>\$ 137,283,056</u></b>	<b><u>\$ 151,602,206</u></b>	<b><u>\$ 122,958,449</u></b>
\$ 262,332,010	\$ 273,937,592	\$ 263,962,614	\$ 331,071,750	\$ 206,347,280	\$ 160,676,744
66,719,543	105,968,116	93,629,558	96,929,790	197,976,490	224,361,726
<u>(7,147,767)</u>	<u>(41,822,704)</u>	<u>(40,764,958)</u>	<u>(33,156,959)</u>	<u>16,495,878</u>	<u>25,986,704</u>
<b><u>\$ 321,903,786</u></b>	<b><u>\$ 338,083,004</u></b>	<b><u>\$ 316,827,214</u></b>	<b><u>\$ 394,844,581</u></b>	<b><u>\$ 420,819,648</u></b>	<b><u>\$ 411,025,174</u></b>



	Fiscal Year			
	2013	2014	2015	2016
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government	\$ 40,761,101	\$ 39,201,075	\$ 39,149,936	\$ 47,032,293
Public safety	36,924,438	38,289,031	40,034,847	41,041,309
Physical environment	337,498	1,659,241	859,398	734,092
Transportation	21,028,210	24,938,922	28,918,058	25,079,518
Economic environment	26,608,771	22,137,297	31,517,039	25,070,779
Human services	5,045,532	5,272,176	5,774,723	6,280,176
Culture/recreation	5,523,037	5,608,860	5,944,644	6,428,430
Interest on long-term debt	3,593,361	3,593,220	3,315,923	3,096,600
Total governmental activities expenses	139,821,948	140,699,822	155,514,568	154,763,197
<b>Business-type activities:</b>				
Wholesale water system	11,412,183	11,942,948	12,258,486	18,861,132
Retail water and wastewater	11,013,285	11,153,219	10,572,655	11,834,678
Industrial wastewater	1,611,176	-	-	-
Solid waste fund	15,225,489	16,283,995	21,281,558	18,820,367
Building services	1,118,630	1,283,093	1,388,854	1,418,602
Emergency medical services	116,886	6,936,224	6,605,406	7,534,405
Total business-type activities expenses	40,497,649	47,599,479	52,106,959	58,469,184
<b>Total primary government expenses</b>	<b>\$ 180,319,597</b>	<b>\$ 188,299,301</b>	<b>\$ 207,621,527</b>	<b>\$ 213,232,381</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General government	\$ 14,846,161	\$ 15,126,991	\$ 14,937,260	\$ 15,185,508
Public safety	1,153,326	1,121,128	1,118,265	1,105,411
Physical environment	36,980	44,827	204,132	52,747
Transportation	2,037,167	2,346,351	2,769,342	3,961,322
Economic Environment	-	-	-	-
Human services	-	500	670	740
Culture and recreation	669,447	682,133	644,267	681,635
Operating grants and contributions	6,094,392	6,337,973	7,955,071	7,067,621
Capital grants and contributions	3,067,383	9,439,100	10,653,053	12,615,670
Total governmental activities program revenue	27,904,856	35,099,003	38,282,060	40,670,654
<b>Business-type activities:</b>				
Charges for services:				
Water system revenue	16,038,992	15,816,100	16,456,994	16,541,878
Retail water and wastewater	7,187,654	8,620,964	10,521,926	11,439,766
Industrial wastewater	959,148	-	-	-
Solid waste fund	11,816,503	13,203,200	11,127,783	12,329,777
Building services	909,443	1,231,381	1,009,679	996,913
Emergency medical services	-	6,822,477	6,869,420	6,545,020
Operating grants and contributions	-	1,759,674	4,052,543	476,979
Capital grants and contributions	988,605	738,232	1,004,435	1,204,633
Total business-type activities program revenue	37,900,345	48,192,028	51,042,780	49,534,966
<b>Total primary government program revenues</b>	<b>\$ 65,805,201</b>	<b>\$ 83,291,031</b>	<b>\$ 89,324,840</b>	<b>\$ 90,205,620</b>

Bay County, Florida  
Changes in Net Position  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

Schedule 2

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 52,467,733	\$ 48,503,172	\$ 78,986,762	\$ 61,187,391	\$ 60,318,488	\$ 64,293,176
43,679,953	48,589,600	60,835,929	64,341,274	63,386,157	77,704,743
894,857	1,321,473	55,390,912	2,866,863	7,337,452	1,941,335
34,898,777	37,826,331	39,136,958	54,852,605	45,958,641	48,600,739
22,692,937	25,346,097	30,229,959	25,407,109	35,212,367	38,180,350
6,506,744	6,795,314	10,701,839	9,550,736	9,999,680	17,061,983
8,242,201	7,721,631	8,029,123	16,520,956	7,540,895	7,654,642
3,001,553	3,883,725	5,169,215	5,341,928	4,192,989	3,627,191
<u>172,384,755</u>	<u>179,987,343</u>	<u>288,480,697</u>	<u>240,068,862</u>	<u>233,946,669</u>	<u>259,064,159</u>
15,169,886	17,679,973	17,259,688	14,902,015	16,575,079	17,909,903
11,965,300	12,362,477	12,398,623	12,586,365	13,035,165	13,228,101
-	-	-	-	-	-
17,118,847	18,611,836	161,271,639	33,209,638	15,111,930	10,187,092
1,729,303	1,721,266	2,542,238	2,145,009	2,388,445	2,660,784
8,341,115	7,503,778	8,985,778	9,783,291	-	-
54,324,451	57,879,330	202,457,966	72,626,318	47,110,619	43,985,880
<u>\$ 226,709,206</u>	<u>\$ 237,866,673</u>	<u>\$ 490,938,663</u>	<u>\$ 312,695,180</u>	<u>\$ 281,057,288</u>	<u>\$ 303,050,039</u>
\$ 15,874,222	\$ 16,862,500	\$ 17,658,780	\$ 17,526,143	\$ 24,064,424	\$ 22,981,708
1,131,986	1,111,888	2,385,314	3,009,865	3,942,395	8,523,926
54,853	53,480	51,765	53,466	54,060	50,388
3,838,239	4,416,377	3,718,393	6,544,563	4,329,649	5,548,401
-	-	174,509	1,344,272	2,055,762	2,436,247
34,055	885	780	700	1,050	10,360,620
732,517	790,868	748,323	967,009	563,441	-
8,241,334	6,549,827	64,469,343	80,462,659	34,183,855	33,301,062
6,904,530	18,508,077	14,473,955	15,347,227	3,801,596	5,486,406
<u>36,811,736</u>	<u>48,293,902</u>	<u>103,681,162</u>	<u>125,255,904</u>	<u>72,996,232.00</u>	<u>88,688,758.00</u>
16,175,074	16,368,156	16,590,875	16,908,666	16,838,892	17,659,999
12,516,809	12,325,470	11,851,146	12,958,573	13,561,300	13,600,686
-	-	-	-	-	-
13,305,785	13,748,203	26,744,257	14,975,174	11,376,795	9,187,266
1,122,403	1,577,734	3,392,383	3,600,931	3,938,803	3,609,995
6,585,072	6,391,539	4,830,323	3,940,583	-	-
150,000	203,482	126,015,464	33,034,028	341,186	25,927
2,351,683	1,761,121	2,372,524	2,845,817	4,444,947	4,475,020
52,206,826	52,375,705	191,796,972	88,263,772	50,501,923	48,558,893
<u>\$ 89,018,562</u>	<u>\$ 100,669,607</u>	<u>\$ 295,478,134</u>	<u>\$ 213,519,676</u>	<u>\$ 123,498,155</u>	<u>\$ 137,247,651</u>

Continued

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (111,917,092)	\$ (105,600,819)	\$ (117,232,508)	\$ (114,092,543)
Business-type activities	<u>(2,597,304)</u>	<u>592,549</u>	<u>(1,064,179)</u>	<u>(8,934,218)</u>
Total primary government net expenses	<u>(114,514,396)</u>	<u>(105,008,270)</u>	<u>(118,296,687)</u>	<u>(123,026,761)</u>
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	54,779,271	55,438,164	72,337,961	74,587,688
Sales taxes	35,163,910	37,248,717	41,461,764	42,572,741
State shared revenues	3,413,917	3,607,298	3,916,783	4,034,294
Investment earnings	501,906	142,401	843,450	716,243
Miscellaneous	17,279,394	2,816,892	2,157,506	2,934,392
Transfers	<u>2,112,073</u>	<u>-</u>	<u>27,680</u>	<u>-</u>
Total governmental activities	<u>113,250,471</u>	<u>99,253,472</u>	<u>120,745,144</u>	<u>124,845,358</u>
Business-type activities:				
Sales tax	2,100	3,000	2,500	2,000
State shared revenues	-	-	-	-
Investment earnings	1,673,405	1,613,968	1,556,455	1,416,516
Miscellaneous	9,195,260	9,920,373	5,415,800	3,327,188
Transfers	<u>(2,112,073)</u>	<u>-</u>	<u>(27,680)</u>	<u>-</u>
Total business-type activities	<u>8,758,692</u>	<u>11,537,341</u>	<u>6,947,075</u>	<u>4,745,704</u>
<b>Total primary government</b>	<b><u>\$ 122,009,163</u></b>	<b><u>\$ 110,790,813</u></b>	<b><u>\$ 127,692,219</u></b>	<b><u>\$ 129,591,062</u></b>
<b>Change in Net Position, before extraordinary item</b>				
Governmental activities	\$ 1,333,379	\$ (6,347,347)	\$ 3,512,636	\$ 10,752,815
Business-type activities	<u>6,161,388</u>	<u>12,129,890</u>	<u>5,882,896</u>	<u>(4,188,514)</u>
<b>Total primary government, before extraordinary item</b>	<b><u>\$ 7,494,767</u></b>	<b><u>\$ 5,782,543</u></b>	<b><u>\$ 9,395,532</u></b>	<b><u>\$ 6,564,301</u></b>
<b>Extraordinary item</b>				
Governmental activities	\$ -	\$ -	\$ -	\$ -
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total extraordinary item</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Change in Net Position, after extraordinary item</b>				
Governmental activities	1,333,379	(6,347,347)	3,512,636	10,752,815
Business-type activities	<u>6,161,388</u>	<u>12,129,890</u>	<u>5,882,896</u>	<u>(4,188,514)</u>
<b>Total primary government, after extraordinary item</b>	<b><u>\$ 7,494,767</u></b>	<b><u>\$ 5,782,543</u></b>	<b><u>\$ 9,395,532</u></b>	<b><u>\$ 6,564,301</u></b>

Bay County, Florida  
Changes in Net Position  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

Schedule 2

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (135,573,019)	\$ (131,693,441)	\$ (184,799,535)	\$ (114,812,958)	\$ (160,950,437)	\$ (170,375,401)
(2,117,625)	(5,503,625)	(10,660,994)	15,637,454	3,391,304	4,573,013
(137,690,644)	(137,197,066)	(195,460,529)	(99,175,504)	(157,559,133)	(165,802,388)
77,143,203	76,315,124	83,829,900	78,486,505	85,706,636	95,141,991
54,634,864	60,723,275	66,131,285	59,458,898	84,964,163	89,556,226
4,234,003	4,446,400	4,650,451	4,347,686	5,118,893	6,575,457
907,602	1,708,726	3,894,275	3,380,139	520,522	(2,614,316)
1,984,367	2,185,037	24,196,176	25,280,329	6,197,675	3,302,763
-	(2,143,650)	(2,689,977)	(4,152,035)	(6,070,901)	(3,040,888)
138,904,039	143,234,912	180,012,110	166,801,522	176,436,988	188,921,233
1,700	1,700	1,200	1,503	1,100	2,700
-	-	-	-	-	-
-	1,668,127	4,299,425	2,647,998	468,836	16,207
1,687,573	697,981	954,242	3,589,813	528,790	554,468
460,820	2,143,650	2,689,977	4,152,035	6,070,901	3,040,888
2,150,093	4,511,458	7,944,844	10,391,349	7,069,627	3,614,263
<b>\$ 141,054,132</b>	<b>\$ 147,746,370</b>	<b>\$ 187,956,954</b>	<b>\$ 177,192,871</b>	<b>\$ 183,506,615</b>	<b>\$ 192,535,496</b>
\$ 3,331,020	\$ 11,541,471	\$ (4,787,425)	\$ 51,988,564	\$ 15,486,551	\$ 18,574,767
32,468	(992,167)	(2,716,150)	26,028,803	10,460,931	8,187,276
<b>\$ 3,363,488</b>	<b>\$ 10,549,304</b>	<b>\$ (7,503,575)</b>	<b>\$ 78,017,367</b>	<b>\$ 25,947,482</b>	<b>\$ 26,762,043</b>
\$ -	\$ -	\$ (11,537,225)	\$ -	\$ -	\$ -
-	-	(5,839,273)	-	-	(36,831,033)
<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,376,498)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (36,831,033)</b>
3,331,020	11,541,471	(16,324,650)	51,988,564	15,486,551	18,574,767
32,468	(992,167)	(8,555,423)	26,028,803	10,460,931	(28,643,757)
<b>\$ 3,363,488</b>	<b>\$ 10,549,304</b>	<b>\$ (24,880,073)</b>	<b>\$ 78,017,367</b>	<b>\$ 25,947,482</b>	<b>\$ (10,068,990)</b>

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	\$ 334,272	\$ 202,696	\$ 225,262	\$ 1,611,560
Restricted	26,443,120	25,007,377	21,698,079	11,788,083
Assigned	8,064,058	2,333,790	3,890,036	3,586,221
Unassigned	9,241,995	10,653,467	10,538,830	13,084,012
<b>Total general fund</b>	<b>\$ 44,083,445</b>	<b>\$ 38,197,330</b>	<b>\$ 36,352,207</b>	<b>\$ 30,069,876</b>
 <b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved:				
Special revenue funds	-	-	-	-
Nonspendable	\$ 672,881	\$ 125,156	\$ 112,387	\$ 712,143
Restricted	39,364,522	42,671,978	43,259,246	50,694,697
Assigned	6,589,298	5,448,333	6,893,278	8,435,005
Unassigned	-	-	(20,587)	(581,660)
<b>Total all other governmental funds</b>	<b>\$ 46,626,701</b>	<b>\$ 48,245,467</b>	<b>\$ 50,244,324</b>	<b>\$ 59,260,185</b>

**Note:** With the implementation of GASB 54 in Fiscal Year 2011, fund balance classifications are not comparable to prior years' classifications.

Bay County, Florida  
Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

Schedule 3

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ 1,451,579	\$ 1,311,571	\$ 1,249,322	\$ 194,560	\$ 383,806	\$ 2,468,393
11,861,948	11,414,198	15,003,479	12,612,735	8,482,195	21,237,450
3,383,981	2,030,176	5,472,669	2,233,168	8,848,122	9,398,381
13,969,729	11,823,770	8,252,362	22,681,796	46,840,719	40,834,470
<u>\$ 30,667,237</u>	<u>\$ 26,579,715</u>	<u>\$ 29,977,832</u>	<u>\$ 37,722,259</u>	<u>\$ 64,554,842</u>	<u>\$ 73,938,694</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ 860,173	\$ 616,207	\$ 722,876	\$ 1,169,214	\$ 609,230	\$ 22,086,064
40,166,602	78,522,490	70,033,326	73,375,273	187,963,286	193,596,462
17,303,832	20,029,225	44,260,717	72,824,177	32,141,013	11,410,382
-	-	-	-	-	-
<u>\$ 58,330,607</u>	<u>\$ 99,167,922</u>	<u>\$ 115,016,919</u>	<u>\$ 147,368,664</u>	<u>\$ 220,713,529</u>	<u>\$ 227,092,908</u>

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>				
Taxes	\$ 76,104,051	\$ 77,988,344	\$ 98,305,773	\$ 100,785,637
Licenses and permits	1,875	1,190	2,130	460
Intergovernmental revenue	26,324,579	34,376,446	38,527,525	37,529,977
Charges for services	18,561,382	19,031,979	19,219,347	19,562,691
Fines and forfeitures	67,026	223,463	170,018	331,800
Special assessments	75,164	57,233	281,876	52,747
Investment earnings	508,724	160,594	830,159	747,971
Contributions and donations	544,633	214,295	443,476	1,407,714
Miscellaneous	16,369,418	1,477,872	900,547	1,364,082
Total revenues	<u>138,556,852</u>	<u>133,531,416</u>	<u>158,680,851</u>	<u>161,783,079</u>
<b>Expenditures</b>				
General government	19,409,615	18,945,602	20,932,005	21,162,373
Public safety	49,291,837	56,483,530	59,748,975	61,838,320
Physical environment	767,718	1,338,866	466,235	375,620
Transportation	13,875,623	14,272,182	14,006,805	12,949,706
Economic environment	25,780,421	21,333,649	33,353,190	24,411,239
Human services	4,911,590	5,138,392	5,639,354	6,151,154
Culture and recreation	4,179,973	4,294,971	4,532,509	4,957,231
Capital Outlay	9,977,603	10,796,658	15,395,555	21,074,039
Debt service				
Principal retirement	2,437,123	2,596,381	2,762,184	4,178,784
Interest and fiscal charges	3,571,506	3,574,117	2,967,116	3,190,413
Bond issuance costs	83,306	-	-	-
Total expenditures	<u>134,286,315</u>	<u>138,774,348</u>	<u>159,803,928</u>	<u>160,288,879</u>
Excess of revenues over (under) expenditures	<u>4,270,537</u>	<u>(5,242,932)</u>	<u>(1,123,077)</u>	<u>1,494,200</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	3,706,362	2,712,974	3,770,224	3,253,337
Operating transfers out	(1,644,186)	(2,712,974)	(3,742,544)	(3,253,337)
Debt issuance	13,753,519	832,077	41,254,325	791,395
Premium on bonds issued	-	-	-	-
Reversion to State of Florida	-	-	-	-
Payment to refunded bond escrow agent	(458)	-	(40,125,166)	-
Proceeds from sale of capital assets	<u>1,357,525</u>	<u>143,506</u>	<u>119,972</u>	<u>447,935</u>
Total other financing sources (uses)	<u>17,172,762</u>	<u>975,583</u>	<u>1,276,811</u>	<u>1,239,330</u>
<b>Net change in fund balance</b>	<b><u>\$ 21,443,299</u></b>	<b><u>\$ (4,267,349)</u></b>	<b><u>\$ 153,734</u></b>	<b><u>\$ 2,733,530</u></b>
Debt service as a percentage of noncapital expenditures	4.83%	4.82%	3.97%	5.29%

**Note:** 2005 - 2011, Debt service as a percentage of noncapital expenditures has been adjusted to included only principal and interest; issuance costs are excluded.

