

Bay County Florida

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2014



Our front cover, "Spa Shells Vertical I" was created by local artist, Paul Brent. Mr. Brent is an internationally recognized artist who is best known for his watercolors of coastal scenes and nature.

"SPA Shells Vertical I" © Paul Brent

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF
BAY COUNTY, FLORIDA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

JOSEPH ROGERS
FINANCE OFFICER

THIS PAGE INTENTIONALLY LEFT BLANK

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 Auditor's 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 Net Position – Proprietary Funds	B-28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	B-32
Statement of Cash Flows – Proprietary Funds	B-34

	Page
Statement of Fiduciary Net Position – Agency Funds	B-38
Notes to Basic Financial Statements	B-39
Required Supplementary Information:	
Schedule of Funding Progress for the Retiree’s Health Insurance Other Postemployment Benefits Plan	B-90
Schedule of Employer Contributions for the Retiree’s Health Insurance Other Postemployment Benefits Plan	B-90
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	B-94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	B-98
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Public Safety	B-102
Intergovernmental Radio Communications	B-103
District Mosquito Control	B-104
MSTU Fire Protection	B-105
Court	B-106
Combining Statement of Net Position – Internal Service Funds	B-108
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	B-109
Combining Statement of Cash Flows – Internal Service Funds	B-110
Combining Statement of Fiduciary Net Position – Agency Funds	B-114
Combining Statement of Changes in Assets and Liabilities – Agency Funds	B-118

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 2005-2014	C-16
Schedule 10 – Distribution of Half-Cent Sales Tax in Bay County Florida – For Ten Year Period 2005-2014	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 – Demographic and Economic Statistics – Last Ten Fiscal Years	C-26
Schedule 16 – Principal Employers – Current Year and Nine Years Ago	C-27
Schedule 17 – Full-time Equivalent County Employees by Function – Last Ten Fiscal Years	C-28
Schedule 18 – Operating Indicators by Function – Last Ten Fiscal Years	C-29
Schedule 19 – Capital Asset Statistics by Function – Last Ten Fiscal Years	C-30

COMPLIANCE SECTION	Page
Independent Auditor's Management Letter	D-1
Independent Accountant's Report	D-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	D-7
Independent Auditor's Report on Compliance for Each Major Federal Program/State Project and on Internal Control over Compliance Required by OMB Circular A-133 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-15
Schedule of Expenditures of Federal Awards and State Financial Assistance	D-17

April 13, 2015

Honorable Guy Tunnell, Chairman and
Distinguished Members of the Board of
County Commissioners
Honorable Frank McKeithen, Sheriff
Honorable Mark A. Andersen, Supervisor of Elections
Honorable Dan Sowell, Property Appraiser
Honorable Peggy Brannon, Tax Collector
Bay County, Florida

Lady and Gentlemen,

We are pleased to present to you and the citizens of Bay County, the accompanying Comprehensive Annual Financial Report (CAFR) of Bay County, Florida (the "County") for the fiscal year ended September 30, 2014. 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 present fairly 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 point out narratively the highlights of the County's financial operations for the fiscal year. The CAFR 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, 2013, to September 30, 2014, 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. 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 five enterprise activities. The County's Component Units consist of the Panama City Beach Convention & Visitors Bureau, Inc. and the Mexico Beach Community Development Council, Inc. 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

The base of Bay County's economy is a mix of forestry, tourism, trades, services, manufacturing, construction and commercial fishing. Incorporated in 1913, the County lies within the panhandle of the State of Florida on the Gulf of Mexico. The area serves as home to two major military installations; Tyndall Air Force Base and the Naval Surface Warfare Center. The economic outlook for the County appears to be stable, considering the current status of the national and state economies.

The County, in cooperation with the Chamber of Commerce, is actively pursuing businesses to locate within this area in an effort to better provide stable employment for its citizenry. Continual implementation of the County's Comprehensive Plan will ensure that any future growth will promote an economically secure and ecologically safe environment in which to live.

Major Initiatives

For the Year - Construction began on an addition to the Bay County Courthouse. The new three story 40,000 square foot addition will include courtrooms, chambers and administrative staff office space, with secure parking on the ground floor. The new addition will be joined to the existing courthouse via a secured walkway. It is anticipated that the addition will be completed in 2016.

In 2014 Bay County, along with Florida Department of Transportation, completed construction of improvements to the West Bay Bridge and State Road 79 area. Improvements included new sidewalk construction, intelligent transportation improvements, landscaping, and a flashing traffic signal; all contributing to improved flow of traffic into the County's beaches.

Emergency Medical Services (EMS) operations were transitioned from Bay Medical Center to Bay County in October 2013. Bay County began operations with ambulances purchased from Bay Medical Center and Sarasota County, while transferring EMT personnel formerly employed by Bay Medical Center to Bay County. With a staff of 75, EMS operations ran 21,246 transports in 2014. It is the County's goal to improve response times and enhance life-saving services to the citizens of Bay County, when needed in emergency situations.

Bay County became the fiscal conduit for the County's transit system in fiscal year 2014. Entering into an agreement with the Bay County Transportation Planning Organization (TPO), the County began managing the fixed routes of the Bay Town Trolley. The County also became the Community Transportation Coordinator (CTC) in January 2014, serving the needs of the transportation disadvantaged in the community.

For the Future - Resurfacing of roads, new sidewalks and improvements to area intersections continue to represent efforts being made by the County not only in anticipation of future growth, but to improve the quality of life for Bay County's citizenry, and to promote tourism and recreation.

Bay County, along with its municipalities and school district, continues in its endeavors to develop and enhance the area's infrastructure. Storm water management, transportation and facility enhancements have been identified as critical future needs of Bay County.

Bay County's tourist development tax district will be expanded to include those properties located within the city limits of Panama City. The collection of the local option sales and use tourism tax within the expanded area is scheduled to become effective January 1, 2015. The elected Councilmen of Panama City will also sit as the Board of the Panama City Community Development Council (CDC), developing and implementing the program to expend the collected funds.

The County hopes to complete its alternate water supply project in 2015 or early 2016. The project was designed to serve as a backup source of water in the event the County's current water source (Deer Point Lake Reservoir) is ever contaminated by salt water intrusion. This project is vital to insure clean, safe and a reliable source of drinking water for the citizens of Bay County.

With the continued efforts of various organizations and governmental entities, new industries are showing interest in Bay County as a place in which to operate. Efforts are continuing through the Bay County Chamber's Economic Development Council to attract diversified industries to the community. Bay County is encouraging citizen participation in determining its future 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. 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 CAFR whose contents conform to program standards. A CAFR 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 twenty-five consecutive years (fiscal years ended September 30, 1989 through 2013). 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

The preparation of the Comprehensive Annual 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; Frank McKeithen, Dan Sowell, Mark Andersen, Peggy Brannon; County Commissioners: Mike Nelson, George B. Gainer, William T. Dozier, Guy M. Tunnell and Mike Thomas for their interest and support in administering the financial operations of the County during the fiscal year presented.

Respectfully submitted,

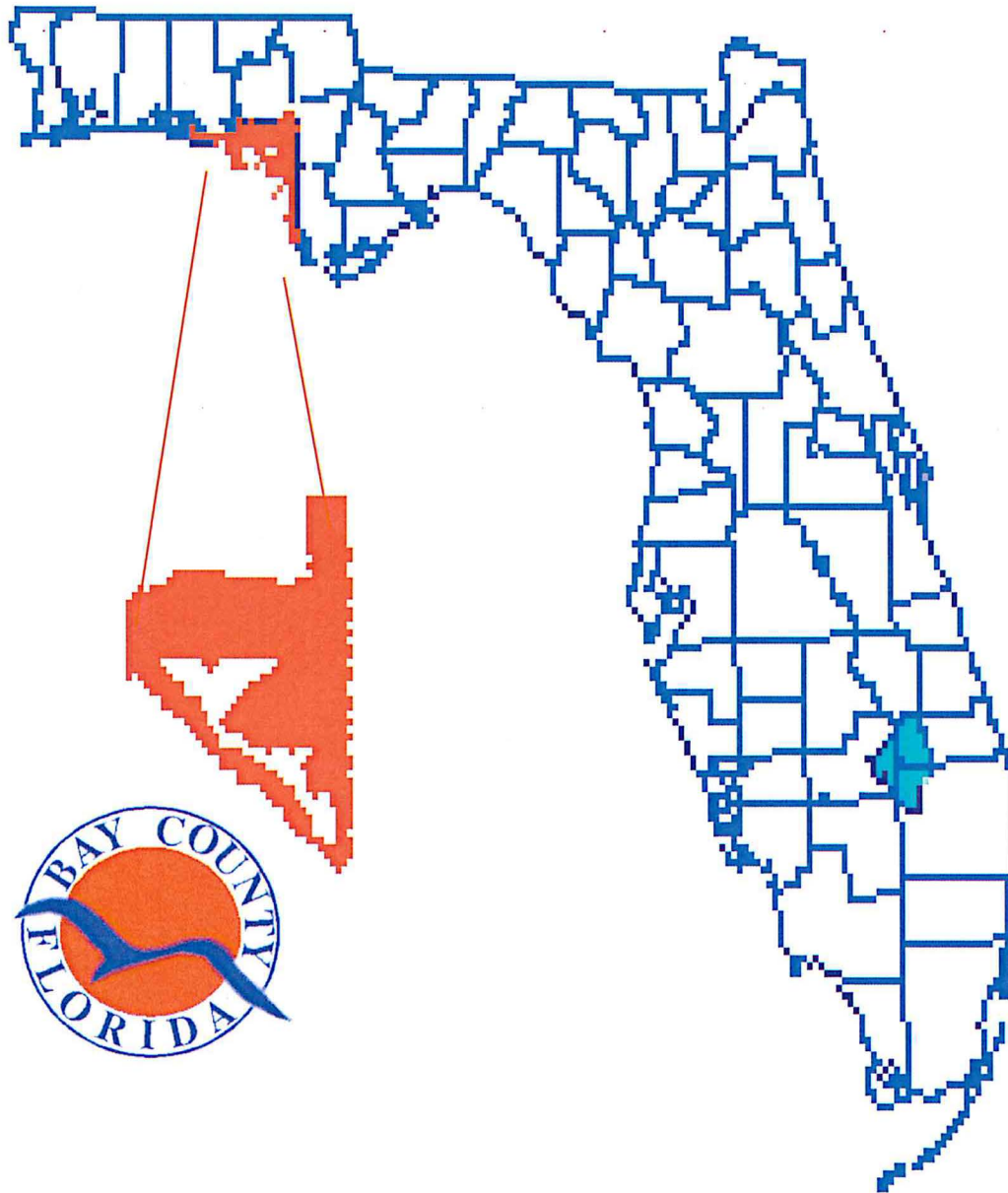
A handwritten signature in dark ink that reads "Bill Kinsaul". The signature is written in a cursive style with a large, looped initial "B".

Bill Kinsaul
Clerk of Court & Comptroller

A handwritten signature in dark ink that reads "Joseph Rogers". The signature is written in a cursive style with a large, looped initial "J".

Joseph Rogers
Finance Officer

THIS PAGE INTENTIONALLY LEFT BLANK



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 more than 170,780 people. The County has seven incorporated municipalities: Panama City, Panama City Beach, Springfield, Callaway, Lynn Haven, Parker and Mexico Beach.

THIS PAGE INTENTIONALLY LEFT BLANK

County Officials Bay County, Florida



*Mike Nelson
Commissioner
District I*



*George B. Gainer
Commissioner
District II*



*William T. Dozier
Commissioner
District III*



*Guy Tunnell
Commissioner
District IV*



*Mike Thomas
Commissioner
District V*

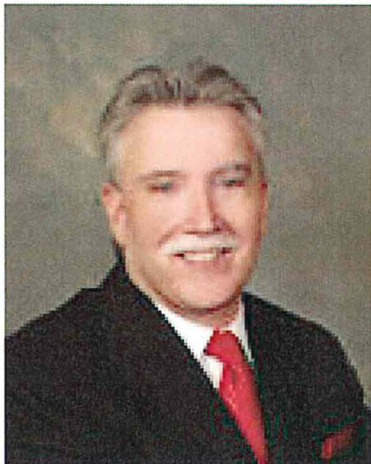
*County Officials
Bay County, Florida*



*Mark Andersen
Supervisor of
Elections*



*Bill Kinsaul
Clerk of Court
& Comptroller*



*Dan Sowell
Property Appraiser*



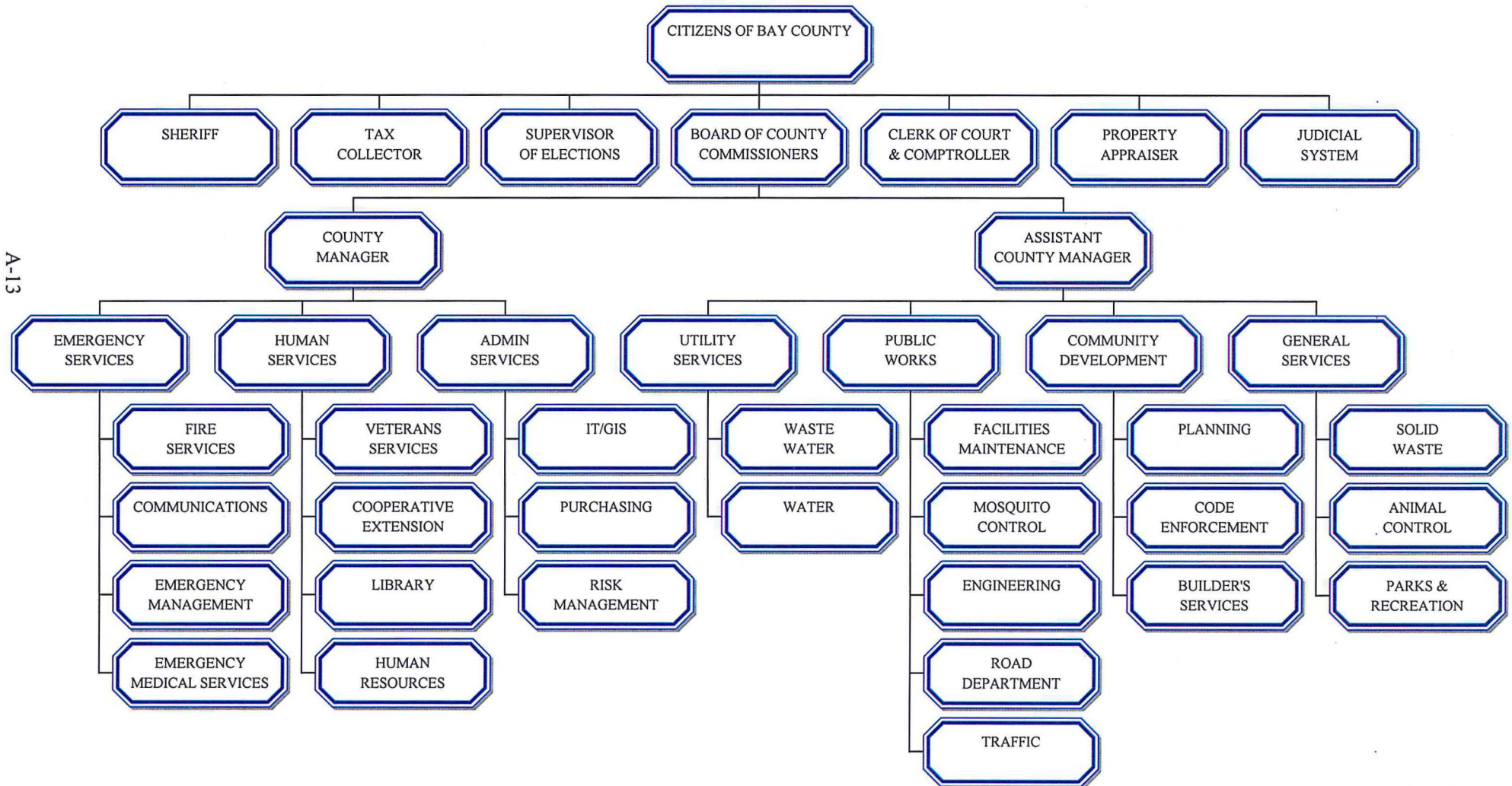
*Peggy Brannon
Tax Collector*



*Frank McKeithen
Sheriff*

THIS PAGE INTENTIONALLY LEFT BLANK

BAY COUNTY
ORGANIZATIONAL CHART
Fiscal Year 2014



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 comprehensive annual financial report for the fiscal year ended September 30, 2013.

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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

The Honorable County Commissioners
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bay County, Florida (the County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general, tourist development and transportation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-5 through B-15 and schedules of funding progress and of employer contributions for the retiree's health insurance other postemployment benefits plan on page B-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor governmental, internal service, and fiduciary fund financial statements and budgetary schedules listed in the table of contents, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Chapter 10.550, State of Florida Rules of the Auditor General, and is also not a required part of the financial statements.

The combining and individual nonmajor governmental, internal service, and fiduciary fund financial statements, the budgetary schedules, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor governmental, internal service, and fiduciary fund financial statements, the budgetary schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bay County, Florida's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County, Florida
MANAGEMENT'S DISCUSSION and ANALYSIS
For the Year Ended September 30, 2014

Management's discussion and analysis provides an objective and easily readable analysis of the County's financial activities. The analysis provides summary financial information for the County and should be read in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets of the County exceeded total liabilities by \$354,135,488 (net position). Of this amount, \$11,964,402 is a deficit in unrestricted net position for governmental activities and \$35,598,707 is unrestricted net position for business-type activities, while \$68,225,355 is restricted net position for governmental activities and \$12,794,516 is restricted net position for business-type activities.
- Total net position, excluding the restatement adjustment, increased by \$5,782,543. Of this amount, a decrease of \$6,347,347 is attributable to governmental activities and an increase of \$12,129,890 is attributable to business-type activities. Including the restatement adjustment, total net position increased by \$3,618,085. Of this amount, a decrease of \$7,505,302 is attributable to governmental activities and an increase of \$11,123,387 is attributable to business-type activities.
- As of September 30, 2014, general fund's unassigned fund balance was \$10,653,467 or 12 percent of total general fund expenditures.
- Governmental activities revenues decreased to \$134,352,475 or approximately 3 percent, while governmental activities expenses increased less than 1 percent to \$140,699,822. Business-type activities revenues increased to \$59,729,369 or 18 percent, while business-type activities expenses increased 15 percent to \$47,599,479.
- The County's outstanding bonded debt decreased by \$11,500,478 or 6 percent during fiscal year 2014. The key factor contributing to the decrease in bonded debt was the payoff of prior year bonds through the issuance of notes payables and the payment of the semi-annual and annual debt service payments, along with the fact no new bonds were issued in 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. 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 particular 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 the two reported as *net position*. Assets, liabilities, deferred inflows/airflows 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 only 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 emergency medical 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. and Panama City Beach Convention and Visitor's Bureau, Inc. 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 fund.

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, industrial waste treatment and disposal, and water and sewer utilities. *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 bonds, 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 "doubling up" the revenues and expenditures.

The *fund financial statements* provide a presentation of the County's major funds, along with a column for all nonmajor 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, liabilities and net position of the County. At the end of fiscal year 2014, the County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental and business-type activities.

Bay County, Florida Net Position

September 30,	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 112,129,800	\$ 113,189,203	\$ 96,511,195	\$ 77,292,395	\$ 208,640,995	\$ 190,481,598
Capital assets	248,602,648	250,625,587	170,794,604	163,928,237	419,397,252	414,553,824
Total assets	360,732,448	363,814,790	267,305,799	241,220,632	628,038,247	605,035,422
Deferred outflows of resources	419,326	-	1,168,767	-	1,588,093	-
Current and other liabilities	19,004,074	14,778,351	13,492,674	10,842,290	32,496,748	25,620,641
Long-term liabilities	114,311,005	113,694,442	128,264,793	115,202,936	242,575,798	228,897,378
Total liabilities	133,315,079	128,472,793	141,757,467	126,045,226	275,072,546	254,518,019
Deferred inflows of resources	-	-	418,306	-	418,306	-
Net investment in capital assets	171,575,742	159,938,052	77,905,570	69,321,153	249,481,312	229,259,205
Net position-restricted	68,225,355	65,276,675	12,794,516	11,160,273	81,019,871	76,436,948
Net position-unrestricted	(11,964,402)	10,127,270	35,598,707	34,693,980	23,634,305	44,821,250
Total net position	\$ 227,836,695	\$ 235,341,997	\$ 126,298,793	\$ 115,175,406	\$ 354,135,488	\$ 350,517,403

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 (70 percent). 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 23 percent of the County's net position, are subject to external restrictions, and thus are limited as to how they may be used. The remaining balance of unrestricted net position \$23,634,305 may be used to help meet the government's ongoing obligations to citizens and creditors.

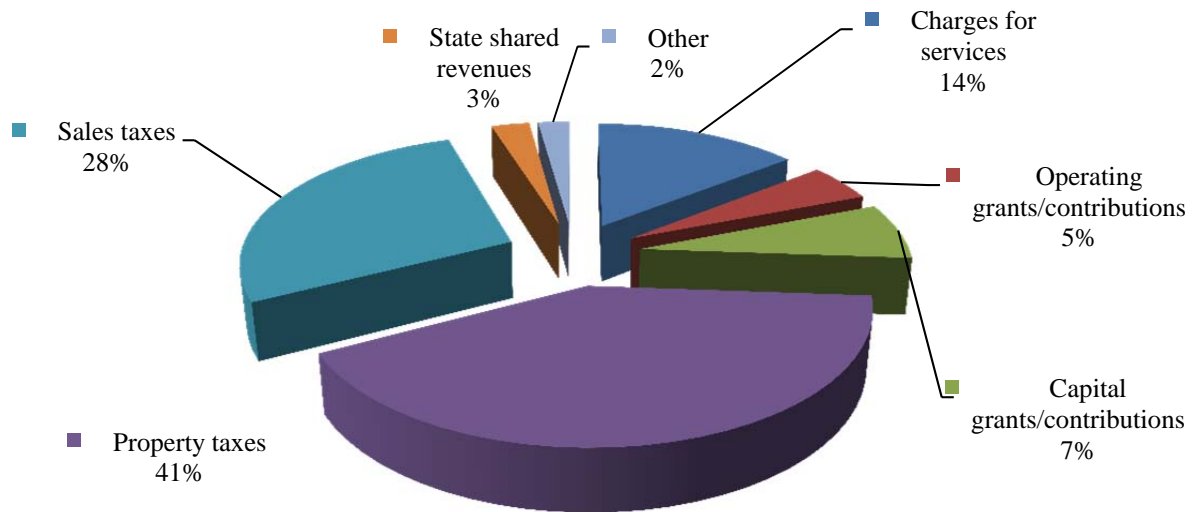
Governmental activities long-term liabilities increased by \$616,563 during 2014, while business-type activities long-term liabilities increased by \$13,061,857. The issuance of an \$18,925,000 loan to construct an alternate water supply source for the County was responsible for the large increase in the business-type activities long-term liabilities. A \$1,834,839 increase in the County's OPEB obligation contributed to the increase in the governmental activities long-term liabilities, while the repayment of principal through semi-annual and annual debt service payments contributed to help offset the increase.

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

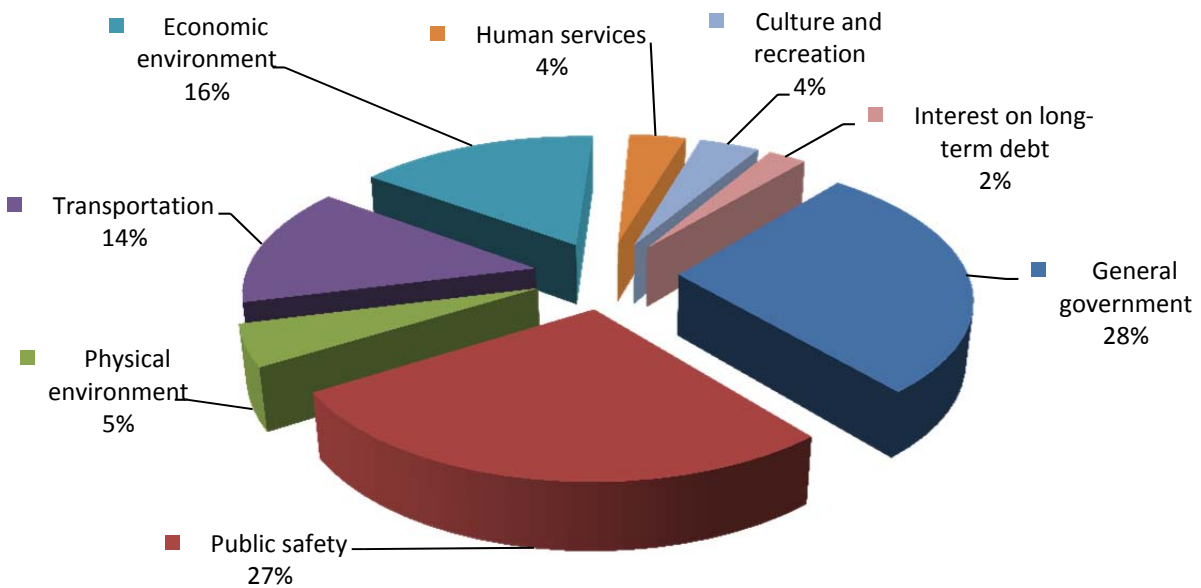
Bay County, Florida Changes in Net Position

Year ended September 30,	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues						
Charges for services	\$ 19,321,930	\$ 18,743,081	\$ 45,694,122	\$ 36,911,740	\$ 65,016,052	\$ 55,654,821
Operating grants/contributions	6,337,973	6,094,392	1,759,674	-	8,097,647	6,094,392
Capital grants/contributions	9,439,100	3,067,383	738,232	988,605	10,177,332	4,055,988
General revenues						
Property taxes	55,438,164	54,779,271	-	-	55,438,164	54,779,271
Sales taxes	37,248,717	35,163,910	3,000	2,100	37,251,717	35,166,010
State shared revenues – unrestricted	3,607,298	3,413,917	-	-	3,607,298	3,413,917
Other	2,959,293	17,781,300	11,534,341	10,868,665	14,493,634	28,649,965
Total revenues	134,352,475	139,043,254	59,729,369	48,771,110	194,081,844	187,814,364
Expenses						
General government	39,201,075	40,761,101	-	-	39,201,075	40,761,101
Public safety	38,289,031	36,924,438	-	-	38,289,031	36,924,438
Physical environment	6,814,598	5,513,532	-	-	6,814,598	5,513,532
Transportation	19,783,565	15,852,176	-	-	19,783,565	15,852,176
Economic environment	22,137,297	26,608,771	-	-	22,137,297	26,608,771
Human services	5,272,176	5,045,532	-	-	5,272,176	5,045,532
Culture and recreation	5,608,860	5,523,037	-	-	5,608,860	5,523,037
Interest on long-term debt	3,593,220	3,593,361	-	-	3,593,220	3,593,361
Wholesale water system	-	-	11,942,948	11,412,183	11,942,948	11,412,183
Retail water and wastewater	-	-	11,153,219	11,013,285	11,153,219	11,013,285
Industrial wastewater	-	-	-	1,611,176	-	1,611,176
Solid waste	-	-	16,283,995	15,225,489	16,283,995	15,225,489
Building services	-	-	1,283,093	1,118,630	1,283,093	1,118,630
Emergency medical services	-	-	6,936,224	116,886	6,936,224	116,886
Total expenses	140,699,822	139,821,948	47,599,479	40,497,649	188,299,301	180,319,597
Increase (decrease) in net position before transfers	(6,347,347)	(778,694)	12,129,890	8,273,461	5,782,543	7,494,767
Transfers	-	2,112,073	-	(2,112,073)	-	-
Changes in net position	(6,347,347)	1,333,379	12,129,890	6,161,388	5,782,543	7,494,767
Net position - beginning	235,341,997	234,008,618	115,175,406	109,014,018	350,517,403	343,022,636
Restatement adjustment	(1,157,955)	-	(1,006,503)	-	(2,164,458)	-
Net position – beginning (as restated)	234,184,042	234,008,618	114,168,903	109,014,018	348,352,945	343,022,636
Net position – ending	\$ 227,836,695	\$ 235,341,997	\$ 126,298,793	\$ 115,175,406	\$ 354,135,488	\$ 350,517,403

Revenue - Governmental Activities Fiscal Year September 30, 2014



Expenses - Governmental Activities Fiscal Year Ended September 30, 2014



As reflected in the changes in net position, the County's net position increased by \$5,782,543, prior to the restatement adjustment. While total revenues only increased 3%, total expenses increased at a rate of 4%, however, the County was still able to enjoy an increase in its overall net position. Total revenues increased \$6,267,480 from the previous year due mainly to significant rate increases in utility services. Sales tax revenue also increased approximately \$2 million in 2014, adding to the increase in the County's net position. Business-type activities' charges for services saw the largest increase in revenues over fiscal year 2013. Governmental activities expenses exceeded revenues by \$6,347,347, while business-type activities revenues exceeded expenses by \$12,129,890. Total expenses increased by \$7,979,704 from the previous year. The major factor contributing to the increase in total expenses was the addition of Emergency Medical Services, previously provided by Bay Medical Center.

41% of the revenues for governmental activities are generated by property taxes, while most of the governmental resources are expended for general government (28%), public safety (27%), transportation (14%), and economic environment (16%) activities. Charges for services provided 77% of the revenues for business-type activities.