Bay County, Florida  
Changes in Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

Schedule 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 115,035,942	\$ 120,024,081	\$ 130,750,695	\$ 120,088,645	\$ 148,505,828	\$ 160,768,688
1,095	2,815	2,770	2,555	4,509	4,468
36,791,038	46,171,944	87,368,951	117,601,549	63,089,558	68,867,428
20,742,328	21,586,101	22,551,494	24,385,992	31,569,799	33,635,093
225,728	313,645	279,904	315,735	626,258	652,846
54,853	55,182	51,765	53,466	54,060	10,259,673
926,264	1,670,988	3,739,452	3,239,224	417,574	(2,545,028)
567,619	1,687,661	11,548,389	1,060,865	1,366,222	7,543,441
607,936	909,244	5,791,674	7,226,898	6,398,218	5,547,830
<u>174,952,803</u>	<u>192,421,661</u>	<u>262,085,094</u>	<u>273,974,929</u>	<u>252,032,026</u>	<u>284,734,439</u>
22,295,589	23,258,808	46,193,805	38,332,102	33,518,621	35,041,079
63,049,920	65,883,500	78,295,705	80,538,734	87,094,376	88,977,682
523,899	813,413	54,532,108	2,624,906	6,821,055	1,357,424
24,007,106	25,649,626	26,832,825	39,257,688	39,305,491	40,437,074
22,020,464	24,377,905	29,224,121	24,667,792	33,969,821	35,962,596
6,427,087	6,728,281	10,605,163	9,450,103	9,904,220	17,065,777
5,740,804	5,897,373	6,049,738	7,813,714	6,108,051	7,457,642
27,821,652	33,364,368	55,975,171	39,916,217	28,745,233	38,804,955
3,504,228	3,745,186	9,812,355	57,941,060	59,609,306	11,876,314
2,706,371	2,847,826	4,916,810	5,464,380	4,023,799	3,871,823
-	193,200	127,288	214,888	184,030	225,755
<u>178,097,120</u>	<u>192,759,486</u>	<u>322,565,089</u>	<u>306,221,584</u>	<u>309,284,003</u>	<u>281,078,121</u>
(3,144,317)	(337,825)	(60,479,995)	(32,246,655)	(57,251,977)	3,656,318
13,927,938	9,653,749	11,243,950	14,521,295	596,016,501	18,576,646
(13,961,758)	(11,797,399)	(13,016,907)	(15,784,957)	(506,507,917)	(18,578,595)
969,986	51,840,840	81,601,475	107,026,883	76,800,894	121,092,232
-	-	-	-	-	-
-	-	-	-	-	-
-	(12,416,559)	-	(33,533,489)	(11,320,087)	(109,391,218)
<u>1,875,934</u>	<u>4,097</u>	<u>108,407</u>	<u>113,095</u>	<u>108,509</u>	<u>274,041</u>
<u>2,812,100</u>	<u>37,284,728</u>	<u>79,936,925</u>	<u>72,342,827</u>	<u>155,097,900</u>	<u>11,973,106</u>
<u>\$ (332,217)</u>	<u>\$ 36,946,903</u>	<u>\$ 19,456,930</u>	<u>\$ 40,096,172</u>	<u>\$ 97,845,923</u>	<u>\$ 15,629,424</u>
4.13%	4.14%	5.53%	23.81%	22.68%	6.50%



Bay County, Florida  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)  
(Unaudited)

Schedule 5

	1	2	3	4	5	6	7	8			11	
	Residential	Commercial	Personal	Industrial	Agricultural	Centrally	Other	Less:	Total	Total	Estimated	Taxable Assessed
Fiscal	Property	Property	Property	Property	Property	Assessed	Property	Tax-Exempt	Taxable	Direct	Actual	Value as a
Year						Property		Property	Assessed	Tax	Taxable	Percentage of
									Value		Value	Actual Taxable Value
2013	12,335,675	2,223,664	2,042,849	290,308	63,468	29,326	2,545,867	(5,575,692)	13,955,465	4.8025	20,224,100	69.00%
2014	12,437,406	2,218,058	2,093,359	292,298	64,039	33,954	2,538,382	(5,472,317)	14,205,179	6.2300	20,432,796	69.52%
2015	12,735,501	2,234,753	2,145,365	285,470	70,806	32,318	2,504,227	(5,370,461)	14,637,979	6.2300	20,764,763	70.49%
2016	13,164,847	-	2,133,814	300,358	73,613	35,981	2,510,448	(5,350,906)	12,868,155	6.0162	21,100,218	60.99%
2017	13,636,538	2,314,981	2,033,207	311,657	73,419	40,068	2,525,566	(5,355,141)	15,580,295	6.0162	21,614,021	72.08%
2018	14,417,141	2,438,053	2,065,234	330,364	77,103	33,174	2,514,408	(5,442,458)	16,433,019	6.0162	22,559,006	72.84%
2019	13,966,283	2,308,862	2,133,588	302,229	73,396	30,723	2,349,302	(5,113,394)	16,050,989	6.0162	21,901,531	73.29%
2020	15,530,642	2,501,113	2,172,596	354,199	73,879	30,366	2,430,193	(5,557,924)	17,535,064	6.0162	24,032,126	72.97%
2021	17,609,665	2,766,318	2,253,285	403,010	74,883	33,105	2,557,306	(6,251,857)	19,445,715	6.0162	26,866,459	72.38%
2022	18,762,611	3,271,330	2,303,196	553,830	77,861	36,709	4,417,470	(6,911,118)	22,511,889	6.0162	33,698,770	66.80%

**Source:** Bay County Property Appraiser

**Notes:** Property in Bay County is reassessed once every five years on average.

Bay County, Florida  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Unaudited)

Schedule 6

	<b>Fiscal Year</b>									
	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>County Direct Rates:</b>										
General	3.6500	4.6500	4.6500	4.6500	4.4362	4.4362	4.4362	4.4362	4.4362	4.4362
Mosquito Control	0.1525	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
MSTU	<u>1.0000</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>
<b>Total Direct Rate</b>	<b>4.8025</b>	<b>6.2300</b>	<b>6.2300</b>	<b>6.2300</b>	<b>6.0162</b>	<b>6.0162</b>	<b>6.0162</b>	<b>6.0162</b>	<b>6.0162</b>	<b>6.0162</b>
<b>Municipalities:</b>										
City of Panama City	3.8723	3.8570	3.9740	3.9740	3.9740	4.3500	5.5469	4.9999	4.8999	4.7999
Panama City Downtown Improvement Board	2.8918	2.8918	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
City of Lynn Haven	3.0887	3.9000	3.9000	3.9000	3.9000	3.9000	3.9000	4.3000	4.1000	4.1000
City of Mexico Beach	5.0290	5.0290	4.9270	5.1840	5.3510	5.3270	8.0000	8.0000	7.0000	6.5000
City of Callaway	2.2500	2.2500	2.2500	2.2500	2.2500	1.9900	2.7500	2.7500	2.7500	2.7500
City of Springfield	--	3.3950	3.4650	3.4650	3.4650	3.4650	3.4650	3.4650	3.4650	4.4650
<b>School Districts</b>	6.7610	6.8890	6.9070	6.4750	6.3410	6.1220	5.9476	5.9860	5.8470	5.5040
<b>Northwest Florida Water Management District</b>	0.0400	0.0390	0.0378	0.0366	0.0353	0.0338	0.0327	0.0311	0.0294	0.0261
<b>Special District:</b>										
Beach Mosquito Control	0.2270	0.2230	0.2230	0.2955	0.4100	0.5450	0.5240	0.3500	0.3000	0.2200

*Source: Bay County Property Appraiser*

Bay County, Florida  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Schedule 7

	Fiscal Year 2022			Fiscal Year 2013		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light (formerly Gulf Power)	\$ 596,296,567	1	2.65%	\$ 482,198,315	1	3.46%
St. Joe Land & Development	180,075,246	2	0.80%	134,295,753	2	0.96%
D.R. Horton	99,910,505	3	0.44%	-	-	-
Westrock-Stone Container	97,334,338	4	0.43%	-	-	-
Hilton Companies	77,881,914	5	0.35%	35,846,670	10	0.26%
Pier Park LLC	70,550,316	6	0.31%	66,739,612	4	0.48%
Hospital Corp of America - Bay Medical	67,960,665	7	0.30%	120,273,646	3	0.86%
Cardone Ashley Member LLC	65,563,524	8	0.29%	-	-	-
Graybul Tyde, LLC	58,045,404	9	0.26%	-	-	-
Retreat 360, LLC	56,899,644	10	0.25%	-	-	-
RockTenn (Smurfit-Stone Container)	-	-	-	65,243,153	5	0.47%
Laketown Wharf Marketing Corp	-	-	-	63,013,398	6	0.45%
Arizona Chemical Company	-	-	-	44,565,265	7	0.32%
Wyndham Vacation Resorts, Inc.	-	-	-	39,205,535	8	0.28%
Wal-Mart Stores East, LLP	-	-	-	38,131,896	9	0.27%
<b>Total</b>	<b>\$ 1,370,518,123</b>		<b>6.09%</b>	<b>\$ 1,089,513,243</b>		<b>7.81%</b>

Total Taxable Assessed Value 2022 22,511,888,996  
Total Taxable Assessed Value 2013 13,955,465,003

*Source: Bay County Property Appraiser*

Bay County, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)

Schedule 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2013	56,856,057	93,429	56,949,486	54,644,204	96%	200,510	54,844,714	96%
2014	57,338,492	89,124	57,427,616	55,272,110	96%	280,550	55,552,660	97%
2015	73,675,856	109,040	73,784,896	72,179,783	98%	159,289	72,339,072	98%
2016	77,098,474	99,925	77,198,399	74,313,038	96%	274,648	74,587,686	97%
2017	79,638,490	105,969	79,744,459	76,887,098	97%	224,673	77,111,771	97%
2018	78,894,148	110,651	79,004,799	76,161,529	97%	123,930	76,285,459	97%
2019	83,051,734	121,991	83,173,725	80,192,782	97%	120,932	80,313,714	97%
2020	81,115,929	133,439	81,249,368	78,283,599	97%	146,094	78,429,693	97%
2021	88,659,798	126,086	88,785,884	85,597,905	97%	122,170	85,720,075	97%
2022	98,369,504	126,855	98,496,359	94,998,817	97%	95,028	95,093,845	97%

**Source:** Tax Collector's Office and Bay County Finance Office

State of Florida and Bay County  
Total Historical Half-Cent Sales Tax Distributions  
For Ten Year Period 2013-2022  
(Unaudited)

Schedule 9

The following table shows the historical sales tax collection and their annual percentage  
increases (decreases) for the State of Florida and Bay County.

<b>Fiscal Year Ending</b>	<b>Total Distributions To Cities and Counties</b>	<b>Percentage Change</b>	<b>Total Distributions Bay County</b>	<b>Percentage Change</b>
2013	\$ 1,572,856,674	11.26%	\$ 10,165,160	12.17%
2014	\$ 1,678,701,571	6.73%	\$ 10,963,389	7.85%
2015	\$ 1,790,139,397	6.64%	\$ 11,670,772	6.45%
2016	\$ 1,894,340,933	5.82%	\$ 12,302,015	5.41%
2017	\$ 1,961,298,703	3.53%	\$ 13,102,752	6.51%
2018	\$ 2,062,325,900	5.15%	\$ 13,274,001	1.31%
2019	\$ 2,149,374,051	4.22%	\$ 14,594,506	9.95%
2020	\$ 2,081,445,805	-3.16%	\$ 14,416,103	-1.22%
2021	\$ 2,157,660,588	3.66%	\$ 16,457,306	14.16%
2022	\$ 2,474,875,657	14.70%	\$ 17,867,287	8.57%

**Source:** Florida Department of Revenue

Distribution of Half-Cent  
Sales Tax in Bay County, Florida  
For Ten Year Period 2013-2022  
(Unaudited)

Schedule 10

**Fiscal Year 2013 - 2022 distribution of Sales Tax Revenues is represented in the following chart.**

<b>Fiscal Year Ending</b>	<b>Distributions To The County</b>	<b>Percentage Of County to Total</b>	<b>Distributions To The Cities</b>	<b>Percentage Of Cities to Total</b>
2013	\$ 10,165,160	59%	\$ 7,094,845	41%
2014	\$ 10,963,389	59%	\$ 7,614,034	41%
2015	\$ 11,670,772	59%	\$ 8,112,631	41%
2016	\$ 12,302,015	59%	\$ 8,568,946	41%
2017	\$ 13,102,752	59%	\$ 9,088,369	41%
2018	\$ 13,274,001	59%	\$ 9,327,080	41%
2019	\$ 14,594,506	59%	\$ 10,303,125	41%
2020	\$ 14,416,103	59%	\$ 10,151,298	41%
2021	\$ 16,457,306	59%	\$ 11,205,621	41%
2022	\$ 17,867,287	60%	\$ 12,154,828	40%

**Source:** Florida Department of Revenue

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental Activities</b>				
Revenue bonds	\$ 91,312,541	\$ 89,194,188	\$ 48,849,178	\$ 45,864,991
Capital leases	91,869	232,427	765,740	983,547
Notes payable	-	635,000	40,715,000	40,099,000
<b>Total Governmental Activities</b>	<u>91,404,410</u>	<u>90,061,615</u>	<u>90,329,918</u>	<u>86,947,538</u>
<b>Business-type Activities</b>				
Revenue bonds	\$ 99,934,584	\$ 90,552,459	\$ 85,461,023	\$ 83,298,094
Capital leases	-	27,564	29,812	26,772
Notes payable	8,051,989	31,115,546	29,485,087	27,075,284
<b>Total Business-type Activities</b>	<u>107,986,573</u>	<u>121,695,569</u>	<u>114,975,922</u>	<u>110,400,150</u>
<b>Total Primary Government</b>	<u><b>\$ 199,390,983</b></u>	<u><b>\$ 211,757,184</b></u>	<u><b>\$ 205,305,840</b></u>	<u><b>\$ 197,347,688</b></u>
<b>Debt as a Percentage of Personal Income</b>	3.1%	3.1%	2.8%	2.6%
<b>Amount of Debt per Capita</b>	\$ 1,109	\$ 1,139	\$ 1,184	\$ 1,128

\*Information not available

**Note:** Details regarding the County's debt can be found in Notes 12 and 13 of the financial statements.

See Schedule 16 for personal income and population data.

Revenue bonds are maintained to include issuance discounts, premiums and refunding.

Bay County, Florida  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)

Schedule 11

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 43,625,804	\$ 39,877,000	\$ 64,927,344	\$ 48,507,314	\$ 84,570,954	\$ 72,176,337
1,066,501	1,209,207	1,114,348	1,334,091	2,437,055	2,222,971
<u>39,726,000</u>	<u>79,095,000</u>	<u>127,745,191</u>	<u>158,787,416</u>	<u>188,875,218</u>	<u>202,488,296</u>
<u>84,418,305</u>	<u>120,181,207</u>	<u>193,786,883</u>	<u>208,628,821</u>	<u>275,883,227</u>	<u>276,887,604</u>
\$ 77,083,388	\$ 72,146,636	\$ 170,932,654	\$ 96,462,820	\$ 76,726,382	\$ 70,325,630
14,962	1,412,235	2,175,892	1,614,933	17,369	46,383
<u>24,584,285</u>	<u>22,011,712</u>	<u>27,705,653</u>	<u>41,179,049</u>	<u>15,742,970</u>	<u>14,302,694</u>
<u>101,682,635</u>	<u>95,570,583</u>	<u>200,814,199</u>	<u>139,256,802</u>	<u>92,486,721</u>	<u>84,674,707</u>
<b><u>\$ 186,100,940</u></b>	<b><u>\$ 215,751,790</u></b>	<b><u>\$ 394,601,082</u></b>	<b><u>\$ 347,885,623</u></b>	<b><u>\$ 368,369,948</u></b>	<b><u>\$ 361,562,311</u></b>
2.4%	2.7%	5.2%	4.7%	3.8%	*
\$ 1,073	\$ 1,041	\$ 1,191	\$ 2,359	\$ 2,066	\$ 1,965