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, 2014, total assets were \$46,472,972 and total liabilities were \$8,275,642. At the end of fiscal year 2014, unassigned fund balance of the general fund was \$10,653,467 while total fund balance equaled \$38,197,330. Total assets of the general fund decreased \$3,517,815 from fiscal year 2013. The general fund transferred \$2,617,200 to transportation for general operations in 2014. General fund revenues decreased in fiscal year 2014 by \$4,145,974, due largely in part to a \$9.7 million settlement with BP over the economic damages suffered by the County during the 2010 Deep Water Horizon oil spill received in 2013. General fund expenditures also increased in fiscal year 2014, with the largest increase being attributed to public safety.

The general fund's budget was amended during the year to reflect adjustments to expenditures for the construction of the Courthouse addition, which had been delayed in the prior year, as well as, a large transfer of Library Impact Fees, for the purchase of new books. An adjustment was also made to reflect the utilization of Park Impact Fees for the construction of a new gun range. Budget amendments were also made for increases in intergovernmental revenue to reflect amounts received for capital grants related to the completion of the Emergency Operations Center and hazard mitigation. Revenues collected from ad valorem taxes were slightly higher than the amount budgeted, while the proceeds received from state revenue sharing came in at 9% above the amount budgeted. Local government half cent sales tax revenue also exceeded the budget by 10%. Excess fees returned to the County from the Tax Collector fell well below the budgeted amount. Current expenditures for general government came in below the amount budgeted. General government capital outlay expenditures came in well under the amount

budgeted for fiscal year 2014 due to the continued delay of the construction of the courthouse addition.

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. Fund balance decreased \$1,405,592 in fiscal year 2014 due to a significant increase in current and capital outlay expenditures for transportation projects. These funds provide the needed funding for maintenance and improvements to the County's roads and bridges, as well as, its Intelligent Transportation System.

Tourist Development 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 Bay County. Three of the five cents collected are designated for tourism promotion, while one cent is designated for maintenance and protection of the local beaches and the remaining cent designated for securing and supporting a low cost air carrier at the County's airport. Fund balance increased 10% in 2014, due to another record breaking year in tourism on Panama City Beach. A very quiet hurricane season, along with several new promotional events, contributed to the success of the 2014 tourism season. Tax revenues increased \$1,223,163 over 2013 due in part to an increased number of special events and an enhanced enforcement and collection program.

Other Governmental Funds

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 88% of its revenues in 2014. The decrease in MSTU's fund balance can be contributed to the continued excess of reoccurring expenditures over revenues. The continued increased cost of personal services appears to be the major contributing factor.

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 at the end of the year are presented below:

FUND	2014 Unrestricted Net Position	2013 Unrestricted Net Position
Wholesale water system	\$ 23,835,032	\$ 19,850,076
Retail water and wastewater	1,623,394	3,297,937
Solid waste fund	5,297,483	6,310,814
Building services	5,206,664	5,351,935
Emergency medical services	(363,866)	(116,782)
Total	\$ 35,598,707	\$ 34,693,980

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 decreased \$222,892 over fiscal year 2013. A slight decrease in consumption contributed to the decrease in 2014. The wholesale water system fund's total net position increased \$6,070,744, excluding the restatement adjustment, due mainly to the fact that operating revenues once again exceeded operating expenses in excess of \$6.1 million and the \$1.5 million contribution received from Northwest Florida Water Management District (NFWFMD) to help construct an alternate water supply source.

The County's *solid waste fund* accounts for the operations and maintenance of the County's landfill and incinerator. In fiscal year 2014, \$8,545,599 was generated by tip fees; this represents an increase of \$160,202 over the previous year's tip fee revenue. As required by the Department of Environmental Protection, the County has set aside, as of the end of the current fiscal year, \$3,338,608 for closure costs of its landfill. As of September 30, 2014, the County has accrued a total liability for landfill post closure care of \$5,460,892. As of September 30, 2014, total assets were \$97,398,018; total liabilities were \$33,183,569 and net position was \$65,383,216.

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, 2014, was \$419,397,252 (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:

- The design phase was completed and construction began on the Courthouse Addition in fiscal year 2014. \$553,789 of the total construction cost of \$13,984,660 was expended in 2014. It is anticipated that construction of the addition should be completed sometime in fiscal year 2016.
- The County entered into a "design build" contract with Phoenix Construction Services, Inc., for the construction of an alternate water supply source, with a guaranteed maximum

price (GMP) of \$23,425,000 \$4,129,503 of the total project cost was expensed in fiscal year 2014, with construction continuing through 2015.

- In fiscal year 2014, the County, along with Florida Department of Transportation, completed construction of improvements to the West Bay Bridge and State Road 79 area. Improvements included sidewalk construction, intelligent transportation improvements, landscaping, and a flashing traffic signal. Total project cost was \$1,818,057.
- In 2014 construction began on the County's Filter Backwash Recycle and Solids Handling Facility. Total project cost is estimated to be \$2,860,500, with \$476,918 being expensed in fiscal year 2014. The facility should be completed sometime in 2015.

Capital Assets (net of depreciation)

September 30,	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 18,168,460	\$ 18,103,942	\$ 5,727,643	\$ 5,727,643	\$ 23,896,103	\$ 23,831,585
Construction in progress	3,862,666	2,572,560	5,034,115	453,092	8,896,781	3,025,652
Books	770,277	583,889	-	-	770,277	583,889
Buildings and improvements	104,917,527	107,046,230	825,260	881,032	105,742,787	107,927,262
Furniture and equipment	12,213,790	11,921,348	5,295,985	4,865,358	17,509,775	16,786,706
Infrastructure	108,669,928	110,397,618	153,911,601	152,001,112	262,581,529	262,398,730
Total	\$ 248,602,648	\$ 250,625,587	\$ 170,794,604	\$ 163,928,237	\$ 419,397,252	\$ 414,553,824

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 \$179,746,647 This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue Bonds	\$89,194,188	\$91,312,541	\$90,552,459	\$99,934,584	\$179,746,647	\$191,247,125

The County's total bonded debt outstanding decreased by \$11,500,478 during the fiscal year ended September 30, 2014. The key factor contributing to the decrease in bonded debt was the payoff of prior year bonds through the issuance of notes payable and the payment of semi-annual and annual debt service payments, along with the fact no new bonds were issued in 2014.

All of the County's insured debt maintains an "AAA" rating from Standard & Poor's, an "AAA" rating from Moody's Investors Service, and/or an "AAA" rating from Fitch. Most of the County's issues are rated by one or a combination of two rating agencies.

The Florida Constitution and Bay County set no 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

The County's economy began to experience an upturn in activity during the year ending September 30, 2014. Commercial construction saw a good increase in activity by issuing 252 commercial building permits in 2014, as opposed to the 163 permits issued in 2013, while residential construction also experienced a substantial increase in activity in 2014 by issuing 1,118 permits for new single and multi-family residential units, as compared to 825 permits issued in 2013. With fuel prices beginning to decline, Bay County once again enjoyed a record breaking tourist season. While surrounding counties also experienced an increase in tourism, Bay County saw a significant increase of 7% over fiscal year 2013, in its tourist development bed tax collections. The County's unemployment rate for 2014 was 5.7%, slightly lower than the State's average unemployment rate of 5.8%. In 2014, the County continued to focus on various transportation projects, as well as, various other intersection and road upgrades. The County also continued its work on expanding and enhancing the County's wastewater and water treatment and distribution capabilities. In 2014 construction began on the County's alternate water supply project, which will serve as a backup source of water in the event the Deer Point Lake reservoir is ever contaminated by salt water intrusion. This project is vital to insure a clean, safe and reliable source of drinking water for the citizens of Bay County. Construction began, in fiscal year 2014, on the addition to the County courthouse. This new addition will provide additional courtrooms and office space for the judiciary. In 2014 the County assumed the responsibility of operating and maintaining the County's Emergency Medical Services operations, which had previously been managed by Bay Medical Center.

This report was prepared by Board Finance 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: Joey Rogers.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Bay County, Florida
Statement of Net Position
September 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.
ASSETS					
Cash and cash equivalents	\$ 7,992,875	\$ 1,913,737	\$ 9,906,612	\$ 383,262	\$ 132,730
Investments	60,667,570	38,834,502	99,502,072	-	-
Accounts receivable, net	4,520,915	6,642,278	11,163,193	7,156,548	103,169
Special assessments receivable	1,003,749	-	1,003,749	-	-
Accrued interest receivable	88,213	88,211	176,424	-	-
Due from other governments	6,526,725	1,307,665	7,834,390	-	-
Prepaid expenses	1,842,168	20,748	1,862,916	102,798	-
Inventory	-	264,858	264,858	-	-
Notes receivable	531,630	11,230,966	11,762,596	-	-
Investment in joint venture	-	2,160,257	2,160,257	-	-
Restricted assets					
Cash and cash equivalents	486,933	1,875,188	2,362,121	-	-
Investments	28,469,022	32,172,785	60,641,807	-	-
Capital assets					
Nondepreciable	22,031,126	10,761,758	32,792,884	-	-
Depreciable, net	226,571,522	160,032,846	386,604,368	-	-
Total assets	360,732,448	267,305,799	628,038,247	7,642,608	235,899
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	419,326	1,168,767	1,588,093	-	-
Total deferred outflows of resources	419,326	1,168,767	1,588,093	-	-
LIABILITIES					
Accounts payable and accrued expenses	13,801,932	2,783,200	16,585,132	2,084,882	1,540
Internal balances	973,627	(973,627)	-	-	-
Due to other governments	65,161	570,972	636,133	-	-
Unearned revenues	3,877,312	10,143,178	14,020,490	-	-
Accrued interest payable	257,654	384,929	642,583	-	-
Customer deposits	28,388	584,022	612,410	-	-
Long-term liabilities					
Due within one year					
Estimated liability for self insured losses	404,533	-	404,533	-	-
Accrued compensated absences	1,028,973	272,781	1,301,754	-	-
Notes payable	55,000	4,154,545	4,209,545	-	-
Capital leases	108,979	7,720	116,699	-	-
Bonds payable	2,211,000	5,000,000	7,211,000	-	-
Due in more than one year					
Estimated liability for self insured losses	4,076,228	-	4,076,228	-	-
Accrued compensated absences	2,685,327	168,919	2,854,246	-	-
Net OPEB obligation	16,054,329	666,632	16,720,961	-	-
Notes payable	580,000	26,961,001	27,541,001	-	-
Capital leases	123,448	19,844	143,292	-	-
Bonds payable	86,983,188	85,552,459	172,535,647	-	-
Landfill postclosure liability	-	5,460,892	5,460,892	-	-
Total liabilities	133,315,079	141,757,467	275,072,546	2,084,882	1,540

Continued

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

Bay County, Florida
Statement of Net Position (Continued)
September 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	\$ -	\$ 418,306	\$ 418,306	\$ -	\$ -
Total deferred inflows of resources	-	418,306	418,306	-	-
NET POSITION					
Net investment in capital assets	171,575,742	77,905,570	249,481,312	-	-
Restricted for					
Debt service	18,061,720	7,311,493	25,373,213	-	-
Impact fees	1,647,959	5,483,023	7,130,982	-	-
Public safety	4,417,872	-	4,417,872	-	-
Court function	3,947,926	-	3,947,926	-	-
Transportation	738,003	-	738,003	-	-
Recreation	515,205	-	515,205	-	-
Economic environment	36,504,523	-	36,504,523	-	-
Physical environment	2,392,147	-	2,392,147	-	-
Unrestricted	(11,964,402)	35,598,707	23,634,305	5,557,726	234,359
Total net position	\$ 227,836,695	\$ 126,298,793	\$ 354,135,488	\$ 5,557,726	\$ 234,359

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
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 39,201,075	\$ 15,126,991	\$ 721,806	\$ 82,666
Public safety	38,289,031	1,121,128	3,354,483	239,559
Physical environment	6,814,598	44,827	815,603	-
Transportation	19,783,565	2,346,351	1,224,766	7,873,628
Economic environment	22,137,297	-	84,328	663,488
Human services	5,272,176	500	14,728	-
Culture and recreation	5,608,860	682,133	122,259	579,759
Interest on long-term debt	3,593,220	-	-	-
Total governmental activities	140,699,822	19,321,930	6,337,973	9,439,100
Business-type activities				
Wholesale water system	11,942,948	15,816,100	1,571,269	461,758
Retail water and wastewater	11,153,219	8,620,964	-	276,474
Solid waste	16,283,995	13,203,200	-	-
Building services	1,283,093	1,231,381	-	-
Emergency medical services	6,936,224	6,822,477	188,405	-
Total business-type activities	47,599,479	45,694,122	1,759,674	738,232
Total primary government	\$ 188,299,301	\$ 65,016,052	\$ 8,097,647	\$ 10,177,332
Component Units				
Panama City Beach Convention and Visitors Bureau, Inc.	\$ 9,837,858	\$ 11,108,012	\$ -	\$ -
Mexico Beach Community Development Council, Inc.	692,705	815,253	-	-
Total component units	\$ 10,530,563	\$ 11,923,265	\$ -	\$ -

General revenues

Property taxes, levied for general purposes

Sales taxes

State shared revenues - unrestricted

Investment earnings

Miscellaneous

 Total general revenues

Change in net position

Net position - beginning

Restatement adjustment

Net position - beginning (as restated)

Net position - ending

Bay County, Florida
Statement of Activities
Year Ended September 30, 2014

Net (Expenses) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.	
\$ (23,269,612)	\$ -	\$ (23,269,612)	\$ -	\$ -	
(33,573,861)	-	(33,573,861)	-	-	
(5,954,168)	-	(5,954,168)	-	-	
(8,338,820)	-	(8,338,820)	-	-	
(21,389,481)	-	(21,389,481)	-	-	
(5,256,948)	-	(5,256,948)	-	-	
(4,224,709)	-	(4,224,709)	-	-	
(3,593,220)	-	(3,593,220)	-	-	
(105,600,819)	-	(105,600,819)	-	-	
-	5,906,179	5,906,179	-	-	
-	(2,255,781)	(2,255,781)	-	-	
-	(3,080,795)	(3,080,795)	-	-	
-	(51,712)	(51,712)	-	-	
-	74,658	74,658	-	-	
-	592,549	592,549	-	-	
(105,600,819)	592,549	(105,008,270)	-	-	
-	-	-	1,270,154	-	
-	-	-	-	122,548	
-	-	-	1,270,154	122,548	
55,438,164	-	55,438,164	-	-	
37,248,717	3,000	37,251,717	-	-	
3,607,298	-	3,607,298	-	-	
142,401	1,613,968	1,756,369	629	350	
2,816,892	9,920,373	12,737,265	-	-	
99,253,472	11,537,341	110,790,813	629	350	
(6,347,347)	12,129,890	5,782,543	1,270,783	122,898	
235,341,997	115,175,406	350,517,403	4,286,943	111,461	
(1,157,955)	(1,006,503)	(2,164,458)	-	-	
234,184,042	114,168,903	348,352,945	4,286,943	111,461	
\$ 227,836,695	\$ 126,298,793	\$ 354,135,488	\$ 5,557,726	\$ 234,359	

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

Bay County, Florida
Balance Sheet
Governmental Funds
September 30, 2014

	General	Tourist Development	Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,061,292	\$ 2,140,871	\$ 111,022	\$ 2,381,269	\$ 7,694,454
Accounts receivable, net	2,422,649	1,115,380	224,361	201,417	3,963,807
Special assessments receivable	592,771	-	410,978	-	1,003,749
Accrued interest receivable	39,300	36,015	2,345	5,331	82,991
Investments	9,043,953	40,160,203	2,082,647	3,782,747	55,069,550
Due from other funds	13,564	239,522	113,500	85,446	452,032
Due from other governments	2,986,831	15,990	3,143,098	380,405	6,526,324
Prepaid items	202,696	-	5,097	120,059	327,852
Notes receivable	531,630	-	-	-	531,630
Restricted assets					
Cash and cash equivalents	417,209	-	37,312	32,412	486,933
Investments	27,161,077	-	699,941	608,004	28,469,022
Total assets	\$ 46,472,972	\$ 43,707,981	\$ 6,830,301	\$ 7,597,090	104,608,344
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 3,948,902	\$ 7,380,453	\$ 1,095,440	\$ 520,948	12,945,743
Unearned revenues	3,877,312	-	-	-	3,877,312
Due to other funds	355,879	-	149,411	12,954	518,244
Advances from other funds	-	-	-	730,699	730,699
Due to other governments	65,161	-	-	-	65,161
Customer deposits	28,388	-	-	-	28,388
Total liabilities	8,275,642	7,380,453	1,244,851	1,264,601	18,165,547
Fund balance					
Nonspendable	202,696	-	5,097	120,059	327,852
Restricted	25,007,377	36,327,182	738,003	5,606,793	67,679,355
Assigned	2,333,790	346	4,842,350	605,637	7,782,123
Unassigned	10,653,467	-	-	-	10,653,467
Total fund balance	38,197,330	36,327,528	5,585,450	6,332,489	86,442,797
Total liabilities and fund balance	\$ 46,472,972	\$ 43,707,981	\$ 6,830,301	\$ 7,597,090	
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.					247,899,341
Internal service funds are used by management to charge the costs of various activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.					2,838,310
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(109,343,753)
Net position of governmental activities					\$ 227,836,695

Bay County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2014

	General	Tourist Development	Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 49,270,824	\$ 17,180,514	\$ 5,369,666	\$ 6,167,340	\$ 77,988,344
Licenses and permits	1,190	-	-	-	1,190
Intergovernmental	24,592,053	36,184	8,894,012	854,197	34,376,446
Charges for services	10,096,497	-	2,051,234	6,884,248	19,031,979
Fines and forfeitures	223,463	-	-	-	223,463
Special assessments	44,827	-	12,406	-	57,233
Investment earnings	76,101	60,244	18,562	5,687	160,594
Contributions and donations	214,295	-	-	-	214,295
Miscellaneous	950,786	89,115	113,066	324,905	1,477,872
Total revenues	85,470,036	17,366,057	16,458,946	14,236,377	133,531,416
EXPENDITURES					
Current					
General government	14,252,441	-	-	4,693,161	18,945,602
Public safety	48,815,763	-	-	7,667,767	56,483,530
Physical environment	1,282,741	-	56,125	-	1,338,866
Transportation	-	-	14,272,182	-	14,272,182
Economic environment	7,595,365	13,738,284	-	-	21,333,649
Human services	3,989,814	-	-	1,148,578	5,138,392
Culture and recreation	4,294,971	-	-	-	4,294,971
Capital outlay					
General government	1,231,100	-	-	75,229	1,306,329
Public safety	1,205,854	-	-	422,395	1,628,249
Physical environment	2,900	-	1,070,215	-	1,073,115
Transportation	-	-	5,099,875	-	5,099,875
Economic environment	-	292,866	-	-	292,866
Human services	-	-	-	94,108	94,108
Culture and recreation	1,302,116	-	-	-	1,302,116
Debt service					
Principal	2,296,049	-	4,261	296,071	2,596,381
Interest and fiscal charges	3,308,320	-	-	265,797	3,574,117
Total expenditures	89,577,434	14,031,150	20,502,658	14,663,106	138,774,348
Excess (deficit) of revenues over (under) expenditures	(4,107,398)	3,334,907	(4,043,712)	(426,729)	(5,242,932)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,617,200	95,774	2,712,974
Transfers out	(2,712,974)	-	-	-	(2,712,974)
Issuance of debt	790,751	-	20,920	20,406	832,077
Proceeds from sale of capital assets	143,506	-	-	-	143,506
Total other financing sources (uses)	(1,778,717)	-	2,638,120	116,180	975,583
Net change in fund balance	(5,886,115)	3,334,907	(1,405,592)	(310,549)	(4,267,349)
Fund balance - beginning	44,083,445	32,992,621	6,991,042	6,643,038	90,710,146
Fund balance - ending	\$ 38,197,330	\$ 36,327,528	\$ 5,585,450	\$ 6,332,489	\$ 86,442,797

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, 2014

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)	\$ (4,267,349)
---	----------------

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 expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,751,872)
---	-------------

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, impairments, and donations) is to increase net position.	1,110,609
---	-----------

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.	(1,931,622)
---	-------------

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.	(281,096)
--	-----------

The issuance of long-term debt (e.g., 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.	1,773,983
---	-----------

Change in net position of governmental activities (page B-21)	\$ (6,347,347)
---	----------------

Bay County, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 48,394,254	\$ 48,394,254	\$ 49,270,824	\$ 876,570
Licenses and permits	3,410	3,410	1,190	(2,220)
Intergovernmental	17,344,007	17,961,728	20,195,795	2,234,067
Charges for services	9,805,648	10,118,409	9,276,060	(842,349)
Fines and forfeitures	69,500	69,500	223,463	153,963
Investment earnings	365,200	365,200	70,743	(294,457)
Contributions and donations	300,000	300,000	35,201	(264,799)
Miscellaneous	1,346,521	1,329,517	905,017	(424,500)
Total revenues	77,628,540	78,542,018	79,978,293	1,436,275
EXPENDITURES				
Current				
General government	16,014,164	16,524,414	14,252,441	2,271,973
Public safety	43,222,209	43,818,627	44,370,729	(552,102)
Physical environment	218,581	220,581	544,617	(324,036)
Economic environment	7,612,111	7,647,098	7,595,365	51,733
Human services	4,175,754	4,140,325	3,989,814	150,511
Culture and recreation	1,873,054	1,909,530	1,878,930	30,600
Capital outlay				
General government	437,500	13,723,680	1,231,100	12,492,580
Public safety	491,278	793,685	1,205,854	(412,169)
Physical environment	-	-	2,900	(2,900)
Culture and recreation	178,000	805,147	854,815	(49,668)
Debt service				
Principal	2,186,037	2,186,037	2,295,474	(109,437)
Interest and fiscal charges	3,310,422	3,310,422	3,305,625	4,797
Total expenditures	79,719,110	95,079,546	81,527,664	13,551,882
Excess (deficit) of revenues over (under) expenditures	(2,090,570)	(16,537,528)	(1,549,371)	14,988,157
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,270,310)	(4,794,289)	(4,795,453)	(1,164)
Issuance of debt	-	-	122,663	122,663
Proceeds from sale of capital assets	-	-	143,506	143,506
Total other financing sources (uses)	(4,270,310)	(4,794,289)	(4,529,284)	265,005
Net change in fund balance	(6,360,880)	(21,331,817)	(6,078,655)	15,253,162
Fund balance - beginning	44,905,937	44,905,937	44,905,937	-
Fund balance - ending	\$ 38,545,057	\$ 23,574,120	\$ 38,827,282	\$ 15,253,162

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.

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
Tourist Development Fund
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,193,000	\$ 14,193,000	\$ 17,180,514	\$ 2,987,514
Intergovernmental	-	-	36,184	36,184
Investment earnings	110,761	110,761	60,244	(50,517)
Miscellaneous	99,246	99,246	89,115	(10,131)
Total revenues	14,403,007	14,403,007	17,366,057	2,963,050
EXPENDITURES				
Current				
Economic environment	12,269,639	14,324,418	13,738,284	586,134
Capital outlay				
Economic environment	75,000	121,201	292,866	(171,665)
Total expenditures	12,344,639	14,445,619	14,031,150	414,469
Excess (deficit) of revenues over (under) expenditures	2,058,368	(42,612)	3,334,907	3,377,519
Net change in fund balance	2,058,368	(42,612)	3,334,907	3,377,519
Fund balance - beginning	32,992,621	32,992,621	32,992,621	-
Fund balance - ending	\$ 35,050,989	\$ 32,950,009	\$ 36,327,528	\$ 3,377,519

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,505,161	\$ 5,505,161	\$ 5,369,666	\$ (135,495)
Intergovernmental	9,157,256	16,576,779	8,894,012	(7,682,767)
Charges for services	2,075,000	2,176,465	2,051,234	(125,231)
Special assessments	101,030	101,030	12,406	(88,624)
Investment earnings	33,050	33,050	18,562	(14,488)
Contributions and donations	450,000	820,000	-	(820,000)
Miscellaneous	532,510	935,344	113,066	(822,278)
Total revenues	17,854,007	26,147,829	16,458,946	(9,688,883)
EXPENDITURES				
Current				
Physical environment	61,773	82,168	56,125	26,043
Transportation	12,233,644	18,486,319	14,272,182	4,214,137
Capital outlay				
Physical environment	1,201,100	2,582,605	1,070,215	1,512,390
Transportation	8,402,206	12,557,274	5,099,875	7,457,399
Debt service				
Principal	-	-	4,261	(4,261)
Total expenditures	21,898,723	33,708,366	20,502,658	13,205,708
Excess (deficit) of revenues over (under) expenditures	(4,044,716)	(7,560,537)	(4,043,712)	3,516,825
OTHER FINANCING SOURCES (USES)				
Transfers in	2,617,200	2,617,200	2,617,200	-
Issuance of debt	-	-	20,920	20,920
Total other financing sources	2,617,200	2,617,200	2,638,120	20,920
Net change in fund balance	(1,427,516)	(4,943,337)	(1,405,592)	3,537,745
Fund balance - beginning	6,991,042	6,991,042	6,991,042	-
Fund balance - ending	\$ 5,563,526	\$ 2,047,705	\$ 5,585,450	\$ 3,537,745

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,105,740	\$ -	\$ 610,355
Accounts receivable, net	2,936,947	673,149	977,157
Accrued interest receivable	27,645	38,809	16,948
Prepaid expenses	9,230	325	9,553
Investments	20,742,379	755,565	12,714,611
Inventory	264,858	-	-
Due from other funds	107,372	70,763	67,046
Due from other governments	116,393	1,191,272	-
Total current assets	25,310,564	2,729,883	14,395,670
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	1,262,674	313,777	249,691
Investments	23,686,287	5,108,939	3,377,559
Notes receivable	1,040,422	10,190,544	-
Advances to other funds	1,830,000	-	-
Investment in joint venture	-	2,160,257	-
	27,819,383	17,773,517	3,627,250
Capital assets			
Land	261,192	4,714,000	752,451
Construction in progress	5,034,115	-	-
Buildings	2,422,524	4,766	862,912
Improvements	90,985	4,678	46,750
Furniture and equipment	1,894,204	1,160,597	7,088,585
Infrastructure	106,552,917	30,681,313	90,848,360
Less: accumulated depreciation	(49,371,542)	(12,543,575)	(20,223,960)
Total capital assets, net	66,884,395	24,021,779	79,375,098
Total noncurrent assets	94,703,778	41,795,296	83,002,348
Total assets	120,014,342	44,525,179	97,398,018
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	-	-	1,168,767
Total deferred outflows of resources	-	-	1,168,767

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

Bay County, Florida
Statement of Net Position
Proprietary Funds
September 30, 2014

Business-type Activities Enterprise Funds			Governmental Activities	
Building Services	Emergency Medical Services	Total	Internal Service Funds	
\$ 191,961	\$ 5,681	\$ 1,913,737	\$ 298,421	
50,351	2,004,674	6,642,278	557,108	
4,624	185	88,211	5,222	
1,381	259	20,748	1,514,316	
4,515,379	106,568	38,834,502	5,598,020	
-	-	264,858	-	
-	124,959	370,140	403,357	
-	-	1,307,665	401	
4,763,696	2,242,326	49,442,139	8,376,845	
49,046	-	1,875,188	-	
-	-	32,172,785	-	
-	-	11,230,966	-	
730,699	-	2,560,699	-	
-	-	2,160,257	-	
779,745	-	49,999,895	-	
-	-	5,727,643	-	
-	-	5,034,115	-	
-	-	3,290,202	858,444	
-	-	142,413	99,543	
475,380	469,154	11,087,920	998,988	
-	-	228,082,590	-	
(315,649)	(115,553)	(82,570,279)	(1,253,668)	
159,731	353,601	170,794,604	703,307	
939,476	353,601	220,794,499	703,307	
5,703,172	2,595,927	270,236,638	9,080,152	
-	-	1,168,767	-	
-	-	1,168,767	-	

Continued

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,397,075	\$ 454,168	\$ 430,015
Deferred revenue	3,898,731	-	6,244,447
Due to other funds	58,784	39,194	3,662
Due to other governments	-	563,752	-
Accrued interest payable	222,919	113,424	48,586
Estimated liability for self insured losses, current	-	-	-
Accrued compensated absences, current	57,184	40,121	35,306
Capital leases, current	2,672	256	544
Notes payable, current	760,000	1,394,545	-
Bonds payable, current	1,700,000	1,255,000	2,045,000
Total current liabilities	8,097,365	3,860,460	8,807,560
Noncurrent liabilities			
Estimated liability for self insured losses, net	-	-	-
Customer deposits	-	465,337	69,639
Accrued compensated absences	50,050	42,102	50,174
Net OPEB obligation	126,510	183,983	163,713
Advances from other funds	-	1,830,000	-
Capital leases, net	6,839	614	1,591
Notes payable, net	18,165,000	8,796,001	-
Bonds payable, net	39,847,459	27,075,000	18,630,000
Landfill postclosure liability	-	-	5,460,892
Total noncurrent liabilities	58,195,858	38,393,037	24,376,009
Total liabilities	66,293,223	42,253,497	33,183,569
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	-	418,306	-
Total deferred outflows of resources	-	418,306	-
NET POSITION			
Net investment in capital assets	22,267,953	(4,727,397)	59,866,730
Restricted for			
Debt service	4,180,102	2,912,388	219,003
Impact fees	3,438,032	2,044,991	-
Unrestricted	23,835,032	1,623,394	5,297,483
Total net position	\$ 53,721,119	\$ 1,853,376	\$ 65,383,216

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

Bay County, Florida
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2014

Business-type Activities Enterprise Funds			Governmental Activities	
Building Services	Emergency Medical Services	Total	Internal Service Funds	
\$ 63,925	\$ 438,017	\$ 2,783,200	\$ 856,189	
-	-	10,143,178	-	
1,894	23,678	127,212	580,073	
7,220	-	570,972	-	
-	-	384,929	-	
-	-	-	404,533	
28,528	111,642	272,781	50,908	
3,223	1,025	7,720	3,492	
-	2,000,000	4,154,545	-	
-	-	5,000,000	-	
104,790	2,574,362	23,444,537	1,895,195	
-	-	-	4,076,228	
49,046	-	584,022	-	
26,593	-	168,919	47,860	
159,571	32,855	666,632	214,190	
-	-	1,830,000	-	
8,344	2,456	19,844	8,369	
-	-	26,961,001	-	
-	-	85,552,459	-	
-	-	5,460,892	-	
243,554	35,311	121,243,769	4,346,647	
348,344	2,609,673	144,688,306	6,241,842	
-	-	418,306	-	
-	-	418,306	-	
148,164	350,120	77,905,570	691,446	
-	-	7,311,493	-	
-	-	5,483,023	-	
5,206,664	(363,866)	35,598,707	2,146,864	
\$ 5,354,828	\$ (13,746)	\$ 126,298,793	\$ 2,838,310	

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
OPERATING REVENUES			
Charges for services	\$ 15,816,100	\$ 8,620,964	\$ 13,203,200
Miscellaneous	59,673	126,604	69,878
Total operating revenues	15,875,773	8,747,568	13,273,078
OPERATING EXPENSES			
Personal services	1,492,266	2,156,446	1,419,189
Contracted services	1,437,940	865,232	6,688,295
Repairs and maintenance	716,721	179,530	1,982,432
Utilities	1,460,668	227,351	486,548
Depreciation	2,791,790	1,775,576	3,929,017
Materials	-	-	-
Insurance claims	-	-	-
Other operating expenses	1,781,943	4,621,487	1,002,238
Total operating expenses	9,681,328	9,825,622	15,507,719
Operating income (loss)	6,194,445	(1,078,054)	(2,234,641)
Miscellaneous	-	-	-
Investment earnings	104,892	1,475,607	20,212
Interest and fiscal charges	(2,261,620)	(1,327,600)	(765,401)
Taxes	-	-	3,000
Gain (loss) on disposal of capital assets	-	-	(3,888)
Contributions	1,571,269	-	-
Insurance proceeds	-	-	9,588,566
Total nonoperating revenues (expenses)	(585,459)	148,007	8,842,489
Income (loss) before contributions and transfers	5,608,986	(930,047)	6,607,848
Capital contributions	461,758	276,474	-
Change in net position	6,070,744	(653,573)	6,607,848
Total net position - beginning	48,204,690	2,866,844	58,867,661
Restatement adjustment	(554,315)	(359,895)	(92,293)
Total net position - beginning (as restated)	47,650,375	2,506,949	58,775,368
Total net position - ending	\$ 53,721,119	\$ 1,853,376	\$ 65,383,216

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, 2014

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
Building Services	Emergency Medical Services	Total		
\$ 1,231,381	\$ 6,820,977	\$ 45,692,622	\$ 9,370,767	
21,872	28,796	306,823	13,550	
1,253,253	6,849,773	45,999,445	9,384,317	
985,833	5,254,274	11,308,008	2,047,025	
161,710	390,722	9,543,899	330,522	
20,126	204,098	3,102,907	268,511	
28,543	7,935	2,211,045	149,502	
10,179	115,553	8,622,115	110,085	
-	-	-	3,165,397	
-	-	-	474,105	
76,700	938,448	8,420,816	2,989,335	
1,283,091	6,911,030	43,208,790	9,534,482	
(29,838)	(61,257)	2,790,655	(150,165)	
-	-	-	(286,917)	
12,173	1,084	1,613,968	5,986	
-	(25,196)	(4,379,817)	-	
-	-	3,000	-	
19,500	-	15,612	-	
-	188,405	1,759,674	150,000	
-	-	9,588,566	-	
31,673	164,293	8,601,003	(130,931)	
1,835	103,036	11,391,658	(281,096)	
-	-	738,232	-	
1,835	103,036	12,129,890	(281,096)	
5,352,993	(116,782)	115,175,406	3,119,406	
-	-	(1,006,503)	-	
5,352,993	(116,782)	114,168,903	3,119,406	
\$ 5,354,828	\$ (13,746)	\$ 126,298,793	\$ 2,838,310	

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 19,111,754	\$ 8,361,974	\$ 13,596,289
Cash received from miscellaneous operating activities	59,673	126,604	69,878
Cash paid to suppliers for goods and services	(3,862,951)	(6,045,238)	(18,624,996)
Cash paid to employees for services	(1,442,459)	(2,105,356)	(1,395,497)
Net cash provided by (used in) operating activities	13,866,017	337,984	(6,354,326)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance from other fund	-	1,830,000	-
Advance to other fund	(1,830,000)	-	-
Taxes	-	-	3,000
Contributions	1,571,269	-	-
Net cash provided by (used in) noncapital financing activities	(258,731)	1,830,000	3,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on long-term debt	(2,301,433)	(1,390,385)	(639,001)
Principal paid on long-term debt	(1,617,621)	(7,552,260)	(1,990,335)
Proceeds from long-term debt	18,925,000	5,222,500	-
Capital contributions	461,758	276,474	-
Proceeds from sale of capital assets	908	39,617	25,402
Purchase of capital assets	(5,011,741)	(263,056)	(3,104,902)
Proceeds from insurance	-	-	15,340,181
Net cash provided by (used in) capital and related financing activities	10,456,871	(3,667,110)	9,631,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturities of investment securities	31,192,412	4,868,289	13,053,039
Purchase of investments	(72,809,506)	(10,067,427)	(27,441,214)
Return of investment	-	53,167	-
Interest and dividends on investments	116,283	377,611	26,211
Collections on loans	96,425	6,411,443	-
Issuance of new loans	-	(5,222,500)	-
Net cash provided by (used in) investing activities	(41,404,386)	(3,579,417)	(14,361,964)
Net change in cash and cash equivalents	(17,340,229)	(5,078,543)	(11,081,945)
Cash and cash equivalents - beginning	19,708,643	5,392,320	11,941,991
Cash and cash equivalents - ending	\$ 2,368,414	\$ 313,777	\$ 860,046
Classified as			
Current assets	\$ 1,105,740	\$ -	\$ 610,355
Restricted assets	1,262,674	313,777	249,691
Total	\$ 2,368,414	\$ 313,777	\$ 860,046
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Assets acquired via lease	\$ 12,133	\$ 1,163	\$ 2,469
Transfer of capital assets	\$ -	\$ -	\$ -
Contribution of capital assets	\$ -	\$ -	\$ -

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, 2014

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds		
Building Services	Emergency Medical Services	Total			
\$ 730,234	\$ 4,691,518	\$ 46,491,769	\$ 9,399,442		
21,872	28,796	306,823	13,550		
(274,684)	(1,119,831)	(29,927,700)	(8,326,611)		
(966,360)	(5,109,849)	(11,019,521)	(2,024,750)		
(488,938)	(1,509,366)	5,851,371	(938,369)		
-	-	1,830,000	-		
-	-	(1,830,000)	-		
-	-	3,000	-		
-	30,925	1,602,194	150,000		
-	30,925	1,605,194	150,000		
-	(25,196)	(4,356,015)	-		
(3,064)	(1,173)	(11,164,453)	(3,482)		
-	-	24,147,500	-		
-	-	738,232	-		
19,500	-	85,427	-		
(154,220)	(312,020)	(8,845,939)	-		
-	5,000	15,345,181	-		
(137,784)	(333,389)	15,949,933	(3,482)		
4,156,888	674,569	53,945,197	4,758,021		
(7,999,586)	(538,354)	(118,856,087)	(9,518,703)		
-	-	53,167	-		
14,065	1,131	535,301	8,484		
-	-	6,507,868	-		
-	-	(5,222,500)	-		
(3,828,633)	137,346	(63,037,054)	(4,752,198)		
(4,455,355)	(1,674,484)	(39,630,556)	(5,544,049)		
4,696,362	1,680,165	43,419,481	5,842,470		
\$ 241,007	\$ 5,681	\$ 3,788,925	\$ 298,421		
\$ 191,961	\$ 5,681	\$ 1,913,737	\$ 298,421		
49,046	-	1,875,188	-		
\$ 241,007	\$ 5,681	\$ 3,788,925	\$ 298,421		
\$ 14,632	\$ 4,654	\$ 35,051	\$ 15,856		
\$ -	\$ -	\$ -	\$ (286,917)		
\$ -	\$ 157,480	\$ 157,480	\$ -		

Continued

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,194,445	\$ (1,078,054)	\$ (2,234,641)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	2,791,790	1,775,576	3,929,017
(Increase) decrease in assets			
Accounts receivable	(507,446)	(187,356)	476,354
Prepaid expenses	457,861	5,284	472,152
Inventory	10,283	-	-
Due from other funds	(107,372)	(70,763)	(67,046)
Due from other governments	11,741	(190)	-
Increase (decrease) in liabilities			
Accounts payable and accrued liabilities	1,123,980	(71,095)	(7,918,999)
Deferred revenue	3,898,731	-	-
Due to other funds	(57,803)	(13,098)	(83,009)
Due to other governments	-	(67,446)	-
Customer deposits	-	(5,965)	(16,219)
Accrued compensated absences	16,639	10,210	1,827
Net OPEB obligation	33,168	40,881	21,865
Landfill postclosure liability	-	-	(935,627)
Total adjustments	7,671,572	1,416,038	(4,119,685)
Net cash provided by (used in) operating activities	\$ 13,866,017	\$ 337,984	\$ (6,354,326)

Bay County, Florida
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2014

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
Building Services	Emergency Medical Services	Total	
\$ (29,838)	\$ (61,257)	\$ 2,790,655	\$ (150,165)
10,179	115,553	8,622,115	110,085
(19,333)	(2,004,574)	(2,242,355)	(249,071)
(1,172)	(259)	933,866	(1,394,922)
-	-	10,283	-
(487,594)	(124,959)	(857,734)	220,487
-	74	11,625	57,259
6,020	397,953	(6,462,141)	(117,762)
-	-	3,898,731	-
327	23,678	(129,905)	563,445
7,220	-	(60,226)	-
5,780	-	(16,404)	-
3,841	111,570	144,087	(2,366)
15,632	32,855	144,401	24,641
-	-	(935,627)	-
(459,100)	(1,448,109)	3,060,716	(788,204)
\$ (488,938)	\$ (1,509,366)	\$ 5,851,371	\$ (938,369)

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

Bay County, Florida
Statement of Fiduciary Net Position
Agency Funds
September 30, 2014

ASSETS

Cash and cash equivalents	\$ 6,742,299
Investments	22,938
Accounts receivable, net	28,526
<hr/>	
Total assets	\$ 6,793,763
<hr/>	

LIABILITIES

Accounts payable and accrued liabilities	\$ 2,092,635
Due to others	63,917
Due to other governments	4,637,211
<hr/>	
Total liabilities	\$ 6,793,763
<hr/>	

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 U.S. generally accepted accounting principles (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Reporting Entity

Bay 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, sanitation, solid waste, building services, and emergency medical services. The Law Library is accounted for within the general fund.

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 of County Commissioners 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 of County Commissioners and any unexpended appropriations at the end of the year are required to be returned to the Board.

Component Units

The accompanying financial statements present the County (as the primary government composed of the Board of County Commissioners and Constitutional Officers) and the County's component units. Component units are entities for which the County is considered to be financially accountable and are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following are discretely presented component units of the County:

Panama City Beach Convention and Visitors Bureau, Inc.

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 governmental fund type with a fiscal year end of September 30. Complete financial statements for the Bureau may be obtained from the Bay County Finance 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.

Mexico Beach Community Development Council, Inc.

The Mexico Beach Community Development Council, Inc. (Council) 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 Council is presented as a governmental fund type with a fiscal year of September 30. Complete financial statements for the Council may be obtained from the Bay County Finance Office at P.O. Box 2269, Panama City, Florida 32402.

The Board has the authority to appoint a voting majority of the Council'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 Council.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Council, the Council is considered a component unit and the discrete presentation method has been used to report the Council's financial position and results of operations.

Blended Component Units

Blended component units, although legally separate entities, 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.

Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government, as well as its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry, if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. The County eliminates indirect expenses between governmental activities to avoid duplicating revenues and expenditures. Direct expenses are not eliminated from the various functional categories.

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, 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 equity, revenues and expenditures or expenses, 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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

Governmental Funds

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as with accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, 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. All other revenue items are considered to be measurable only when cash is received by the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources.” Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds

The County’s enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and proprietary combined) for the determination of major funds. The County has used GASB criteria for major fund determination to determine which funds are required to be reported as major funds, except for the building services and emergency medical services funds which the County elected to report as major funds as permitted by GASB. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

Governmental Major Funds

General Fund – The general fund is the general operating fund of the County. It is used to account for all financial resources, except those accounted for in another fund.

Tourist Development 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 Bay County and maintain and protect the beaches of the County. Financing is provided principally by local option tourist development taxes.

Transportation Fund – 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.

Proprietary Major Funds

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

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

Solid Waste Fund – This fund is used to account for activities related to solid waste collection within the County.

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

Emergency Medical Services Fund – This fund is used to account for activities related to the County's emergency medical operations.

Other Fund Types

Internal Service Funds – 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds – Fiduciary funds are used to account for assets held by the County as an agent 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. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Fiduciary funds are accounted for using the accrual basis of accounting.

Noncurrent Governmental Assets/Liabilities

GASB requires noncurrent governmental assets, such as land, buildings and equipment and noncurrent governmental liabilities, such as general obligation bonds and capital leases, to be reported in the governmental activities column in the government-wide statement of net position.

Budgets

Annual budgets are legally adopted 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 U.S. generally accepted accounting principles, except as described in note 3. All annual appropriations lapse at fiscal year-end.

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 of County Commissioners 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 in accordance with Florida Statutes.

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.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

in the governmental funds. However, all encumbrances lapse at year end and, accordingly, a reserve for encumbrances is not reported in the accompanying basic financial statements.

Encumbrances are reestablished at the beginning of the fiscal year if funds are appropriated in the annual budget. Encumbrances do not constitute expenditures or liabilities.

Investments

Investments of the County are reported at fair value unless otherwise disclosed.

External Investment Pools

The County maintains deposits 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 for a “2a-7 like” pool and the fair value of the assets in the pool is equal to the value of the pool shares. Such investments are stated at cost.

Derivatives and Similar Debt and Investment Items

The County has not directly or indirectly used or written any derivatives or similar debt and investment items during the current year. However, the County did have indirect exposure to similar debt and investment items through the investments held in the State of Florida State Board of Administration.

Management has adhered to the County’s investment policy requirements to monitor such investment activity on a periodic basis.

The articles of incorporation and the by-laws of the Panama City Beach Convention and Visitors Bureau, Inc. (Bureau) do not include investment policies. The Bureau had no investment activity in the current year.

The articles of incorporation and the by-laws of the Mexico Beach Community Development Council, Inc. (Council) do not include investment policies. The Council had no investment activity in the current year.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When expenditures are incurred for which committed, assigned, or unassigned amounts could be used it is the County's policy to use them in that order.

Accounts Receivable

Water and sewer services are billed at various dates throughout the month. This billing method does not capture all amounts receivable by the County at the end of each fiscal year. The unbilled amounts and the variance between such amounts at September 30, 2014 and 2013, are not significant and have not been recorded. 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, 2014, the allowance for doubtful accounts for the emergency medical services fund is \$7,363,516 and total accounts receivable for the fund is \$9,368,190. As of September 30, 2014, the accounts receivable of all other funds is considered collectible; as such, no allowance for doubtful accounts is recorded.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not in spendable form.

Due to and Due from Other Funds

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.

Advances to Other Funds

Advances between funds, as reported in the fund financial statements, are offset by an assigned fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventory

Inventory in the proprietary funds is valued at the lower of cost (first-in, first-out) or market. Governmental fund inventory is valued at cost (first-in, first-out). The County accounts for governmental funds inventory using the consumption method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, 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 are defined by the County as computers with an individual cost of \$600 or more and other assets with an individual cost of \$1,000 or more and an estimated useful life in excess of one year. Infrastructure is capitalized when it exceeds \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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.

Capital assets are stated at cost, except for contributed assets, which are recorded at fair market value on the date received. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are generally as follows:

Buildings	20-50 Years
Improvements	20-50 Years
Utility Plants	35-50 Years
Furniture and Equipment	3-15 Years
Infrastructure	10-50 Years
Books	5 Years

Long-term Obligations

The County reports long-term debt of governmental funds at face value in the government-wide long-term liabilities. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide long-term liabilities. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of Interest

Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments in business-type activities. The County does not capitalize interest in governmental activities. During the year ended September 30, 2014, no interest costs were capitalized.

Unamortized Bond Discounts

Bond discounts associated with the issuance of proprietary fund revenue bonds are amortized using the straight-line method. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

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.

Landfill Closure Costs

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 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. See note 17 for further information on this contingency.

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 fund net position.

Accrued 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 318 hours, depending upon type of employment. The annual leave policy allows for full-time employees to accumulate 8 to 21 hours a month, depending on employment type. All part-time employees accumulate vacation leave at the same rate prorated for hours actually worked.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County's and Mexico Beach Community Development Council's sick leave policy provides for all 40 hour week, full-time employees, to earn 8 hours of sick leave each month for a maximum of 96 hours per calendar year and 53 hour week, full-time employees, to earn 10.58 hours of sick leave each month for a maximum of 127 hours per calendar year. Part-time employees accumulate sick leave at the same rate pro-rated for hours actually worked. All County employees who terminate employment with the County will forfeit all unused sick leave.

Employees hired before November 3, 1987, who retire under the County's retirement plan will be paid for the lesser of the amount of sick leave at the time of retirement or the amount of sick leave accumulated as of November 3, 1987, not to exceed 480 hours.

An accrual has been made in the accompanying financial statements for the lesser of sick leave hours at November 3, 1987, or current sick leave hours, calculated at current hourly wage for these employees. Any employees hired after November 3, 1987, will not be eligible for payment of unused sick leave upon retirement.

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 13 to 21 hours a month depending on the length of service. Part-time and temporary employees are not eligible for paid time off.

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 plus years of service receive a percentage of their paid time off based on the length of service upon termination.

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 pro-rated amount of leave.

It is the Bay County Tax Collector's policy to grant employees who leave, with at least ten years of creditable service, compensation for up to 480 hours of unused sick leave at their current regular hourly rate of pay.

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 120 hours. Upon termination or retirement, unused compensatory time is paid at the employees' regular rate.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The vacation leave policy of the Panama City Beach Convention and Visitors Bureau, Inc. provides for all full-time employees to earn between 12 and 18 hours of vacation leave each month, depending upon the type of employment, for a maximum of 216 hours per calendar year, part-time employees accumulate vacation leave at the same rate prorated for hours actually worked. Vacation time earned, but not used, is accrued by the Bureau up to 240 hours per employee. All unused sick leave is forfeited at termination of employment, therefore no amount is accrued.

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, Deferred Inflows, and Net Position

GASB statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and this standard renamed the components of net position which were previously considered net assets.

Net Position

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.

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.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented in the current year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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 position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The County currently has deferred inflows/outflows that qualify for reporting in these categories. It is 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.

Fund Balance

Fund balance classifications are defined below.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balance as of September 30, 2014, is \$327,852.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. The restricted fund balance as of September 30, 2014, is \$67,679,355.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of County Commissioners. Commitments may be established, modified, or rescinded only through ordinance approved by the Board of County Commissioners. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose through action by the Board of County Commissioners including board resolution, board memorandum, or budget appropriations. The assigned fund balance as of September 30, 2014, \$7,782,123.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – This category is the residual classification for County’s fund balances. The unassigned fund balance as of September 30, 2014, is \$10,653,467.

Estimates

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

Date of Management’s Review

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2015, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to conform to the 2014 presentation.

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 \$(109,343,753) difference are as follows:

Bonds payable	\$	(88,593,000)
Less: deferred charge on refunding (to be amortized as interest expense)		419,326
Plus: issuance premium (to be amortized as interest expense)		(601,188)
Notes payable		(635,000)
Accrued interest payable		(257,654)
Capital leases payable		(220,566)
Net OPEB obligation		(15,840,139)
Compensated absences		(3,615,532)
<hr/>		
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$	(109,343,753)

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

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 \$247,889,341 difference are as follows:

Cost of capital assets	\$ 466,819,719
Less: accumulated depreciation	(218,920,378)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 247,899,341

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 fund statement of revenues, expenditures, and changes in fund balances 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 expense." The details of this \$(2,751,872) difference are as follows:

Capital outlay	\$ 10,796,658
Depreciation expense	(13,548,530)
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>	\$ (2,751,872)

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 \$1,110,609 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.	\$ (617,519)
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.	1,728,128
Net adjustments to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 1,110,609

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 \$1,773,983 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (197,077)
Bond proceeds	(635,000)
Principal repayments:	
Bonds	2,528,000
Capital leases	68,381
Amortization of deferred charge on refunding	33,568
Amortization of bond premium	(23,889)
Net adjustment to increase <i>net change in fund balance - total governmental funds to arrive at change in net position of governmental activities</i>	\$ 1,773,983

Another element of that reconciliation states, "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." The details of this \$(1,931,622) difference are as follows:

OPEB expense	\$ (1,810,198)
Compensated absences	(126,886)
Accrued interest	5,462
Net adjustment to decrease <i>net change in fund balance - total governmental funds to arrive at change in net position of governmental activities</i>	\$ (1,931,622)

NOTE 3 – BUDGETS

The County adopts budgets on a basis consistent with U.S. generally accepted accounting principles (U.S. GAAP) except as follows:

Special Revenue Funds

The following special revenue funds in the Sheriff's office were not budgeted:

- Crime Prevention Fund
- Law Enforcement Training Fund
- Special Law Enforcement Trust Fund
- Special Contribution Fund
- Federal Seizure Account Fund

NOTE 3 – BUDGETS (Continued)

Seizure Trust Fund
Inmate Welfare Fund

The following special revenue funds in the Clerk's office were not budgeted:

Records Modernization-Court Fund
Records Modernization-Records Fund
10% Fine Records Modernization Fund
Family Mediation 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 US GAAP basis for the general fund per the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on page B-23.

Year ending September 30, 2014	General Fund Budgetary Basis	US GAAP to Budget Differences Over (Under)	General Fund Actual Amounts US GAAP Basis
REVENUES			
Taxes	\$ 49,270,824	\$ -	\$ 49,270,824
Licenses and permits	1,190	-	1,190
Intergovernmental	20,195,795	4,396,258	24,592,053
Charges for services	9,276,060	820,437	10,096,497
Fines and forfeitures	223,463	-	223,463
Special assessments	-	44,827	44,827
Investment earnings	70,743	5,358	76,101
Contributions and donations	35,201	179,094	214,295
Miscellaneous	905,017	45,769	950,786
Total revenues	79,978,293	5,491,743	85,470,036
EXPENDITURES			
Current			
General government	14,252,441	-	14,252,441
Public safety	44,370,729	4,445,034	48,815,763
Physical environment	544,617	738,124	1,282,741
Economic environment	7,595,365	-	7,595,365
Human services	3,989,814	-	3,989,814
Culture and recreation	1,878,930	2,416,041	4,294,971
Capital outlay			
General government	1,231,100	-	1,231,100
Public safety	1,205,854	-	1,205,854

NOTE 3 – BUDGETS (Continued)

Physical environment	\$	2,900	\$	-	\$	2,900
Culture and recreation		854,815		447,301		1,302,116
Debt service						
Principal		2,295,474		575		2,296,049
Interest and fiscal charges		3,305,625		2,695		3,308,320
Total expenditures		81,527,664		8,049,770		89,577,434
Excess (deficit) of revenues over (under) expenditures		(1,549,371)		(2,558,027)		(4,107,398)
OTHER FINANCING SOURCES (USES)						
Transfers out		(4,795,453)		2,082,479		(2,712,974)
Issuance of debt		122,663		668,088		790,751
Proceeds from sale of capital assets		143,506		-		143,506
Total other financing sources (uses)		(4,529,284)		2,750,567		(1,778,717)
Net change in fund balance		(6,078,655)		192,540		(5,886,115)
Fund balance - beginning		44,905,937		(822,492)		44,083,445
Fund balance - ending	\$	38,827,282	\$	(629,952)	\$	38,197,330

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	\$ 486,933	\$ 1,875,188	\$ 2,362,121
Investments	28,469,022	32,172,785	60,641,807
Total	\$ 28,955,955	\$ 34,047,973	\$ 63,003,928

The following amounts are payable from restricted assets:

	Governmental Activities	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Total
Customer deposits	\$ 28,388	\$ -	\$ 465,337	\$ 69,639	\$ 49,046	\$ 612,410
Accrued interest payable	257,654	222,919	79,765	48,586	-	608,924
Current maturities of bonds	188,750	205,000	104,167	170,416	-	668,333
Payable from restricted assets	\$ 474,792	\$ 427,919	\$ 649,269	\$ 288,641	\$ 49,046	\$ 1,889,667

NOTE 5 – DEPOSITS AND INVESTMENTS

Deposit Policies – The County’s cash and cash equivalents include cash on hand, demand deposits, and short-term investments 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:

The Local Government Surplus Funds Trust Fund, hereinafter, Florida PRIME and Fund B, 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:

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Commercial Paper of U.S. Corporations having a rating of at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poors, Moody's, and Fitch Investors Service rating services.

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

Obligations, rated A+ or better, of the State of Florida and its various local governments, including Bay County.

Overnight repurchase agreements and term repurchase agreements with maturities of less than 30 days.

Corporate Securities rated AA/Aa by Standard & Poors and Moody's.

Qualified purchaser funds (3(c)(7) funds) securities of an open-end management type investment company or investment fund advised by a registered advisor under rule 3(c)(7) of the Federal Investment Company Act of 1940, provided that the funds' investment guidelines state that the fund will seek to maintain a \$1 per share net asset value.

Auction Rate Securities rated AAA/aaa.

The Florida Local Government Investment Trust Fund (FLGIT) is a professionally managed fund available only to public entities in Florida. The investment policy of FLGIT restricts investments to direct obligations of or securities fully guaranteed by the United States; obligations of certain federal agencies, including collateralized obligations; repurchase agreements; and commercial paper.

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 – Florida Prime was not exposed to any foreign currency risk during the period October 1, 2013 through September 30, 2014.

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, 2014, the County had the following investments as rated by Standard and Poors, Moody's and/or Fitch Investor Services:

Investment Type	Carrying Value	Fair Value	Weighted Average Maturity (months)	Credit Rating (if applicable)
U.S Government Securities	\$ 4,539,960	\$ 4,539,960	46.9	Aaa/AA+
Commercial Paper	21,970,881	21,970,881	4.7	P-1/A-1
Corporate Bonds	990,420	990,420	38.7	Aa1/AA
Corporate Bonds	4,053,762	4,053,762	28.9	Aa2/AA
Corporate Bonds	1,995,250	1,995,250	45.6	Aa1/AA+
Corporate Bonds	1,120,310	1,120,310	38.1	Aa3/AA
Corporate Bonds	1,153,099	1,153,099	18.4	Aa2/AA+
Corporate Bonds	994,670	994,670	50.9	Aaa/AA
Corporate Bonds	999,660	990,660	54.2	Aaa/AAA
Corporate Bonds	504,435	504,435	31.9	Aaa/AA+
Municipal Bonds	502,400	502,400	45.7	Aa3/AA-
Asset Backed Securities	17,922,750	17,922,750	32.8	Aaa/AA+
Florida Prime	24,991,683	24,991,683	1.3	AAAm
Money Market Funds	78,404,599	78,404,599	Demand	N/A
Total investments	\$160,143,879	\$160,143,879		

As of September 30, 2014, the County had investments for general and agency funds on deposit in a 2a7-like pool in the amount of \$24,991,683 with the Florida State Board of Administration.

Investments are stated at fair value in accordance with GASB 31. GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (“NAV”). GASB 31 describes a “2a-7 like” pool as an “external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”).”

Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1 per share, provided that such funds meet certain conditions. Florida PRIME, administered by the Florida State Board of Administration (SBA), is considered to be a SEC 2a-7 like fund and therefore shown at share value. The Board of Trustees of the SBA consists of the Governor, the Chief Financial Officer, and the Attorney General.

Concentration of Credit Risk – The County limits investments in commercial paper to 25% of the total investment portfolio. The County investments in commercial paper did not exceed 25% for the year ended September 30, 2014.