	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Water System Revenue Bonds</b>										
<b>Series 2005</b>										
Revenue - sale of goods and services	\$ 16,811,167	\$ 16,441,561	\$ 17,293,612	\$ 17,342,106						-
Less: Operating expenses	(6,433,186)	(6,889,538)	(7,270,249)	(12,137,362)						
<b>Net available revenue</b>	<b>\$ 10,377,981</b>	<b>\$ 9,552,023</b>	<b>\$ 10,023,363</b>	<b>\$ 5,204,744</b>	\$	\$	\$	\$	\$	\$
Debt service										
Principal	\$ 1,565,000	\$ 1,615,000	\$ 1,700,000	\$ 1,780,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 2,110,325	\$ 2,055,550	\$ 1,974,800	\$ 1,889,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage*	2.8	2.6	2.7	1.4	N/A	N/A	N/A	N/A	N/A	N/A
<b>Sales Tax Revenue Refunding Bonds</b>										
<b>Series 2007</b>										
Revenue - proceeds of the Local Government										
Half-cent Sales Tax	\$ 10,594,619	\$ 11,325,809	\$ 12,039,862	\$ 12,775,077	\$ 13,090,888	-	-	-	-	-
Less: Operating expenses	-	-	-	-	-	-	-	-	-	-
<b>Net available revenue</b>	<b>\$ 10,594,619</b>	<b>\$ 11,325,809</b>	<b>\$ 12,039,862</b>	<b>\$ 12,775,077</b>	<b>\$ 13,090,888</b>	\$	\$	\$	\$	\$
Debt service										
Principal	\$ 500,000	\$ 515,000	\$ 540,000	\$ 560,000	\$ 580,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 640,050	\$ 620,050	\$ 599,450	\$ 577,850	\$ 555,450	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage*	9.3	10.0	10.6	11.2	11.5	N/A	N/A	N/A	N/A	N/A
<b>Water and Sewer System Revenue Bonds</b>										
<b>Series 2015</b>										
Revenue - sales of goods and services				\$ 11,603,844	\$ 12,712,062	\$ 12,484,423	\$ 14,307,758	\$ 16,115,197	\$ 16,685,141	\$ 16,398,471
Less: Operating expenses				\$ (8,731,126)	\$ (8,912,053)	\$ (9,473,050)	\$ (9,667,672)	\$ (9,882,992)	\$ (10,250,824)	\$ (10,532,342)
<b>Net available revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,872,718</b>	<b>\$ 3,800,009</b>	<b>\$ 3,011,373</b>	<b>\$ 4,640,086</b>	<b>\$ 6,232,200</b>	<b>\$ 6,434,317</b>	<b>\$ 5,866,129</b>
Debt service										
Principal	\$ -	\$ -	\$ -	\$ -	\$ 585,000	\$ 600,000	\$ 625,000	\$ 650,000	\$ 680,000	\$ 695,000
Interest	\$ -	\$ -	\$ -	\$ 918,075	\$ 1,112,819	\$ 1,095,268	\$ 1,071,268	\$ 1,046,268	\$ 1,013,769	\$ 1,000,169
Coverage*	N/A	N/A	N/A	3.1	2.2	1.8	2.7	3.7	3.8	3.5
<b>Capital Improvement Revenue Bond</b>										
<b>Series 2012</b>										
Revenue - County Revenue Sharing Funds (50%)	\$ 1,706,958	\$ 1,803,649	\$ 1,958,391	\$ 2,017,147	\$ 2,117,002	\$ 2,223,200	\$ 2,325,226	\$ 2,173,843	\$ 2,559,447	\$ 3,287,728
Less: Operating expenses	-	-	-	-	-	-	-	-	-	-
<b>Net available revenue</b>	<b>\$ 1,706,958</b>	<b>\$ 1,803,649</b>	<b>\$ 1,958,391</b>	<b>\$ 2,017,147</b>	<b>\$ 2,117,002</b>	<b>\$ 2,223,200</b>	<b>\$ 2,325,226</b>	<b>\$ 2,173,843</b>	<b>\$ 2,559,447</b>	<b>\$ 3,287,728</b>
Debt service										
Principal	\$ 309,000	\$ 388,000	\$ 399,000	\$ 809,000	\$ 410,000	\$ 424,000	\$ 437,000	\$ 450,000	\$ 463,000	\$ 478,000
Interest	\$ 339,083	\$ 405,591	\$ 394,190	\$ 580,775	\$ 383,141	\$ 363,256	\$ 350,205	\$ 337,665	\$ 322,922	\$ 308,660
Coverage*	2.6	2.3	2.5	1.5	2.7	2.8	3.0	2.8	3.3	4.2
<b>Water System Revenue Note</b>										
<b>Series 2014</b>										
Revenue - sale of goods and services			\$ 17,293,612	\$ 17,342,106	\$ 16,186,689	\$ 16,702,256	\$ 18,690,490	\$ 18,679,955	\$ 18,901,581	\$ 19,848,410
Less: Operating expenses			(7,270,249)	(12,137,362)	(8,948,101)	(11,857,100)	(11,645,521)	(9,207,462)	(10,532,908)	(11,936,461)
<b>Net available revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,023,363</b>	<b>\$ 5,204,744</b>	<b>\$ 7,238,588</b>	<b>\$ 4,845,156</b>	<b>\$ 7,044,969</b>	<b>\$ 9,472,493</b>	<b>\$ 8,368,673</b>	<b>\$ 7,911,949</b>
Debt service										
Principal	\$ -	\$ -	\$ 760,000	\$ 785,000	\$ 815,000	\$ 845,000	\$ 880,000	\$ 910,000	\$ 945,000	\$ 980,000
Interest	\$ -	\$ -	\$ 700,225	\$ 672,105	\$ 643,060	\$ 612,906	\$ 581,640	\$ 549,080	\$ 515,410	\$ 480,445
Coverage*	N/A	N/A	6.9	3.6	5.0	3.3	4.8	6.5	5.7	5.4
<b>Sales Tax Refunding Revenue Note</b>										
<b>Series 2015</b>										
Revenue - proceeds of the Local Government										
Half-cent Sales Tax	-		\$ 12,039,862	\$ 12,775,077	\$ 13,090,888	\$ 13,320,982	\$ 15,467,835			
Less: Operating expenses	-	-	-	-	-	-	-	-	-	-
<b>Net available revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,039,862</b>	<b>\$ 12,775,077</b>	<b>\$ 13,090,888</b>	<b>\$ 13,320,982</b>	<b>\$ 15,467,835</b>	\$	\$	\$
Debt service										
Principal	\$ -	\$ -	\$ 195,000	\$ 330,000	\$ 340,000	\$ 345,000	\$ 360,000	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ 514,969	\$ 1,356,563	\$ 1,345,409	\$ 1,333,886	\$ 1,322,256	\$ -	\$ -	\$ -
Coverage*	N/A	N/A	17.0	7.6	7.8	7.9	9.2	NA	NA	NA
<b>Water System Revenue Bonds</b>										
<b>Series 2016</b>										
Revenue - sale of goods and services					\$ 16,186,689	\$ 16,702,256	\$ 18,690,490	\$ 18,679,955	\$ 18,901,581	\$ 19,848,410
Less: Operating expenses					(8,948,101)	(11,857,100)	(11,645,521)	(9,207,462)	(10,532,908)	(11,936,461)
<b>Net available revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,238,588</b>	<b>\$ 4,845,156</b>	<b>\$ 7,044,969</b>	<b>\$ 9,472,493</b>	<b>\$ 8,368,673</b>	<b>\$ 7,911,949</b>
Debt service										
Principal					\$ 1,450,000	\$ 1,650,000	\$ 1,710,000	\$ 1,780,000	\$ 1,870,000	\$ 1,960,000
Interest					\$ 1,290,311	\$ 1,398,150	\$ 1,332,150	\$ 1,263,750	\$ 1,174,750	\$ 1,081,250
Coverage*	N/A	N/A	N/A	N/A	2.6	1.6	2.3	3.1	2.7	2.6

**Sales Tax Revenue Refunding Bonds****Series 2018 A&B**

Revenue - proceeds of the Local Government

Half-cent Sales Tax

Less: Operating expenses

**Net available revenue**

Debt service

Principal

Interest

Coverage\*

						\$	13,320,982	\$	15,467,835	\$	14,459,113	\$	18,503,876	\$	20,029,849
							-		-		-		-		-
							<u>13,320,982</u>		<u>15,467,835</u>		<u>14,459,113</u>		<u>18,503,876</u>		<u>20,029,849</u>
						\$	303,000	\$	631,000	\$	649,000	\$	666,000	\$	688,000
						\$	167,825	\$	310,880	\$	292,581	\$	273,760	\$	254,446
	N/A	N/A	N/A	N/A	N/A		28.3		16.4		15.4		19.7		21.3

**Tourist Development Tax Revenue Note****Series 2018**

Revenue - proceeds of up to four cents of the

Tourist Development Tax \*\*\*

Less: Operating expenses

**Net available revenue**

Debt service

Principal

Interest

Coverage\*, \*\*

						\$	20,894,847	\$	20,597,672						
							-		-						
							<u>20,894,847</u>		<u>20,597,672</u>						
						\$	-	\$	1,710,000	\$	-	\$	-	\$	-
						\$	-	\$	1,469,764	\$	-	\$	-	\$	-
	N/A	N/A	N/A	N/A	N/A		N/A		6.5		NA		NA		NA

**Sales Tax Revenue Refunding Bonds****Series 2020**

Revenue - proceeds of the Local Government

Half-cent Sales Tax

Less: Operating expenses

**Net available revenue**

Debt service

Principal

Interest

Coverage\*

										\$	14,459,113	\$	18,503,876	\$	20,029,849
											-		-		-
											<u>14,459,113</u>		<u>18,503,876</u>		<u>20,029,849</u>
										\$	305,000	\$	550,000	\$	555,000
										\$	423,735	\$	792,379	\$	781,049
	N/A	N/A	N/A	N/A	N/A		N/A		N/A		19.8		13.8		15.0

**Tourist Development Tax Revenue Refunding Note****Series 2020**

Revenue - proceeds of up to four cents of the

Tourist Development Tax \*\*\*

Less: Operating expenses

**Net available revenue**

Debt service

Principal

Interest

Coverage\*, \*\*

										\$	16,804,364	\$	29,176,570	\$	30,036,253
											-		-		-
											<u>16,804,364</u>		<u>29,176,570</u>		<u>30,036,253</u>
										\$	340,000	\$	2,140,000	\$	2,190,000
										\$	79,015	\$	686,448	\$	640,224
	N/A	N/A	N/A	N/A	N/A		N/A		N/A		40.1		10.3		10.6

**Solid Waste System Revenue Bond****Series 2021**

Revenue - sales of goods and services

Less: Operating expenses

**Net available revenue**

Debt service

Principal

Interest

Coverage\*, \*\*

												\$	11,559,753	\$	9,380,558
													(9,514,687)		(6,167,319)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>2,045,066</u>	<u>\$</u>	<u>3,213,239</u>
												\$	-	\$	799,000
												\$	-	\$	357,114
	N/A		N/A		N/A		N/A		N/A		N/A		N/A		2.8

**Capital Improvement Revenue Refunding Bond****Series 2022B**

Revenue - County Revenue Sharing Funds (50%)

Less: Operating expenses

**Net available revenue**

Debt service

Principal

Interest

Coverage\*

												\$		\$	3,287,728
															-
															<u>3,287,728</u>
												\$	-	\$	-
												\$	-	\$	-
	N/A	N/A	N/A	N/A	N/A		N/A		N/A		N/A		N/A		N/A

\*Coverage equals net available revenue divided by debt service.

\*\* Coverage not applicable due to no debt service payment in current year; first debt service payment due 3/1/2022

\*\*\* Revenue calculated in 2018 was calculated at 6 cents in 2018 financial statements. This was corrected in 2019 financial statements

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues	\$ 16,130,582	\$ 15,875,773	\$ 16,486,712	\$ 16,543,379
Interest	185,336	104,892	340,622	249,936
Other Revenue	-	-	-	-
<b>Gross Revenues</b>	<b>\$ 16,315,918</b>	<b>\$ 15,980,665</b>	<b>\$ 16,827,334</b>	<b>\$ 16,793,315</b>
Operating Expenses	\$ 6,424,037	\$ 6,889,538	\$ 7,270,244	\$ 12,137,362
<b>Net Revenue</b>	<b>\$ 9,891,881</b>	<b>\$ 9,091,127</b>	<b>\$ 9,557,090</b>	<b>\$ 4,655,953</b>
Debt Service 1997 Issue	\$ -	\$ -	\$ -	\$ -
Debt Service 2000 Issue	-	-	-	-
Debt Service 2005 Issue	3,675,325	3,633,529	3,674,800	3,669,800
Debt Service 2014 Issue	-	285,525	1,460,225	1,457,105
Debt Service 2016 Issue	-	-	-	-
Advance from Other Funds	2,168,406	-	-	-
<b>Total Debt Service</b>	<b>\$ 5,843,731</b>	<b>\$ 3,919,054</b>	<b>\$ 5,135,025</b>	<b>\$ 5,126,905</b>
<b>Coverage Factor</b>	<b>1.693</b>	<b>2.320</b>	<b>1.861</b>	<b>0.908</b>

**Note:** Advance from other funds was paid out in 2013.

Bay County, Florida  
Wholesale Water System  
Historical Revenues, Expenses and Debt Service Coverage  
Last Ten Fiscal Years  
(Unaudited)

Schedule 13

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 16,186,689	\$ 16,702,256	\$ 17,592,185	\$ 18,182,584	\$ 18,613,682	\$ 19,603,614
419,970	502,426	1,098,305	497,371	66,273	244,796
-	-	-	-	-	-
<b>\$ 16,606,659</b>	<b>\$ 17,204,682</b>	<b>\$ 18,690,490</b>	<b>\$ 18,679,955</b>	<b>\$ 18,679,955</b>	<b>\$ 19,848,410</b>
\$ 8,948,101	\$ 11,857,100	\$ 11,645,521	\$ 9,207,462	\$ 9,207,462	\$ 11,936,461
<b>\$ 7,658,558</b>	<b>\$ 5,347,582</b>	<b>\$ 7,044,969</b>	<b>\$ 9,472,493</b>	<b>\$ 9,472,493</b>	<b>\$ 7,911,949</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,458,060	1,457,906	1,461,640	1,459,080	1,459,080	1,460,445
2,740,311	3,048,150	3,042,150	3,043,750	3,043,750	3,041,250
-	-	-	-	-	-
<b>\$ 4,198,371</b>	<b>\$ 4,506,056</b>	<b>\$ 4,503,790</b>	<b>\$ 4,502,830</b>	<b>\$ 4,502,830</b>	<b>\$ 4,501,695</b>
<b>1.824</b>	<b>1.187</b>	<b>1.564</b>	<b>2.104</b>	<b>2.104</b>	<b>1.758</b>

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Half-Cent Sales Tax Receipts (1)	\$ 10,594,619	\$ 11,325,809	\$ 12,039,862	\$ 12,775,077
Series 1998 Bond (2)	\$ -	\$ -	\$ -	\$ -
Series 2002 Bond (3)	-	-	-	-
Series 2006 Bond (4)	5,134,488	5,134,488	-	-
Series 2007 Bond (5)	1,141,450	1,141,450	1,141,450	1,141,450
Series 2015 Note (6)	-	-	4,875,187	4,875,187
Series 2018 A&B Note (7)	-	-	-	-
Series 2020 Note (8)	-	-	-	-
<b>Total Maximum Annual Debt Service</b>	<b>\$ 6,275,938</b>	<b>\$ 6,275,938</b>	<b>\$ 6,016,637</b>	<b>\$ 6,016,637</b>
<b>Coverage of Maximum Annual</b>				
<b>Debt Service by Sales Tax Revenues</b>	<b>1.69</b>	<b>1.80</b>	<b>2.00</b>	<b>2.12</b>

(1) **Source:** Bay County Finance Department.

(2) Bond refunded in FY2010 by Solid Waste Capital Improvement Revenue Refunding Bonds-Series 2010

(3) Maximum debt service is in year 2011 - Partially refunded by Series 2007 Bond

(4) Maximum debt service is in year 2030 - Refunded by the Series 2015 Note

(5) Maximum debt service is in year 2018-Refunded by the Series 2018 A&B Note

(6) Maximum debt service is in year 2030

(7) Maximum debt service is in year 2028

(8) Maximum debt service is in year 2030

Historical Coverage of Projected  
Maximum Annual Debt Service  
By Sales Tax Revenues  
Last Ten Fiscal Years  
(Unaudited)

Schedule 14

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	\$ 13,320,982	\$ 15,467,835	\$ 14,459,113	\$ 18,503,876	\$ 20,029,849
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,141,450	-	-	-	-	-
4,875,187	4,875,187	4,875,187	-	-	-
-	944,657	944,657	944,657	944,657	944,657
-	-	-	4,532,388	4,532,647	4,532,647
<u>\$ 6,016,637</u>	<u>\$ 5,819,844</u>	<u>\$ 5,819,844</u>	<u>\$ 5,477,045</u>	<u>\$ 5,477,304</u>	<u>\$ 5,477,304</u>
<u>0.00</u>	<u>2.29</u>	<u>2.66</u>	<u>2.64</u>	<u>3.38</u>	<u>3.66</u>

Bay County, Florida  
Direct and Overlapping Governmental Activities Debt  
(In Thousands of Dollars)  
(Unaudited)

Schedule 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Bay County School Board:			
Revenue Anticipation Note	\$ 1,053	100.00%	\$ 1,053
Community Disaster Loan	5,000	100.00%	5,000
Certificates of Participation	105,536	100.00%	105,536
	<u>111,589</u>		<u>111,589</u>
Bay County direct debt	<u>276,888</u>		<u>276,888</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 388,477</u></u>

Sources: Bay County Finance Office and Bay County School Board

Note: Overlapping governments are those that lie within the geographic boundaries of the County. This schedule represents the portion of outstanding debt of the overlapping governments that is beared by residents and businesses of Bay County. This does not imply that every taxpayer is a resident and responsible for repaying the debt of the over-lapping governments. However, the entire debt burden beared by the residents and businesses should be taken into account when considering the County's ability to issue and repay long-term debt.

Bay County, Florida  
Demographic and Economic Statistics  
Last Ten Years  
(Unaudited)

Schedule 16

<b>Year</b>	<b>Estimated Population</b>	<b>Personal Income in '000's</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2013	174,994	6,524,445	37,369	7.8%
2014	178,860	6,916,093	38,791	5.7%
2015	181,947	7,322,428	40,347	5.0%
2016	183,974	7,552,595	41,129	4.8%
2017	178,820	7,695,669	41,658	3.3%
2018	181,199	8,043,321	43,188	4.0%
2019	167,283	7,982,208	45,690	3.9%
2020	175,216	8,791,753	50,394	6.3%
2021	178,282	9,671,542	53,980	3.9%
2022	184,002	*	*	2.5%

\* Information not yet available

*Note:* Information updated annually based on most current data.

**Source:** University of Florida, College of Liberal Arts & Sciences, Bureau of Economic & Business Research (BEBR) and US Bureau of Economic Analysis

**Source:** US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Program



Bay County, Florida  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

Schedule 17

<u>Employer</u>	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Bay District Schools	4,181	1	4.80%	4,046	3	4.69%
Tyndall Air Force Base	2,540	2	2.92%	7,352	1	8.53%
LHP Bay County (formerly Bay Medical Center)	1,436	3	1.65%	2,000	4	2.32%
Maximus Federal (formerly General Dynamics)	1,376	4	1.58%	-	-	-
Gulf Coast Medical Center	988	5	1.13%	631	7	0.73%
Trane	698	6	0.80%	575	8	0.67%
Publix Supermarkets	671	7	0.77%	-	-	-
Bay County Board of County Commissioners	636	8	0.73%	560	9	0.65%
Gulf Coast State College	633	9	0.73%	665	6	0.77%
Royal American Management	612	10	0.70%	-	-	-
Naval Support Activity	-	-	-	4,791	2	5.56%
Eastern Shipbuilding	-	-	-	1,200	5	1.39%
City of Panama City	-	-	-	537	10	0.62%
	<u>13,771</u>		<u>15.81%</u>	<u>22,357</u>		<u>25.92%</u>
<b>Total Bay County Labor Force</b>	<u><b>87,100</b></u>			<u><b>86,240</b></u>		

*Source: FloridaJobs.org*

Bay County, Florida  
Full-time Equivalent County Employees by Function  
Last Ten Fiscal Years  
(Unaudited)

Schedule 18

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government	55	59	60	61	89	73	73	72	71	74
Public Safety	176	189	200	203	202	238	201	212	220	223
Physical Environment	122	129	125	131	138	138	130	129	130	135
Transportation	111	114	112	112	118	121	119	113	107	107
Economic Environment	2	2	2	2	2	2	1	1	3	5
Human Services	14	14	14	13	14	13	13	12	13	13
Culture/Recreation	72	74	74	79	90	90	83	72	78	70
Judicial System	8	8	9	10	11	12	9	11	11	9
<b>Total</b>	<b><u>560</u></b>	<b><u>589</u></b>	<b><u>596</u></b>	<b><u>611</u></b>	<b><u>664</u></b>	<b><u>687</u></b>	<b><u>629</u></b>	<b><u>622</u></b>	<b><u>633</u></b>	<b><u>636</u></b>

*Source: County personnel department*

Bay County, Florida  
Operating Indicators by Function  
Last Ten Fiscal Years  
(Unaudited)

Schedule 19

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>General Government</b>										
Assessed properties	113,364	113,640	114,147	114,556	114,810	116,155	117,208	118,531	120,087	122,469
Court cases:										
Circuit Criminal	4,384	4,764	5,529	5,716	5,739	6,017	6,074	5,302	5,296	5,530
County Criminal	9,225	9,336	8,629	8,056	7,856	7,792	7,964	6,095	5,989	5,869
<b>Public Safety</b>										
E-911 calls***	144,567	151,850	227,484	240,482	213,008	216,511	207,119	485,905	139,100	298,773
Building permits issued*										
Commercial	163	172	128	78	85	87	125	215	200	186
Residential	825	992	853	899	951	960	3,646	3,286	2,568	2,741
<b>Physical Environment</b>										
Landfill and incinerator										
Collections in tonnage	237,779	266,930	251,260	258,758	290,493	233,025	596,176	258,835	268,016	261,369
<b>Transportation****</b>										
Road miles maintained	728.53	728.53	721.31	724.85	724.20	725.76	726.84	720.29	722.00	725.83
<b>Economic Environment</b>										
Tourist Development Tax										
Registered Units**	16,787	16,907	19,231	19,324	19,717	19,747	19,839	20,416	20,887	22,049
<b>Human Services</b>										
Baker Act admissions	470	376	430	377	457	394	359	351	340	328

\* Permits include new construction, additions, renovations and alterations

    Beginning FY16, Bay County no longer issues commercial permits for the cities.