NOTE 6 – PROPERTY TAXES

Property tax revenue is recognized when received. 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, 2014, are as follows:

Governmental Funds

Note receivable from individuals related to the sale of property. Principal and interest payments at a 5% interest rate.	\$	531,630
Total notes receivable – governmental funds	\$	531,630

Enterprise Funds

Note receivable from the joint venture (Military Point Advanced Wastewater Treatment Facility). Principal and interest based upon the 2004 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 2.59% to 3.07%.	\$	10,190,544
--	----	------------

Note receivable from Stone Container Corporation. Principal and interest based upon the 1997 Water System Revenue Bonds. Reduction of the principal balance of the note receivable is equivalent to 7.26% of the principal balance and reductions for the bonds payable.	897,364
--	---------

Note receivable from Arizona Chemical Company. Principal and interest based upon the 1997 Water System Revenue Bonds. Reduction of the principal balance of the note receivable is equivalent to 1.16% of the principal balance and reductions for the bonds payable.	143,058
---	---------

Total notes receivable – enterprise funds	\$	11,230,966
--	-----------	-------------------

NOTE 8 – CAPITAL ASSETS

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

	September 30, 2013	Increases	Decreases	September 30, 2014
Capital assets, not being depreciated				
Land	\$ 18,103,942	\$ 90,665	\$ (26,147)	\$ 18,168,460
Construction in progress	2,572,560	4,680,131	(3,390,025)	3,862,666
Total capital assets, not being depreciated	20,676,502	4,770,796	(3,416,172)	22,031,126
Capital assets, being depreciated				
Books	2,608,487	389,321	(364,289)	2,633,519
Buildings and improvements	136,702,476	1,692,134	(951,479)	137,443,131
Furniture and equipment	49,178,428	4,090,163	(1,889,089)	51,379,502
Infrastructure	252,134,881	4,984,930	(1,830,400)	255,289,411
Total capital assets, being depreciated	440,624,272	11,156,548	(5,035,257)	446,745,563
Less accumulated depreciation				
Books	(2,024,598)	(202,932)	364,288	(1,863,242)
Buildings and improvements	(29,656,246)	(3,374,491)	505,133	(32,525,604)
Furniture and equipment	(37,257,080)	(3,365,247)	1,456,615	(39,165,712)
Infrastructure	(141,737,263)	(6,715,945)	1,833,725	(146,619,483)
Total accumulated depreciation	(210,675,187)	(13,658,615)	4,159,761	(220,174,041)
Total capital assets, being depreciated, net	229,949,085	(2,502,067)	(875,496)	226,571,522
Total governmental-type activities capital assets, net	\$ 250,625,587	\$ 2,268,729	\$ (4,291,668)	\$ 248,602,648

The following schedules summarize the capital assets of the County's business-type activities at September 30, 2014:

	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Emergency Medical Services	Total
Land	\$ 261,192	\$ 4,714,000	\$ 752,451	\$ -	\$ -	\$ 5,727,643
Buildings	2,422,524	4,766	862,912	-	-	3,290,202
Improvements	90,985	4,678	46,750	-	-	142,413
Furniture and equipment	1,894,204	1,160,597	7,088,585	475,380	469,154	11,087,920
Infrastructure	106,552,917	30,681,313	90,848,360	-	-	228,082,590
Construction in progress	5,034,115	-	-	-	-	5,034,115
Total	116,255,937	36,565,354	99,599,058	475,380	469,154	253,364,883
Less accumulated depreciation						
Buildings	(2,095,748)	(2,597)	(380,380)	-	-	(2,478,725)
Improvements	(85,169)	(2,027)	(41,434)	-	-	(128,630)

NOTE 8 – CAPITAL ASSETS (Continued)

Furniture and equipment	\$ (1,249,613)	\$ (600,455)	\$ (3,510,665)	\$ (315,649)	\$ (115,553)	\$ (5,791,935)
Infrastructure	(45,941,012)	(11,938,496)	(16,291,481)	-	-	(74,170,989)
Total accumulated depreciation	(49,371,542)	(12,543,575)	(20,223,960)	(315,649)	(115,553)	(82,570,279)
Total Business-type activities capital assets, net	\$66,884,395	\$ 24,021,779	\$ 79,375,098	\$ 159,731	\$ 353,601	\$170,794,604

	September 30, 2013	Increases	Decreases	September 30, 2014
Capital assets, not being depreciated				
Land	\$ 5,727,643	\$ -	\$ -	\$ 5,727,643
Construction in progress	453,092	4,606,421	(25,398)	5,034,115
Total capital assets, not being depreciated	6,180,735	4,606,421	(25,398)	10,761,758
Capital assets, being depreciated				
Buildings	3,279,719	25,398	(14,915)	3,290,202
Improvements	136,913	5,500	-	142,413
Furniture and equipment	10,013,325	1,699,107	(624,512)	11,087,920
Infrastructure	224,126,846	4,022,483	(66,739)	228,082,590
Total capital assets, being depreciated	237,556,803	5,752,488	(706,166)	242,603,125
Less accumulated depreciation				
Buildings	(2,409,016)	(81,393)	11,684	(2,478,725)
Improvements	(126,584)	(2,046)	-	(128,630)
Furniture and equipment	(5,147,967)	(1,197,555)	553,587	(5,791,935)
Infrastructure	(72,125,734)	(7,341,121)	5,295,866	(74,170,989)
Total accumulated depreciation	(79,809,301)	(8,622,115)	5,861,137	(82,570,279)
Total capital assets, being depreciated, net	157,747,502	(2,869,627)	5,154,971	160,032,846
Total business-type activities capital assets, net	\$ 163,928,237	\$ 1,736,794	\$ 5,129,573	\$ 170,794,604

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

Governmental activities	
General government	\$ 2,236,039
Public safety	2,842,943
Physical environment	317,082
Transportation	6,021,184
Economic environment	711,145
Human services	122,623
Culture and recreation	1,297,514
Internal service funds	110,085
Total depreciation expense - governmental activities	\$ 13,658,615

NOTE 8 – CAPITAL ASSETS (Continued)

Business-type activities		
Wholesale water system	\$	2,791,790
Retail water and wastewater		1,775,576
Solid waste		3,929,017
Building services		10,179
Emergency medical services		115,553
Total depreciation expense - business-type activities	\$	8,622,115

NOTE 9 – CAPITAL LEASES

The County has entered into lease agreements to finance equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date.

The cost of assets acquired through capital leases are as follows:

Equipment	\$	429,833
Total		429,833
Less: accumulated depreciation		(133,700)
Net	\$	296,133

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, are as follows:

Year Ending September 30,		
2015	\$	126,990
2016		63,297
2017		63,297
2018		20,896
2019		5,798
Total minimum lease payments		280,278
Less amount representing interest		(20,287)
Present value of minimum lease payments	\$	259,991

NOTE 10 – RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The County 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,

NOTE 10 – RETIREMENT PLANS (Continued)

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. FRS issues financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315, by accessing the FRS website or by calling (850) 488-6491.

Funding Policy – FRS is funded through employee and employer contributions. The County is required to contribute at an actuarially determined rate. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% 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 12.84% for October 1, 2013 through June 30, 2014 and 12.28% for July 1, 2014 through September 30, 2014, with no employee contribution required.

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The County's contributions to the FRS for the years ending September 30, 2014, 2013, and 2012 were \$5,926,593, \$4,052,793, and \$3,559,782, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ending September 30, 2014, were \$1,280,572.

Defined Contribution Plan

Plan Description - Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

Funding Policy – FRS Investment Plan is funded through employee and employer contributions. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$713,311 and \$215,266, respectively.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County has established the Retiree's Health Insurance Other Postemployment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Additionally, certain employees (Sheriff) receive insurance coverage at a lower (explicitly subsidized) premium rate than all other active employees. The explicit subsidy is based on years of service and date of retirement. The County currently has approximately 1,113 total active and retired employees eligible to receive these benefits. Two actuarial studies were performed, one for the Sheriff's employees (Sheriff) and one for all other County employees (County). Unless noted otherwise, the information in both studies has been combined.

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active participant immediately prior to retirement. Participants who are not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Funding Policy

Although the contribution requirement is established by statute, the contribution amount required by plan members and the government is established and may be amended by the Bay County Board of County Commissioners. Currently, members receiving benefits pay the full cost (total premium) for medical coverage.

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. The monthly contribution rates effective for eligible Sheriff plan members during the year are shown below:

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

Coverage	Retirees blended premium
Retiree	\$ 460.17
Retiree and Spouse	\$ 726.33

The monthly contribution rates effective for other eligible County plan members during the year are shown below:

Coverage	Plan 03559 with \$500 deductible	Plan 03559 with \$1,000 deductible	Blue Medicare PPO	Plan 3160/3161 HAS/HDHP
Retiree	\$ 496.31	\$ 458.80	\$ 348.16	\$ 368.99
Retiree and Spouse	\$ 1,203.93	\$ 1,114.86	\$ 696.32	\$ 896.64

The County has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided contributions of \$430,801 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in the required supplementary information immediately following the notes.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Description	Total
Normal cost (service cost for one year)	\$ 1,579,070
Amortization of unfunded actuarial accrued liability	1,093,818
Interest on normal cost and amortization	-
Annual required contribution	2,672,888
Interest on net OPEB obligation	589,669
Adjustment to annual required contribution	(852,516)
Annual OPEB cost (expense)	2,410,041
Contribution toward the OPEB cost	(430,801)
Increase in net OPEB obligation	1,979,240
Net OPEB obligation, beginning of year	14,741,721
Net OPEB obligation, end of year	\$ 16,720,961

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2014, was as follows:

Year ended September 30,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 2,956,055	13.11%	\$ 12,144,402
2013	\$ 3,065,366	15.27%	\$ 14,741,721
2014	\$ 2,410,041	17.22%	\$ 16,720,961

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

Funding Status and Funding Progress

As of September 30, 2014, the actuarial value of assets was \$0 and the actuarial accrued liability for benefits was \$19,349,641, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,349,641 and a funded ratio of 0%. The covered payroll was \$45,615,661, and the ratio of the UAAL to the covered payroll was 42.42%. The Schedule of Funding Progress, included as required supplementary information after the notes, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial Methods and Assumptions

The County had an actuarial valuation completed for the fiscal year ended September 30, 2014. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The actuarial liability was determined for the County using the projected unit credit cost method and the entry age actuarial cost method for the Sheriff. These methods are used to estimate the actuarial liabilities and costs. These methods were selected because it produced the best estimate of the OPEB liability and annual cost for each group of County employees. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4% rate of return on investments for both valuations. The actuarial assumptions also include an annual healthcare cost trend rate. For the County, the rate for 2014 is 5.3% for costs with Medicare coverage and 5% without Medicare coverage. It is reduced each year reaching a future year's rate of 4.5%. For the Sheriff, the 2014 rate is 7.5%. It is reduced each year reaching a future year's rate of 4.5%. The inflation rate assumption used for the Sheriff and the County was 3% and 2.5%, respectively. For both valuations, the unfunded actuarial accrued liability is being amortized with a level dollar method. The open amortization period used is 30 years.

OPEB obligations are generally liquidated by the fund that reports the liability and pays the related costs. Therefore, the general and transportation funds liquidate a majority of the OPEB liability.

NOTE 12 – LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES

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

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
Bonds payable	\$ 91,121,000	\$ -	\$ (2,528,000)	\$ 88,593,000	\$ 2,211,000
Adjusted for deferred amounts on:					
Issuance discounts/premiums	634,756	-	(33,568)	601,188	-
Total bonds payable	91,755,756	-	(2,561,568)	89,194,188	2,211,000
Capital leases payable	91,869	212,933	(72,375)	232,427	108,979
Other postemployment benefits	14,219,490	1,834,839	-	16,054,329	-
Notes payable	-	635,000	-	635,000	55,000
Accrued compensated absences	3,589,780	899,209	(774,689)	3,714,300	1,028,973
Estimated liability for self-insured losses	4,480,762	314,839	(314,840)	4,480,761	404,533
Governmental activities long-term liabilities	\$ 114,137,657	\$ 3,896,820	\$ (3,723,472)	\$ 114,311,005	\$ 3,808,485

Accrued compensated absences 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.

Notes payable in the governmental activities at September 30, 2014, 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 interest rate is 1.19%, principal and interest are payable semi-annually, March 15 and September 15, commencing on March 15, 2015.

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, 2014, totaled \$749,118. Total of non-ad valorem revenues were \$55,352,649 in the current year. No principal or interest payments were made in the current year.

	\$ 635,000
Total notes payable-governmental activities	635,000
Less: current portion	(55,000)
Long-term portion of notes payable-governmental activities	\$ 580,000

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

Year ending September 30,	Principal	Interest	Total
2015	\$ 55,000	\$ 20,485	\$ 75,485
2016	57,000	18,395	75,395
2017	58,000	16,527	74,527
2018	60,000	14,625	74,625
2019	62,000	12,659	74,659
2020-2024	343,000	31,427	374,427
Total	\$ 635,000	\$ 114,118	\$ 749,118

Governmental activities revenue bonds consist of the following at September 30, 2014:

Sales Tax Revenue Bonds, Series 2006

Authorized and issued \$38,215,000, interest from 4.0% to 5.0%, principal payable annually on September 1, commencing September 1, 2007, interest payable semi-annually on September 1 and March 1, commencing on March 1, 2006.

The bonds are special obligations of the County and are payable solely from and secured on parity equally and ratably with the Bay County, Florida Sales Tax Revenue Bonds, Series 1998 and Bay County, Florida Sales Tax Revenue Bonds, Series 2002 by a prior lien and pledge of a) the proceeds of the local government half-cent sales tax distributed to the County pursuant to Chapter 218, Part VI, Florida Statutes, and b) until applied in accordance with the provisions of Resolution No. 2123, all moneys, including investments thereof, in certain funds and accounts established under the resolution.

The Series 2006 Bonds were issued primarily to provide funds to construct an addition to the County's criminal justice facility.

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, 2014, totaled \$63,577,515. Annual principal and interest payments paid on the bond required 17% of half-cent sales tax revenues. Principal and interest payments paid for the current year and total half-cent sales tax revenues were \$1,941,585 and \$11,325,809, respectively. \$ 37,580,000

Sales Tax Revenue Refunding Bonds, Series 2007

On April 10, 2007, the County issued \$15,420,000 of Sales Tax Revenue Refunding Bonds, Series 2007 at a premium of \$71,733. A portion of the proceeds were used to refund \$14,540,000 of the outstanding Sales Tax Revenue Bonds, Series 2002, plus an additional \$554,738 of proceeds were used to purchase U.S Government Securities. Those securities were deposited in an irrevocable trust with

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

an escrow agent to provide for all future debt service payments on the 2002 Series Refunded Bonds. As a result, \$14,540,000 of the 2002 series bonds are considered to be defeased, and the County's liability associated with those bonds has been removed from the financial statements.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$554,738. The difference is reported as a deferred amount on refunding. The County completed the refunding to reduce its debt service over 25 years by \$967,941 and obtain an economic gain of \$489,145.

The bonds are special obligations of the County and are payable solely from and secured on parity equally and ratably with the Bay County, Florida Sales Tax Revenue Bonds, Series 1998, Bay County, Florida Sales Tax Revenue Bonds, Series 2002, and Bay County, Florida Sales Tax Revenue Bonds, Series 2006 by a prior lien and pledge of a) the proceeds of the local government half-cent sales tax distributed to the County pursuant to Chapter 218, Part VI, Florida Statutes, and b) until applied in accordance with the provisions of the resolution, all cash, including investments thereof, in certain funds and accounts established under the resolution.

Interest varies from 3.6% to 5.0%, principal payable annually on September 1, commencing September 1, 2007, interest payable semi-annually on September 1 and March 1, commencing on September 1, 2007.

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, 2014, totaled \$20,479,949. Annual principal and interest payments paid on the bond required 10% of half-cent sales tax revenues. Principal and interest payments paid for the current year and total half-cent sales tax revenues were \$1,135,050 and \$11,325,809, respectively.

\$ 14,060,000

Capital Improvement Revenue Refunding Bonds, Series 2011

On September 21, 2011, the County issued \$26,144,000 Capital Improvement Revenue Refunding Bonds – Series 2011. The proceeds of the bonds were used to refund the outstanding Capital Improvement Revenue Bonds – Series 2007 (refunded \$26,025,136) 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 \$34,150. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over sixteen years by \$3,894,433 and obtain an economic gain of \$3,288,038. The bonds are special obligation bonds of the County payable solely from and secured by non-ad valorem revenues in accordance with Resolution No. 3069.

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

The refunding bonds interest rate is 2.64%, 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 \$2,020,586.

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, 2014, totaled \$26,267,612. Interest payments paid on the bond required 4% of non-ad valorem revenue. Interest payments paid for the current year and non-ad valorem revenue were \$2,020,628 and \$55,352,649 respectively.

\$ 21,992,000

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 interest rate is 3.26%, 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 \$199,755.

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, 2014, totaled \$2,397,056. Interest payments paid on the bond required 0.4% of non-ad valorem revenue. Interest payments paid for the current year and non-ad valorem revenue were \$200,134 and \$55,352,649, respectively. No principal payments were made on this bond in the current year.

\$ 1,958,000

Capital Improvement Revenue Bonds, Series 2012

On November 20, 2012, the County issued \$13,700,000 Capital Improvement Revenue Bonds – Series 2012. The proceeds of the bonds to be used for certain capital improvements associated with the county courthouse.

The interest rate is 2.99%, principal payable annually on October 1, commencing October 1, 2013. Interest is payable semi-annually, April 1 and October 1. Average remaining annual debt service is \$752,279.

The bonds are special obligation bonds of the County payable from the greater of (1) the County Revenue Sharing Funds received by the Issuer in any State fiscal year in an amount equal to 50% of the County Revenue Sharing Funds

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

received by the issuer in the prior State fiscal year, or (2) the Guaranteed Entitlement Revenues received by the Issuer in any State fiscal year, in accordance with Resolution 3130.

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 debt as of September 30, 2014, totaled \$18,054,695. Principal and interest payments paid on the bond required 45% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$793,952 and \$1,779,290, respectively.

	\$ 13,003,000
Total bonds payable – governmental activities	88,593,000
Less: current portion	(2,211,000)
Long-term portion governmental activities bonds payable	\$ 86,382,000

The annual debt service requirements to maturity for the governmental activities revenue bonds payable at September 30, 2014, are as follows:

Year ending September 30,	Principal	Interest	Total
2015	\$ 2,211,000	\$ 3,091,855	\$ 5,302,855
2016	2,677,000	3,413,210	6,090,210
2017	2,757,000	3,329,917	6,086,917
2018	2,851,000	3,239,170	6,090,170
2019	2,935,000	3,151,115	6,086,115
2020-2024	19,278,000	14,329,404	33,607,404
2025-2029	32,615,000	9,114,698	41,729,698
2030-2034	20,322,000	2,332,211	22,654,211
2035-2038	2,947,000	182,246	3,129,246
Total	\$ 88,593,000	\$ 42,183,826	\$ 130,776,826

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, 2014, there was no arbitrage liability for governmental activities.

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

Notes payable in the enterprise funds at September 30, 2014, are summarized below:

State Revolving Fund Program

State Revolving Fund Program (SRF #1) consists of approved loans in the original amount of \$30,481,500, payable to the State of Florida Department of Environmental Protection State Revolving Fund Program. Interest rates range from 2.59% to 3.07% per annum. The semi-annual loan payment is \$893,356,

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

including interest and principal. Payments began on September 15, 1999, and continue thereafter until all amounts have been fully paid. The loan is collateralized by the anticipated net system revenues of MPAWTF. Bay County is liable for one-half of the total obligation and semi-annual loan payment amount. \$ 3,733,595

State Revolving Fund Program (SRF #2) consists of approved loans in the original amount of \$4,411,200 payable to the State of Florida Department of Environmental Protection State Revolving Fund Program. The interest rate is 3.03% per annum. The semi-annual loan payment is \$132,212 and the loan matures on November 15, 2019. The loans are collateralized by the anticipated net system revenues of MPAWTF. Bay County is liable for the total obligation. 1,331,451

Taxable Series 2013 Credit Note

On August 20, 2013, the County issued \$3,000,000 Taxable Series 2013 Credit Note to provide funds under a line of credit agreement to finance certain costs associated with the County's emergency medical service. The County has the authority to borrow up to \$3,000,000, with a non-revolving limit. Interest rate is variable on the LIBOR floating rate, plus 1.1%.

Principal is due on the maturity date of September 1, 2015. Interest payments are due monthly.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 2013-R-3168. This pledge remains in effect until extinguishment or maturity of the debt in 2015, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2014, totaled \$2,000,000. Interest payments on the bond required 0.05% of the total of non-ad valorem revenues. Interest payments paid for the current year and the total of non-ad valorem revenues were \$25,196 and \$55,352,649, respectively. No principal payments were made in the current year. 2,000,000

Wastewater Revenue Refunding Note - Series 2014

On June 17, 2014, the City of Callaway and the County issued \$10,750,000 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. Interest rate is 3.31%.

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). Bay County is liable for one half of the total obligation. 5,125,500

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

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 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 \$1,458,646.

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, 2014, totaled \$26,255,625. Interest payments paid on the note required 2% of the total impact fee revenue and wholesale water system net revenue. Interest payments paid for the current year and impact fee revenue and wholesale water system net revenue were \$143,953 and \$9,522,885, respectively. No principal payments were made on this bond in the current year.

	\$	18,925,000
Total notes payable-enterprise funds		31,115,546
Less: current portion		(4,154,545)
Long-term portion of enterprise funds notes payable	\$	26,961,001

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

Year ending September 30,	Principal	Interest	Total
2015	\$ 4,154,545	\$ 1,053,873	\$ 5,208,418
2016	2,201,439	1,003,765	3,205,204
2017	2,273,738	931,439	3,205,177
2018	2,347,413	852,734	3,200,147
2019	1,955,192	771,493	2,726,685
2020-2024	7,246,219	2,964,043	10,210,262
2025-2029	6,867,000	1,491,119	8,358,119
2030-2032	4,070,000	304,695	4,374,695
Total	\$ 31,115,546	\$ 9,373,161	\$ 40,488,707

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

Enterprise Funds Bonds Payable:

	Wholesale Water System Series 2005	Solid Waste Series 2010	Water & Sewer Systems Series 2011	Total
Current portion	\$ 1,700,000	\$ 2,045,000	\$ 1,255,000	\$ 5,000,000
Long-term portion	38,395,000	18,630,000	27,075,000	84,100,000
	40,095,000	20,675,000	28,330,000	89,100,000
Deferred amounts on:				
Issuance premiums	1,452,459	-	-	1,452,459
Total bonds payable	\$ 41,547,459	\$ 20,675,000	\$ 28,330,000	\$ 90,552,459

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 refunding bonds interest rate is 2.82%, 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 \$2,633,178.

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, 2014, totaled \$23,698,604. Annual principal and interest payments on the bond required 5% 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 \$2,629,153 and \$55,352,649 respectively. \$ 20,675,000

Water and Sewer System Revenue Bonds – Series 2011

On September 1, 2011, the County issued \$29,545,000 Capital Improvement Revenue Refunding Bonds – Series 2011. The proceeds of the bonds were used to refund the outstanding USDA Revenue Bond Series 2000 (refunded \$955,000), USDA Revenue Bond Series 2002 (refunded \$2,225,000), North Bay Water System Revenue Bond, (refunded \$2,165,000), Bond Anticipation Note Series 2007 (refunded \$21,360,000), Clean Water State Revolving Fund

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

Loan Agreement (refunded \$135,000), to pay the cost of issuing the bonds and \$2,705,0000 to reimburse the County for capital expenditures to the County's wastewater system. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$494,549. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over twenty years by \$2,055,149 and obtain an economic gain of \$327,409.

The bonds are special obligation bonds of the County payable solely from and secured by the net revenues derived from the water and sewer system and connection fees in accordance with Resolution No. 3064 and 3065 and moneys deposited into the reserve and rate stabilization funds as allowed per the bond agreement. In addition, Resolution No. 3213, allows 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 refunding bonds interest rate is 3.36%, principal payable semi-annually on March 1 and September 1, commencing March 1, 2014. Interest is payable semi-annually, March 1 and September 1. Average remaining annual debt service is \$2,209,498.

This pledge remains in effect until extinguishment or maturity of the debt in 2031, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2014, totaled \$37,561,473. Annual principal and interest payments on the bond required 317% 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 \$2,211,110 and \$697,522 respectively.

\$ 28,330,000

Water System Revenue Refunding Bonds – Series 2005

On April 28, 2005, the County issued \$46,985,000 of Water System Revenue Refunding Bonds – Series 2005 at a premium of \$2,308,756. The proceeds of the bonds were used to partially refund the outstanding Water System Refunding Revenue Bonds – Series 1997 (refunded \$14,275,000) and Water System Revenue Bonds – Series 2000 (refunded \$31,520,000), 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 \$4,425,281. 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 \$4,895,093 and obtain an economic gain of \$3,075,645.

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

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 bonds are issued on parity with the County's outstanding Water System Revenue Bonds – Series 1997 and Water System Revenue Bonds – Series 2000. Interest varies from 3.0% to 5.0%, principal payable annually on September 1, commencing September 1, 2005, interest payable semi-annually on March 1 and September 1, commencing on September 1, 2005. Average remaining annual debt service is \$3,674,372.

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, 2014, totaled \$57,789,950. Annual principal and interest payments on the bond required 38% 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 \$3,670,550 and \$9,552,885, respectively.

	\$ 40,095,000
Total bonds payable – business-type activities	89,100,000
Less: current portion	(5,000,000)
Long-term portion of business-type activities bonds payable	\$ 84,100,000

The annual debt service requirements to maturity for bonds payable at September 30, 2014, are as follows:

Year ending September 30,	Principal	Interest	Total
2015	\$ 5,000,000	\$ 3,512,210	\$ 8,512,210
2016	5,180,000	3,328,971	8,508,971
2017	5,385,000	3,138,488	8,523,488
2018	5,580,000	2,937,630	8,517,630
2019	5,790,000	2,728,883	8,518,883
2020-2024	29,715,000	10,215,814	39,930,814
2025-2029	24,680,000	4,747,475	29,427,475
2030-2032	7,770,000	340,556	8,110,556
Total	\$ 89,100,000	\$ 30,950,027	\$ 120,050,027

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

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
Bonds payable	\$ 99,247,500	\$ -	\$(10,147,500)	\$ 89,100,000	\$5,000,000
Adjusted for deferred amounts on:					
Issuance discounts/premiums	1,543,895	-	(91,436)	1,452,459	-
Total bonds payable	100,791,395	-	(10,238,936)	90,552,459	5,000,000
Notes payable	8,051,989	24,147,500	(1,083,943)	31,115,546	4,154,545
Capital leases	-	35,052	(7,488)	27,564	7,720
Other postemployment benefits	522,231	144,401	-	666,632	-
Accrued compensated absences	297,613	290,348	(146,261)	441,700	272,781
Landfill closure and postclosure liability	6,396,519	-	(935,627)	5,460,892	-
Business-type activity- long-term liabilities	\$ 116,059,747	\$ 24,617,301	\$(12,412,255)	\$128,264,793	\$9,435,046

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, 2014, there was no arbitrage liability for business-type activities.

NOTE 14 – COMPENSATED ABSENCES

The County's compensated absences at September 30, 2014, are as follows:

	Governmental Activities	Business-type Activities	Total
Current	\$ 1,028,973	\$ 272,781	\$ 1,301,754
Long-term	2,685,327	168,919	2,854,246
Total	\$ 3,714,300	\$ 441,700	\$ 4,156,000

NOTE 15 – INTERFUND TRANSFERS, RECEIVABLES, PAYABLES, AND ADVANCES

The County's routine transfers include transfers to, (a) match for special revenue grant requirements, (b) to other funds based on budgetary requirements, and (c) 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, 2014, were as follows:

Transfer Out	Transfer In	
General fund	Transportation fund	\$ 2,617,200
	Other nonmajor governmental fund	95,774
		<u>\$ 2,712,974</u>

**NOTE 15 – 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, 2014, interfund receivables and payables are as follows:

Receivable Fund	Payable Fund		
General fund	Internal service funds	\$ 13,564	
			\$ 13,564
Transportation fund	Other nonmajor governmental funds	631	
	Retail water and wastewater fund	85	
	Solid waste fund	699	
	Internal service funds	112,085	
			113,500
Tourist development fund	General fund	239,522	
			239,522
Wholesale water fund	Internal service funds	107,372	
			107,372
Retail water and wastewater fund	Internal service funds	70,763	
			70,763
Other nonmajor governmental funds	Internal service funds	85,446	
			85,446
Solid waste fund	General fund	1,439	
	Retail water and wastewater fund	320	
	Internal service fund	65,287	
			67,046
Emergency medical services fund	Internal service funds	124,959	
			124,959
Internal service funds	General fund	114,918	
	Transportation fund	149,411	
	Other nonmajor governmental funds	12,323	
	Wholesale water system fund	58,784	
	Retail water and wastewater fund	38,789	
	Solid waste fund	2,963	
	Builder service fund	1,894	
	Emergency medical services fund	23,678	
	Internal service funds	597	
			403,357
			\$ 1,225,529

An interfund advance was made to the MSTU fire protection fund from the builder service fund in 2012 and 2014 to provide funds for operations. This advance is expected to be repaid within five years. The balance of this advance as of September 30, 2014, was \$730,699.

An interfund advance was made to the retail water wastewater fund from the wholesale water fund in 2014 to provide funds for operations. This advance is expected to be repaid within five years. The balance of this advance as of September 30, 2014, was \$1,830,000.

NOTE 16 – FUND BALANCE

The detail related to fund balance classifications for governmental funds as of September 30, 2014, consists of the following:

Detail for Fund Balance	General	Tourist Development	Transportation	Nonmajor Governmental	Total
Nonspendable					
Not in spendable form for prepaids	\$ 202,696	\$ -	\$ 5,097	\$ 120,059	\$ 327,852
Total nonspendable	\$ 202,696	\$ -	\$ 5,097	\$ 120,059	\$ 327,852
Restricted					
Enabling legislation	\$ 3,874,923	\$ 36,327,182	\$ 738,003	\$ 4,914,488	\$ 45,854,596
Debt service	17,662,487	-	-	399,233	18,061,720
Impact fees	1,354,887	-	-	293,072	1,647,959
Contractual	2,115,080	-	-	-	2,115,080
Total restricted	\$ 25,007,377	\$ 36,327,182	\$ 738,003	\$ 5,606,793	\$ 67,679,355
Assigned					
For disaster cleanup	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
For library	867,232	-	-	-	867,232
For neighborhood infrastructure and improvements	58,209	-	-	-	58,209
For future insurance costs	377,750	346	41,784	21,503	441,383
For animal control	30,599	-	-	-	30,599
For purpose of special revenue fund	-	-	4,800,566	584,134	5,384,700
Total assigned	\$ 2,333,790	\$ 346	\$ 4,842,350	\$ 605,637	\$ 7,782,123

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Landfill Costs and Liabilities

The County has two landfills. The Majette Landfill closed in September 1987. The Steelfield Road Phase I Landfill is currently estimated to have sufficient capacity at current waste generation disposal rates to accept waste through 2023. 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, 2014, the Majette Landfill has completed the required maintenance and monitoring for financial assurance.

Management currently estimates that the cost to close the Steelfield Landfill will be approximately \$5,104,064 and the postclosure costs to maintain and monitor the Steelfield Landfill will be approximately \$160,374 per year. Although closure and postclosure care costs will be paid only near

NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

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, 2014, in the amount of \$5,460,892, which represents the cumulative amount reported to date, based on 64.0% 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 would cost to perform all closure and postclosure care in 2014. 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 post-closure care. The County was in compliance with these requirements and at September 30, 2014, \$3,338,608 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.

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.

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, Bay County is contingently liable for bonds payable and notes payable guaranteed by the City of Callaway.

As of September 30, 2014, the County was contingently liable for the following amounts:

State Revolving Fund Loan Program – City of Callaway's portion of note payable	\$ 3,733,595
Related interest expense	261,736
Wastewater System Revenue Refunding Bonds Series 2004 (see note 13)	5,125,500
Related interest expense	1,674,181
Total contingent liability – joint venture	\$ 10,795,012

NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

Bay County has open construction contract commitments as follows:

Project	Contract Amount	Expended to Date	Remaining Commitment
Bay County Courthouse addition	\$ 14,183,992	\$ 1,268,190	\$ 12,915,802
Baldwin Road widening	3,587,622	160,758	3,426,864
Thomas Drive pedestrian bike	1,388,863	90,617	1,298,246
Ed Lee Road drainage	954,452	-	954,452
Total contract commitments	\$ 20,114,929	\$ 1,519,565	\$ 18,595,364

NOTE 18 – CONDUIT DEBT OBLIGATIONS

During the course of normal operations, the County 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. Bay County, Florida 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, 2014, are summarized as follows:

Issue	Date of Issue	Amount Outstanding September 30, 2014
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy) Series 2010 A & B	March 8, 2011	\$ 11,200,000
Bay County, Florida Industrial Development Revenue Bonds (Goodwill Industries- Big Bend, Inc.) Series 2012	May 31, 2012	11,456,575
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy Project) Series 2013 A & B	April 25, 2013	20,265,000

NOTE 19 – WORKERS' COMPENSATION – SELF INSURANCE

During fiscal year 1990, the County established a workers' compensation fund (an 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, 2014. The County purchases commercial insurance for claims in excess of coverage provided by the workers'

NOTE 19 – WORKERS’ COMPENSATION – SELF INSURANCE (Continued)

compensation fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 \$4,480,761 reported in the workers' compensation fund at September 30, 2014, 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 2013 and 2014 were as follows:

Fiscal Year	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
October 1, 2012–September 30, 2013	\$ 4,478,005	\$ 350,263	\$ (347,506)	\$ 4,480,762
October 1, 2013–September 30, 2014	\$ 4,480,762	\$ 314,839	\$ (314,840)	\$ 4,480,761

NOTE 20 – 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 19. 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 2013 and 2014 were as follows:

Fiscal Year	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
October 1, 2012–September 30, 2013	\$ 250,000	\$ 2,497,026	\$ (2,497,026)	\$ 250,000
October 1, 2013–September 30, 2014	\$ 250,000	\$ 2,687,311	\$ (2,687,311)	\$ 250,000

NOTE 20 – INSURANCE (Continued)

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 21 – JOINT VENTURE

Bay County, Florida 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 Bay County, Florida; 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 Bay County, Florida. 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, 2014, the County's investment in the joint venture was \$2,160,257. Complete financial statements for the joint venture may be obtained from the Operator at P.O. Box 2269, Panama City, Florida 32402.

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

Statement of Net Position September 30, 2014	
Assets	\$ 32,238,907
Deferred outflows	985,671
Liabilities	20,205,676
Net position	
Net investment in capital assets	7,557,082
Restricted for owners rate reserve	3,052,981
Restricted for debt service	2,348,475
Unrestricted	60,364
Total net position	\$ 13,018,902

NOTE 21 – JOINT VENTURE (Continued)

Statement of Activities Year Ended September 30, 2014	
Operating revenues	\$ 7,227,131
Operating expenses	(5,215,161)
Operating income	2,011,970
Nonoperating revenues (expenses), net	(812,508)
Income before distributions	1,199,462
Distributions to owners	(1,761,098)
Change in net position	(561,636)
Net position, beginning of year,	14,182,607
GASB 65 restatement	(602,069)
Net position, beginning of year, as restated	13,580,538
Net position, end of year	\$ 13,018,902

As of September 30, 2014, the County's portion of contributions and net position in the joint venture is as follows:

County investment, at September 30, 2013	\$ 2,139,857
GASB 65 restatement	(247,644)
County investment, at September 30, 2013, as restated	1,892,213
Add: 2014 County share of net income	874,142
Less: 2014 distributions payable	(606,098)
County investment in joint venture at September 30, 2014	\$ 2,160,257

NOTE 22 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2014, the MPAWTF provided services to Bay County's Retail Water and Wastewater Fund. For the year ended September 30, 2014, the billings for these services totaled \$2,168,377.

As described in note 21, Bay County is an owner of the Military Point Advanced Wastewater Treatment Facility. Bay County, Florida incurs operational expenses on behalf of the joint venture. Reimbursement for these expenses amounted to \$2,228,914 for the year ended September 30, 2014. In addition, during the current year the County recognized \$359,695 in interest income from the joint venture, which was subsequently used to satisfy interest expense of \$359,695, related to the State Revolving Fund Loan Program as discussed in note 13.

NOTE 23 – ASSET IMPAIRMENT

On February 12, 2012, the County's incinerator facility sustained significant damage due to a fire and was impaired. The cost to restore the facility includes repairs, replacements and a provision for building code upgrades. The repairs were completed during fiscal year 2014. The amount of the

NOTE 23 – ASSET IMPAIRMENT (Continued)

Impairment loss was \$32,232,104. The total amount of insurance proceeds for the loss received was \$47,606,332. The total amount expended, including upgrades, was \$41,361,885. As of September 30, 2014, \$6,244,447 of insurance proceeds is reported as deferred revenues, until additional enhancements to the building are completed. For fiscal year ended September 30, 2014, business interruption loss amount received was \$458,787.

NOTE 24 – CHANGE IN ACCOUNTING PRINCIPLE

During the current year, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Per GASB 65, certain items that were previously reported as assets and liabilities are now reported as outflows of resources and inflows of resources. Paragraph 15 of GASB 65 indicates that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. The County's unamortized debt issuance costs from prior fiscal years are reported as a restatement decreasing beginning net position, as summarized below:

		Governmental Activities	Business-type Activities				Total Business- type Activities
			Wholesale Water System	Retail Water & Wastewater	Solid Waste		
Beginning net position	\$	235,341,997	\$ 48,204,690	\$ 2,866,844	\$ 58,867,661		\$ 109,939,195
Restatement		(1,157,955)	(554,315)	(359,895)	(92,293)		(1,006,503)
Beginning net position, as restated	\$	234,184,042	\$ 47,650,375	\$ 2,506,949	\$ 58,775,368		\$ 108,932,692

The restatement of \$359,895 for the retail water and wastewater fund includes a \$247,644 adjustment in the County's investment in MPAWTF as a result of the GASB 65 restatement in the MPAWTF financial statements.

NOTE 25- SUBSEQUENT EVENT

On April 7, 2015, the County passed approved Resolution 3281. That resolution authorized the County to issue a \$40,355,000 Sales Tax Refunding Revenue Note, Series 2015 in order to refund the County's Sales Tax Revenue Bonds, Series 2006. The interest rate on the Sales Tax Refunding Revenue Note, Series 2015 is 3.38%. The refunding will provide the County with approximately \$3.5 million in savings on future debt service.

\

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for the Retiree's Health Insurance Other Postemployment Benefits Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
September 30, 2012	-	\$ 20,052,594	\$ 20,052,594	0.0%	\$ 44,187,397	45.38%
September 30, 2013	-	\$ 20,732,595	\$ 20,732,595	0.0%	\$ 43,025,474	48.19%
September 30, 2014	-	\$ 19,349,641	\$ 19,349,641	0.0%	\$ 45,615,661	42.42%

Schedule of Employer Contributions for the Retiree's Health Insurance Other Postemployment Benefits Plan:

Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2012	\$ 387,574	\$ 3,123,837	12.41%
2013	\$ 468,047	\$ 3,277,565	14.28%
2014	\$ 430,801	\$ 2,672,888	16.12%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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.

Family Mediation – to account for funds to be utilized to defray the costs of family mediation services. Funding is provided by Florida Statute 44.108 and Ordinance 99-09.

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.

10% Fine Records Modernization – 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.

Federal Seizure Account – to account for law enforcement related projects, funded by the proceeds from federal confiscated property forfeitures.

Seizure Trust – 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
ASSETS			
Cash and cash equivalents	\$ 115,828	\$ 28,913	\$ 15,883
Accounts receivable, net	390	16,017	3,909
Accrued interest receivable	2,123	523	446
Investments	2,172,796	542,370	297,952
Prepaid items	43,197	250	50
Due from other funds	-	-	-
Due from other governments	269,602	-	695
Restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Total assets	\$ 2,603,936	\$ 588,073	\$ 318,935
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 10,458	\$ 3,688	\$ 27,295
Due to other funds	111	-	10,200
Advance from other funds	-	-	-
Total liabilities	10,569	3,688	37,495
Fund balance			
Nonspendable	43,197	250	50
Restricted	2,549,404	-	277,067
Assigned	766	584,135	4,323
Total fund balance	2,593,367	584,385	281,440
Total liabilities and fund balance	\$ 2,603,936	\$ 588,073	\$ 318,935

Bay County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014

Special Revenue					
MSTU Fire Protection	Court Fund	Family Mediation	Records Modernization - Records	Records Modernization - Court	
\$ 41,028	\$ 501,808	\$ 12,366	\$ 245,585	\$ 282,041	
27,099	94,028	-	-	203	
2,239	-	-	-	-	
769,629	-	-	-	-	
5,355	23,231	-	-	4,394	
85,446	-	-	-	-	
110,108	-	-	-	-	
32,412	-	-	-	-	
608,004	-	-	-	-	
<u>\$ 1,681,320</u>	<u>\$ 619,067</u>	<u>\$ 12,366</u>	<u>\$ 245,585</u>	<u>\$ 286,638</u>	
\$ 276,198	\$ 161,366	\$ 1,613	\$ -	\$ 9,608	
2,643	-	-	-	-	
730,699	-	-	-	-	
<u>1,009,540</u>	<u>161,366</u>	<u>1,613</u>	<u>-</u>	<u>9,608</u>	
5,355	23,231	-	-	4,394	
650,012	434,470	10,753	245,585	272,636	
16,413	-	-	-	-	
<u>671,780</u>	<u>457,701</u>	<u>10,753</u>	<u>245,585</u>	<u>277,030</u>	
<u>\$ 1,681,320</u>	<u>\$ 619,067</u>	<u>\$ 12,366</u>	<u>\$ 245,585</u>	<u>\$ 286,638</u>	

Continued

	10% Fine Records Modernization	Law Enforcement Training	Special Law Enforcement Trust	Special Contribution
ASSETS				
Cash and cash equivalents	\$ 445,323	\$ 145,796	\$ 116,196	\$ 10,784
Accounts receivable, net	4,151	-	-	-
Accrued interest receivable	-	-	-	-
Investments	-	-	-	-
Prepaid items	43,582	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total assets	\$ 493,056	\$ 145,796	\$ 116,196	\$ 10,784
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 30,722	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	30,722	-	-	-
Fund balance				
Nonspendable	43,582	-	-	-
Restricted	418,752	145,796	116,196	10,784
Assigned	-	-	-	-
Total fund balance	462,334	145,796	116,196	10,784
Total liabilities and fund balance	\$ 493,056	\$ 145,796	\$ 116,196	\$ 10,784

Bay County, Florida
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
September 30, 2014

Special Revenue					
Crime Prevention	Federal Seizure Account	Seizure Trust	Inmate Welfare	Total Nonmajor Governmental Funds	
\$ 105,686	\$ 39,510	\$ 15,685	\$ 258,837	\$ 2,381,269	
-	-	-	55,620	201,417	
-	-	-	-	5,331	
-	-	-	-	3,782,747	
-	-	-	-	120,059	
-	-	-	-	85,446	
-	-	-	-	380,405	
-	-	-	-	32,412	
-	-	-	-	608,004	
<u>\$ 105,686</u>	<u>\$ 39,510</u>	<u>\$ 15,685</u>	<u>\$ 314,457</u>	<u>\$ 7,597,090</u>	
\$ -	\$ -	\$ -	\$ -	\$ 520,948	
-	-	-	-	12,954	
-	-	-	-	730,699	
-	-	-	-	1,264,601	
-	-	-	-	120,059	
105,686	39,510	15,685	314,457	5,606,793	
-	-	-	-	605,637	
<u>105,686</u>	<u>39,510</u>	<u>15,685</u>	<u>314,457</u>	<u>6,332,489</u>	
<u>\$ 105,686</u>	<u>\$ 39,510</u>	<u>\$ 15,685</u>	<u>\$ 314,457</u>	<u>\$ 7,597,090</u>	

	Public Safety	Intergovernmental Radio Communications	District Mosquito Control
REVENUES			
Taxes	\$ -	\$ -	\$ 878,156
Intergovernmental	-	-	71,324
Charges for services	817,596	534,705	-
Investment earnings	2,343	590	574
Miscellaneous	-	-	-
Total revenues	819,939	535,295	950,054
EXPENDITURES			
Current			
General government	-	-	-
Public safety	450,265	613,665	-
Human services	-	-	1,148,578
Capital outlay			
General government	-	-	-
Public safety	22,855	25,020	-
Human services	-	-	94,108
Debt service			
Principal	1,979	-	-
Interest	-	-	-
Total expenditures	475,099	638,685	1,242,686
Excess (deficit) of revenues over (under) expenditures	344,840	(103,390)	(292,632)
OTHER FINANCING SOURCES			
Transfers in	-	95,774	-
Issuance of debt	7,855	-	-
Total other financing sources	7,855	95,774	-
Net change in fund balance	352,695	(7,616)	(292,632)
Fund balance - beginning	2,240,672	592,001	574,072
Fund balance - ending	\$ 2,593,367	\$ 584,385	\$ 281,440

Bay County, Florida
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2014

Special Revenue					
MSTU Fire Protection	Court	Family Mediation	Records Modernization - Records	Records Modernization - Court	
\$ 5,289,184	\$ -	\$ -	\$ -	\$ -	
330,579	-	-	-	-	
96,463	4,125,046	15,000	106,959	313,181	
2,045	-	-	-	-	
324,905	-	-	-	-	
6,043,176	4,125,046	15,000	106,959	313,181	
-	4,136,947	22,801	76,812	282,652	
5,670,116	-	-	-	-	
-	-	-	-	-	
-	16,160	-	-	49,946	
272,217	-	-	-	-	
-	-	-	-	-	
294,092	-	-	-	-	
265,797	-	-	-	-	
6,502,222	4,153,107	22,801	76,812	332,598	
(459,046)	(28,061)	(7,801)	30,147	(19,417)	
-	-	-	-	-	
12,551	-	-	-	-	
12,551	-	-	-	-	
(446,495)	(28,061)	(7,801)	30,147	(19,417)	
1,118,275	485,762	18,554	215,438	296,447	
\$ 671,780	\$ 457,701	\$ 10,753	\$ 245,585	\$ 277,030	

Continued

	10% Fine Records Modernization	Law Enforcement Training	Special Law Enforcement Trust	Special Contribution
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	104,102	207,829	10,007
Charges for services	266,718	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	266,718	104,102	207,829	10,007
EXPENDITURES				
Current				
General government	173,949	-	-	-
Public safety	-	87,356	100,504	19,141
Human services	-	-	-	-
Capital outlay				
General government	9,123	-	-	-
Public safety	-	-	34,750	-
Human services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	183,072	87,356	135,254	19,141
Excess (deficit) of revenues over (under) expenditures	83,646	16,746	72,575	(9,134)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	83,646	16,746	72,575	(9,134)
Fund balance - beginning	378,688	129,050	43,621	19,918
Fund balance - ending	\$ 462,334	\$ 145,796	\$ 116,196	\$ 10,784

Bay County, Florida
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance (Continued)
Nonmajor Governmental Funds
Year Ended September 30, 2014

Special Revenue				
Crime Prevention	Federal Seizure Account	Seizure Trust	Inmate Welfare	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 6,167,340
115,959	-	14,397	-	854,197
-	-	-	608,580	6,884,248
108	27	-	-	5,687
-	-	-	-	324,905
116,067	27	14,397	608,580	14,236,377
-	-	-	-	4,693,161
79,286	17,463	17,438	612,533	7,667,767
-	-	-	-	1,148,578
-	-	-	-	75,229
38,912	950	6,046	21,645	422,395
-	-	-	-	94,108
-	-	-	-	296,071
-	-	-	-	265,797
118,198	18,413	23,484	634,178	14,663,106
(2,131)	(18,386)	(9,087)	(25,598)	(426,729)
-	-	-	-	95,774
-	-	-	-	20,406
-	-	-	-	116,180
(2,131)	(18,386)	(9,087)	(25,598)	(310,549)
107,817	57,896	24,772	340,055	6,643,038
\$ 105,686	\$ 39,510	\$ 15,685	\$ 314,457	\$ 6,332,489

Bay County, Florida
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Public Safety
Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 942,000	\$ 942,000	\$ 817,596	\$ (124,404)
Investment earnings	3,500	3,500	2,343	(1,157)
Total revenues	945,500	945,500	819,939	(125,561)
EXPENDITURES				
Current				
Public safety	707,684	707,684	450,265	257,419
Capital outlay				
Public safety	15,000	15,000	22,855	(7,855)
Debt Service				
Principal	-	-	1,979	(1,979)
Total expenditures	722,684	722,684	475,099	247,585
Excess of revenues over expenditures	222,816	222,816	344,840	122,024
OTHER FINANCING SOURCES				
Issuance of debt	-	-	7,855	7,855
Total other financing sources	-	-	7,855	7,855
Net change in fund balance	222,816	222,816	352,695	129,879
Fund balance - beginning	2,240,672	2,240,672	2,240,672	-
Fund balance - ending	\$ 2,463,488	\$ 2,463,488	\$ 2,593,367	\$ 129,879

Bay County, Florida
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Intergovernmental Radio Communications
Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 327,502	\$ 327,502	\$ 534,705	\$ 207,203
Investment earnings	2,200	2,200	590	(1,610)
Contributions and donations	222,636	222,636	-	(222,636)
Total revenues	552,338	552,338	535,295	(17,043)
EXPENDITURES				
Current				
Public safety	613,911	613,911	613,665	246
Capital outlay				
Public safety	-	-	25,020	(25,020)
Total expenditures	613,911	613,911	638,685	(24,774)
Excess (deficit) of revenues over (under) expenditures	(61,573)	(61,573)	(103,390)	(41,817)
OTHER FINANCING SOURCES				
Transfers in	94,610	94,610	95,774	1,164
Total other financing sources	94,610	94,610	95,774	1,164
Net change in fund balance	33,037	33,037	(7,616)	(40,653)
Fund balance - beginning	592,001	592,001	592,001	-
Fund balance - ending	\$ 625,038	\$ 625,038	\$ 584,385	\$ (40,653)

Bay County, Florida
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
District Mosquito Control
Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 863,438	\$ 863,438	\$ 878,156	\$ 14,718
Intergovernmental	14,728	14,728	71,324	56,596
Investment earnings	2,908	2,908	574	(2,334)
Total revenues	881,074	881,074	950,054	68,980
EXPENDITURES				
Current				
Human services	1,196,074	1,196,074	1,148,578	47,496
Capital outlay				
Human services	55,000	109,035	94,108	14,927
Total expenditures	1,251,074	1,305,109	1,242,686	62,423
Excess (deficit) of revenues over (under) expenditures	(370,000)	(424,035)	(292,632)	131,403
Net change in fund balance	(370,000)	(424,035)	(292,632)	131,403
Fund balance - beginning	574,072	574,072	574,072	-
Fund balance - ending	\$ 204,072	\$ 150,037	\$ 281,440	\$ 131,403

Bay County, Florida
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
MSTU Fire Protection
Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 5,204,394	\$ 5,204,394	\$ 5,289,184	\$ 84,790
Intergovernmental	229,440	229,440	330,579	101,139
Charges for services	100,000	100,000	96,463	(3,537)
Investment earnings	8,550	8,550	2,045	(6,505)
Miscellaneous	-	217,422	324,905	107,483
Total revenues	5,542,384	5,759,806	6,043,176	283,370
EXPENDITURES				
Current				
Public safety	5,676,467	5,714,128	5,670,116	44,012
Capital outlay				
Public safety	-	219,997	272,217	(52,220)
Debt service				
Principal	317,861	317,861	294,092	23,769
Interest	268,496	268,496	265,797	2,699
Total expenditures	6,262,824	6,520,482	6,502,222	18,260
Excess (deficit) of revenues over (under) expenditures	(720,440)	(760,676)	(459,046)	301,630
OTHER FINANCING SOURCES (USES)				
Issuance of debt	546,000	546,000	12,551	(533,449)
Total other financing sources (uses)	546,000	546,000	12,551	(533,449)
Net change in fund balance	(174,440)	(214,676)	(446,495)	(231,819)
Fund balance - beginning	1,118,275	1,118,275	1,118,275	-
Fund balance - ending	\$ 943,835	\$ 903,599	\$ 671,780	\$ (231,819)

Bay County, Florida
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Court
Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 3,512,255	\$ 4,126,321	\$ 4,125,046	\$ (1,275)
Total revenues	3,512,255	4,126,321	4,125,046	(1,275)
EXPENDITURES				
Current				
General government	3,496,095	4,110,161	4,136,947	(26,786)
Capital outlay				
General government	16,160	16,160	16,160	-
Total expenditures	3,512,255	4,126,321	4,153,107	(26,786)
Excess (deficit) of revenues over (under) expenditures	-	-	(28,061)	(28,061)
Net change in fund balance	-	-	(28,061)	(28,061)
Fund balance - beginning	485,762	485,762	485,762	-
Fund balance - ending	\$ 485,762	\$ 485,762	\$ 457,701	\$ (28,061)

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, 2014

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 282,964	\$ 5,584	\$ 9,873	\$ 298,421
Accounts receivable, net	484,066	30,671	13,301	29,070	557,108
Accrued interest	-	5,205	-	17	5,222
Prepaid expenses	4,183	218,846	1,290,750	537	1,514,316
Investments	-	5,308,075	104,740	185,205	5,598,020
Due from other governments	401	-	-	-	401
Due from other funds	304,048	-	-	99,309	403,357
Total current assets	792,698	5,845,761	1,414,375	324,011	8,376,845
Capital assets					
Buildings	239,802	-	-	618,642	858,444
Improvements	99,543	-	-	-	99,543
Furniture and equipment	275,041	5,691	71,275	646,981	998,988
Less: accumulated depreciation	(447,114)	(4,495)	(70,713)	(731,346)	(1,253,668)
Total capital assets, net	167,272	1,196	562	534,277	703,307
Total assets	959,970	5,846,957	1,414,937	858,288	9,080,152
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	484,521	21,490	293,841	56,337	856,189
Accrued compensated absences	26,779	5,765	1,052	17,312	50,908
Due to other funds	15,620	360,950	167,904	35,599	580,073
Capital leases, current	1,281	-	-	2,211	3,492
Estimated liability for self insured losses, current	-	404,533	-	-	404,533
Total current liabilities	528,201	792,738	462,797	111,459	1,895,195
Noncurrent liabilities					
Capital leases, net	3,071	-	-	5,298	8,369
Estimated liability for self insured losses	-	4,076,228	-	-	4,076,228
Accrued compensated absences	26,879	6,854	-	14,127	47,860
Net OPEB obligation	151,824	3,567	-	58,799	214,190
Total noncurrent liabilities	181,774	4,086,649	-	78,224	4,346,647
Total liabilities	709,975	4,879,387	462,797	189,683	6,241,842
NET POSITION					
Net investment in capital assets	162,920	1,196	562	526,768	691,446
Unrestricted	87,075	966,374	951,578	141,837	2,146,864
Total net position	\$ 249,995	\$ 967,570	\$ 952,140	\$ 668,605	\$ 2,838,310

Bay County, Florida
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
Year Ended September 30, 2014

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
OPERATING REVENUES					
Charges for services	\$ 4,769,499	\$ 665,614	\$ 2,675,775	\$ 1,259,879	\$ 9,370,767
Miscellaneous	-	13,550	-	-	13,550
Total operating revenues	4,769,499	679,164	2,675,775	1,259,879	9,384,317
OPERATING EXPENSES					
Personal services	1,026,259	129,829	108,895	782,042	2,047,025
Contracted services	68,453	37,220	16,224	208,625	330,522
Repairs and maintenance	246,520	2,334	2,450	17,207	268,511
Utilities	121,847	4,772	4,772	18,111	149,502
Depreciation	41,118	1,224	3,014	64,729	110,085
Materials	3,165,397	-	-	-	3,165,397
Insurance claims	-	474,105	-	-	474,105
Other operating expenses	99,905	29,680	2,690,553	169,197	2,989,335
Total operating expenses	4,769,499	679,164	2,825,908	1,259,911	9,534,482
Operating income (loss)	-	-	(150,133)	(32)	(150,165)
NONOPERATING REVENUES (EXPENSES)					
Miscellaneous	(286,917)	-	-	-	(286,917)
Contributions	-	-	150,000	-	150,000
Investment earnings (loss)	70	5,916	-	-	5,986
Total nonoperating revenues	(286,847)	5,916	150,000	-	(130,931)
Net income (loss)	(286,847)	5,916	(133)	(32)	(281,096)
Change in net position	(286,847)	5,916	(133)	(32)	(281,096)
Total net position - beginning	536,842	961,654	952,273	668,637	3,119,406
Total net position - ending	\$ 249,995	\$ 967,570	\$ 952,140	\$ 668,605	\$ 2,838,310

Bay County, Florida
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2014

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and others	\$ 4,519,821	\$ 637,036	\$ 2,969,380	\$ 1,273,205	\$ 9,399,442
Cash received from miscellaneous operating activities	-	13,550	-	-	13,550
Cash paid to suppliers for goods and services	(3,498,349)	(316,070)	(4,144,596)	(367,596)	(8,326,611)
Cash paid to employees for services	(1,020,608)	(128,419)	(109,273)	(766,450)	(2,024,750)
Net cash provided by (used in) operating activities	864	206,097	(1,284,489)	139,159	(938,369)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Contributions	-	-	150,000	-	150,000
Net cash provided by noncapital financing activities	-	-	150,000	-	150,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(953)	-	-	(2,529)	(3,482)
Net cash (used in) capital and related financing activities	(953)	-	-	(2,529)	(3,482)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale and maturities of investment securities	-	4,586,709	52,556	118,756	4,758,021
Purchase of investments	-	(9,222,112)	-	(296,591)	(9,518,703)
Interest and dividends on investments	89	8,395	-	-	8,484
Net cash provided by (used in) investing activities	89	(4,627,008)	52,556	(177,835)	(4,752,198)
Net increase (decrease) in cash and cash equivalents	-	(4,420,911)	(1,081,933)	(41,205)	(5,544,049)
Cash and cash equivalents - beginning	-	4,703,875	1,087,517	51,078	5,842,470
Cash and cash equivalents - ending	\$ -	\$ 282,964	\$ 5,584	\$ 9,873	\$ 298,421
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Assets acquired via capital lease	\$ 5,817	\$ -	\$ -	\$ 10,039	\$ 15,856
Transfer of capital assets	\$ (286,917)	\$ -	\$ -	\$ -	\$ (286,917)

Continued

Bay County, Florida
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2014

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ (150,133)	\$ (32)	\$ (150,165)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	41,118	1,224	3,014	64,729	110,085
(Increase) decrease in assets					
Accounts receivable, net	(197,096)	(28,578)	(319)	(23,078)	(249,071)
Prepaid expenses	(2,924)	(126,417)	(1,265,044)	(537)	(1,394,922)
Due from other funds	(52,235)	-	293,924	(21,202)	220,487
Due from other governments	(347)	-	-	57,606	57,259
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	206,534	(2,492)	(333,457)	11,653	(117,762)
Accrued compensated absences	(7,987)	46	(378)	5,953	(2,366)
Due to other funds	163	360,950	167,904	34,428	563,445
Net OPEB obligation	13,638	1,364	-	9,639	24,641
Total adjustments	864	206,097	(1,134,356)	139,191	(788,204)
Net cash provided by (used in) operating activities	\$ 864	\$ 206,097	\$ (1,284,489)	\$ 139,159	\$ (938,369)

THIS PAGE INTENTIONALLY LEFT BLANK

Fines, Forfeitures and Other Fees – 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.

Individual Depositors – to account for fees charged for the service of process in civil cases.