\*\*Beginning FY09, reporting calculated on number of units. Prior years were reported by registrant.

    Beginning FY15, Panama City CDC was established.

\*\*\*Beginning FY20, reporting included "other 911 calls" that was not included in the prior years.

\*\*\*\*Bay County Incinerator was closed during FY21.

**Sources:** County finance office and individual county departments

Bay County, Florida  
Capital Asset Statistics by Function  
Last Ten Fiscal Years  
(Unaudited)

Schedule 20

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Public Safety</b>										
Correction facility capacities	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,134	1,134	1,134
Emergency responder facilities*	13	17	19	19	19	19	16	15	15	15
<b>Culture &amp; Recreation</b>										
Parks	31	31	31	31	32	32	32	24	32	32
Park acreage	331.5	331.5	331.5	331.5	731.41	731.41	731.41	827	807.51	580.71
Boat ramps	20	20	20	20	21	21	21	21	22	21
<b>Transportation</b>										
Road miles	728.53	728.53	721.31	724.85	724.20	725.76	726.84	720.29	722.00	725.83
Bridges	51	51	51	51	51	51	50	48	48	48
Traffic signals	16	17	17	17	17	17	17	10	11	11
<b>Physical Environment</b>										
Water mains (miles)**	293	293	299	299	300	302	307	315	322	326

\*Includes fire and EMS facilities

\*\*In fiscal year 2022, there was a restatement of the previous year in order to report actual miles.

*Sources:* County finance office and individual county departments

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable County Commissioners  
Bay County, Florida

### Report on the Financial Statements

We have audited the financial statements of Bay County, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on 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 on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
2022-001	2021-001	2020-002

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of Bay County as well as component unit information is disclosed in the notes to the financial statements.

### **Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

The Honorable County Commissioners  
Bay County, Florida  
Page Three

**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, the Commissioners of Bay County, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



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## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable County Commissioners  
Bay County, Florida

We have examined Bay County, Florida's (County) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*; and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*; for the year ended September 30, 2022. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

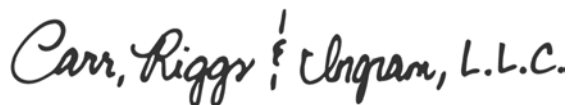
Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above.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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the County complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*; and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*; for the year ended September 30, 2022.

This report is intended solely for the information and use of County management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable County Commissioners  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major discretely presented component unit, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of and for the year ended September 30, 2022, and the related notes to basic financial statements, which collectively comprise Bay County, Florida's basic financial statements and have issued our report thereon dated March 29, 2023.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

The Honorable County Commissioners  
Bay County, Florida  
Page Two

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

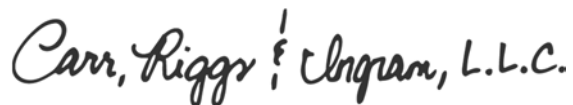
As part of obtaining reasonable assurance about whether Bay County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

### **Bay County, Florida's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Bay County, Florida's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Bay County, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable County Commissioners  
Bay County, Florida

**Report on Compliance for Each Major Federal Program and Major State Project**

***Opinion on Each Major Federal Program and Major State Project***

We have audited Bay County Florida's (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and major state projects for the year ended September 30, 2022. The County's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program and Major State Project***

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *State of Florida Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County's federal programs and state projects.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General* but not for the purpose of expressing an opinion on the effectiveness of County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

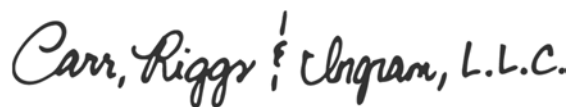
### **Report on Internal Control over Compliance**

*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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state project 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 of a federal program or state project 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and Chapter 10.550 *State of Florida Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



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Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance  
Year Ended September 30, 2022

***Section I - Summary of Auditors' Results***

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☒ Yes ☐ No

Significant deficiencies identified? ☒ Yes ☐ None noted

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards and State Financial Assistance**

Internal control over major programs

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) or Section 10.557, Rules of the Auditor General? ☐ Yes ☒ None reported

Identification of major federal programs and state projects:

<u>Assistance Listing Number</u>	<u>Major Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
20.507 and 20.526	Federal Transit Cluster
21.027	COVID-19 Coronavirus State and Local Recovery Funds
97.039	Hazard Mitigation

Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2022

<u>CFSA Number</u>	<u>Major State Projects</u>
<u>37.039</u>	<u>Statewide Water Quality Restoration Projects</u>
<u>40.902</u>	<u>Hurricane Housing Recovery Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>Federal</u> \$ 759,765	<u>State</u> \$ 750,000
Auditee qualified as a low-risk auditee for federal purposes?	<u>    </u> Yes	<u>  √  </u> No

***Section II - Financial Statement Findings***

**Finding**

**Bay County 2022-001**

Condition/Criteria: The County issued permits that were not in accordance with the permit fee schedule established by the County through Resolution 3847.

Cause: Issues in the permit system resulted in permits being incorrectly calculated for certain permit types.

Effect: The County issued permits that were not in accordance with Resolution 3847. As a result, a payable entry was recorded projecting the dollar amount of permits that were calculated in excess of the rates established in the resolution.

Recommendation: We recommend that the County correct issues in the permit system to ensure permits are properly calculated. We also recommend that the County determine the impact of permits that were calculated in excess of the rates established in the resolution and initiate a plan of action to remedy those permits.

Response: See attached Corrective Action Plan.

Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2022

**Bay County 2022-002**

Condition: Procedures regarding inadequate review of financial information provided by a discreetly presented component unit (CU), for which the County is responsible for their financial reporting, resulted in adjustments in order for the CU's financial statements to be in conformity with generally accepted accounting principles.

Criteria: Procedures should be in place to ensure review/oversight of amounts provided by the CU results in financial reporting in conformity with generally accepted accounting principles.

Cause: The County's internal controls did not ensure CU amounts were recorded in conformity with generally accepted accounting principles.

Effect: Adjustments were required for CU's to conform to generally accepted accounting principles.

Recommendation: We recommend that the County staff review and revise procedures to ensure review/oversight of amounts provided by the CU results in financial reporting in conformity with generally accepted accounting principles.

Response: See attached Corrective Action Plan.

Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2022

***Section III – Findings and Questioned Costs – Major Federal Award Programs and State Financial Assistance Projects***

There were no findings.

Bay County, Florida  
Summary Schedule of Prior Year Audit Findings  
Year Ended September 30, 2022

**The County has taken corrective action for the findings included in the prior year audit report, with the exception of Bay County 2022-001.**

Federal/State Agency Pass-through Entity Federal Program/State Project	Assistance Listing No./CFSA	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
<b>FEDERAL AWARDS</b>				
<b>Federal Transit Cluster-Cluster</b>				
Department of Transportation				
Federal Transit-Formula Grants				
		FFY2015-2016 5307 Operating, Capital, and Planning for Bay County TPO--FL-2016-012-00 (FL90)		
Federal Transit-Formula Grants	20.507		\$ -	\$ 102,962
Federal Transit-Formula Grants	20.507	5307 Capital, Operating & Planning for Bay County TPO--FL-2022-044-00	-	41,460
COVID-19 Federal Transit-Formula Grants	20.507	COVID-19 FFY21 ARPA Operating for Bay County TPO--FL-2022-012-00	-	966,299
Federal Transit-Formula Grants	20.507	Bay County TPO FFY 2015 5307 Capital & Operating Urbanized Area--FL-2018-086-00	-	36,416
COVID-19 Federal Transit-Formula Grants	20.507	COVID-19 CARES ACT Capital, Operating & Planning, Bay County TPO--FL-2021-074-00	-	1,895,199
Federal Transit-Formula Grants	20.507	5307 Operating, Capital, and Planning for Bay County TPO--FL-2020-064-00	-	585,298
Federal Transit-Formula Grants	20.507	Bay County TPO FFY 2016/2017 Operating and Capital Grant--FL-2017-096-00	-	45,316
Federal Transit-Formula Grants	20.507	5307 Capital, Operating & Planning for Bay County TPO--FL-2021-058-00	-	225,238
Federal Transit-Formula Grants	20.507	5307 Operating, Capital, and Planning for Bay County TPO--FL-2019-070-00	-	173,382
Total Federal Transit_Formula Grants			-	4,071,570
Bus and Bus Facilities Formula Grants				
		FFY18 Capital Urbanized Area Grant--FL-2019-057- 00		
Bus and Bus Facilities Formula Grants	20.526		-	423,112
Total Bus and Bus Facilities Formula Grants			-	423,112
Total Department of Transportation			-	4,494,682
Total Federal Transit Cluster-Cluster			-	4,494,682
<b>Highway Planning and Construction Cluster-Cluster</b>				
Department of Transportation				
Passed through Florida Department of Transportation				
Highway Planning and Construction				
		CR30 Front Beach Road Sidewalk Design - Phase III-- G1E16		
Highway Planning and Construction	20.205		-	11,837
		CR30 FBR Sidewalk Construction PH II (LAP)-- G1Z35		
Highway Planning and Construction	20.205		-	483,460
		CR30 Front Beach Road Sidewalk Construction - Phase I--G1P67		
Highway Planning and Construction	20.205		-	719,774
Total Highway Planning and Construction			-	1,215,071
Total Department of Transportation			-	1,215,071
Total Highway Planning and Construction Cluster-Cluster			-	1,215,071
<b>Highway Safety Cluster-Cluster</b>				
Department of Transportation				
Passed through Florida Department of Transportation				
State and Community Highway Safety				
		Speed and Aggressive Driving Enforcement--SC- 2022-0021		
State and Community Highway Safety	20.600		-	40,518
Total State and Community Highway Safety			-	40,518
Passed through Florida Department of Transportation				
National Priority Safety Programs				
		Enhanced Impaired Driving Enforcement, Equipment & OT--M5HVE-2022-00022		
National Priority Safety Programs	20.616		-	6,121
Total National Priority Safety Programs			-	6,121
Total Department of Transportation			-	46,639
Total Highway Safety Cluster-Cluster			-	46,639
<b>Other Programs</b>				
Gulf Coast Ecosystem Restoration Council				
Gulf Coast Ecosystem Restoration Council Oil (RESTORE)				
		St. Andrew Bay Stormwater Improvement Program-- St. Andrew Bay Watch--GNTSP20FL0098		
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052		-	87,707
Total Gulf Coast Ecosystem Restoration Council (RESTORE)			-	87,707
Total Gulf Coast Ecosystem Restoration Council			-	87,707

(Continued)

Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance (Continued)  
Year Ended September 30, 2022

Federal/State Agency Pass-through Entity Federal Program/State Project	Assistance Listing No./CFSA	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
Department of Homeland Security				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)				
Passed through Florida Division of Emergency Management		SMAA 00537-Hurricane Ian-Mission #00922 BOCC - Contract # 22-AA-000-97-C0-D0--#22-AA-0000- 97-C0-D0	-	168
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - DR4138 - July 2013 Flooding--14FS-8Q- 01-13-02-517	-	83,861
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - DR4564 Hurricane Sally--Z2646	-	105,495
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -Michael- DR4399--Z0884	-	7,715,639
		SMAA 00691-Hurricane Ian-Mission #01031 BOCC - Contract # 22-AA-0000-97-C0-D-- #22-AA-0000- 97-C0-D	-	981
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -Michael- DR4399--Z1038	-	30,433
COVID-19 Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	COVID-19- DR4486--Z2050	-	80,010
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			-	8,016,587
Hazard Mitigation Grant (HMGP)				
Passed through Florida Division of Emergency Management				
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-111R--H0793	-	7,424
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program HMGP-HS-002R - -H0832	-	720
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-131R--H0798	-	11,804
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-017R--H0641	-	6,019
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-023R--H0592	-	105,869
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-014R--H0583	-	5,869
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-133R--H0808	-	7,762
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-159R--H0803	-	109
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-021R--H0589	-	32,857
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-013R--H0582	-	6,715
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-018R--H0587	-	115,101
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-020R--H0588	-	83,586
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-128R--H0724	-	2,862
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-022R--H0591	-	288,500
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-119R--H0754	-	20,901
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-107R--H0694	-	14,059
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-031R--H0602	-	7,526
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-016R--H0640	-	45,171
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-050R--H0634	-	43,778
Hazard Mitigation Grant (HMGP)	97.039	Hazard Mitigation Grant Program (HMGP) - FEMA HM DR4399-038R--H0679	-	33,681
Total Hazard Mitigation Grant (HMGP)			-	840,313
Emergency Management Performance Grants				
Passed through Florida Division of Emergency Management				
Emergency Management Performance Grants	97.042	Emergency Management Performance Grant (EMPG) FY22--EMA-2021-EP-00007 /	-	64,050
COVID-19 Emergency Management Performance Grants	97.042	COVID-19 EMPG -ARPA--G0208	-	13,823
Emergency Management Performance Grants	97.042	Volunteer Florida Community Emergency Response Team (CERT) Citizens Corps--CERT 22-001	-	4,998
Total Emergency Management Performance Grants			-	82,871
Fire Management Assistance Grant				
Passed through State of Florida Executive Office				
Fire Management Assistance Grant	97.046	Fire Mgmt Assist Grant--#22-AA-0000-97-BD-D0	-	38,297
Total Fire Management Assistance Grant			-	38,297
Homeland Security Grant Program				
Passed through Florida Division of Emergency Management				
Homeland Security Grant Program	97.067	State Homeland Security--FY 19 SHSGP #R0200	-	6,960
Total Homeland Security Grant Program			-	6,960
Staffing for Adequate Fire and Emergency Response (SAFER)				
Passed through Florida Division of Emergency Management				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Staffing for Adequate Fire and Emergency Response Grant (SAFER)--EMW-2019-FF-001635	-	1,271
Total Staffing for Adequate Fire and Emergency Response (SAFER)			-	1,271
Total Department of Homeland Security			-	8,986,299

(Continued)



Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance (Continued)  
Year Ended September 30, 2022

Federal/State Agency Pass-through Entity Federal Program/State Project	Assistance Listing No./CFSA	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
United States Department of Justice Crime Victim Assistance Passed through State of Florida Department of Legal Affairs				
Crime Victim Assistance	16.575	Victims of Crime Act (VOCA)--VOCA -2021- Bay Coun	-	108,184
Total Crime Victim Assistance			-	108,184
Violence Against Women Formula Grants Passed through Florida Department of Children and Families				
Violence Against Women Formula Grants	16.588	Intimate Violence Enhanced Service Team (InVEST) -LN 179	-	290,338
Total Violence Against Women Formula Grants			-	290,338
Edward Byrne Memorial Justice Assistance Grant Program Passed through Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) Program--2021-JAGC-3877	-	81,000
Total Edward Byrne Memorial Justice Assistance Grant Program			-	81,000
Comprehensive Opioid, Stimulant, and Substance Abuse Program Passed through Seminole County Sheriffs Office				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	ODMAP (Overdose Detection Mapping Application Program)--2017-AR-BX-K003	-	22,509
Total Comprehensive Opioid, Stimulant, and Substance Abuse Program			-	22,509
Total United States Department of Justice			-	502,031
Department of Transportation Formula Grants for Rural Areas Passed through Florida Department of Transportation				
COVID-19 Formula Grants for Rural Areas	20.509	COVID-19 CRRSAA--G2150	-	78,187
COVID-19 Formula Grants for Rural Areas	20.509	COVID-19 5311 Operating Assistance through ARPA--G2608	-	100,000
COVID-19 Formula Grants for Rural Areas	20.509	COVID-19 5311 Operating Assistance through ARPA--G2609	-	200,000
COVID-19 Formula Grants for Rural Areas	20.509	COVID-19 FTA Section 5311 funding through the CARES Act--G1M13	-	56,112
Formula Grants for Rural Areas			-	434,299
E-911 Grant Program Passed through Florida Department of Management Services				
E-911 Grant Program	20.615	Next Generation 911 (NG-911)--S17-21-02-03	-	256,202
E-911 Grant Program	20.615	Next Generation 911 (NG-911)--S17-21-02-02	-	159,900
Total E-911 Grant Program			-	416,102
Total Department of Transportation			-	850,401
United States Environmental Protection Agency Nonpoint Source Implementation Grants Passed through Florida Department of Environmental Protection				
Nonpoint Source Implementation Grants	66.460	Sweetwater Branch Rd Sediment Reduction Project-- NF074	-	15,781
Nonpoint Source Implementation Grants	66.460	West Linger Longer Rd DEP Grant--NF087	-	8,288
Total Nonpoint Source Implementation Grants			-	24,069
Total United States Environmental Protection Agency			-	24,069
Department of Health and Human Services Child Support Enforcement Passed through Florida Department of Revenue				
Child Support Enforcement	93.563	Bay County Clerk of Court/ Child Support Enforcement --COC03	-	131,420
Total Child Support Enforcement			-	131,420
Mental Health Disaster Assistance and Emergency Mental Health Passed through Northwest Florida Health Network				
Mental Health Disaster Assistance and Emergency Mental Health	93.982	NW FL Health Network--C0200	-	38,830
Mental Health Disaster Assistance and Emergency Mental Health	93.982	NW FL Health Network--HM011	-	139,900
Mental Health Disaster Assistance and Emergency Mental Health			-	178,730
Total Department of Health and Human Services			-	310,150

(Continued)

Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance (Continued)  
Year Ended September 30, 2022

Federal/State Agency Pass-through Entity Federal Program/State Project	Assistance Listing No./CFSA	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
<b>Department of Housing and Urban Development</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Passed through Florida Division of Emergency Management				
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0070	-	7,538
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0069	-	15,638
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0062	-	3,171
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0071	-	15,806
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Voluntary Home Buyout-CDBG-Disaster Recovery M0027	-	154,933
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0058	-	100,789
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0059	-	27,480
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0057	-	3,858
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0074	-	12,784
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	CDBG-DR Phase 1 Redwood Drainage Project (FEMA 4399-DR) M0015	-	12,234
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0063	-	3,312
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0061	-	41,129
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0121	-	13,856
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0060	-	11,964
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0072	-	1,722
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0073	-	2,369
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M0147	-	2,744
Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228	Community Development Block Grant (CDBG) - HM DR4399- M00161	-	36
<b>Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</b>			-	431,363
<b>Total Department of Housing and Urban Development</b>			-	431,363
<b>National Endowment for the Humanities</b>				
Grants to States Passed through State of Florida Division of Library and Information Services				
Grants to States	45.310	Digital Media Co-Lab Space--21-LSTA-B10 COVID-19 NWRLS-Dept of State-DLIS -ARPA Grant--21-ARPA-28	-	9,988
COVID-19 Grants to States	45.310		-	48,465
<b>Total Grants to States</b>			-	58,453
<b>Total National Endowment for the Humanities</b>			-	58,453
<b>Department of the Treasury</b>				
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf Restore)				
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economic	21.015	Bay County Artificial Reef--RDCGR030067 Bay City Stormwater Master Plan--1 RDCGR 0300039-01-0	-	250
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economic	21.015	Bay County East Pass Environmental Impact Statement and Inlet and Beach Mgm--1 RDCGR030119-01-00	-	15,168
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economic	21.015	St. Andrew/St. Joseph Bays Estuary Program-- 1RDCGR030140-01-00	-	139,469
Passed through Office of Fiscal Assistant Secretary			-	205,420
<b>Total Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf Restore)</b>			-	360,307
<b>Coronavirus Relief Fund</b>				
Passed through Florida Housing and Finance Corporation				
COVID-19 Coronavirus Relief Fund	21.019	COVID-19 Coronavirus Relief Fund (CRF) Subrecipient Agreement -City of PC--037-2020	15,921	15,921
<b>Total Coronavirus Relief Fund</b>			15,921	15,921
<b>Coronavirus State and Local Fiscal Recovery Funds</b>				
Passed through Florida Division of Emergency Management				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19 American Rescue Plan Act of 2021-- 1505-0271	-	7,922,365
<b>Total Coronavirus State and Local Fiscal Recovery Funds</b>			-	7,922,365
<b>Total Department of the Treasury</b>			-	8,298,593
<b>Various Agencies - 2</b>				
2018 HAVA Election Security Grants Passed through Florida Department of State Division of Elections				
2018 HAVA Election Security Grants	90.404	Supervisor of Elections - Elections Security--MOA 2022-22.e.es.300	-	20,054
<b>Total 2018 HAVA Election Security Grants</b>			-	20,054
<b>Total Various Agencies - 2</b>			-	20,054
<b>Total Other Programs</b>			15,921	19,569,120
<b>Total Expenditures of Federal Awards</b>			\$ 15,921	\$ 25,325,512

(Continued)

Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance (Continued)  
Year Ended September 30, 2022

State Agency Pass-through Entity State Project	CSFA No.	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>Executive Office of the Governor</b>				
Emergency Management Programs	31.063	A0162	\$ -	\$ 80,239
Emergency Management Programs	31.063	A0255	-	27,829
Hurricane Shelter Retrofit Project	31.068	F0082	-	421,069
<b>Total Executive Office of the Governor</b>			-	529,137
<b>Department of Environmental Protection</b>				
Beach Management Funding Assistance Program	37.003	19BA2	-	6,667
Beach Management Funding Assistance Program	37.003	20BA1	-	52,643
Statewide Water Quality Restoration Projects	37.039	LPA0143	-	821,454
<b>Total Department of Environmental Protection</b>			-	880,764
<b>Department of Economic Opportunity</b>				
Enterprise Florida Inc.	40.014	DTF 14-05	-	275,786
Economic Development Partnerships	40.040	DTF 21-106	-	54,759
<b>Total Department of Economic Opportunity</b>			-	330,545
<b>Department of Agriculture and Consumer Services</b>				
Mosquito Control	42.003	28312	-	50,519
<b>Total Department of Agriculture and Consumer Services</b>			-	50,519
<b>Florida Housing Finance Corporation</b>				
State Housing Initiatives Partnership (SHIP) Program	40.901	Bay County	22,953	22,953
Hurricane Housing Recovery Program	40.902	Bay County	1,560,050	8,229,695
<b>Total Florida Housing Finance Corporation</b>			1,583,003	8,252,648
<b>Department of State, Division of Library and Information Services</b>				
State Aid to Libraries	45.030	21-ST-42	-	7,933
State Aid to Libraries	45.030	21-ST-41	-	64,895
State Aid to Libraries	45.030	21-ST-41	-	9,723
State Aid to Libraries	45.030	21-ST-44	-	17,269
State Aid to Libraries	45.030	22-ST-42	-	44,707
State Aid to Libraries	45.030	22-ST-41	-	313,635
State Aid to Libraries	45.030	22-ST-43	-	42,376
State Aid to Libraries	45.030	22-ST-44	-	38,926
<b>Total Department of State, Division of Library and Information Services</b>			-	539,464
<b>Department of Transportation</b>				
Florida Commission for the Transportation Disadvantaged	55.001	G1X47	-	311,004
Florida Commission for the Transportation Disadvantaged	55.001	G2991	-	118,194
Small County Outreach Program	55.009	G1Q77	-	41,109
Small County Outreach Program	55.009	G2504	-	1,009
Public Transit Block Grant	55.010	G2396	-	432,699
Public Transit Service Development Program	55.012	G1F19	-	370,990
Transit Corridor Development Program	55.013	G2393	-	178,903
Local Transportation Projects	55.039	G1C49	-	1,511,222
Local Transportation Projects	55.039	G1Z93	-	123
<b>Total Department of Transportation</b>			-	2,965,253
<b>Department of Health</b>				
County Grant Awards	64.005	C9003	-	13,218
County Grant Awards	64.005	C0003	-	17,109
<b>Total Florida Housing Finance Corporation</b>			-	30,327
<b>Department of Law Enforcement</b>				
Prepaid Next Generation 911 (NG911) State Grant Program	72.003	S17-21-02-51	-	58,550
<b>Total Department of Law Enforcement</b>			-	58,550
<b>Fish and Wildlife Conservation Commission</b>				
Derelict Vessel Removal Program	77.005	21236	-	110,200
<b>Total Fish and Wildlife Conservation Commission</b>			-	110,200
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			\$ 1,583,003	\$ 13,747,407

Notes to Schedule

1. The County follows the modified accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the County's financial statements.
2. The County has not elected to use the 10% de minimis cost rate allowed under the Uniform Guidance.
3. Expenditures reported under ALN No. 97.036 include costs of \$6,249,761 reported on the financial statements in a prior period.
4. There were no noncash federal expenditures, and no federally funded insurance.



**BOARD OF COUNTY  
COMMISSIONERS**

www.baycountyfl.gov

840 WEST 11<sup>TH</sup> STREET  
PANAMA CITY, FL 32401

**COMMISSIONERS:**

TOMMY HAMM  
DISTRICT I

ROBERT CARROLL  
DISTRICT II

WILLIAM T. DOZIER  
DISTRICT III

DOUG MOORE  
DISTRICT IV

CLAIR PEASE  
DISTRICT V

ROBERT J. MAJKA JR.  
COUNTY MANAGER

March 29, 2023

**Bay County, Florida  
Management's Corrective Action Plan  
For the Fiscal Year Ended September 30, 2022**

**Finding Number: 2022-001**

**Planned Corrective Action:**

The Builder Services Division of Bay County will review calculations in the permit system to ensure fees are being calculated accurately. In addition, County Administration is reviewing the estimated liability and a plan to remedy the permits that were calculated incorrectly.

**Anticipated Completion Date:** 9/30/2023

**Finding Number 2022-002**

**Planned Corrective Action:**

To ensure conformity with generally accepted accounting principles, Bay County staff is currently reviewing procedures in place with respect to oversight of amounts provided by the Component Unit.

**Anticipated Completion Date:** 9/30/2023

**Responsible Contact Person:** Katy Nail

  
Katy Nail, Finance Officer

BAY COUNTY, FLORIDA  
CONSTITUTIONAL OFFICERS  
FOR THE FISCAL YEAR-ENDED SEPTEMBER 30, 2022

SUPERVISOR OF ELECTIONS

Mark Andersen

TAX COLLECTOR

Chuck Perdue

CLERK OF COURT AND COMPTROLLER

Bill Kinsaul

SHERIFF

Tommy Ford

PROPERTY APPRAISER

Dan Sowell

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BAY COUNTY SUPERVISOR OF ELECTIONS	PAGE
Independent Auditors' Report	F-1
Special-Purpose Balance Sheet – Governmental Fund	F-5
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	F-6
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-7
Notes to Special-Purpose Financial Statements	F-8
Independent Auditors' Management Letter	F-15
Independent Accountants' Report	F-17
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-19
BAY COUNTY CLERK OF COURT AND COMPTROLLER	
Independent Auditors' Report	F-21
Special-Purpose Balance Sheet – Governmental Funds	F-25
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	F-26
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-27
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Court Fund	F-28
Special-Purpose Statement of Fiduciary Net Position – Fiduciary Funds	F-29
Special-Purpose Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-30
Notes to Special-Purpose Financial Statements	F-31

BAY COUNTY CLERK OF COURT AND COMPTROLLER (Continued)	PAGE
Supplementary Information	
Combining Special-Purpose Statement of Fiduciary Net Position – Fiduciary Funds	F-40
Combining Special-Purpose Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-42
Independent Auditors’ Management Letter	F-45
Independent Accountants’ Report	F-47
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-49
 BAY COUNTY PROPERTY APPRAISER	
Independent Auditors’ Report	F-51
Special-Purpose Balance Sheet – Governmental Fund	F-55
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	F-56
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-57
Notes to Special-Purpose Financial Statements	F-58
Independent Auditors’ Management Letter	F-65
Independent Accountants’ Report	F-67
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-69
 BAY COUNTY TAX COLLECTOR	
Independent Auditors’ Report	F-71



BAY COUNTY TAX COLLECTOR (Continued)	PAGE
Special-Purpose Balance Sheet – Governmental Fund	F-75
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	F-76
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-77
Special-Purpose Statement of Fiduciary Net Position – Fiduciary Funds	F-78
Special-Purpose Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-79
Notes to Special-Purpose Financial Statements	F-80
Supplementary Information	
Combining Special-Purpose Statement of Fiduciary Net Position – Fiduciary Funds	F-90
Combining Special-Purpose Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-91
Independent Auditors’ Management Letter	F-93
Independent Accountants’ Report	F-95
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-97
BAY COUNTY SHERIFF	
Independent Auditors’ Report	F-99
Special-Purpose Balance Sheet – Governmental Funds	F-103
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	F-104

Bay County, Florida  
Constitutional Officers  
Table of Contents (Continued)  
For the Fiscal Year ended September 30, 2022

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BAY COUNTY SHERIFF (Continued)	PAGE
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-105
Special-Purpose Statement of Fiduciary Net Position – Fiduciary Funds	F-106
Special-Purpose Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-107
Notes to Special-Purpose Financial Statements	F-108
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	F-119
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	F-120
Combining Special-Purpose Statement of Fiduciary Net Position – Fiduciary Funds	F-123
Combining Special-Purpose Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-124
Independent Auditors’ Management Letter	F-125
Independent Accountants’ Report	F-127
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	F-129

## INDEPENDENT AUDITORS' REPORT

The Honorable Mark Andersen  
Bay County Supervisor of Elections  
Bay County, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying special-purpose financial statements of the major fund of the Bay County Supervisor of Elections as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Supervisor of Elections' financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Bay County Supervisor of Elections as of September 30, 2022, the changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay County Supervisor of Elections and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Bay County, Florida that is attributable to the Bay County Supervisor of Elections. They do not purport to, and do not, present the financial position of Bay County, Florida as of September 30, 2022, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Supervisor of Elections' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

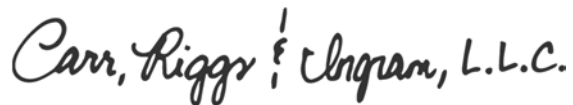
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bay County Supervisor of Elections' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Supervisor of Elections' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Bay County Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Supervisor of Elections' 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 Bay County Supervisor of Elections' internal control over financial reporting and compliance.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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Bay County Supervisor of Elections  
Special-Purpose Balance Sheet  
Governmental Fund  
September 30, 2022

	General Fund
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 385,493
Accounts receivable, net	18
<hr/>	
Total assets	\$ 385,511
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 50,801
Due to other governments	334,710
<hr/>	
Total liabilities	385,511
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 385,511
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Supervisor of Elections  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2022

	General Fund
<b>REVENUES</b>	
Intergovernmental	\$ 20,054
Charges for services	15,170
Total revenues	35,224
<b>EXPENDITURES</b>	
Current	
General government	1,861,698
Total expenditures	1,861,698
Excess (deficit) of revenues over (under) expenditures	(1,826,474)
<b>OTHER FINANCING SOURCES (USES)</b>	
Budget appropriations from Board of County Commissioners	2,159,684
Transfer out/return of excess fees	(333,210)
Total other financing sources (uses)	1,826,474
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

The accompanying notes are an integral part of these special-purpose financial statements.



Bay County Supervisor of Elections  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 20,054	\$ 20,054	\$ -
Charges for services	-	15,170	15,170	-
Total revenues	-	35,224	35,224	-
<b>EXPENDITURES</b>				
Current				
General government	2,099,617	2,186,408	1,861,698	324,710
Capital outlay				
General government	8,500	8,500	-	8,500
Total expenditures	2,108,117	2,194,908	1,861,698	333,210
Excess (deficit) of revenues over (under) expenditures	(2,108,117)	(2,159,684)	(1,826,474)	333,210
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	2,108,117	2,159,684	2,159,684	-
Transfer out/return of excess fees	-	-	(333,210)	(333,210)
Total other financing sources (uses)	2,108,117	2,159,684	1,826,474	(333,210)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

The accompanying notes are an integral part of these special-purpose financial statements.

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

### ***Reporting Entity***

The Office of the Bay County Supervisor of Elections (Supervisor of Elections) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Supervisor of Elections are included in the County's basic financial statements. The Supervisor of Elections operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners (Board) and any unexpended appropriations are remitted to the Board after the end of the fiscal year.

The Supervisor of Elections' financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements prepared in accordance with generally accepted accounting principles (GAAP). However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Supervisor of Elections has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, only for that portion of the major fund of Bay County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present the financial position of Bay County, Florida, as of September 30, 2022, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Fund Financial Statements***

The Supervisor of Elections reports the following major governmental funds:

*General fund* – The General fund is the Supervisor of Elections' operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

### ***Budgetary Information***

The preparation, adoption, and amendment of the Supervisor of Elections' budget is governed by Chapter 129, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represent the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data. All budget appropriations lapse after the end of the fiscal year.

### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity***

#### ***Cash and cash equivalents***

The Supervisor of Elections' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### ***Capital assets***

Capital assets used by the Supervisor of Elections are accounted for by the County and are included in the County's basic financial statements. Under Florida law, the County holds legal title and is accountable for these assets.

#### ***Compensated absences***

The Supervisor of Election's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Categories and Classification of Fund Balance***

*Fund balance flow assumptions* – Sometimes the Supervisor of Elections will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Supervisor of Elections' policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Supervisor of Elections itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Supervisor of Elections' highest level of decision-making authority. The Board is the highest level of decision-making authority for the Supervisor of Elections that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the Supervisor of Elections for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the General Fund.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

### *Subsequent events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

### *Recently Issued and Implemented Accounting Pronouncements*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Recently Issued and Implemented Accounting Pronouncements (continued)*

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

## **NOTE 2 – DETAILED NOTES ON ALL FUNDS**

### *Deposits and Investments*

As of September 30, 2022, the Supervisor of Elections' bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Supervisor of Elections pursuant to Section 280.08, Florida Statutes.

## **NOTE 2 – DETAILED NOTES ON ALL FUNDS (Continued)**

### ***Deposits and Investments (continued)***

*Custodial credit risk* - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Supervisor of Elections places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Supervisor of Elections will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## **NOTE 3 – RETIREMENT PLANS**

### ***Defined Benefit Pension Plan***

#### ***Description of plan***

The Supervisor of Elections contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, and Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

#### ***Funding requirements***

FRS is funded through employee and employer contributions. The Supervisor of Elections is required to contribute at an actuarially determined rate. Rates effective for October 1, 2021 through June 30, 2022, were 10.82%, 29.01%, and 51.42% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2022 through September 30, 2022, were 11.91%, 31.57%, and 57.00% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. The employer rate for eligible employees who elected to participate in the Deferred Retirement Option Program (DROP) was 18.34% for October 1, 2021 through June 30, 2022 and 18.60% for July 1, 2022 through September 30, 2022, with no employee contribution required.

The contribution requirements of plan members and the Supervisor of Elections are established and may be amended by the Florida Legislature. The Supervisor of Elections’ contributions to the plan for the years ended September 30, 2022, 2021, and 2020 were \$98,884, \$121,227, and \$110,594, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2022, were \$17,145.

**NOTE 3 – RETIREMENT PLANS (Continued)**

***Defined Contribution Pension Plan***

*Description of plan*

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2022, totaled \$4,207.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County's financial statements.



## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Mark Andersen  
Bay County Supervisor of Elections  
Bay County, Florida

### Report on the Financial Statements

We have audited the special-purpose financial statements of the Bay County Supervisor of Elections as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2023, 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. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Supervisor of Elections has no component units.