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

Bay County, Florida
Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2014

	Fines, Forfeitures and Other Fees	Jury and Witness	Tax Deed Assets	Support
ASSETS				
Cash and cash equivalents	\$ 2,207,242	\$ 25,323	\$ 574,509	\$ 22,854
Investments	-	-	-	-
Accounts receivable, net	-	-	-	-
Total assets	\$ 2,207,242	\$ 25,323	\$ 574,509	\$ 22,854
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 574,509	\$ 22,854
Due to others	-	-	-	-
Due to other governments	2,207,242	25,323	-	-
Total liabilities	\$ 2,207,242	\$ 25,323	\$ 574,509	\$ 22,854

Continued

Bay County, Florida
Combining Statement of Fiduciary Net Position (Continued)
Agency Funds
September 30, 2014

	Court Registry	Cash Bond	Restitution	Property Tax
ASSETS				
Cash and cash equivalents	\$ 1,411,649	\$ 559,834	\$ 5,001	\$ 1,775,379
Investments	-	-	-	22,938
Accounts receivable, net	-	-	-	2,997
Total assets	\$ 1,411,649	\$ 559,834	\$ 5,001	\$ 1,801,314
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,411,649	\$ -	\$ 5,001	\$ -
Due to others	-	-	-	-
Due to other governments	-	559,834	-	1,801,314
Total liabilities	\$ 1,411,649	\$ 559,834	\$ 5,001	\$ 1,801,314

Continued

Bay County, Florida
Combining Statement of Fiduciary Net Position (Continued)
Agency Funds
September 30, 2014

	Tag	Other Suspense
ASSETS		
Cash and cash equivalents	\$ 17,669	\$ 300
Investments	-	-
Accounts receivable, net	25,529	-
Total assets	\$ 43,198	\$ 300
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ -
Due to others	-	-
Due to other governments	43,198	300
Total liabilities	\$ 43,198	\$ 300

Continued

Bay County, Florida
Combining Statement of Fiduciary Net Position (Continued)
Agency Funds
September 30, 2014

	Individual Depositors	Forfeitures	Total
ASSETS			
Cash and cash equivalents	\$ 78,622	\$ 63,917	\$ 6,742,299
Investments	-	-	22,938
Accounts receivable, net	-	-	28,526
Total assets	\$ 78,622	\$ 63,917	\$ 6,793,763
LIABILITIES			
Accounts payable and accrued liabilities	\$ 78,622	\$ -	\$ 2,092,635
Due to others	-	63,917	63,917
Due to other governments	-	-	4,637,211
Total liabilities	\$ 78,622	\$ 63,917	\$ 6,793,763

Bay County, Florida
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
FINES, FORFEITURES, and OTHER FEES				
ASSETS				
Cash and cash equivalents	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
Total assets	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
LIABILITIES				
Due to other governments	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
Total liabilities	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
JURY AND WITNESS				
ASSETS				
Cash and cash equivalents	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
Total assets	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
LIABILITIES				
Due to other governments	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
Total liabilities	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
TAX DEED ASSETS				
ASSETS				
Cash and cash equivalents	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
Total assets	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
LIABILITIES				
Accounts payable and accrued liabilities	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
Total liabilities	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509

Continued

Bay County, Florida
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
SUPPORT				
ASSETS				
Cash and cash equivalents	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
Total assets	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
LIABILITIES				
Accounts payable and accrued liabilities	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
Total liabilities	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
COURT REGISTRY				
ASSETS				
Cash and cash equivalents	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
Total assets	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
Total liabilities	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
CASH BOND				
ASSETS				
Cash and cash equivalents	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
Total assets	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
LIABILITIES				
Due to other governments	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
Total liabilities	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834

Continued

Bay County, Florida
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
RESTITUTION				
ASSETS				
Cash and cash equivalents	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
Total assets	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
Total liabilities	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
PROPERTY TAX				
ASSETS				
Cash and cash equivalents	\$ 1,810,984	\$ 265,095,238	\$ 265,130,843	\$ 1,775,379
Investments	53,106	-	30,168	22,938
Accounts receivable, net	-	2,997	-	2,997
Total assets	\$ 1,864,090	\$ 265,098,235	\$ 265,161,011	\$ 1,801,314
LIABILITIES				
Due to other governments	\$ 1,864,090	\$ 265,098,235	\$ 265,161,011	\$ 1,801,314
Total liabilities	\$ 1,864,090	\$ 265,098,235	\$ 265,161,011	\$ 1,801,314
TAG				
ASSETS				
Cash and cash equivalents	\$ -	\$ 25,789,428	\$ 25,771,759	\$ 17,669
Accounts receivable, net	24,758	7,104	6,333	25,529
Total assets	\$ 24,758	\$ 25,796,532	\$ 25,778,092	\$ 43,198
LIABILITIES				
Bank overdraft	\$ 14,740	\$ -	\$ 14,740	\$ -
Due to other governments	10,018	25,796,532	25,763,352	43,198
Total liabilities	\$ 24,758	\$ 25,796,532	\$ 25,778,092	\$ 43,198

Continued

Bay County, Florida
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
OTHER SUSPENSE				
ASSETS				
Cash and cash equivalents	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
Total assets	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
LIABILITIES				
Due to other governments	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
Total liabilities	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
INDIVIDUAL DEPOSITORS				
ASSETS				
Cash and cash equivalents	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
Total assets	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
LIABILITIES				
Accounts payable and accrued liabilities	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
Total liabilities	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
FORFEITURES				
ASSETS				
Cash and cash equivalents	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
Total assets	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
LIABILITIES				
Due to others	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
Total liabilities	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
COMBINED TOTALS				
ASSETS				
Cash and cash equivalents	\$ 7,175,746	\$ 352,569,408	\$ 353,002,855	\$ 6,742,299
Investments	53,106	-	30,168	22,938
Accounts receivable, net	24,758	10,101	6,333	28,526
Total assets	\$ 7,253,610	\$ 352,579,509	\$ 353,039,356	\$ 6,793,763
LIABILITIES				
Bank overdraft	\$ 14,740	-	\$ 14,740	-
Accounts payable and accrued liabilities	2,604,751	32,511,723	33,023,839	2,092,635
Due to others	95,239	166,551	197,873	63,917
Due to other governments	4,538,880	319,901,235	319,802,904	4,637,211
Total liabilities	\$ 7,253,610	\$ 352,579,509	\$ 353,039,356	\$ 6,793,763

THIS PAGE INTENTIONALLY LEFT BLANK

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

	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-26
<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-29
<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 comprehensive annual financial reports for the relevant year.*

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 97,194,417	\$ 109,592,599	\$ 130,031,134	\$ 146,149,695
Restricted	11,577,502	18,043,292	19,924,887	18,091,072
Unrestricted	<u>46,676,877</u>	<u>56,527,122</u>	<u>62,053,258</u>	<u>65,061,054</u>
Total governmental activities net position	<u>\$ 155,448,796</u>	<u>\$ 184,163,013</u>	<u>\$ 212,009,279</u>	<u>\$ 229,301,821</u>
Business-type activities				
Net investment in capital assets	\$ 40,706,567	\$ 37,518,571	\$ 46,446,331	\$ 51,130,331
Restricted	6,121,869	7,862,907	2,999,323	3,066,336
Unrestricted	<u>38,273,923</u>	<u>39,375,268</u>	<u>29,535,560</u>	<u>26,183,800</u>
Total business-type activities net position	<u>\$ 85,102,359</u>	<u>\$ 84,756,746</u>	<u>\$ 78,981,214</u>	<u>\$ 80,380,467</u>
Primary Government				
Net investment in capital assets	\$ 137,900,984	\$ 147,111,170	\$ 176,477,465	\$ 197,280,026
Restricted	17,699,371	25,906,199	22,924,210	21,157,408
Unrestricted	<u>84,950,800</u>	<u>95,902,390</u>	<u>91,588,818</u>	<u>91,244,854</u>
Total primary government net position	<u>\$ 240,551,155</u>	<u>\$ 268,919,759</u>	<u>\$ 290,990,493</u>	<u>\$ 309,682,288</u>

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

Schedule 1

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 161,775,959	\$ 167,184,260	\$ 175,784,958	\$ 176,901,127	\$ 159,938,052	\$ 171,575,742
12,256,875	12,510,353	43,752,095	49,440,926	65,276,675	68,225,355
70,278,219	59,778,907	18,817,801	7,666,565	10,127,270	(11,964,402)
<u>\$ 244,311,053</u>	<u>\$ 239,473,520</u>	<u>\$ 238,354,854</u>	<u>\$ 234,008,618</u>	<u>\$ 235,341,997</u>	<u>\$ 227,836,695</u>
\$ 53,453,268	\$ 81,158,497	\$ 76,176,290	\$ 76,152,474	\$ 69,321,153	\$ 77,905,570
6,271,620	6,566,100	12,291,303	11,142,041	11,160,273	12,794,516
21,522,496	24,019,080	23,529,091	21,719,503	34,693,980	35,598,707
<u>\$ 81,247,384</u>	<u>\$ 111,743,677</u>	<u>\$ 111,996,684</u>	<u>\$ 109,014,018</u>	<u>\$ 115,175,406</u>	<u>\$ 126,298,793</u>
\$ 215,229,227	\$ 248,342,757	\$ 251,961,248	\$ 253,053,601	\$ 229,259,205	\$ 249,481,312
18,528,495	19,076,453	56,043,398	60,647,493	76,436,948	81,019,871
91,800,715	83,797,987	42,346,892	29,321,542	44,821,250	23,634,305
<u>\$ 325,558,437</u>	<u>\$ 351,217,197</u>	<u>\$ 350,351,538</u>	<u>\$ 343,022,636</u>	<u>\$ 350,517,403</u>	<u>\$ 354,135,488</u>

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 22,524,334	\$ 21,899,647	\$ 22,123,284	\$ 23,769,102
Public safety	41,633,533	45,667,025	47,595,636	51,587,681
Physical environment	5,095,942	4,846,055	4,411,573	4,504,251
Transportation	14,988,586	13,023,819	14,053,021	15,122,222
Economic environment	9,736,560	14,186,061	16,957,645	16,862,278
Human services	3,866,283	4,591,809	5,594,624	5,042,410
Culture/recreation	3,589,770	3,943,961	4,473,399	5,349,023
Interest on long-term debt	1,343,382	1,691,167	2,974,935	4,185,220
Total governmental activities expenses	102,778,390	109,849,544	118,184,117	126,422,187
Business-type activities:				
Wholesale water system	10,600,450	10,871,172	12,060,032	13,131,437
Retail water and wastewater	4,034,030	4,135,864	5,808,833	5,700,378
Industrial wastewater	4,043,172	3,902,819	2,218,595	6,643,917
Solid waste fund	16,688,055	17,574,763	17,209,523	15,477,882
Building services	1,800,906	2,011,650	2,126,578	2,139,805
Emergency medical services	-	-	-	-
Total business-type activities expenses	37,166,613	38,496,268	39,423,561	43,093,419
Total primary government expenses	\$ 139,945,003	\$ 148,345,812	\$ 157,607,678	\$ 169,515,606
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 16,923,030	\$ 16,455,481	\$ 16,819,772	\$ 15,239,392
Public safety	1,585,880	2,041,634	1,953,947	1,739,995
Physical environment	134,478	1,602,888	1,523,655	1,597,427
Transportation	779,026	764,439	1,541,359	1,045,906
Human services	3,250	3,640	3,900	1,040
Culture and recreation	641,744	824,209	645,918	519,422
Operating grants and contributions	3,720,822	3,590,815	3,076,826	4,722,856
Capital grants and contributions	8,764,930	5,602,631	5,880,132	11,085,254
Total governmental activities program revenue	32,553,160	30,885,737	31,445,509	35,951,292
Business-type activities:				
Charges for services:				
Water system revenue	11,298,515	11,461,915	10,361,087	13,876,827
Retail water and wastewater	3,808,241	3,863,260	4,189,192	3,987,039
Industrial wastewater	3,939,556	3,826,936	2,280,293	6,695,497
Solid waste fund	11,481,814	12,217,568	9,475,368	10,726,249
Building services	3,595,984	3,335,953	2,099,218	1,657,191
Emergency medical services	-	-	-	-
Operating grants and contributions	-	7,505	202,351	535,000
Capital grants and contributions	-	-	18,603	824,906
Total business-type activities program revenue	34,124,110	34,713,137	28,626,112	38,302,709
Total primary government program revenues	\$ 66,677,270	\$ 65,598,874	\$ 60,071,621	\$ 74,254,001

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

Schedule 2

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 43,306,782	\$ 44,216,781	\$ 39,434,666	\$ 37,957,601	\$ 40,761,101	\$ 39,201,075
35,244,894	38,220,126	36,413,991	36,745,373	36,924,438	38,289,031
4,492,133	4,343,675	4,968,431	5,397,684	5,513,532	6,814,598
16,091,014	20,903,717	19,604,133	15,750,626	15,852,176	19,783,565
21,343,831	18,601,704	19,839,456	20,951,183	26,608,771	22,137,297
5,680,622	5,552,240	5,443,839	5,321,884	5,045,532	5,272,176
5,882,640	5,098,294	5,806,043	5,856,186	5,523,037	5,608,860
4,096,732	3,956,673	3,909,979	3,292,291	3,593,361	3,593,220
<u>136,138,648</u>	<u>140,893,210</u>	<u>135,420,538</u>	<u>131,272,828</u>	<u>139,821,948</u>	<u>140,699,822</u>
13,753,543	12,230,344	12,237,921	11,271,371	11,412,183	11,942,948
8,460,073	9,774,380	11,009,770	11,164,990	11,013,285	11,153,219
6,047,598	5,768,403	3,951,644	3,602,863	1,611,176	-
15,107,160	14,737,174	15,274,326	17,622,969	15,225,489	16,283,995
1,934,416	1,699,893	1,598,831	1,215,319	1,118,630	1,283,093
-	-	-	-	116,886	6,936,224
<u>45,302,790</u>	<u>44,210,194</u>	<u>44,072,492</u>	<u>44,877,512</u>	<u>40,497,649</u>	<u>47,599,479</u>
<u>\$ 181,441,438</u>	<u>\$ 185,103,404</u>	<u>\$ 179,493,030</u>	<u>\$ 176,150,340</u>	<u>\$ 180,319,597</u>	<u>\$ 188,299,301</u>
\$ 14,480,938	\$ 13,748,179	\$ 13,769,684	\$ 14,100,604	\$ 14,846,161	\$ 15,126,991
1,413,940	1,419,092	1,308,519	1,377,953	1,153,326	1,121,128
1,656,563	1,832,155	1,805,016	44,533	36,980	44,827
271,986	464,965	320,562	2,094,221	2,037,167	2,346,351
780	-	-	-	-	500
564,222	593,340	556,136	618,455	669,447	682,133
18,887,680	16,953,017	13,486,584	6,756,304	6,094,392	6,337,973
9,955,607	7,040,323	4,790,164	5,073,251	3,067,383	9,439,100
<u>47,231,716</u>	<u>42,051,071</u>	<u>36,036,665</u>	<u>30,065,321</u>	<u>27,904,856</u>	<u>35,099,003</u>
13,317,211	13,772,277	16,293,620	15,652,776	16,038,992	15,816,100
5,677,074	6,421,773	6,681,917	6,665,219	7,187,654	8,620,964
5,928,887	5,873,324	3,855,587	3,535,687	959,148	-
11,744,325	13,336,670	14,197,632	10,181,513	11,816,503	13,203,200
1,126,424	693,361	800,789	968,947	909,443	1,231,381
-	-	-	-	-	6,822,477
985,000	315,000	315,000	315,000	-	1,759,674
5,900,163	871,811	235,134	706,041	988,605	738,232
<u>44,679,084</u>	<u>41,284,216</u>	<u>42,379,679</u>	<u>38,025,183</u>	<u>37,900,345</u>	<u>48,192,028</u>
<u>\$ 91,910,800</u>	<u>\$ 83,335,287</u>	<u>\$ 78,416,344</u>	<u>\$ 68,090,504</u>	<u>\$ 65,805,201</u>	<u>\$ 83,291,031</u>

Continued

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense) Revenue				
Governmental activities	\$ (70,225,230)	\$ (78,963,807)	\$ (86,738,608)	\$ (90,470,895)
Business-type activities	<u>(3,042,503)</u>	<u>(3,783,131)</u>	<u>(10,797,449)</u>	<u>(4,790,710)</u>
Total primary government net expenses	<u>(73,267,733)</u>	<u>(82,746,938)</u>	<u>(97,536,057)</u>	<u>(95,261,605)</u>
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	53,349,589	73,729,204	77,146,885	73,436,473
Sales taxes	23,223,423	24,215,778	24,982,006	24,569,697
State shared revenues	3,290,582	3,491,084	3,379,522	3,136,583
Investment earnings	1,543,058	3,262,306	7,007,059	4,855,754
Other contributions	-	-	-	-
Miscellaneous	990,038	2,681,029	1,710,623	1,795,724
Transfers	<u>(52,333)</u>	<u>8,143</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>82,344,357</u>	<u>107,387,544</u>	<u>114,226,095</u>	<u>107,794,231</u>
Business-type activities:				
Sales tax	2,200	1,900	1,500	1,100
State shared revenues	-	-	-	-
Investment earnings	2,609,228	3,366,297	3,629,698	2,612,599
Miscellaneous	2,042,417	1,081,040	1,390,719	6,014,516
Transfers	<u>52,333</u>	<u>(8,143)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,706,178</u>	<u>4,441,094</u>	<u>5,021,917</u>	<u>8,628,215</u>
Total primary government	<u>\$ 87,050,535</u>	<u>\$ 111,828,638</u>	<u>\$ 119,248,012</u>	<u>\$ 116,422,446</u>
Change in Net Position				
Governmental activities	\$ 12,119,127	\$ 28,423,737	\$ 27,487,487	\$ 17,292,542
Business-type activities	<u>1,663,675</u>	<u>657,963</u>	<u>(5,775,532)</u>	<u>3,868,299</u>
Total primary government	<u>\$ 13,782,802</u>	<u>\$ 29,081,700</u>	<u>\$ 21,711,955</u>	<u>\$ 21,160,841</u>

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

Schedule 2

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ (88,906,932)	(98,842,139)	(99,383,873)	(101,207,507)	\$ (111,917,092)	\$ (105,600,819)
(623,706)	(2,925,978)	(1,692,813)	(6,852,329)	(2,597,304)	592,549
<u>(89,530,638)</u>	<u>(101,768,117)</u>	<u>(101,076,686)</u>	<u>(108,059,836)</u>	<u>(114,514,396)</u>	<u>(105,008,270)</u>
69,757,473	63,269,038	59,025,047	56,937,944	54,779,271	55,438,164
28,794,256	29,006,207	31,551,527	33,318,347	35,163,910	37,248,717
2,921,458	2,954,621	3,080,852	3,211,349	3,413,917	3,607,298
1,604,764	654,378	430,320	454,346	501,906	142,401
-	-	-	-	-	-
1,559,634	997,087	3,934,362	2,989,285	17,279,394	2,816,892
(233,781)	-	243,099	(50,000)	2,112,073	-
<u>104,403,804</u>	<u>96,881,331</u>	<u>98,265,207</u>	<u>96,861,271</u>	<u>113,250,471</u>	<u>99,253,472</u>
2,200	2,500	2,000	1,400	2,100	3,000
-	-	-	-	-	-
1,658,856	1,257,174	1,238,259	1,320,560	1,673,405	1,613,968
359,831	30,662,597	948,660	2,497,703	9,195,260	9,920,373
233,781	-	(243,099)	50,000	(2,112,073)	-
<u>2,254,668</u>	<u>31,922,271</u>	<u>1,945,820</u>	<u>3,869,663</u>	<u>8,758,692</u>	<u>11,537,341</u>
<u>\$ 106,658,472</u>	<u>\$ 128,803,602</u>	<u>\$ 100,211,027</u>	<u>\$ 100,730,934</u>	<u>\$ 122,009,163</u>	<u>\$ 110,790,813</u>
\$ 15,496,872	(1,960,808)	(1,118,666)	(4,346,236)	\$ 1,333,379	\$ (6,347,347)
1,630,962	28,996,293	253,007	(2,982,666)	6,161,388	12,129,890
<u>\$ 17,127,834</u>	<u>\$ 27,035,485</u>	<u>\$ (865,659)</u>	<u>\$ (7,328,902)</u>	<u>\$ 7,494,767</u>	<u>\$ 5,782,543</u>

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Reserved	\$ 4,706,248	\$ 44,351,137	\$ 36,949,309	\$ 39,966,000
Unreserved	24,261,074	31,933,944	33,598,429	30,700,762
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 28,967,322</u>	<u>\$ 76,285,081</u>	<u>\$ 70,547,738</u>	<u>\$ 70,666,762</u>
 All Other Governmental Funds				
Reserved	\$ 10,837,255	\$ 17,404,849	\$ 13,524,528	\$ 15,840,847
Unreserved:				
Special revenue funds	17,608,253	18,100,472	26,960,435	28,261,408
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 28,445,508</u>	<u>\$ 35,505,321</u>	<u>\$ 40,484,963</u>	<u>\$ 44,102,255</u>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 12,111,996	\$ 12,134,054	\$ -	\$ -	\$ -	\$ -
35,025,941	24,211,397	-	-	-	-
-	-	136,529	265,846	334,272	202,696
-	-	9,997,588	12,074,604	26,443,120	25,007,377
-	-	14,201,000	7,782,034	8,064,058	2,333,790
-	-	3,572,736	2,715,250	9,241,995	10,653,467
<u>\$ 47,137,937</u>	<u>\$ 36,345,451</u>	<u>\$ 27,907,853</u>	<u>\$ 22,837,734</u>	<u>\$ 44,083,445</u>	<u>\$ 38,197,330</u>
\$ 19,022,170	\$ 20,293,685	\$ -	\$ -	\$ -	\$ -
27,435,348	23,018,439	-	-	-	-
-	-	584,816	599,664	672,881	125,156
-	-	33,754,507	37,366,322	39,364,522	42,671,978
-	-	10,178,764	8,476,899	6,589,298	5,448,333
-	-	(27,514)	(13,772)	-	-
<u>\$ 46,457,518</u>	<u>\$ 43,312,124</u>	<u>\$ 44,490,573</u>	<u>\$ 46,429,113</u>	<u>\$ 46,626,701</u>	<u>\$ 48,245,467</u>

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Taxes	\$ 63,186,101	\$ 85,896,879	\$ 90,307,436	\$ 86,781,507
Licenses and permits	2,390	2,230	1,899	2,412
Intergovernmental revenue	25,365,652	24,673,396	23,889,913	28,962,899
Charges for services	19,689,697	19,781,978	19,801,852	17,444,872
Fines and forfeitures	157,495	137,019	63,081	139,198
Special assessments	367,096	254,505	359,198	346,583
Investment earnings	1,445,604	3,079,818	6,725,924	4,931,754
Contributions and donations	-	-	190,797	75,901
Miscellaneous	<u>1,568,016</u>	<u>3,078,727</u>	<u>1,946,036</u>	<u>1,300,099</u>
Total revenues	<u>111,782,051</u>	<u>136,904,552</u>	<u>143,286,136</u>	<u>139,985,225</u>
Expenditures				
General government	21,472,908	20,262,747	6,967,890	20,108,027
Public safety	39,787,836	43,970,630	57,386,591	47,521,961
Physical environment	4,662,334	4,363,508	3,967,883	4,024,785
Transportation	10,759,085	8,686,780	9,306,583	10,989,649
Economic environment	9,169,691	13,618,153	16,404,349	16,300,499
Human services	3,808,169	4,516,240	5,538,168	4,970,430
Culture and recreation	3,247,079	3,604,503	3,843,006	4,449,189
Capital Outlay	11,349,510	17,619,434	32,780,705	49,905,995
Debt service				
Principal retirement	3,224,333	3,601,370	3,883,937	3,827,285
Interest and fiscal charges	1,339,802	1,532,684	2,963,339	4,033,487
Bond issuance costs	<u>-</u>	<u>-</u>	<u>(344,945)</u>	<u>120,628</u>
Total expenditures	<u>108,820,747</u>	<u>121,776,049</u>	<u>142,697,506</u>	<u>166,251,935</u>
Excess of revenues over (under) expenditures	<u>2,961,304</u>	<u>15,128,503</u>	<u>588,630</u>	<u>(26,266,710)</u>
Other Financing Sources (Uses)				
Operating transfers in	7,837,156	9,247,671	7,911,020	8,779,078
Operating transfers out	(8,425,713)	(9,820,775)	(8,856,914)	(8,816,092)
Debt issuance	-	39,666,217	16,103,376	30,572,236
Premium on bonds issued	-	951,964	(71,732)	-
Payment to refunded bond escrow agent	-	-	(15,095,929)	-
Reversion to State of Florida	(608,687)	(796,010)	(1,005,046)	(532,196)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,197,244)</u>	<u>39,249,067</u>	<u>(1,015,225)</u>	<u>30,003,026</u>
Net change in fund balance	<u>\$ 1,764,060</u>	<u>\$ 54,377,570</u>	<u>\$ (426,595)</u>	<u>\$ 3,736,316</u>
Debt service as a percentage of noncapital expenditures	4.68%	4.93%	6.23%	6.76%

Note: 2005 - 2011, Debt service as a percentage of noncapital expenditures has been adjusted to include 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					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 87,851,490	\$ 81,578,570	\$ 77,593,739	\$ 77,083,648	\$ 76,104,051	\$ 77,988,344
8,454	1,705	3,215	3,565	1,875	1,190
28,949,201	35,852,434	35,584,199	29,076,699	26,324,579	34,376,446
15,609,839	15,528,324	17,389,066	17,597,517	18,561,382	19,031,979
137,711	281,047	79,356	179,329	67,026	223,463
81,722	313,167	108,702	44,481	75,164	57,233
1,903,556	952,199	488,067	640,684	508,724	160,594
1,345,301	4,081,268	244,501	252,085	544,633	214,295
1,074,105	554,748	2,581,324	1,394,864	16,369,418	1,477,872
<u>136,961,379</u>	<u>139,143,462</u>	<u>134,072,169</u>	<u>126,272,872</u>	<u>138,556,852</u>	<u>133,531,416</u>
20,834,114	21,734,774	18,970,994	18,423,773	19,409,615	18,945,602
49,292,375	51,029,913	49,007,090	49,133,878	49,291,837	56,483,530
5,903,593	3,896,101	4,421,240	703,832	767,718	1,338,866
9,505,479	15,766,696	14,424,369	14,414,376	13,875,623	14,272,182
22,198,357	19,931,304	19,041,168	20,158,270	25,780,421	21,333,649
5,598,800	5,473,781	5,329,318	5,202,919	4,911,590	5,138,392
4,161,662	4,070,360	4,438,777	4,232,151	4,179,973	4,294,971
32,533,103	23,353,424	22,179,959	11,492,329	9,977,603	10,796,658
4,133,143	3,684,931	3,689,461	3,057,073	2,437,123	2,596,381
4,053,918	3,915,039	3,873,904	3,269,241	3,571,506	3,574,117
-	-	118,864	-	83,306	-
<u>158,214,544</u>	<u>152,856,323</u>	<u>145,495,144</u>	<u>130,087,842</u>	<u>134,286,315</u>	<u>138,774,348</u>
<u>(21,253,165)</u>	<u>(13,712,861)</u>	<u>(11,422,975)</u>	<u>(3,814,970)</u>	<u>4,270,537</u>	<u>(5,242,932)</u>
12,717,062	7,240,834	7,102,725	3,752,030	3,706,362	2,712,974
(12,950,843)	(7,450,840)	(5,921,456)	(3,815,602)	(1,644,186)	(2,712,974)
92,095	165,950	28,487,973	-	13,753,519	832,077
-	-	(25,960,948)	-	-	-
-	(350)	(350)	(612)	(458)	-
-	-	-	-	-	-
-	205,086	455,882	747,575	1,357,525	143,506
<u>(141,686)</u>	<u>160,680</u>	<u>4,163,826</u>	<u>683,391</u>	<u>17,172,762</u>	<u>975,583</u>
<u>\$ (21,394,851)</u>	<u>\$ (13,552,181)</u>	<u>\$ (7,259,149)</u>	<u>\$ (3,131,579)</u>	<u>\$ 21,443,299</u>	<u>\$ (4,267,349)</u>
6.51%	5.87%	6.13%	5.33%	4.83%	4.82%

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

Schedule 5

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Centrally Assessed Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2005	10,185,034	1,902,775	1,634,977	195,568	54,312	10,456	1,984,503	(3,629,221)	12,338,404	6.8472	17,707,803	69.68%
2006	14,408,485	2,718,772	1,657,889	249,844	58,838	13,941	2,616,869	(4,155,251)	17,569,387	5.0972	25,446,471	69.04%
2007	14,751,997	3,028,134	1,697,022	291,470	64,117	22,516	2,708,292	(4,299,941)	18,263,607	4.6678	26,379,351	69.23%
2008	15,352,723	2,995,960	1,776,771	306,564	51,899	27,347	2,564,398	(5,106,164)	17,969,498	4.5263	27,007,984	66.53%
2009	15,632,748	2,758,680	1,874,156	310,596	65,957	28,475	2,457,608	(6,993,392)	16,134,828	4.5840	24,222,320	66.61%
2010	14,297,545	2,673,456	1,797,624	307,206	66,098	27,876	2,452,965	(6,552,394)	15,070,376	4.5840	22,623,217	66.61%
2011	13,126,565	2,631,955	1,988,678	299,898	68,006	29,322	2,436,427	(6,307,312)	14,273,539	4.8025	21,684,375	65.82%
2012	12,528,433	2,600,654	2,001,351	289,885	71,788	29,237	2,369,385	(6,097,275)	13,793,458	4.8025	20,560,360	67.09%
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%

Source: Bay County Property Appraiser

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

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

Schedule 6

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
County Direct Rates:										
General	5.6620	4.1620	3.7915	3.6500	3.6500	3.6500	3.6500	3.6500	3.6500	4.6500
Mosquito Control	0.1852	0.1852	0.1525	0.1525	0.1525	0.1525	0.1525	0.1525	0.1525	0.2000
MSTU	<u>1.0000</u>	<u>0.7500</u>	<u>0.7238</u>	<u>0.7238</u>	<u>0.7815</u>	<u>0.7815</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.3800</u>
Total Direct Rate	6.8472	5.0972	4.6678	4.5263	4.5840	4.5840	4.8025	4.8025	4.8025	6.2300
Municipalities:										
City of Panama City	5.0000	4.7122	3.7610	3.8493	3.8493	3.8152	3.8152	3.8723	3.8723	3.8570
Panama City Downtown Improvement Board	3.0000	3.0000	2.4700	2.6832	2.6832	2.7180	2.7180	2.7578	2.8918	2.8918
City of Lynn Haven	4.0000	3.2500	2.8266	3.0887	3.0887	3.0887	3.0887	3.0887	3.0887	3.9000
City of Mexico Beach	4.3500	3.7900	3.7200	3.7000	4.0000	4.1060	4.6160	5.0290	5.0290	5.0290
City of Callaway	2.0000	2.0000	2.0000	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500
Town of Cedar Grove	1.5000	1.5000	1.5000	1.5000	--	--	--	--	--	--
City of Springfield	--	--	--	--	--	--	--	--	--	3.3950
School Districts	7.9350	6.8080	6.4710	6.7630	7.6230	7.4030	7.1180	6.8580	6.7610	6.8890
Northwest Florida Water Management District	0.0500	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0400	0.0400	0.0390
Special District:										
Beach Mosquito Control	0.2365	0.1410	0.1438	0.1438	0.1438	0.1438	0.1438	0.1438	0.2270	0.2230

Source: Bay County Property Appraiser

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

Schedule 7

	Fiscal Year 2014			Fiscal Year 2005		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Gulf Power Company	\$ 496,210,302	1	3.49%	\$ 346,208,700	1	2.81%
St. Joe Land & Development	119,602,217	2	0.84%	136,804,728	2	1.11%
Bay Medical - Sacred Heart	113,836,515	3	0.80%	-	-	-
Pier Park, LLC	70,350,681	4	0.50%	-	-	-
Laketown Wharf Marketing Corp.	68,901,974	5	0.49%	-	-	-
RockTenn (Smurfit-Stone Container)	64,487,706	6	0.45%	44,530,284	5	0.36%
Wal-Mart Stores East, LP	44,326,553	7	0.31%	-	-	-
Arizona Chemical Company	43,060,739	8	0.30%	37,097,735	9	0.30%
Wyndham Vacation Resorts, Inc.	42,557,911	9	0.30%	-	-	-
Berg Steel Pipe Corp.	40,029,463	10	0.28%	-	-	-
Peoples First Community Bank	-	-	-	90,875,376	3	0.74%
Resort Hospitality Enterprises	-	-	-	-	-	-
BellSouth Telecommunications	-	-	-	73,973,376	4	0.60%
Lake Powell LLC	-	-	-	43,417,817	6	0.35%
Hilton Company	-	-	-	39,118,107	7	0.32%
Hospital Corp. of America	-	-	-	27,595,593	8	0.22%
Eagles Landing, Ltd	-	-	-	25,354,979	10	0.21%
Total	\$ 1,103,364,061		7.77%	\$ 864,976,695		7.01%

Total Taxable Assessed Value 2014 14,205,179,002
Total Taxable Assessed Value 2005 12,338,404,000

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
2005	132,865,168	150,304	133,015,472	127,948,406	96%	563,634	128,512,040	97%
2006	181,985,021	245,875	182,230,896	175,190,140	96%	599,402	175,789,542	97%
2007	80,546,305	56,610	80,602,915	76,972,250	96%	192,603	77,164,853	96%
2008	76,459,225	161,515	76,620,740	73,174,864	96%	379,860	73,554,724	96%
2009	72,001,643	149,278	72,150,921	68,614,949	95%	966,188	69,581,137	97%
2010	65,071,352	77,649	65,149,001	62,769,163	96%	289,468	63,058,631	97%
2011	60,654,870	140,131	60,795,001	58,455,794	96%	149,057	58,604,851	97%
2012	58,802,491	211,920	59,014,411	56,727,927	96%	175,572	56,903,499	97%
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%

Source: Tax Collector's Office

Note: Beginning 2007, amount represents Bay County Property Tax Levies and Collections only.

State of Florida and Bay County
Total Historical Half-Cent Sales Tax Distributions
For Ten Year Period 2005-2014
(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.

Fiscal Year Ending	Total Distributions To Cities and Counties	Percentage Change	Total Distributions Bay County	Percentage Change
2005	\$ 1,613,474,991	47.28%	\$ 9,241,000	39.79%
2006	\$ 1,750,220,913	8.48%	\$ 9,943,501	7.60%
2007	\$ 1,770,078,126	1.13%	\$ 10,050,492	1.08%
2008	\$ 1,652,434,955	-6.65%	\$ 9,578,374	-4.70%
2009	\$ 1,481,457,169	-10.35%	\$ 9,216,877	-3.77%
2010	\$ 1,413,639,942	-4.58%	\$ 9,061,954	-1.68%
2011	\$ 1,473,480,308	4.23%	\$ 9,335,451	3.02%
2012	\$ 1,533,688,015	4.09%	\$ 9,751,593	4.46%
2013	\$ 1,572,856,674	2.55%	\$ 10,165,160	4.24%
2014	\$ 1,678,701,571	6.73%	\$ 10,963,389	7.85%

Source: Florida Department of Revenue

Distribution of Half-Cent
Sales Tax in Bay County, Florida
For Ten Year Period 2005-2014
(Unaudited)

Schedule 10

Fiscal Year 2005 - 2014 distribution of Sales Tax Revenues is represented in the following chart.

Fiscal Year Ending	Distributions To The County	Percentage Of County to Total	Distributions To The Cities	Percentage Of Cities to Total
2005	\$ 9,241,000	57%	\$ 7,040,308	43%
2006	\$ 9,943,501	57%	\$ 7,565,014	43%
2007	\$ 10,050,492	57%	\$ 7,639,745	43%
2008	\$ 9,578,374	57%	\$ 7,283,820	43%
2009	\$ 9,216,877	58%	\$ 6,762,644	42%
2010	\$ 9,061,954	58%	\$ 6,437,942	42%
2011	\$ 9,335,451	58%	\$ 6,651,078	42%
2012	\$ 9,751,593	59%	\$ 6,887,764	41%
2013	\$ 10,165,160	59%	\$ 7,094,845	41%
2014	\$ 10,963,389	59%	\$ 7,614,034	41%

Source: Florida Department of Revenue

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities				
Revenue bonds	\$ 30,835,000	\$ 66,190,000	\$ 63,950,000	\$ 90,810,191
Capital leases	301,748	1,011,596	982,910	867,670
Notes payable	-	-	-	-
Total Governmental Activities	<u>31,136,748</u>	<u>67,201,596</u>	<u>64,932,910</u>	<u>91,677,861</u>
Business-type Activities				
Revenue bonds	\$ 93,512,439	\$ 91,652,333	\$ 89,669,727	\$ 91,930,734
Capital leases	-	-	-	-
Notes payable	13,012,811	12,359,204	11,418,271	31,586,315
Total Business-type Activities	<u>106,525,250</u>	<u>104,011,537</u>	<u>101,087,998</u>	<u>123,517,049</u>
Total Primary Government	<u>\$ 137,661,998</u>	<u>\$ 171,213,133</u>	<u>\$ 166,020,908</u>	<u>\$ 215,194,910</u>
Debt as a Percentage of Personal Income	3.7%	3.2%	3.5%	2.8%
Amount of Debt per Capita	\$ 863	\$ 1,049	\$ 1,000	\$ 1,279

*Information not available

Note: Details regarding the County's debt can be found in Notes 12 and 13 of the financial statements.
Amount of Debt per Capita has been restated.
See Schedule 15 for personal income and population data.

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

Schedule 11

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 87,434,420	\$ 83,929,264	\$ 82,819,000	\$ 79,809,000	\$ 91,121,000	\$ 88,593,000
202,379	188,553	134,544	87,472	91,869	232,427
-	-	-	-	-	-
<u>87,636,799</u>	<u>84,117,817</u>	<u>82,953,544</u>	<u>79,896,472</u>	<u>91,212,869</u>	<u>88,825,427</u>
\$ 90,626,234	\$ 86,509,234	\$ 106,737,500	\$ 103,050,000	\$ 99,247,500	\$ 89,100,000
-	-	-	-	-	27,564
<u>30,730,339</u>	<u>29,975,354</u>	<u>7,943,518</u>	<u>7,011,219</u>	<u>8,051,989</u>	<u>31,115,546</u>
<u>121,356,573</u>	<u>116,484,588</u>	<u>114,681,018</u>	<u>110,061,219</u>	<u>107,299,489</u>	<u>120,243,110</u>
<u>\$ 208,993,372</u>	<u>\$ 200,602,405</u>	<u>\$ 197,634,562</u>	<u>\$ 189,957,691</u>	<u>\$ 198,512,358</u>	<u>\$ 209,068,537</u>
2.8%	3.0%	3.2%	3.4%	3.3%	*
\$ 1,241	\$ 1,188	\$ 1,168	\$ 1,121	\$ 1,169	\$ 1,224

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Water System Revenue Bonds				
Series 2005				
Revenue - sale of goods and services	\$ 12,075,741	\$ 12,433,674	\$ 11,321,362	\$ 14,961,574
Less: Operating expenses	<u>(4,995,463)</u>	<u>(5,232,544)</u>	<u>(6,643,470)</u>	<u>(6,928,970)</u>
Net available revenue	<u>\$ 7,080,278</u>	<u>\$ 7,201,130</u>	<u>\$ 4,677,892</u>	<u>\$ 8,032,604</u>
Debt service				
Principal	\$ 135,000	\$ 105,000	\$ 110,000	\$ 115,000
Interest	\$ 631,907	\$ 2,226,210	\$ 2,223,060	\$ 2,219,760
Coverage*	9.2	3.1	2.0	3.4
Sales Tax Revenue Refunding Bonds				
Series 2007				
Revenue - proceeds of the Local Government				
Half-cent Sales Tax	\$ 9,689,458	\$ 10,066,787	\$ 9,886,165	\$ 9,503,862
Less: Operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net available revenue	<u>\$ 9,689,458</u>	<u>\$ 10,066,787</u>	<u>\$ 9,886,165</u>	<u>\$ 9,503,862</u>
Debt service				
Principal	\$ -	\$ -	\$ 95,000	\$ 45,000
Interest	\$ -	\$ -	\$ 255,556	\$ 649,064
Coverage*	N/A	N/A	28.2	13.7
Sales Tax Revenue Bonds				
Series 2006				
Revenue - proceeds of the Local Government				
Half-cent Sales Tax	\$ 9,689,458	\$ 10,066,787	\$ 9,886,165	\$ 9,503,862
Less: Operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net available revenue	<u>\$ 9,689,458</u>	<u>\$ 10,066,787</u>	<u>\$ 9,886,165</u>	<u>\$ 9,503,862</u>
Debt service				
Principal	\$ -	\$ -	\$ 70,000	\$ 75,000
Interest	\$ -	\$ 260,241	\$ 1,873,735	\$ 1,870,585
Coverage*	N/A	38.7	5.1	4.9
Water and Sewer System Revenue Bonds				
Series 2011				
Revenue - sales of goods and services	\$ -	\$ -	\$ -	\$ -
Plus: Allowable deposits	\$ -	\$ -	\$ -	\$ -
Less: Operating expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net available revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -
Coverage*	N/A	N/A	N/A	N/A
Capital Improvement Revenue Bond				
Series 2012				
Revenue - County Revenue Sharing Funds (50%)	\$ -	\$ -	\$ -	\$ -
Net available revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -
Coverage*	N/A	N/A	N/A	N/A

*Coverage equals net available revenue divided by debt service.

Bay County, Florida
Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Schedule 12

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 14,341,003	\$ 14,137,828	\$ 16,597,930	\$ 16,216,643	\$ 16,811,167	\$ 16,441,561
(7,689,352)	(6,274,367)	(6,377,920)	(6,184,222)	(6,433,186)	(6,889,538)
\$ 6,651,651	\$ 7,863,461	\$ 10,220,010	\$ 10,032,421	\$ 10,377,981	\$ 9,552,023
\$ 115,000	\$ 470,000	\$ 1,145,000	\$ 1,515,000	\$ 1,565,000	\$ 1,615,000
\$ 2,216,310	\$ 2,212,860	\$ 2,198,290	\$ 2,161,078	\$ 2,110,325	\$ 2,055,550
2.9	2.9	3.1	2.7	2.8	2.6
\$ 9,139,392	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619	\$ 11,325,809
-	-	-	-	-	-
\$ 9,139,392	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619	\$ 11,325,809
\$ 50,000	\$ 50,000	\$ 50,000	\$ 55,000	\$ 500,000	\$ 515,000
\$ 647,444	\$ 645,644	\$ 643,844	\$ 642,044	\$ 640,050	\$ 620,050
13.1	12.9	14.0	14.2	9.3	10.0
\$ 9,139,392	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619	\$ 11,325,809
-	-	-	-	-	-
\$ 9,139,392	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619	\$ 11,325,809
\$ 75,000	\$ 80,000	\$ 75,000	\$ 85,000	\$ 85,000	\$ 90,000
\$ 1,867,585	\$ 1,864,585	\$ 1,861,385	\$ 1,858,385	\$ 1,854,985	\$ 1,851,585
4.7	4.6	5.0	5.1	5.5	5.8
\$ -	\$ -	\$ 6,782,445	\$ 6,782,146	\$ 7,293,503	\$ 8,747,568
\$ -	\$ -	\$ 939,000	\$ 1,614,000	\$ 1,611,771	\$ -
\$ -	\$ -	\$ (7,337,707)	\$ (7,916,559)	\$ (7,795,608)	\$ (8,050,046)
\$ -	\$ -	\$ 383,738	\$ 479,587	\$ 1,109,666	\$ 697,522
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,215,000
\$ -	\$ -	\$ -	\$ 1,009,275	\$ 1,006,500	\$ 996,110
N/A	N/A	N/A	0.5	1.1	(0.3)
\$ -	\$ -	\$ -	\$ -	\$ 1,688,714	\$ 1,779,290
\$ -	\$ -	\$ -	\$ -	\$ 1,688,714	\$ 1,779,290
\$ -	\$ -	\$ -	\$ -	\$ 309,000	\$ 388,000
\$ -	\$ -	\$ -	\$ -	\$ 339,083	\$ 405,591
N/A	N/A	N/A	N/A	2.6	2.2

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating Revenues	\$ 11,312,823	\$ 11,517,885	\$ 10,367,239	\$ 13,878,255	\$ 13,317,212
Interest	762,918	915,789	754,123	253,913	152,920
Other Revenue	-	-	200,000	150,000	600,000
Gross Revenues	\$ 12,075,741	\$ 12,433,674	\$ 11,321,362	\$ 14,282,168	\$ 14,070,132
Operating Expenses	\$ 4,995,463	\$ 5,232,544	\$ 6,643,470	\$ 6,928,970	\$ 7,689,352
Net Revenue	\$ 7,080,278	\$ 7,201,130	\$ 4,677,892	\$ 7,353,198	\$ 6,380,780
Debt Service 1997 Issue	\$ 1,027,068	\$ 485,260	\$ 482,260	\$ 483,170	477,725
Debt Service 2000 Issue	2,196,541	852,965	860,870	856,468	865,217
Debt Service 2005 Issue	759,375	2,331,210	2,333,060	2,334,760	2,331,310
Debt Service 2014 Issue	-	-	-	-	-
Advance from Other Funds	-	-	-	1,654,835	796,953
Total Debt Service	\$ 3,982,984	\$ 3,669,435	\$ 3,676,190	\$ 5,329,233	\$ 4,471,205
Coverage Factor	1.778	1.962	1.272	1.380	1.427

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 13,800,335	\$ 16,324,937	\$ 15,679,760	\$ 16,130,582	\$ 15,875,773
88,721	99,464	163,407	185,336	104,892
-	-	-	-	-
\$ 13,889,056	\$ 16,424,401	\$ 15,843,167	\$ 16,315,918	\$ 15,980,665
\$ 6,274,367	\$ 6,377,920	\$ 6,184,216	\$ 6,424,037	\$ 6,889,538
\$ 7,614,689	\$ 10,046,481	\$ 9,658,951	\$ 9,891,881	\$ 9,091,127
\$ 131,125	\$ -	\$ -	\$ -	\$ -
861,718	331,065	-	-	-
2,682,860	3,343,290	3,676,078	3,675,325	3,633,529
-	-	-	-	285,525
526,400	526,400	526,400	2,168,406	-
\$ 4,202,103	\$ 4,200,755	\$ 4,202,478	\$ 5,843,731	\$ 3,919,054
1.812	2.392	2.298	1.693	2.320

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Half-Cent Sales Tax Receipts (1)	\$ 9,689,458	\$ 10,066,787	\$ 9,886,165	\$ 9,503,862
Series 1998 Bond (2)	\$ 3,194,875	\$ 3,194,875	\$ 3,194,875	\$ 3,194,875
Series 2002 Bond (3)	1,178,701	1,178,701	445,495	445,495
Series 2006 Bond (4)	-	5,134,488	5,134,488	5,134,488
Series 2007 Bond (5)	-	-	1,141,450	1,141,450
Total Maximum Annual Debt Service	\$ 4,373,576	\$ 9,508,064	\$ 9,916,308	\$ 9,916,308
Coverage of Maximum Annual				
Debt Service by Sales Tax Revenues	<u>2.22</u>	<u>1.06</u>	<u>1.00</u>	<u>(0.96)</u>

(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

(5) Maximum debt service is in year 2018

Historical Coverage of Projected
Maximum Annual Debt Service
By Sales Tax Revenues
Last Ten Fiscal Years
(Unaudited)

Schedule 14

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 9,139,392	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619	\$ 11,325,809
\$ 3,194,875	\$ -	\$ -	\$ -	\$ -	\$ -
445,495	445,495	445,495	-	-	-
5,134,488	5,134,488	5,134,488	5,134,488	5,134,488	5,134,488
1,141,450	1,141,450	1,141,450	1,141,450	1,141,450	1,141,450
\$ 9,916,308	\$ 6,721,433	\$ 6,721,433	\$ 6,275,938	\$ 6,275,938	\$ 6,275,938
(0.92)	1.34	1.44	1.58	1.69	1.80

Bay County, Florida
Demographic and Economic Statistics
Last Ten Years
(Unaudited)

Schedule 15

Year	Estimated Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate
2005	159,482	5,134,996	31,519	3.6%
2006	163,188	5,505,789	33,239	3.2%
2007	165,952	5,793,131	35,037	3.6%
2008	168,297	6,052,227	36,401	5.5%
2009	168,424	5,799,541	34,632	8.9%
2010	168,852	6,103,056	36,050	10.3%
2011	169,278	6,296,304	37,068	9.9%
2012	169,392	6,510,623	37,843	8.0%
2013	169,866	6,634,581	37,915	7.8%
2014	170,781	*	*	5.7%

* Information not yet available

(1) 2005 data revised.

(2) In thousands of dollars; 2008 - 2009 data revised.

(3) 2005 - 2010 data revised.

Note: Information updated annually based on most current data.

Source: University of Florida, College of Liberal Arts & Sciences, Bureau of Economic & Business Research (BEBR)

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

Schedule 16

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tyndall Air Force Base	6,471	1	6.91%	4,715	2	6.01%
Bay District Schools	4,411	2	4.71%	4,910	1	6.26%
Naval Support Activity	3,170	3	3.38%	2,800	3	3.57%
Bay Medical - Sacred Heart	2,000	4	2.14%	2,077	4	2.65%
Eastern Shipbuilding	1,450	5	1.55%	-	-	-
Gulf Coast Medical Center	631	6	0.67%	850	7	1.08%
Bay County Board	589	7	0.63%	-	-	-
Trane Company	575	8	0.61%	-	-	-
City of Panama City	537	9	0.57%	-	-	-
RockTenn (Smurfit-Stone Container)	480	10	0.51%	650	10	0.83%
Wal-Mart/Sam's	-	-	-	1,240	5	1.58%
Sallie Mae	-	-	-	1,200	6	1.53%
Gulf Coast State College	-	-	-	727	8	0.93%
Nextel Partners	-	-	-	675	9	0.86%
	<u>20,314</u>		<u>21.69%</u>	<u>19,844</u>		<u>25.30%</u>
Total Bay County Labor Force	<u>93,676</u>			<u>78,426</u>		

Note: The current year information does not include retail employers.

Source: Bay County Economic Development Alliance

Bay County, Florida
Full-time Equivalent County Employees by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 17

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	59	63	74	71	72	63	60	59	55	59
Public Safety	99	109	123	122	115	115	101	102	176	189
Physical Environment	109	111	118	126	124	129	129	128	122	129
Transportation	121	124	128	118	116	118	119	118	111	114
Economic Environment	2	3	2	2	2	2	2	2	2	2
Human Services	9	10	9	12	12	14	14	14	14	14
Culture/Recreation	18	20	81	81	80	82	75	73	72	74
Judicial System	10	9	9	9	9	10	8	10	8	8
Total	<u>427</u>	<u>449</u>	<u>544</u>	<u>541</u>	<u>530</u>	<u>533</u>	<u>508</u>	<u>506</u>	<u>560</u>	<u>589</u>

Source: County personnel department

Bay County, Florida
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 18

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government										
Assessed properties	103,104	107,007	110,279	112,624	112,911	112,934	113,163	113,260	113,364	113,640
Court cases:										
Circuit Criminal	4,461	4,449	4,846	4,510	4,578	4,366	4,384	4,600	4,384	4,764
County Criminal	9,824	8,882	11,882	9,971	13,794	8,490	10,066	9,840	9,225	9,336
Public Safety										
E-911 calls	113,548	118,000	124,977	116,149	116,427	146,603	132,790	153,129	144,567	151,850
Building permits issued*										
Commercial	435	274	256	231	227	160	207	214	163	172
Residential	2,213	1,424	1,018	820	653	652	634	613	825	992
Physical Environment										
Landfill and Incinerator Collections	223,462	237,825	238,506	248,820	237,663	223,550	217,027	213,402	237,779	266,930
Transportation										
Roads miles maintained	711.25	712.72	712.07	712.87	731.77	741.07	741.07	741.07	728.53	728.53
Economic Environment										
Tourist Development Tax Registered Units**	632	843	1,109	1,582	15,492	16,926	17,090	17,356	16,787	16,907
Human Services										
Baker Act admissions	377	348	372	455	466	547	483	574	470	376

* Permits include new construction, additions, renovations and alterations

**Beginning FY09, reporting calculated on number of units. Prior years were reported by registrant.

Sources: County finance office and individual county departments

Bay County, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 19

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Correction facility capacities	662	662	662	1,098	1,098	1,098	1,098	1,098	1,098	1,098
Emergency responder facilities#	13	13	13	13	13	13	13	13	13	17
Culture & Recreation										
Parks	30	30	30	26	28	30	30	30	31	31
Park acreage	413	413	413	302	303	318	318	318	331.5	331.5
Boat ramps	19	19	19	19	19	19	19	19	20	20
Transportation										
Road miles	711.25	712.72	712.07	712.87	731.77	741.07	741.07	741.07	728.53	728.58
Bridges	53	53	53	53	53	53	53	53	51	51
Traffic signals	18	18	17	16	18	16	16	16	16	17
Physical Environment										
Water mains (miles)	*	105	108	147	270	282	282	293	293	293

*Information not available

#2014 Includes fire and EMS facilities

Sources: County finance office and individual county departments

INDEPENDENT AUDITOR'S 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, 2014, and have issued our report thereon dated April 13, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 13, 2015, 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 #	2012-13 FY Finding #	2011-12 FY Finding #
Bay County Tax Collector 2014-1	Bay County Tax Collector 2013-1	2012-1
Bay County Tax Collector 2014-2	Bay County Tax Collector 2013-2	Section 10.554(1)(i)5 AG Management Letter

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for Bay County for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

The Honorable County Commissioners
Bay County, Florida
Page Three

In addition, there is an internal control deficiency that is not a material weakness or a significant deficiency to report but which warrants the attention of those charged with governance.

Bay County Tax Collector 2014-2: In connection with our audit, as in prior years, we noticed that amounts paid to other agencies did not agree, in all cases, with the amounts received on their behalf. We recommend that research be performed to determine the proper remittance amount, so that final settlement can be made. Also, a reconciliation should be prepared to support the balance due.

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

Purpose of This Letter

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

Carri Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable County Commissioners
Bay County, Florida

We have examined Bay County's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for Bay County's compliance with those requirements. Our responsibility is to express an opinion on Bay County's compliance based on our examination.

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

In our opinion, Bay County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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, LLC

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

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

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Bay County, Florida's basic financial statements and have issued our report thereon dated April 13, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a deficiency in internal control that we consider to be a material weakness.

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 and referenced below to be a material weakness.

- Bay County Tax Collector 2014-1

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.

Compliance and Other Matters

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

Bay County, Florida's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal 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.

Car, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM/STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
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 State Project

We have audited Bay County, Florida's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 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 state projects for the year ended September 30, 2014. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *State of Florida Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *State of Florida Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

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 state projects for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable County Commissioners
Bay County, Florida
Page Three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *State of Florida Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County, Florida
Schedule of Findings and Questioned Costs
Federal Awards and State Financial Assistance
Year Ended September 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☒ Yes ☐ No

Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None reported

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 not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's 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 Circular A-133, Section .510(a) or Section 10.557, Rules of the Auditor General? ☐ Yes ☒ No

Identification of major federal programs /state projects:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction
	<u>Federal Transit Cluster</u>
20.500	Federal Transit - Capital Investment Grants
20.507	Federal Transit - Formula Grants
97.044	Assistance to Firefighters

Continued

Bay County, Florida
Schedule of Findings and Questioned Costs
Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2014

<u>CSFA Number</u>	<u>Name of State Projects</u>
37.066	Water Protection and Sustainability Program
37.082	Stormwater Projects (MOEX)/Deepwater Horizon Oil Spill
55.001	Commission For The Transportation Disadvantaged Trip And Equipment Grant Program
55.010	Public Transit Block Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>Federal</u> \$ 300,000	<u>State</u> \$ 300,000
Auditee qualified as low-risk auditee for Federal Single Audit?	<u> </u> Yes	<u> √ </u> No

Section II - Financial Statement Findings

Finding

Bay County Tax Collector 2014-1: Certain adjustments to the Bay County Tax Collector's financial statements that reflect correction of a material misstatement not initially identified by the Bay County Tax Collector's internal controls.

Recommendation

We recommend that procedures be implemented or strengthened to identify and record these types of adjustments in the future.

Management's Response

Procedures are currently being implemented to identify and record these types of adjustments in the future.

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, 2014

There were no prior year audit findings related to federal awards or state financial assistance.