The Honorable Mark Andersen  
Bay County Supervisor of Elections  
Page Two

### **Financial Management**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mark Andersen  
Bay County Supervisor of Elections  
Bay County, Florida

We have examined the Bay County Supervisor of Elections' compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the Bay County Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Supervisor of Elections' compliance with the specified requirements based on our examination.

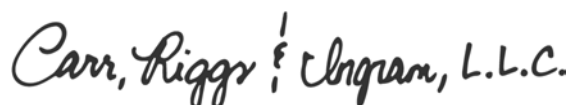
Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Supervisor of Elections complied, in all material respects, with the specified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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Bay County Supervisor of Elections' compliance with specified requirements.

In our opinion, the Bay County Supervisor of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022.

This report is intended solely for the information and use of the Bay County Supervisor of Elections, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable Mark Andersen  
Bay County Supervisor of Elections  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Bay County Supervisor of Elections as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Supervisor of Elections' basic special-purpose financial statements, and have issued our report thereon dated March 29, 2023, which contains an emphasis of matter referring to a basis of presentation required for compliance with state reporting requirements. Our opinion was not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County Supervisor of Elections' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bay County Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay County Supervisor of Elections' internal control.

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

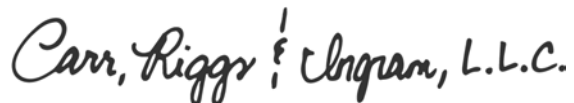
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bay County Supervisor of Elections' special-purpose 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

## INDEPENDENT AUDITORS' REPORT

The Honorable Bill Kinsaul  
Bay County Clerk of Court and Comptroller  
Bay County, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller, as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Clerk of Court and Comptroller's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller as of September 30, 2022, the changes in financial position thereof, and the respective budgetary comparison for the General Fund and the Court Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay County Clerk of Court and Comptroller and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Bay County, Florida that is attributable to the Bay County Clerk of Court and Comptroller. They do not purport to, and do not, present the financial position of Bay County, Florida as of September 30, 2022, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Clerk of Court and Comptroller's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bay County Clerk of Court and Comptroller's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Clerk of Court and Comptroller's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay County Clerk of Court and Comptroller's special-purpose financial statements. The accompanying combining special-purpose statement of fiduciary net position and combining special-purpose statement of changes in fiduciary net position, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining special-purpose statement of fiduciary net position and combining special-purpose statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Bill Kinsaul  
Bay County Clerk of Court and Comptroller  
Page Four

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Bay County Clerk of Court and Comptroller'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Clerk of Court and Comptroller's 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 Bay County Clerk of Court and Comptroller's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

Bay County Clerk of Court and Comptroller  
Special-Purpose Balance Sheet  
Governmental Funds  
September 30, 2022

	General Fund	Court	Records Modernization - Records	Records Modernization - Court	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,232,307	\$ 578,406	\$ 740,980	\$ 1,396,859	\$ 3,948,552
Accounts receivable, net	88,892	83,160	-	17,000	189,052
Due from other governments	9,671	-	-	-	9,671
Prepays	54,686	16,308	-	-	70,994
Total assets	\$ 1,385,556	\$ 677,874	\$ 740,980	\$ 1,413,859	\$ 4,218,269
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable and accrued liabilities	\$ 113,763	\$ 194,037	\$ -	\$ 7,505	\$ 315,305
Unearned revenue	11,956	-	-	-	11,956
Due to other governments	1,259,837	-	-	-	1,259,837
Total liabilities	1,385,556	194,037	-	7,505	1,587,098
Fund balance					
Nonspendable	54,686	16,308	-	-	70,994
Restricted	-	467,529	740,980	1,406,354	2,614,863
Unassigned	(54,686)	-	-	-	(54,686)
Total fund balance	-	483,837	740,980	1,406,354	2,631,171
Total liabilities and fund balance	\$ 1,385,556	\$ 677,874	\$ 740,980	\$ 1,413,859	\$ 4,218,269

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds  
Year Ended September 30, 2022

	General Fund	Court	Records Modernization - Records	Records Modernization - Court	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenue	\$ 128,037	\$ -	\$ -	\$ -	\$ 128,037
Charges for services	3,066,321	4,196,604	184,997	565,778	8,013,700
Miscellaneous	36,478	-	-	-	36,478
Total revenues	3,230,836	4,196,604	184,997	565,778	8,178,215
<b>EXPENDITURES</b>					
Current					
General government	4,837,642	4,158,034	58,063	309,615	9,363,354
Capital outlay					
General government	104,317	-	-	-	104,317
Total expenditures	4,941,959	4,158,034	58,063	309,615	9,467,671
Excess (deficit) of revenues over (under) expenditures	(1,711,123)	38,570	126,934	256,163	(1,289,456)
<b>OTHER FINANCING SOURCES (USES)</b>					
Budget appropriations from Board of County Commissioners	2,309,234	-	-	-	2,309,234
Transfer out/return of excess fees	(598,111)	-	-	-	(598,111)
Total other financing sources (uses)	1,711,123	-	-	-	1,711,123
Net change in fund balance	-	38,570	126,934	256,163	421,667
Fund balance - beginning	-	445,267	614,046	1,150,191	2,209,504
Fund balance - ending	\$ -	\$ 483,837	\$ 740,980	\$ 1,406,354	\$ 2,631,171

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental revenue	\$ 120,000	\$ 128,037	\$ 128,037	\$ -
Charges for services	2,680,110	2,602,438	3,066,321	463,883
Miscellaneous	35,800	36,478	36,478	-
Total revenues	2,835,910	2,766,953	3,230,836	463,883
<b>EXPENDITURES</b>				
Current				
General government	4,874,115	4,950,503	4,837,642	112,861
Capital outlay				
General government	16,000	125,684	104,317	21,367
Total expenditures	4,890,115	5,076,187	4,941,959	134,228
Excess (deficit) of revenues over (under) expenditures	(2,054,205)	(2,309,234)	(1,711,123)	598,111
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	2,054,205	2,309,234	2,309,234	-
Transfer out/return of excess fees	-	-	(598,111)	(598,111)
Total other financing sources (uses)	2,054,205	2,309,234	1,711,123	(598,111)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Court Fund  
Year Ended September 30, 2022

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 4,066,505	\$ 4,093,948	\$ 4,196,604	\$ 102,656
Total revenues	4,066,505	4,093,948	4,196,604	102,656
<b>EXPENDITURES</b>				
Current				
General government	4,066,505	4,093,948	4,158,034	(64,086)
Total expenditures	4,066,505	4,093,948	4,158,034	(64,086)
Net change in fund balance	\$ -	\$ -	38,570	\$ 38,570
Fund balance - beginning			445,267	
Fund balance - ending			\$ 483,837	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,681,068
Total assets	\$ 11,681,068
<b>LIABILITIES</b>	
Due to others	\$ 59,127
Due to other governments	2,738,930
Total liabilities	\$ 2,798,057
<b>FIDUCIARY NET POSITION</b>	
Restricted	
Held for others	\$ 8,883,011
Total net position	\$ 8,883,011

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended September 30, 2022

	Custodial Funds
<b>Additions</b>	
Funds held for others	\$ 90,413,584
Court costs	1,050
<b>Total additions</b>	<b>90,414,634</b>
<b>Deductions</b>	
Current	
Funds held for others	89,576,435
Court costs	25,546
<b>Total deductions</b>	<b>89,601,981</b>
<b>Changes in net position</b>	<b>812,653</b>
<b>Net position - beginning of year</b>	<b>8,070,358</b>
<b>Net position - end of year</b>	<b>\$ 8,883,011</b>

The accompanying notes are an integral part of these special-purpose financial statements.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Reporting Entity***

The Office of the Bay County Clerk of Court and Comptroller (Clerk) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Clerk are included in the County's basic financial statements. The Clerk operates on a budgetary system. Appropriated funds for the general fund are received from the Board of County Commissioners (Board) and any unexpended appropriations are remitted to the Board after the end of the fiscal year. Appropriated funds for the court fund are received from the Clerk of Court Operations Corporation of the State of Florida (CCOC).

The Clerk's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements prepared in accordance with generally accepted accounting principles (GAAP). However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Clerk has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of each major fund, and the aggregate remaining fund information of Bay County, Florida that is attributable to the Clerk. They do not purport to, and do not, present the financial position of Bay County, Florida, as of September 30, 2022, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

### ***Management Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Fund Financial Statements***

Accounts are organized on the basis of fund types each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures as appropriate. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the Clerk:

*General fund* – The General Fund is the Clerk’s operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

*Special revenue funds* – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

*Custodial funds* – Custodial funds are used to account for assets held by the Clerk for individuals, private organizations, other governments, or other funds.

The custodial funds utilize the *accrual basis of accounting*.

### ***Budgetary Information***

The preparation, adoption, and amendment of the Clerk’s budget is governed by Chapter 28.36, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data. All budget appropriations lapse at the end of the fiscal year. The records modernization-records and records modernization-court are not budgeted.

For the year ended September 30, 2022, expenditures exceeded appropriations by \$64,086 for the Court Fund.

### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity***

#### ***Cash and cash equivalents***

The Clerk’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

#### ***Receivables and Payables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, showing this amount is not in spendable form.

### *Capital assets*

Capital assets used by the Clerk are accounted for by the County and are included in the County's basic financial statements. Under Florida law, the County holds legal title and is accountable for these assets.

### *Compensated absences*

It is the Clerk's policy to grant paid absences for paid time off. Employees are permitted to accumulate up to 480 hours of earned but unused paid time off benefits which will be paid to employees in good standing upon termination. Employees who have less than two years of service forfeit their paid time off; employees with two or more years of service receive a percentage of their paid time off based on the length of service upon termination.

### *Categories and Classification of Fund Balance*

*Fund balance flow assumptions* – Sometimes the Clerk will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Clerk's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Clerk itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Clerk’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the Clerk that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the Clerk for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the Clerk’s fund balances.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

*Subsequent events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Recently Issued and Implemented Accounting Pronouncements*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Recently Issued and Implemented Accounting Pronouncements (continued)*

supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

## **NOTE 2 – DETAILED NOTES ON ALL FUNDS**

### *Deposits and Investments*

As of September 30, 2022, the Clerk's bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Clerk pursuant to Section 280.08, Florida Statutes.

*Custodial credit risk* - Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Clerk places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Clerk will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

### *Accounts receivable, net*

At September 30, 2022, accounts receivable, net is summarized as follows:

	Governmental Funds	Total Accounts Receivable
Accounts receivable	\$ 189,052	\$ 189,052
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 189,052	\$ 189,052

The Clerk considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2022.

## **NOTE 3 – RETIREMENT PLANS**

### ***Defined Benefit Pension Plan***

#### *Description of plan*

The Clerk contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

#### *Funding requirements*

FRS is funded through employee and employer contributions. The Clerk is required to contribute at an actuarially determined rate. Rates effective for October 1, 2021 through June 30, 2022, were 10.82%, 29.01%, and 51.42% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2022 through September 30, 2022, were 11.91%, 31.57%, and 57.00% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. The employer rate for eligible employees who elected to participate in the Deferred Retirement Option Program (DROP) was 18.34% for October 1, 2021 through June 30, 2022 and 18.60% for July 1, 2022 through September 30, 2022, with no employee contribution required.

The contribution requirements of plan members and the Clerk are established and may be amended by the Florida Legislature. The Clerk's contributions to FRS for the years ended September 30, 2022, 2021, and 2020 were \$597,278, \$548,085, and \$506,755, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2022, were \$96,068.

### ***Defined Contribution Pension Plan***

#### *Description of plan*

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2022, totaled \$98,282.

**NOTE 5 – RETIREMENT PLANS (Continued)**

*Description of plan (continued)*

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County’s financial statements.



## CUSTODIAL FUNDS

	Custodial Funds		
	Fines and Forfeitures	Jury and Witness	Tax Deed
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,874,799	\$ 28,501	\$ 621,629
Total assets	\$ 6,874,799	\$ 28,501	\$ 621,629
<b>LIABILITIES</b>			
Due to others	\$ 20,993	\$ -	\$ -
Due to other governments	2,484,066	2,310	9,899
Total liabilities	\$ 2,505,059	\$ 2,310	\$ 9,899
<b>NET POSITION</b>			
Restricted			
Held for others	\$ 4,369,740	\$ 26,191	\$ 611,730
Total net fiduciary positions	\$ 4,369,740	\$ 26,191	\$ 611,730

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Combining Special-Purpose Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

Custodial Funds				
Support	Court Registry	Cash Bond	Restitution	Total
\$ 31,044	\$ 1,741,735	\$ 2,262,744	\$ 120,616	\$ 11,681,068
\$ 31,044	\$ 1,741,735	\$ 2,262,744	\$ 120,616	\$ 11,681,068
\$ 5,925	\$ -	\$ -	\$ 32,209	\$ 59,127
25,119	103,154	25,975	88,407	2,738,930
\$ 31,044	\$ 103,154	\$ 25,975	\$ 120,616	\$ 2,798,057
\$ -	\$ 1,638,581	\$ 2,236,769	\$ -	\$ 8,883,011
\$ -	\$ 1,638,581	\$ 2,236,769	\$ -	\$ 8,883,011

The accompanying notes are an integral part of these special-purpose financial statements.

	Custodial Funds		
	Fines and Forfeitures	Jury and Witness	Tax Deed
<b>Additions</b>			
Funds held for others	\$ 71,964,127	\$ -	\$ 1,478,165
Court costs	-	1,050	-
<b>Total additions</b>	<b>71,964,127</b>	<b>1,050</b>	<b>1,478,165</b>
<b>Deductions</b>			
Current			
Funds held for others	71,029,358	-	2,070,573
Court costs	-	25,546	-
<b>Total deductions</b>	<b>71,029,358</b>	<b>25,546</b>	<b>2,070,573</b>
<b>Changes in Net Position</b>	<b>934,769</b>	<b>(24,496)</b>	<b>(592,408)</b>
<b>Net position - beginning of year</b>	<b>3,434,971</b>	<b>50,687</b>	<b>1,204,138</b>
<b>Net position - end of year</b>	<b>\$ 4,369,740</b>	<b>\$ 26,191</b>	<b>\$ 611,730</b>

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Clerk of Court and Comptroller  
Combining Special-Purpose Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended September 30, 2022

Custodial Funds				
Support	Court Registry	Cash Bond	Restitution	Total
\$ 1,229,750	\$ 12,284,344	\$ 2,819,798	\$ 637,400	\$ 90,413,584
-	-	-	-	1,050
1,229,750	12,284,344	2,819,798	637,400	90,414,634
1,229,750	12,903,709	1,705,645	637,400	89,576,435
-	-	-	-	25,546
1,229,750	12,903,709	1,705,645	637,400	89,601,981
-	(619,365)	1,114,153	-	812,653
-	2,257,946	1,122,616	-	8,070,358
\$ -	\$ 1,638,581	\$ 2,236,769	\$ -	\$ 8,883,011

The accompanying notes are an integral part of these special-purpose financial statements.

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Bill Kinsaul  
Bay County Clerk of Court and Comptroller  
Bay County, Florida

### Report on the Financial Statements

We have audited the special-purpose financial statements of the Bay County Clerk of Court and Comptroller as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2023, 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. There were no findings or recommendations made in the preceding annual financial report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Clerk of Court and Comptroller was established by Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Clerk of Court and Comptroller has no component units.

### **Financial Management**

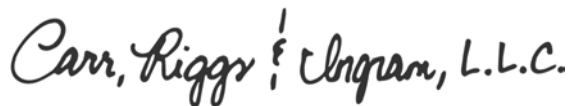
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023





Carr, Riggs & Ingram, LLC  
14101 Panama City Beach Parkway  
Suite 200  
Panama City Beach, FL 32413

(850) 784- 6733  
(850) 784-4866 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Bill Kinsaul  
Bay County Clerk of Court and Comptroller  
Bay County, Florida

We have examined the Bay County Clerk of Court and Comptroller's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support, Payments; Fees*; Sections 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*; and 28.36, Florida Statutes, *Budget Procedure*; during the year ended September 30, 2022. Management is responsible for the Bay County Clerk of Court and Comptroller's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Clerk of Court and Comptroller's compliance with the specified requirements based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Bay County Clerk of Court and Comptroller's compliance with specified requirements.

In our opinion, the Bay County Clerk of Court and Comptroller complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support, Payments; Fees*; Sections 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*; and 28.36, Florida Statutes, *Budget Procedure*; during the year ended September 30, 2022.

This report is intended solely for the information and use of the Bay County Clerk of Court and Comptroller, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable Bill Kinsaul  
Bay County Clerk of Court and Comptroller  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Clerk of Court and Comptroller's basic special-purpose financial statements, and have issued our report thereon dated March 29, 2023, which contains an emphasis of matter referring to a basis of presentation required for compliance with state reporting requirements. Our opinions were not modified with respect to this matter.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County Clerk of Court and Comptroller's internal control over financial reporting (internal control) as a basis for designing 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 Bay County Clerk of Court and Comptroller's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay County Clerk of Court and Comptroller's internal control.

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

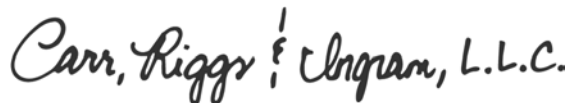
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bay County Clerk of Court and Comptroller's special-purpose 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

## INDEPENDENT AUDITORS' REPORT

The Honorable Dan Sowell  
Bay County Property Appraiser  
Bay County, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying special-purpose financial statements of the major fund of the Bay County Property Appraiser as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Property Appraiser's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Bay County Property Appraiser as of September 30, 2022, the changes in financial position thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay County Property Appraiser and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Bay County, Florida that is attributable to the Bay County Property Appraiser. They do not purport to, and do not, present the financial position of Bay County, Florida as of September 30, 2022, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Property Appraiser's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bay County Property Appraiser's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Property Appraiser's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Bay County Property Appraiser'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Property Appraiser's 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 Bay County Property Appraiser's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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Bay County Property Appraiser  
Special-Purpose Balance Sheet  
Governmental Fund  
September 30, 2022

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 199,827
Total assets	\$ 199,827
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 24,927
Due to other governments	174,900
Total liabilities	199,827
Fund balance	-
Total liabilities and fund balance	\$ 199,827

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Property Appraiser  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2022

	General Fund
<b>REVENUES</b>	
Charges for services	\$ 504
Interest income	1,053
<b>Total revenues</b>	<b>1,557</b>
<b>EXPENDITURES</b>	
Current	
General government	4,205,646
Capital outlay	
General government	39,074
Debt service	
Principal retirement	7,011
Interest and fiscal charges	786
<b>Total expenditures</b>	<b>4,252,517</b>
Excess (deficit) of revenues over (under) expenditures	(4,250,960)
<b>OTHER FINANCING SOURCES (USES)</b>	
Budget appropriations from Board of County Commissioners	4,321,686
Budget appropriations from other taxing districts	74,827
Transfer out/return of excess fees from Board of County Commissioners	(171,924)
Transfer out/return of excess fees from other taxing districts	(2,976)
Proceeds from issuance of debt	29,347
<b>Total other financing sources (uses)</b>	<b>4,250,960</b>
Net change in fund balance	-
Fund balance - beginning	-
<b>Fund balance - ending</b>	<b>\$ -</b>

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Property Appraiser  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 504	\$ 504
Interest income	-	-	1,053	1,053
<b>Total revenues</b>	-	-	1,557	1,557
<b>EXPENDITURES</b>				
Current				
General government	4,157,722	4,353,109	4,205,646	147,463
Capital outlay				
General government	43,404	43,404	39,074	4,330
Debt service				
Principal retirement	-	-	7,011	(7,011)
Interest and fiscal charges	-	-	786	(786)
<b>Total expenditures</b>	4,201,126	4,396,513	4,252,517	143,996
Excess (deficit) of revenues over (under) expenditures	(4,201,126)	(4,396,513)	(4,250,960)	145,553
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	4,129,624	4,321,686	4,321,686	-
Budget appropriations from other taxing districts	71,502	74,827	74,827	-
Transfer out/return of excess fees from Board of County Commissioners	-	-	(171,924)	(171,924)
Transfer out/return of excess fees from other taxing districts	-	-	(2,976)	(2,976)
Proceeds from issuance of debt	-	-	29,347	29,347
<b>Total other financing sources (uses)</b>	4,201,126	4,396,513	4,250,960	(145,553)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ -</u>	

The accompanying notes are an integral part of these special-purpose financial statements.

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

### ***Reporting Entity***

The Office of the Bay County Property Appraiser (Property Appraiser) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Property Appraiser are included in the County's basic financial statements. The Property Appraiser operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners (Board) and any unexpended appropriations are remitted to the Board after the end of the fiscal year.

The Property Appraiser's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements prepared in accordance with generally accepted accounting principles (GAAP). However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Property Appraiser has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, only for that portion of the major fund of Bay County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present the financial position of Bay County, Florida, as of September 30, 2022, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

### ***Management Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements***

The Property Appraiser reports the following major governmental funds:

*General fund* – The General Fund is the Property Appraiser’s operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

***Budgetary Information***

Florida Statutes, Chapter 195.087 governs the preparation, adoption and administration of the annual budget of the Property Appraiser. The budget and subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is also provided to the Board. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data. All budget appropriations lapse at the end of the fiscal year.

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity***

***Cash and cash equivalents***

The Property Appraiser’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

***Capital assets***

Capital assets used by the Property Appraiser are accounted for by the County and are included in the County's basic financial statements. Under Florida law, the County holds legal title and is accountable for these assets.

***Compensated absences***

The Property Appraiser’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Categories and Classification of Fund Balance***

*Fund balance flow assumptions* – Sometimes the Property Appraiser will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Property Appraiser's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Property Appraiser itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Property Appraiser's highest level of decision-making authority. The Board is the highest level of decision-making authority for the Property Appraiser that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the Property Appraiser for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the Property Appraiser's fund balances.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

### *Subsequent events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

### *Recently Issued and Implemented Accounting Pronouncements*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Recently Issued and Implemented Accounting Pronouncements (Continued)*

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

## **NOTE 2 – DETAILED NOTES ON ALL FUNDS**

### *Deposits and Investments*

As of September 30, 2022, the Property Appraiser's bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Property Appraiser pursuant to Section 280.08, Florida Statutes.



## NOTE 2 – DETAILED NOTES ON ALL FUNDS

### *Deposits and Investments (Continued)*

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Property Appraiser places its deposits are certified as “qualified public depositories”, as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Property Appraiser will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## NOTE 3 – RETIREMENT PLANS

### *Defined Benefit Pension Plan*

#### *Description of plan*

The Property Appraiser contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

#### *Funding requirements*

FRS is funded through employee and employer contributions. The Property Appraiser is required to contribute at an actuarially determined rate. Rates effective for October 1, 2021 through June 30, 2022, were 10.82%, 29.01%, and 51.42% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2022 through September 30, 2022, were 11.91%, 31.57%, and 57.00% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. The employer rate for eligible employees who elected to participate in the Deferred Retirement Option Program (DROP) was 18.34% for October 1, 2021 through June 30, 2022 and 18.60% for July 1, 2022 through September 30, 2022, with no employee contribution required.

The contribution requirements of plan members and the Property Appraiser are established and may be amended by the Florida Legislature. The Property Appraiser’s contributions to FRS for the years ended September 30, 2022, 2021, and 2020 were \$326,763, \$306,868, and \$271,113, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2022, were \$41,780.

**NOTE 3 – RETIREMENT PLANS (Continued)**

***Defined Benefit Pension Plan (continued)***

***Defined Contribution Pension Plan***

*Description of plan*

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan.

There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2022, totaled \$18,030.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County's financial statements.

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Dan Sowell  
Bay County Property Appraiser  
Bay County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Bay County Property Appraiser as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2023, 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. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Property Appraiser has no component units.

The Honorable Dan Sowell  
Bay County Property Appraiser  
Page Two

### **Financial Management**

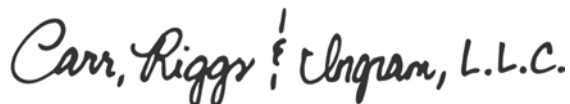
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



Carr, Riggs & Ingram, LLC  
14101 Panama City Beach Parkway  
Suite 200  
Panama City Beach, FL 32413

(850) 784- 6733  
(850) 784-4866 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Dan Sowell  
Bay County Property Appraiser  
Bay County, Florida

We have examined the Bay County Property Appraiser's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the Bay County Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Property Appraiser's compliance with the specified requirements based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Bay County Property Appraiser's compliance with specified requirements.

In our opinion, the Bay County Property Appraiser complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022.

This report is intended solely for the information and use of the Bay County Property Appraiser, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable Dan Sowell  
Bay County Property Appraiser  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Bay County Property Appraiser as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Property Appraiser's basic special-purpose financial statements, and have issued our report thereon dated March 29, 2023, which contains an emphasis of matter referring to a basis of presentation required for compliance with state reporting requirements. Our opinion was not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

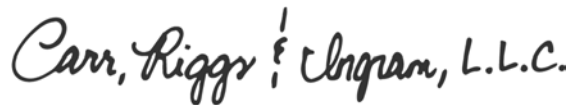
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bay County Property Appraiser's special-purpose 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



## INDEPENDENT AUDITORS' REPORT

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Bay County Tax Collector, as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Tax Collector's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information of the Bay County Tax Collector as of September 30, 2022, the changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay County Tax Collector and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Bay County, Florida that is attributable to the Bay County Tax Collector. They do not purport to, and do not, present the financial position of Bay County, Florida as of September 30, 2022, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Tax Collector's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bay County Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Tax Collector's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay County Tax Collector's special-purpose financial statements. The accompanying combining special-purpose statement of fiduciary net position and combining special-purpose statement of changes in fiduciary net position, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining special-purpose statement of fiduciary net position and combining special-purpose statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Chuck Perdue  
Bay County Tax Collector  
Page Four

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Bay County Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Tax Collector's 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 Bay County Tax Collector's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

Bay County Tax Collector  
Special-Purpose Balance Sheet  
Governmental Fund  
September 30, 2022

	General Fund
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,122,965
Accounts receivable, net	21,621
Due from other governments	1,580
Prepays	103,377
<hr/>	
Total assets	\$ 2,249,543
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 201,171
Due to other governments	2,048,372
<hr/>	
Total liabilities	2,249,543
Fund balance	
Nonspendable	103,377
Unassigned	(103,377)
<hr/>	
Total fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 2,249,543
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Tax Collector  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2022

	General Fund
<b>REVENUES</b>	
Commissions	
Bay County, Florida Board of County Commissioners	\$ 4,348,331
Other governmental units	427,144
Charges for services	2,200,835
Miscellaneous	278,013
<b>Total revenues</b>	<b>7,254,323</b>
<b>EXPENDITURES</b>	
Current	
General government	5,175,288
Debt service	
Principal retirement	24,581
Interest and fiscal charges	3,768
<b>Total expenditures</b>	<b>5,203,637</b>
<b>Excess of revenues over expenditures</b>	<b>2,050,686</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from issuance of debt	6,599
Transfers out	
Distribution of excess commissions to the Bay County, Florida Board of County Commissioners	(1,872,779)
Distribution of excess commissions to other governmental units	(184,506)
<b>Total other financing sources (uses)</b>	<b>(2,050,686)</b>
<b>Net change in fund balance</b>	<b>-</b>
<b>Fund balance - beginning</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ -</b>

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Tax Collector  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Commissions				
Bay County, Florida Board of County Commissioners	\$ 4,321,879	\$ 4,321,879	\$ 4,348,331	\$ 26,452
Other governmental units	-	-	427,144	427,144
Charges for services	1,951,547	1,951,547	2,200,835	249,288
Miscellaneous	30,000	30,000	278,013	248,013
Total revenues	6,303,426	6,303,426	7,254,323	950,897
<b>EXPENDITURES</b>				
Current				
General government	5,926,200	5,921,261	5,175,288	745,973
Capital outlay				
General government	-	4,939	-	4,939
Debt service				
Principal retirement	-	-	24,581	(24,581)
Interest and fiscal charges	-	-	3,768	(3,768)
Total expenditures	5,926,200	5,926,200	5,203,637	722,563
Excess of revenues over expenditures	377,226	377,226	2,050,686	1,673,460
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	-	-	6,599	6,599
Distribution of excess commissions to the Bay County, Florida Board of County of County Commissioners	(377,226)	(377,226)	(1,872,779)	(1,495,553)
Distribution of excess commissions to other governmental units	-	-	(184,506)	(184,506)
Total other financing sources (uses)	(377,226)	(377,226)	(2,050,686)	(1,673,460)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Tax Collector  
Special-Purpose Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,265,767
Receivables, net	61
<b>Total assets</b>	<b>\$ 3,265,828</b>
<b>LIABILITIES</b>	
Deposits	\$ 2,102,452
Due to other governments	982,663
Due to others	180,713
<b>Total liabilities</b>	<b>\$ 3,265,828</b>
<b>NET POSITION</b>	
Restricted	
Held for others	\$ -
<b>Total net position</b>	<b>\$ -</b>

The accompanying notes are an integral part of these special-purpose financial statements.



Bay County Tax Collector  
Special-Purpose Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended September 30, 2022

	Custodial Funds
<hr/>	
<b>Additions</b>	
Property taxes collected for other governments	\$ 269,866,564
Funds held for others	29,376,899
<hr/>	
Total additions	299,243,463
<hr/>	
<b>Deductions</b>	
Property taxes distributed to other governments	269,866,564
Funds held for others	29,376,899
<hr/>	
Total deductions	299,243,463
<hr/>	
Net change in fiduciary net position	-
<hr/>	
Net position - beginning of year	-
<hr/>	
Net position - end of year	\$ -
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

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

### ***Reporting Entity***

The Office of the Bay County Tax Collector (Tax Collector) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Tax Collector are included in Bay County, Florida's basic financial statements. The Tax Collector operates on a fee system under which the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Any excess funds after the end of the fiscal year are distributed to each governmental unit in the same proportion as the fees paid by that governmental unit to the total fee income.

The Tax Collector's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements prepared in accordance with generally accepted accounting principles (GAAP). However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Tax Collector has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major fund, and the aggregate remaining fund information of Bay County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present the financial position of Bay County, Florida, as of September 30, 2022, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The custodial funds utilize the *accrual basis of accounting*.

### ***Fund Financial Statements***

The Tax Collector reports the following major governmental funds:

*General fund* – The General Fund is the Tax Collector's operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Additionally, the Tax Collector reports the following fund types:

*Custodial funds* – Custodial funds are used to account for assets held by the Tax Collector for individuals, private organizations, other governments, and other funds.

### ***Budgetary Information***

The preparation, adoption, and amendment of the Tax Collector's budget is governed by Chapter 195.087, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements represent the original and final budgetary data. All budget appropriations lapse at the end of the fiscal year.

### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity***

#### ***Cash and cash equivalents***

The Tax Collector's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

#### ***Capital assets***

Capital assets used by the Tax Collector are accounted for by the County and are included in the County's basic financial statements. Under Florida law, the County holds legal title and is accountable for these assets.

#### ***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Compensated absences*

It is the Tax Collector's policy to grant employees who leave in good standing payment for up to 240 hours of earned, unused paid time off. The paid time off policy allows for full-time employees to accumulate 6 to 10 hours per pay period, depending on the length of service.

*Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Categories and Classification of Fund Balance*

*Fund balance flow assumptions* – Sometimes the Tax Collector will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Tax Collector's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Tax Collector itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Tax Collector's highest level of decision-making authority. The Board is the highest level of decision-making authority for the Tax Collector that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Categories and Classification of Fund Balance (Continued)***

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the Tax Collector for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the Tax Collector's fund balance.

### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

### ***Subsequent events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

### ***Recently Issued and Implemented Accounting Pronouncements***

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Recently Issued and Implemented Accounting Pronouncements (continued)*

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Recently Issued and Implemented Accounting Pronouncements (continued)*

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

## **NOTE 3 – DETAILED NOTES ON ALL FUNDS**

### *Deposits and Investments*

As of September 30, 2022, the Tax Collector’s bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Tax Collector pursuant to Section 280.08, Florida Statutes.

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Tax Collector places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Tax Collector will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

### *Accounts receivable, net*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

At September 30, 2022, accounts receivable, net is summarized as follows:

	General Fund	Custodial Funds
Accounts receivable	\$ 21,621	\$ 61
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 21,621	\$ 61

The Tax Collector considers all amounts collectible; therefore, there is no provision for doubtful accounts at September 30, 2022.

#### **NOTE 4 – PROPERTY TAXES**

Property tax revenue is recognized when levied to the extent that it results in current receivables. The Bay County property tax calendar is as follows:

Lien date	January 1
Levy date	October 1
Tax bills mailed	November 1
Payments due by	March 31
Delinquent date	April 1
Tax sales – delinquent property taxes	June 1

#### **NOTE 5 – RETIREMENT PLANS**

##### ***Defined Benefit Pension Plan***

###### *Description of plan*

The Tax Collector contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

###### *Funding requirements*

FRS is funded through employee and employer contributions. The Tax Collector is required to contribute at an actuarially determined rate. Rates effective for October 1, 2021 through June 30, 2022, were 10.82%, 29.01%, and 51.42% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2022 through September 30, 2022, were 11.91%, 31.57%, and 57.00% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. The employer rate for eligible employees who elected to participate in the Deferred Retirement Option Program (DROP) was 18.34% for October 1, 2021 through June 30, 2022 and 18.60% for July 1, 2022 through September 30, 2022, with no employee contribution required.

The contribution requirements of plan members and the Tax Collector are established and may be amended by the Florida Legislature. The Tax Collector's contributions to FRS for the years ended September 30, 2022, 2021, and 2020 were \$253,812, \$223,627, and \$220,017, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2022, were \$54,232.



**NOTE 5 – RETIREMENT PLANS (Continued)**

***Defined Contribution Pension Plan***

*Description of plan*

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2022, totaled \$172,592.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County’s financial statements.

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## CUSTODIAL FUNDS

Bay County Tax Collector  
Combining Special-Purpose Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

Custodial Funds			
	Property Tax	Tag	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,670,258	\$ 595,509	\$ 3,265,767
Receivables, net	-	61	61
Total assets	\$ 2,670,258	\$ 595,570	\$ 3,265,828
<b>LIABILITIES</b>			
Deposits	2,102,452	-	2,102,452
Due to other governments	387,093	595,570	982,663
Due to others	180,713	-	180,713
Total liabilities	\$ 2,670,258	\$ 595,570	\$ 3,265,828
<b>NET POSITION</b>			
Restricted			
Held for others	\$ -	\$ -	\$ -
Total net position	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Tax Collector  
Combining Special-Purpose Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended September 30, 2022

Custodial Funds			
	Property Tax	Tag	Total
<b>Additions</b>			
Property taxes collected for other governments	\$ 269,866,564	\$ -	\$ 269,866,564
Funds held for others	-	29,376,899	29,376,899
Total additions	269,866,564	29,376,899	299,243,463
<b>Deductions</b>			
Property taxes distributed to other governments	269,866,564	-	269,866,564
Funds held for others	-	29,376,899	29,376,899
Total deductions	269,866,564	29,376,899	299,243,463
Net change in fiduciary net position	-	-	-
Net position - beginning of year	-	-	-
Net position - end of year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements.

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

### Report on the Financial Statements

We have audited the special-purpose financial statements of the Bay County Tax Collector as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2023, 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. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Tax Collector has no component units.

The Honorable Chuck Perdue  
Bay County Tax Collector  
Page Two

### **Financial Management**

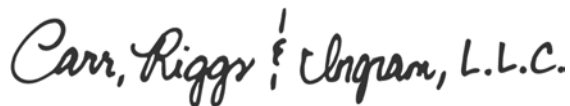
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

We have examined the Bay County Tax Collector's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the Bay County Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Tax Collector's compliance with the specified requirements based on our examination.

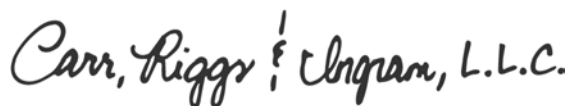
Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Tax Collector complied, in all material respects, with the specified requirements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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Bay County Tax Collector's compliance with specified requirements.

In our opinion, the Bay County Tax Collector complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022.

This report is intended solely for the information and use of the Bay County Tax Collector, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and aggregate remaining fund information of the Bay County Tax Collector as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Tax Collector's basic special-purpose financial statements, and have issued our report thereon dated March 29, 2023, which contains an emphasis of matter referring to a basis of presentation required for compliance with state reporting requirements. Our opinions were not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County Tax Collector's internal control over financial reporting (internal control) as a basis for designing 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 Bay County Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay County Tax Collector's internal control.

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

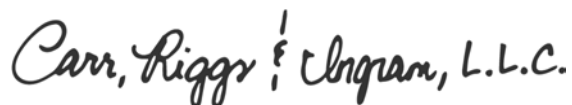
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bay County Tax Collector's special-purpose 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish at the end.

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

## INDEPENDENT AUDITORS' REPORT

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Bay County Sheriff, as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Sheriff's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Bay County Sheriff as of September 30, 2022, the changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay County Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Bay County, Florida that is attributable to the Bay County Sheriff. They do not purport to, and do not, present the financial position of Bay County, Florida as of September 30, 2022, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bay County Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay County Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

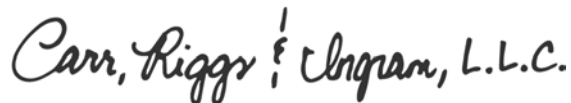
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay County Sheriff's special-purpose financial statements. The accompanying combining special-purpose balance sheet–nonmajor governmental funds; combining special-purpose statement of revenues, expenditures and changes in fund balance–nonmajor governmental funds; combining special-purpose statement of fiduciary net position; and combining special-purpose statement of changes in fiduciary net position, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance

The Honorable Tommy Ford  
Bay County Sheriff  
Page Four

with auditing standards generally accepted in the United States of America. In our opinion, the combining special-purpose balance sheet–nonmajor governmental funds; combining special-purpose statement of revenues, expenditures and changes in fund balance–nonmajor governmental funds; combining special-purpose statement of fiduciary net position; and combining special-purpose statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Bay County Sheriff’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Sheriff’s 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 Bay County Sheriff’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive, flowing script.

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



Bay County Sheriff  
Special-Purpose Balance Sheet  
Governmental Funds  
September 30, 2022

	General Fund	Inmate Welfare	Crime Prevention	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,597,301	\$ 2,330,705	\$ 243,605	\$ 259,395	\$ 4,431,006
Accounts receivable, net	1,028,884	123,924	-	6,000	1,158,808
<b>Total assets</b>	<b>2,626,185</b>	<b>2,454,629</b>	<b>243,605</b>	<b>265,395</b>	<b>5,589,814</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable and accrued liabilities	495,124	-	-	5,653	500,777
Due to other governments	766,279	-	-	-	766,279
Unearned revenue	1,364,782	-	-	-	1,364,782
<b>Total liabilities</b>	<b>2,626,185</b>	<b>-</b>	<b>-</b>	<b>5,653</b>	<b>2,631,838</b>
Fund balance					
Restricted	-	2,454,629	243,605	259,742	2,957,976
<b>Total liabilities and fund balance</b>	<b>\$ 2,626,185</b>	<b>\$ 2,454,629</b>	<b>\$ 243,605</b>	<b>\$ 265,395</b>	<b>\$ 5,589,814</b>

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Sheriff  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds  
Year Ended September 30, 2022

	General Fund	Inmate Welfare	Crime Prevention	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenue	\$ 5,467,091	\$ -	\$ 331	\$ 197,045	\$ 5,664,467
Interest income	5,737	-	-	-	5,737
Charges for services	-	1,800,821	-	-	1,800,821
Miscellaneous	283,452	-	-	-	283,452
Total revenues	5,756,280	1,800,821	331	197,045	7,754,477
<b>EXPENDITURES</b>					
Current					
Public safety	50,356,690	990,302	53,573	222,516	51,623,081
Capital outlay					
Public safety	1,577,294	100,112	-	13,387	1,690,793
Debt service					
Principal retirement	1,012,108	-	20,288	-	1,032,396
Interest and fiscal charges	20,363	-	1,312	-	21,675
Total expenditures	52,966,455	1,090,414	75,173	235,903	54,367,945
Excess (deficit) of revenues over (under) expenditures	(47,210,175)	710,407	(74,842)	(38,858)	(46,613,468)
<b>OTHER FINANCING SOURCES (USES)</b>					
Budget appropriations from					
Board of County Commissioners	46,623,192	-	-	-	46,623,192
Debt issuance	939,122	-	-	-	939,122
Proceeds from the sales of surplus assets	130,198	-	-	69,493	199,691
Transfer out/return of excess fees	(482,337)	-	-	-	(482,337)
Total other financing sources (uses)	47,210,175	-	-	69,493	47,279,668
Net change in fund balance	-	710,407	(74,842)	30,635	666,200
Fund balance - beginning	-	1,744,222	318,447	229,107	2,291,776
Fund balance - ending	\$ -	\$ 2,454,629	\$ 243,605	\$ 259,742	\$ 2,957,976

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Sheriff  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental revenue	\$ 4,347,822	\$ 4,658,644	\$ 5,467,091	\$ 808,447
Interest income	-	-	5,737	5,737
Miscellaneous	-	-	283,452	283,452
Total revenues	4,347,822	4,658,644	5,756,280	1,097,636
<b>EXPENDITURES</b>				
Current				
Public safety	49,007,201	49,914,383	50,356,690	(442,307)
Capital outlay				
Public safety	699,674	699,674	1,577,294	(877,620)
Debt service				
Principal retirement	896,677	896,677	1,012,108	(115,431)
Interest and fiscal charges	20,363	20,363	20,363	-
Total expenditures	50,623,915	51,531,097	52,966,455	(1,435,358)
Excess (deficit) of revenues over (under) expenditures	(46,276,093)	(46,872,453)	(47,210,175)	(337,722)
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	46,276,093	46,872,453	46,623,192	(249,261)
Debt issuance	-	-	939,122	939,122
Proceeds from the sales of surplus assets	-	-	130,198	130,198
Transfer out/return of excess fees	-	-	(482,337)	(482,337)
Total other financing sources (uses)	46,276,093	46,872,453	47,210,175	337,722
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Sheriff  
Special-Purpose Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 766,290
<b>Total assets</b>	<b>\$ 766,290</b>
<b>LIABILITIES</b>	
Due to other governments	\$ 44,075
<b>Total liabilities</b>	<b>\$ 44,075</b>
<b>NET POSITION</b>	
Restricted	
Held for others	\$ 722,215
<b>Total net position</b>	<b>\$ 722,215</b>

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Sheriff  
Special-Purpose Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended September 30, 2022

	Custodial Funds
<b>Additions</b>	
Funds held for others	\$ 206,311
Seizures	213,695
Bonds, purges, and levies	98,417
<b>Total additions</b>	<b>518,423</b>
<b>Deductions</b>	
Current	
Funds held for others	206,311
Seizures	208,030
Bonds, purges, and levies	92,468
<b>Total deductions</b>	<b>506,809</b>
<b>Net increase in fiduciary net position</b>	<b>11,614</b>
<b>Net position - beginning of year</b>	<b>710,601</b>
<b>Net position - end of year</b>	<b>\$ 722,215</b>

The accompanying notes are an integral part of these special-purpose financial statements.

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

### ***Reporting Entity***

The Office of the Bay County Sheriff (Sheriff) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Sheriff are included in the County's basic financial statements. The office of the Sheriff operates on a budgetary system, whereby appropriated funds of the general fund are received from the Board of County Commissioners (Board) and unexpended appropriations are remitted to the Board after the end of the fiscal year.

The Sheriff's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements prepared in accordance with generally accepted accounting principles (GAAP). However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Sheriff has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, where applicable, of each major fund, and the aggregate remaining fund information, only for that portion of each major fund, and the aggregate remaining fund information of Bay County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present the financial position of Bay County, Florida, as of September 30, 2022, and the changes in its financial position, for the fiscal year then ended in accordance GAAP.

### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The custodial funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

***Fund Financial Statements***

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, internal service funds, and fiduciary funds each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The Sheriff reports the following major governmental funds:

The *General Fund* is the Sheriff's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

*Inmate Welfare Fund* is used to account for expenditures related to inmate welfare, funded by the proceeds from jail activities.

*Crime Prevention Fund* is used to account for expenditures to fund crime prevention programs in the County in accordance with Florida Statute 775.083, funded through fines paid by offenders.

Additionally, the Sheriff reports the following fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

*Custodial funds* are used to account for assets held by the Sheriff for individuals, private organizations, other governments, and other funds. The Sheriff reports the following custodial funds:

*Crime scene* – to account for cash collected during crime scenes, not considered evidence, as an agent for individuals until investigation is finalized.

*Forfeitures* – to account for assets held as an agent for individuals until court proceedings are finalized.

*Other suspense* – to account for the receipt and disbursement of funds received from various sources such as purges from child support, transportation restitution, miscellaneous contracts, and proceeds from court ordered sale of abandoned property, etc. Disbursement of these funds is made in accordance with the purpose of the receipt.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Search & rescue* – to account for fees collected and expenses incurred for Search & Rescue training programs as an agent for individuals teaching the program.

*Sheriff's fees* – to account for fees charged for the service of process in civil cases.

During the course of operations, the Sheriff has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out.

***Budgetary Information***

The preparation, adoption, and amendment of the Sheriff's budget is governed by Chapters 30 and 129, Florida Statutes. The Sheriff does not budget for proceeds from leases, otherwise the Sheriff's General Fund budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represent the final budgetary data. In this column the effects of budget amendments have been applied to original budgetary data. Any excess expenditures over budgeted amounts are a result of unbudgeted revenues with offsetting related unbudgeted expenses or reimbursements. All budget appropriations lapse at the end of the fiscal year. The Sheriff is not legally required to prepare a budget for any funds other than the general fund; therefore comparative budget and actual results are not presented for these other funds.

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity***

***Cash and cash equivalents***

The Sheriff's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Capital assets*

Capital assets, which include property, plant, equipment, leased assets, and right-to-use assets, used by the Sheriff in governmental fund type operations are reported in the governmental activities column in the County's financial statements. Capital assets are defined as all firearms, regardless of cost, and assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value on the date received.

*Categories and Classification of Net Position and Fund Balance*

*Fund balance flow assumptions* – Sometimes the Sheriff will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Sheriff's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Sheriff itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Sheriff's highest level of decision-making authority. The Board is the highest level of decision-making authority for the Sheriff that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Categories and Classification of Net Position and Fund Balance (Continued)*

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Sheriff for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned* – Unassigned fund balance is the residual classification for the Sheriff's fund balances.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates

### *Subsequent Events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

### *Recently Issued and Implemented Accounting Pronouncements*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

The Governmental Accounting Standards Board (GASB) has issued the following statement that will become effective in future years. The statement applicable to the Sheriff's financial statement is as follows:

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Sheriff is evaluating the requirements of the above statements and the impact on reporting.

## NOTE 2 – DETAILED NOTES ON ALL FUNDS

### *Deposits and Investments*

As of September 30, 2022, the Sheriff's bank balances are covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Sheriff pursuant to Section 280.08, Florida Statutes.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Sheriff places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Sheriff will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

### *Accounts Receivable*

All account receivables are shown net of allowances for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2022, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General Fund	\$ 1,028,884	\$ -	\$ -	\$ 1,028,884
Inmate Welfare Fund	123,924	-	-	123,924
Other Governmental Funds	6,000	-	-	6,000
Total	\$ 1,158,808	\$ -	\$ -	\$ 1,158,808

The Sheriff considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2022.

### **NOTE 3 – RETIREMENT PLANS**

#### ***Defined Benefit Pension Plan***

##### *Description of plan*

The Sheriff contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

##### *Funding requirements*

FRS is funded through employee and employer contributions. The Sheriff is required to contribute at an actuarially determined rate. Rates effective for October 1, 2021 through June 30, 2022, were 10.82%, 29.01%, and 51.42% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2022 through September 30, 2022, were 11.91%, 31.57%, and 57.00% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. The employer rate for eligible employees who elected to participate in the Deferred Retirement Option Program (DROP) was 18.34% for October 1, 2021 through June 30, 2022 and 18.60% for July 1, 2022 through September 30, 2022, with no employee contribution required.

The contribution requirements of plan members and the Sheriff are established and may be amended by the Florida Legislature. The Sheriff's contributions to FRS for the years ended September 30, 2022, 2021, and 2020 were \$4,784,581, \$4,081,088, and \$4,098,346, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2022, were \$591,416.

#### ***Defined Contribution Pension Plan***

##### *Description of plan*

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2022, totaled \$1,187,196.

**NOTE 3 – RETIREMENT PLANS (Continued)**

***Defined Contribution Pension Plan (Continued)***

*Description of plan (Continued)*

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County’s financial statements.

## NONMAJOR GOVERNMENTAL FUNDS

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Bay County Sheriff  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2022

	Special Contribution	Special Law Enforcement Trust	Chapter 705	Law Enforcement Training	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,497	\$ 99,313	\$ 100,311	\$ 46,274	\$ 259,395
Accounts receivable, net	-	-	-	6,000	6,000
Total assets	13,497	99,313	100,311	52,274	265,395
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities	-	-	5,653	-	5,653
Total liabilities	-	-	5,653	-	5,653
Fund balance					
Restricted	13,497	99,313	94,658	52,274	259,742
Total liabilities and fund balance	\$ 13,497	\$ 99,313	\$ 100,311	\$ 52,274	\$ 265,395

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Sheriff  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2022

	Special Contribution	Special Law Enforcement Trust	Chapter 705	Law Enforcement Training	Total
<b>REVENUES</b>					
Intergovernmental revenue	\$ 11,366	\$ 34,901	\$ 95,561	\$ 55,217	\$ 197,045
Total revenues	11,366	34,901	95,561	55,217	197,045
<b>EXPENDITURES</b>					
Current					
Public safety	9,119	47,111	76,814	89,472	222,516
Capital outlay					
Public safety	-	-	13,387	-	13,387
Total expenditures	9,119	47,111	90,201	89,472	235,903
Excess (deficit) of revenues over (under) expenditures	2,247	(12,210)	5,360	(34,255)	(38,858)
<b>OTHER FINANCING SOURCES</b>					
Proceeds from the sales of surplus assets	-	69,493	-	-	69,493
Total other financing sources	-	69,493	-	-	69,493
Net change in fund balance	2,247	57,283	5,360	(34,255)	30,635
Fund balance - beginning	11,250	42,030	89,298	86,529	229,107
Fund balance - ending	\$ 13,497	\$ 99,313	\$ 94,658	\$ 52,274	\$ 259,742

The accompanying notes are an integral part of these special-purpose financial statements.

## CUSTODIAL FUNDS

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Bay County Sheriff  
Combining Special-Purpose Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

	Custodial Funds						
	Other Suspense	Forfeiture	Sheriff's Fees	Search & Rescue	Crime Scene	Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 9,940	\$ 611,226	\$ 18,456	\$ 25,619	\$ 101,049	\$ 766,290	
Total assets	\$ 9,940	\$ 611,226	\$ 18,456	\$ 25,619	\$ 101,049	\$ 766,290	
<b>LIABILITIES</b>							
Due to other governments	\$ -	\$ -	\$ 18,456	\$ 25,619	\$ -	\$ 44,075	
Total liabilities	\$ -	\$ -	\$ 18,456	\$ 25,619	\$ -	\$ 44,075	
<b>NET POSITION</b>							
Restricted							
Held for others	\$ 9,940	\$ 611,226	\$ -	\$ -	\$ 101,049	\$ 722,215	
Total net position	\$ 9,940	\$ 611,226	\$ -	\$ -	\$ 101,049	\$ 722,215	

The accompanying notes are an integral part of these special-purpose financial statements.

Bay County Sheriff  
Combining Special-Purpose Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

	Custodial Funds					
	Other Suspense	Forfeiture	Sheriff's Fees	Search & Rescue	Crime Scene	Total
<b>Additions</b>						
Funds held for others	\$ -	\$ -	\$ 190,020	\$ 16,291	\$ -	\$ 206,311
Seizures	-	195,023	-	-	18,672	213,695
Bonds, purges, and levies	98,417	-	-	-	-	98,417
<b>Total additions</b>	<b>98,417</b>	<b>195,023</b>	<b>190,020</b>	<b>16,291</b>	<b>18,672</b>	<b>518,423</b>
<b>Deductions</b>						
Current						
Funds held for others	-	-	190,020	16,291	-	206,311
Seizures	-	154,359	-	-	53,671	208,030
Bonds, purges, and levies	92,468	-	-	-	-	92,468
<b>Total deductions</b>	<b>92,468</b>	<b>154,359</b>	<b>190,020</b>	<b>16,291</b>	<b>53,671</b>	<b>506,809</b>
Net increase (decrease) in fiduciary net position	5,949	40,664	-	-	(34,999)	11,614
Net position - beginning of year	3,991	570,562	-	-	136,048	710,601
Net position - end of year	\$ 9,940	\$ 611,226	\$ -	\$ -	\$ 101,049	\$ 722,215

The accompanying notes are an integral part of these special-purpose financial statements.

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

### Report on the Financial Statements

We have audited the special-purpose financial statements of the Bay County Sheriff as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings	
Current Year Finding #	2020-21 FY Finding #
2022-001	2021-001

The Honorable Tommy Ford  
Bay County Sheriff  
Page Two

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Sheriff has no component units.

### **Financial Management**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we recommend that management ensure bank statements are properly reconciled and documentation of approval of the reconciliation be evidenced.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023



## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

We have examined the Bay County Sheriff's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the Bay County Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Sheriff's compliance with the specified requirements based on our examination.

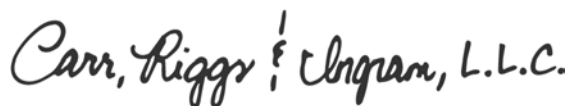
Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Sheriff complied, in all material respects, with the specified requirements referenced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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Bay County Sheriff complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022.

This report is intended solely for the information and use of the Bay County Sheriff, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

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

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Bay County Sheriff as of and for the year ended September 30, 2022, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Sheriff's basic special-purpose financial statements, and have issued our report thereon dated March 29, 2023, which contains an emphasis of matter referring to a basis of presentation required for compliance with state reporting requirements. Our opinions were not modified with respect to this matter.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County Sheriff's internal control over financial reporting (internal control) as a basis for designing 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 Bay County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay County Sheriff's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below and identified as 2022-001, that we considered to be a material weakness.

2022-001

Condition: Material adjustments to the financial records for cash, revenue, receivables, expenses, unearned revenue, accounts payable, and prepaids, were made in order for the financial statements to conform to generally accepted accounting principles.

Criteria: Internal controls should prevent, or detect and correct adjustment timely to provide materially correct financial information.

Cause: The Sheriff's controls did not identify the adjustments timely.

Effect: Adjustments were required for current year balances.

Recommendation: We recommend that the Sheriff accounting staff continue to strive toward identifying proposed audit adjustments more timely.

Views of Responsible Officials and Planned Corrective Action: Management agrees with auditors' recommendation.

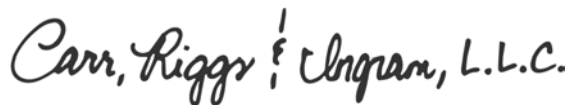
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bay County Sheriff's special-purpose 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 financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Panama City Beach, Florida  
March 29, 2023