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2014

Federal/State Agency	CFDA	Contract/	
Pass-through Entity	CSFA	Grant	
Federal Program/State Project	No.	No.	Expenditures

FEDERAL AWARDS

U.S. Department of Housing and Urban Development

Passed through Florida Department of Economic Opportunity			
Neighborhood Stabilization Program	14.228	10DB-4X-01-13-01-F-03	\$ 179,537
Community Development Grant Program	14.228	10DB-K4-01-13-01-K-03	115,206
Disaster Recovery Emergency Funds	14.228	12DB-P5-01-13-01-K-50	241,920
Total U.S. Department of Housing and Urban Development			536,663

U.S. Department of the Interior

Passed through Florida Fish and Wildlife Conservation Commission			
Sport Fish Restoration Program	15.605	FWC-13125	50,000
Total U.S. Department of the Interior			50,000

U.S. Department of Justice

Public Safety Partnership and Community Policing	16.710	2010UMWX0067	23,198
Passed through Florida Department of Law Enforcement			
Crime Victim Assistance	16.575	V13004	29,575
Violence Against Women Formula	16.588	14-8045-AG-INV	57,256
Violence Against Women Formula	16.588	15-8045-VS-LE-INV	18,750
Edward Byrne Memorial Justice Assistance Program	16.738	2014-JAGC-BAY-8-E5-218	12,000
Edward Byrne Memorial Justice Assistance Program	16.738	2014-JAGC-BAY-2-E5-048	36,937
Total U.S. Department of Justice			177,716

U.S. Department of Transportation

Passed through Florida Department of Transportation			
Everitt Avenue Sidewalks Project	20.205	AR378	692,053
Magnolia/Delwood Beach Path Project	20.205	AQQ88	51,677
Frankford Avenue Sidewalk Project	20.205	ARC08	6,032
Joan Avenue Sidewalk Project	20.205	ARC07	18,250
Star Avenue Sidewalk Project	20.205	AR957	12,889
State Avenue Paved Shoulder Project	20.205	AR490	620,000
Thomas Drive Sidewalk Project Phase V	20.205	AR925	90,883
West Bay Bridge Improvement Project	20.205	AQV27	1,542,645
Wildwood Road Sidewalk Project	20.205	ARQ53	552,885
Formula Grants for Rural Areas	20.509	AQF64 NON URBAN	61,619
State and Community Highway Safety	20.600	ARC61	93,000
Transit Service Program Cluster			
Federal Transit Capital Investment	20.500	04-0078-00 FCL	364,440
Federal Transit Formula ARRA	20.507	96-X022-00 ARR	10,987
Federal Transit Formula	20.507	90-X744-01 530	96,433
Federal Transit Formula	20.507	90-X772-00 530	240,152
Federal Transit Formula	20.507	90-X796-01 530	83,271
Federal Transit Formula	20.507	90-X829-00 530	1,137,613
Federal Transit Formula	20.507	90-X823-00 JAR	349,848
Federal Transit Formula	20.507	90-X743-01 JAR	19,304
Total U.S. Department of Transportation			6,043,981

(Continued)

Bay County, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (Continued)
Year Ended September 30, 2014

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures
Federal Department of Health and Human Services			
Passed through Florida Department of State Voting Access for Individuals with Disabilities	93.617	HHS-2014	\$ 17,141
Passed through Florida Department of Revenue Child Support Enforcement	93.563	COC01	177,031
Total Federal Department of Health and Human Services			194,172
Federal Elections Assistance Commission			
Passed through Florida Department of State Federal Election Activities FY 2014	90.401	MOA 2013-2014-0001	18,923
Total Federal Elections Assistance Commission			18,923
U.S. Department of Homeland Security			
Passed through Florida Department of Emergency Management			
Disaster Grant-Public Assistance	97.036	09-SS-E8-01-13-02-528	83,806
Disaster Grant-Public Assistance	97.036	14-FS-8Q-01-13-02-500/517	26,646
Hazard Mitigation Program	97.039	13HM-3G-01-13-01-224	257,557
Emergency Management Performance	97.042	14-FG-86-01-13-01-070	50,825
Emergency Management Performance	97.042	15-FG-86-01-13-01-070	27,443
Assistance to Firefighters Grant	97.044	EMW-2012-FO-03528	48,944
Assistance to Firefighters Grant	97.044	EMW-2011-FH-00335	248,905
State Homeland Security Program	97.067	13-DS-97-13-00-16-409	4,870
State Homeland Security Program	97.067	13-DS-97-01-13-01-373	14,200
State Homeland Security Program	97.067	12-DS-20-01-13-01- 471	14,500
State Homeland Security Program	97.067	12-DS-20-13-00-16- 501	31,214
State Homeland Security Program	97.067	11-DS-9Z-01-13-01-468	7,870
State Homeland Security Program	97.067	14-DS-L5-01-13-01- 468	1,640
State Homeland Security Program	97.067	EMW-2012-SS-00109-S01	20,000
State Homeland Security Program	97.067	12-DS-20-01-13-01-458	9,000
State Homeland Security Program	97.067	14-DS-L5-01-13-01-480	6,507
Total U.S. Department of Homeland Security			853,927
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,875,382
(Continued)			

Bay County, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (Continued)
Year Ended September 30, 2014

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures
STATE OF FLORIDA			
Executive Office of the Governor			
Enterprise Florida, Inc.	31.003	DIG-10-07	\$ 34,987
Military Base Protection	31.044	DIG-12-07	1,689
Military Base Protection	31.044	DIG-13-06	194,469
Total Executive Office of the Governor			231,145
Division of Emergency Management			
Emergency Management Preparedness	31.063	14-BG-83-01-13-01-003	65,794
Hurricane Shelter Retrofit Project	31.068	13-SR-AA-01-13-01-342	132,791
Emergency Management Preparedness	31.063	15-BG-83-01-13-01-070	39,089
Total Division of Emergency Management			237,674
Department of Environmental Protection			
Beach Management Funding Assistance	37.003	11BA1	1,210
Beach Management Funding Assistance	37.003	11BA2	34,974
Stormwater Projects (MOEX) /Deepwater Horizon Oil Spill	37.082	SO660	774,775
Passed through Northwest Florida Water Management			
Statewide Surface Water Restoration and Wastewater Projects	37.039	14-017	1,752
Water Protection and Sustainability	37.066	14-055	1,571,269
Watson Bayou Stormwater Retrofit Project	37.082	11-035	200,000
Total Department of Environmental Protection			2,583,980
Department of Agriculture and Consumer Services			
Mosquito Control	42.003	20272	14,728
Total Department of Agriculture and Consumer Services			14,728
Department of State, Division of Library and Information Services			
State Aid to Libraries	45.030	14-ST-44	56,154
State Aid to Libraries	45.030	14-ST-45	39,859
State Aid to Libraries	45.030	14-ST-46	35,993
State Aid to Libraries	45.030	14-ST-43	280,208
State Aid to Libraries	45.030	13-ST-43	34,016
State Aid to Libraries	45.030	13-ST-44	19,602
State Aid to Libraries	45.030	13-ST-41	113,926
Total Department of State, Division of Library and Information Services			579,758
Department of Economic Opportunity			
Passed through Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	52.901	----	87,491
Total Department of Economic Opportunity			87,491
Department of Transportation			
State Highway Project Reimbursement	55.023	408412-6-58-01	446,015
Transportation Regional Incentive Program (Trip)	55.026	AR738	146,842
The Transportation Disadvantaged Trip & Equipment	55.001	ARA67	208,010
The Transportation Disadvantaged Trip & Equipment	55.001	ARF01	106,621
Medicaid Non-Emergency Transportation	55.001	ARA68	312,673
Public Transportation	55.010	AQG39 BLOCK	497,121
Public Transportation	55.013	AQC57 CORRIDOR	180,000
Total Department of Transportation			1,897,282

(Continued)

Bay County, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (Continued)
Year Ended September 30, 2014

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures
Department of Health			
Emergency Medical Services	64.005	C2003	\$ 30,925
Total Department of Health			30,925
Fish and Wildlife Conservation Commission			
Artificial Reef Grants Program	77.007	FWC-13125	10,000
Artificial Reef Grants Program	77.007	FWC-12166	9,900
Total Fish and Wildlife Conservation Commission			19,900
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 5,682,883

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.

BAY COUNTY, FLORIDA
CONSTITUTIONAL OFFICERS
FOR THE FISCAL YEAR-ENDED SEPTEMBER 30, 2014

SUPERVISOR OF ELECTIONS

Mark Andersen

TAX COLLECTOR

Peggy Brannon

CLERK OF COURT AND COMPTROLLER

Bill Kinsaul

SHERIFF

Frank McKeithen

PROPERTY APPRAISER

Dan Sowell

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County, Florida
Constitutional Officers
Table of Contents
For the Fiscal Year ended September 30, 2014

BAY COUNTY SUPERVISOR OF ELECTIONS	PAGE
Independent Auditor's Report	F-1
Special-Purpose Balance Sheet – Governmental Fund	F-3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	F-4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-5
Notes to Special-Purpose Financial Statements	F-6
Independent Auditor's Management Letter	F-11
Independent Accountant's Report	F-13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-15
BAY COUNTY CLERK OF COURT AND COMPTROLLER	
Independent Auditor's Report	F-17
Special-Purpose Balance Sheet – Governmental Funds	F-19
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	F-20
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-21
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Court Fund	F-22
Special-Purpose Statement of Fiduciary Net Position – Agency Funds	F-23
Notes to Special-Purpose Financial Statements	F-24
Combining Statement of Changes in Assets and Liabilities – Agency Funds	F-32

BAY COUNTY CLERK OF COURT AND COMPTROLLER (Continued)	PAGE
Independent Auditor's Management Letter	F-35
Independent Accountant's Report	F-37
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-39
 BAY COUNTY PROPERTY APPRAISER	
Independent Auditor's Report	F-41
Special-Purpose Balance Sheet – Governmental Fund	F-43
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	F-44
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-45
Notes to Special-Purpose Financial Statements	F-46
Independent Auditor's Management Letter	F-51
Independent Accountant's Report	F-53
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-55
 BAY COUNTY TAX COLLECTOR	
Independent Auditor's Report	F-57
Special-Purpose Balance Sheet – Governmental Fund	F-59
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	F-60
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-61

BAY COUNTY TAX COLLECTOR (Continued)	PAGE
Special-Purpose Statement of Fiduciary Net Position – Agency Funds	F-62
Notes to Special-Purpose Financial Statements	F-63
Combining Statement of Changes in Assets and Liabilities – Agency Funds	F-73
Independent Auditor’s Management Letter	F-75
Independent Accountant’s Report	F-77
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F-79
BAY COUNTY SHERIFF	
Independent Auditor’s Report	F-81
Special-Purpose Balance Sheet – Governmental Funds	F-83
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	F-84
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	F-85
Special-Purpose Statement of Fiduciary Net Position – Agency Funds	F-86
Notes to Special-Purpose Financial Statements	F-87
Combining Balance Sheet – Nonmajor Governmental Funds	F-97
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	F-98
Combining Statement of Changes in Assets and Liabilities – Agency Funds	F-101
Independent Auditor’s Management Letter	F-103

Bay County, Florida
Constitutional Officers
Table of Contents (Continued)
For the Fiscal Year ended September 30, 2014

BAY COUNTY SHERIFF (Continued)	PAGE
Independent Accountant's Report	F-105
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	F-107

INDEPENDENT AUDITOR'S REPORT

The Honorable Mark Andersen
Bay County Supervisor of Elections
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Bay County Supervisor of Elections, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Supervisor of Elections' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with 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 that is attributable to the Bay County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Bay County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report 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, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay County Supervisor of Elections' internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

Bay County Supervisor of Elections
Special-Purpose Balance Sheet
Governmental Fund
September 30, 2014

	General Fund
ASSETS	
Cash and cash equivalents	\$ 142,390
Prepaid items	9,617
Total assets	\$ 152,007
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued liabilities	\$ 57,728
Due to other governments	65,895
Unearned revenue	28,384
Total liabilities	152,007
Fund balance	
Nonspendable	9,617
Unassigned	(9,617)
Total fund balance	-
Total liabilities and fund balance	\$ 152,007

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, 2014

	General Fund
REVENUES	
Intergovernmental	\$ 36,064
Charges for services	11,848
Investment earnings	135
Total revenues	48,047
EXPENDITURES	
Current	
General government	1,246,687
Capital outlay	
General government	24,525
Total expenditures	1,271,212
Excess (deficit) of revenues over (under) expenditures	(1,223,165)
OTHER FINANCING SOURCES (USES)	
Budget appropriations from Board of County Commissioners	1,288,731
Transfer out/return of excess fees	(65,566)
Total other financing sources	1,223,165
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, 2014

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 21,753	\$ 36,064	\$ 14,311
Charges for services	-	3,750	11,848	8,098
Investment earnings	-	-	135	135
Total revenues	-	25,503	48,047	22,544
EXPENDITURES				
Current				
General government	1,281,731	1,284,539	1,246,687	37,852
Capital outlay				
General government	7,000	29,695	24,525	5,170
Total expenditures	1,288,731	1,314,234	1,271,212	43,022
Excess (deficit) of revenues over (under) expenditures	(1,288,731)	(1,288,731)	(1,223,165)	65,566
OTHER FINANCING SOURCES (USES)				
Budget appropriations from Board of County Commissioners	1,288,731	1,288,731	1,288,731	-
Transfer out/return of excess fees	-	-	(65,566)	(65,566)
Total other financing sources (uses)	1,288,731	1,288,731	1,223,165	(65,566)
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 Bay County Supervisor of Elections is an integral part of Bay County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Supervisor of Elections are included in Bay County, Florida's basic financial statements. The Supervisor of Elections operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation - Fund Accounting – 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. Government 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 type is used by the Supervisor of Elections:

Governmental Fund Type

General Fund – The General Fund is the general operating fund of the Bay County Supervisor of Elections. It is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities generally are included on the balance sheet. Fund balance (net current assets) is considered a measurement of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special purpose financial statements. Accordingly, it relates to the timing of the measurements made, regardless of the measurement focus applied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both measurable and available to pay current liabilities. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on long-term obligations, which is recorded when due.

Fund balance classifications are defined below.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balance as of September 30, 2014, is \$9,617.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. There are no restricted funds as of September 30, 2014.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of County Commissioners. Commitments may be established, modified, or rescinded only through ordinance approved by the Board of County Commissioners. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose through action by the Board of County Commissioners including board resolution, board memorandum, or budget appropriations. There are no assigned funds as of September 30, 2014.

Unassigned – This category is the residual classification for the Supervisor of Elections fund balances. The unassigned fund balance as of September 30, 2014, is a deficit of \$9,617.

When both restricted and unrestricted resources are available for use, it is the Supervisor of Elections' policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for which committed, assigned, or unassigned amounts could be used it is the Supervisor of Elections' policy to use them in that order.

Budgets – The preparation, adoption, and amendment of the Bay County Supervisor of Elections' budget is governed by Chapter 129, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Leave Benefits – 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 13 to 21 hours a month depending on the length of service. Part-time and temporary employees are not eligible for paid time off.

Capital Assets – Capital assets of the Bay County Supervisor of Elections are accounted for by the Board of County Commissioners and are included in the Board's basic financial statements. Under Florida law, the Board holds legal title and is accountable for these assets.

Cash and Cash Equivalents – The Bay County Supervisor of Elections considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from these estimates.

Date of Management’s Review – In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2015, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS

Custodial Credit Risk of Deposits– All cash resources of the Bay County Supervisor of Elections are placed in banks that 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 Bay County Supervisor of Elections’ 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.

NOTE 3 – RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The Bay County 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, 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. FRS issues financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315, by accessing the FRS website or by calling (850) 488-6491.

Funding Policy – FRS is funded through employee and employer contributions. The Bay County Supervisor of Elections is required to contribute at an actuarially determined rate. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. The rate for eligible employees who elected to participate in the Deferred Retirement Option Program (DROP) was 12.84% for October 1, 2013 through June 30, 2014 and 12.28% for July 1, 2014 through September 30, 2014, with no employee contribution required.

The contribution requirements of plan members and the Bay County Supervisor of Elections are established and may be amended by the Florida Legislature. The Supervisor of Elections' contributions to the plan for the years ending September 30, 2014, 2013, and 2012 were \$66,916, \$36,469 and \$27,907, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ending September 30, 2014, were \$13,549.

Defined Contribution Plan

Plan Description – Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

NOTE 3 – RETIREMENT PLANS (Continued)

Funding Policy – FRS Investment Plan is funded through employee and employer contributions. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$3,171 and \$1,350, respectively.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mark Andersen
Bay County Supervisor of Elections
Bay County, Florida

Report on the Financial Statements

We have audited the financial statements of the Bay County Supervisor of Elections as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 13, 2015.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 13, 2015, 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 and 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 the 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

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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
April 13, 2015

INDEPENDENT ACCOUNTANT'S 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, 2014. Management is responsible for the Bay County Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Bay County Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Bay County Supervisor of Elections' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the 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 aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

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

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, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Supervisor of Elections' basic special-purpose financial statements, and have issued our report thereon dated April 13, 2015.

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) to determine the 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 Bay County Supervisor of Election's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Kinsaul
Bay County Clerk of Court and Comptroller
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Clerk of Court and Comptroller's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with 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 each major fund and the aggregate remaining fund information only for that portion of the major funds, and the aggregate remaining fund information of Bay County that is attributable to the Bay County Clerk of Court and Comptroller. They do not purport to, and do not, present fairly the financial position of Bay County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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

Carri Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

Bay County Clerk of Court and Comptroller
Special-Purpose Balance Sheet
Governmental Funds
September 30, 2014

	General Fund	Court	Records Modernization - Records	10% Fine Records Modernization	Records Modernization - Court	Family Mediation	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 249,876	\$ 501,808	\$ 245,585	\$ 445,323	\$ 282,041	\$ 12,366	\$ 1,736,999
Investments	13,083	-	-	-	-	-	13,083
Accounts receivable, net	143,258	94,028	-	4,151	203	-	241,640
Prepaid items	33,689	23,231	-	43,582	4,394	-	104,896
Total assets	\$ 439,906	\$ 619,067	\$ 245,585	\$ 493,056	\$ 286,638	\$ 12,366	\$ 2,096,618
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable and accrued liabilities	\$ 136,594	\$ 161,366	\$ -	\$ 30,722	\$ 9,608	\$ 1,613	\$ 339,903
Unearned revenue	6,927	-	-	-	-	-	6,927
Due to other governments	296,385	-	-	-	-	-	296,385
Total liabilities	439,906	161,366	-	30,722	9,608	1,613	643,215
Fund balance							
Nonspendable	33,689	23,231	-	43,582	4,394	-	104,896
Restricted	-	434,470	245,585	418,752	272,636	10,753	1,382,196
Unassigned	(33,689)	-	-	-	-	-	(33,689)
Total fund balance	-	457,701	245,585	462,334	277,030	10,753	1,453,403
Total liabilities and fund balance	\$ 439,906	\$ 619,067	\$ 245,585	\$ 493,056	\$ 286,638	\$ 12,366	\$ 2,096,618

Bay County Clerk of Court and Comptroller
Special-Purpose Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
Year Ended September 30, 2014

	General Fund	Court	Records Modernization - Records	10% Fine Records Modernization	Records Modernization - Court	Family Mediation	Total Governmental Funds
REVENUES							
Intergovernmental revenue	\$ 177,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,031
Charges for services	1,598,609	4,125,046	106,959	266,718	313,181	15,000	6,425,513
Miscellaneous	21,120	-	-	-	-	-	21,120
Total revenues	1,796,760	4,125,046	106,959	266,718	313,181	15,000	6,623,664
EXPENDITURES							
Current							
General government	2,792,464	4,136,947	76,812	173,949	282,652	22,801	7,485,625
Capital outlay							
General government	103,960	16,160	-	9,123	49,946	-	179,189
Total expenditures	2,896,424	4,153,107	76,812	183,072	332,598	22,801	7,664,814
Excess (deficit) of revenues over (under) expenditures	(1,099,664)	(28,061)	30,147	83,646	(19,417)	(7,801)	(1,041,150)
OTHER FINANCING SOURCES (USES)							
Budget appropriations from Board of County Commissioners	1,156,527	-	-	-	-	-	1,156,527
Transfer out/return of excess fees	(56,863)	-	-	-	-	-	(56,863)
Total other financing sources	1,099,664	-	-	-	-	-	1,099,664
Net change in fund balance	-	(28,061)	30,147	83,646	(19,417)	(7,801)	58,514
Fund balance - beginning	-	485,762	215,438	378,688	296,447	18,554	1,394,889
Fund balance - ending	\$ -	\$ 457,701	\$ 245,585	\$ 462,334	\$ 277,030	\$ 10,753	\$ 1,453,403

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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental revenue	\$ 126,000	\$ 177,031	\$ 177,031	\$ -
Charges for services	1,437,690	1,598,609	1,598,609	-
Miscellaneous	38,125	21,120	21,120	-
Total revenues	1,601,815	1,796,760	1,796,760	-
EXPENDITURES				
Current				
General government	2,747,647	2,876,497	2,792,464	84,033
Capital outlay				
General government	10,000	76,790	103,960	(27,170)
Total expenditures	2,757,647	2,953,287	2,896,424	56,863
Excess (deficit) of revenues over (under) expenditures	(1,155,832)	(1,156,527)	(1,099,664)	56,863
OTHER FINANCING SOURCES (USES)				
Budget appropriations from Board of County Commissioners	1,155,832	1,156,527	1,156,527	-
Transfer out/return of excess fees	-	-	(56,863)	(56,863)
Total other financing sources (uses)	1,155,832	1,156,527	1,099,664	(56,863)
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
Year Ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 3,512,255	\$ 4,126,321	\$ 4,125,046	\$ (1,275)
Total revenues	3,512,255	4,126,321	4,125,046	(1,275)
EXPENDITURES				
Current				
General government	3,496,095	4,110,161	4,136,947	(26,786)
Capital outlay				
General government	16,160	16,160	16,160	-
Total expenditures	3,512,255	4,126,321	4,153,107	(26,786)
Net change in fund balance	-	-	(28,061)	(28,061)
Fund balance - beginning	485,762	485,762	485,762	-
Fund balance - ending	\$ 485,762	\$ 485,762	\$ 457,701	\$ (28,061)

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
Agency Funds
September 30, 2014

ASSETS

Cash and cash equivalents	\$ 4,806,412
<hr/>	
Total assets	\$ 4,806,412
<hr/>	

LIABILITIES

Accounts payable and accrued liabilities	\$ 2,014,013
Due to other governments	2,792,399
<hr/>	
Total liabilities	\$ 4,806,412
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Bay County Clerk of Court and Comptroller (Clerk) is an integral part of Bay County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Clerk are included in Bay County, Florida'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 and any unexpended appropriations are remitted to the Board of County Commissioners 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) and any unexpended appropriations are remitted to the CCOC after the end of the fiscal year. In July 2013 the Court fund began being funded by collected funds with the excess of budgeted amounts being remitted to the CCOC monthly. The monthly remittance process was effective in November 2013.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation - Fund Accounting – 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. Government 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:

Governmental Fund Types

General Fund – The General Fund is the general operating fund of the Clerk. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Type

Agency Funds – Agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, other governments, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities generally are included on the balance sheet. Fund balance (net current assets) is considered a measurement of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Accordingly, it relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both measurable and available to pay current liabilities. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on long-term obligations, which is recorded when due.

Fund balance classifications are defined below.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balance as of September 30, 2014, is \$104,896.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. The restricted fund balance as of September 30, 2014, is \$1,382,196.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of County Commissioners. Commitments may be established, modified, or rescinded only through ordinance approved by the Board of County Commissioners. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose through action by the Board of County Commissioners including board resolution, board memorandum, or budget appropriations. There are no assigned funds as of September 30, 2014.

Unassigned – This category is the residual classification for the Clerk’s fund balances. The unassigned fund balance as of September 30, 2014, is a deficit of \$33,869.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for which committed, assigned, or unassigned amounts could be used it is the Clerk's policy to use them in that order.

Budgets – The preparation, adoption, and amendment of the Clerk's budget is governed by Chapter 129, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America. Budgetary data presented in the accompanying special-purpose financial statements represents the final budgetary data in the final budgeted amounts column. 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, Records Modernization-Court, Family Mediation, and 10% Fine Records Modernization Funds are not budgeted.

Cash and Cash Equivalents – The Clerk considers all cash and cash equivalents to include cash on hand, demand deposits, and highly liquid investments with an original maturity of three months or less.

Investments – The Clerk considers investments to include non-pooled investments with original maturities greater than three months.

Accounts Receivable – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Employee Leave Benefits – 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 plus years of service receive a percentage of their paid time off based on the length of service upon termination.

Capital Assets – Capital assets of the Clerk are accounted for by the Board of County Commissioners and are included in the Board's basic financial statements. Under Florida law, the Board holds legal title and is accountable for these assets.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from these estimates.

Date of Management's Review – In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2015, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposit Policies – The Clerk considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Custodial Credit Risk of Deposits – All cash resources of the Clerk are placed in banks that 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 Clerk'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.

Investment Policies – Florida Statutes, Section 218.415, authorizes the Clerk to invest surplus funds in the following:

Local Government Surplus Funds Trust Fund, hereinafter Florida PRIME, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in 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.

Other investments authorized by law or by ordinance for a county or a municipality.

Investments are stated at fair value in accordance with GASB 31. GASB 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value ("NAV"). GASB 31 describes a "2a-7 like" pool as an "external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the "1940 Act")." Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The Florida PRIME, administered by the Florida State Board of Administration (SBA), is considered to be a SEC 2a-7 like fund and therefore shown at share value. The Board of Trustees of the SBA consists of the Governor, the Chief Financial Officer, and the Attorney General.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The weighted average days to maturity of the Florida PRIME fund at September 30, 2014 was 39 days or 1.3 months. The Clerk does not have a formal policy relating to interest rate risk.

Foreign Currency Risk – The Florida PRIME fund was not exposed to any foreign currency risk during the period October 1, 2013 through September 30, 2014.

Concentration of Credit Risk – At September 30, 2014, the Clerk did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2014, the Clerk's investments consisted of the following:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (months)	Credit Rating (if applicable)
Florida PRIME	\$ 13,083	\$ 13,083	1.3	AAAm
Total investments	\$ 13,083	\$ 13,083		

NOTE 3 – ACCOUNTS RECEIVABLE, NET

At September 30, 2014, accounts receivable, net is summarized as follows:

Total accounts receivable	\$ 241,640
Less: allowance for doubtful accounts	-
Accounts receivable, net	\$ 241,640

The Clerk considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2014.

NOTE 4 – RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The Bay County Clerk of Court 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.

NOTE 4 – RETIREMENT PLANS (Continued)

Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. FRS issues financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315, by accessing the FRS website or by calling (850) 488-6491.

Funding Policy – FRS is funded through employee and employer contributions. The Bay County Clerk of Court is required to contribute at an actuarially determined rate. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% 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 12.84% for October 1, 2013 through June 30, 2014 and 12.28% for July 1, 2014 through September 30, 2014, with no employee contribution required.

The contribution requirements of plan members and the Bay County Clerk of Court are established and may be amended by the Florida Legislature. The Clerk's contributions to the FRS for the years ending September 30, 2014, 2013, and 2012 were \$353,306, \$226,119, and \$188,291, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ending September 30, 2014, were \$103,519.

Defined Contribution Plan

Plan Description – Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

Funding Policy – FRS is funded through employee and employer contributions. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$30,046 and \$12,789, respectively.

THIS PAGE INTENTIONALLY LEFT BLANK

AGENCY FUNDS

Bay County Clerk of Court and Comptroller
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
FINES AND FORFEITURES				
ASSETS				
Cash and cash equivalents	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
Total assets	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
LIABILITIES				
Due to other governments	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
Total liabilities	\$ 2,013,796	\$ 28,062,996	\$ 27,869,550	\$ 2,207,242
JURY AND WITNESS				
ASSETS				
Cash and cash equivalents	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
Total assets	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
LIABILITIES				
Due to other governments	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
Total liabilities	\$ 35,258	\$ 19,778	\$ 29,713	\$ 25,323
TAX DEED				
ASSETS				
Cash and cash equivalents	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
Total assets	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
LIABILITIES				
Accounts payable and Accrued liabilities	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
Total liabilities	\$ 264,201	\$ 1,558,811	\$ 1,248,503	\$ 574,509
SUPPORT				
ASSETS				
Cash and cash equivalents	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
Total assets	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
LIABILITIES				
Accounts payable and accrued liabilities	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854
Total liabilities	\$ 42,190	\$ 591,351	\$ 610,687	\$ 22,854

Continued

Bay County Clerk of Court and Comptroller
Combining Statement of Changes in Assets and Liabilities
Agency Funds (Continued)
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
COURT REGISTRY				
ASSETS				
Cash and cash equivalents	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
Total assets	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
Total liabilities	\$ 2,220,008	\$ 29,856,673	\$ 30,665,032	\$ 1,411,649
CASH BOND				
ASSETS				
Cash and cash equivalents	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
Total assets	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
LIABILITIES				
Due to other governments	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
Total liabilities	\$ 613,948	\$ 842,147	\$ 896,261	\$ 559,834
RESTITUTION				
ASSETS				
Cash and cash equivalents	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
Total assets	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
Total liabilities	\$ 9,071	\$ 185,405	\$ 189,475	\$ 5,001
TOTAL - AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 5,198,472	\$ 61,117,161	\$ 61,509,221	\$ 4,806,412
Total assets	\$ 5,198,472	\$ 61,117,161	\$ 61,509,221	\$ 4,806,412
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,535,470	\$ 32,192,240	\$ 32,713,697	\$ 2,014,013
Due to other governments	2,663,002	28,924,921	28,795,524	2,792,399
Total liabilities	\$ 5,198,472	\$ 61,117,161	\$ 61,509,221	\$ 4,806,412

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S 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 financial statements of the Bay County Clerk of Court and Comptroller as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 13, 2015.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 13, 2015, 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.

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 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.

The Honorable Bill Kinsaul
Bay County Clerk of Court and Comptroller
Page Two

Other Matters

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

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

Purpose of this Letter

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

Carri Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT ACCOUNTANT'S 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*; Sections 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*; and 28.36, Florida Statutes, *Budget Procedure*; during the year ended September 30, 2014. Management is responsible for the Bay County Clerk of Court and Comptroller's compliance with those requirements. Our responsibility is to express an opinion on the Bay County Clerk of Court and Comptroller's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Bay County Clerk of Court and Comptroller's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the 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 aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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, LLC

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

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

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 aggregate remaining fund information of the Bay County Clerk of Court and Comptroller, as of and for the year ended September 30, 2014, and the related notes to the 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 April 13, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 his compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable Dan Sowell
Bay County Property Appraiser
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Bay County Property Appraiser, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with 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 that is attributable to the Bay County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Bay County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report 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, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay County Property Appraiser's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

Bay County Property Appraiser
Special-Purpose Balance Sheet
Governmental Fund
September 30, 2014

	General Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 74,393
Accounts receivable, net	112
<hr/>	
Total assets	\$ 74,505
<hr/>	
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued liabilities	\$ 69,998
Due to other governments	4,507
<hr/>	
Total liabilities	74,505
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 74,505
<hr/>	

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, 2014

	General Fund
REVENUES	
Charges for services	\$ 25,117
Investment earnings	233
Total revenues	25,350
EXPENDITURES	
Current	
General government	2,808,646
Capital outlay	
General government	45,548
Debt service	
Principal retirement	1,352
Interest and fiscal charges	148
Total expenditures	2,855,694
Excess (deficit) of revenues over (under) expenditures	(2,830,344)
OTHER FINANCING SOURCES (USES)	
Budget appropriations from Board of County Commissioners	2,814,180
Transfer out/return of excess fees	(4,467)
Debt issued	14,223
Proceeds from sale of capital assets	6,408
Total other financing sources	2,830,344
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 Property Appraiser
Special-Purpose Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 24,285	\$ 24,668	\$ 25,117	\$ 449
Investment earnings	-	-	233	233
Total revenues	24,285	24,668	25,350	682
EXPENDITURES				
Current				
General government	2,719,298	2,829,468	2,808,646	20,822
Capital outlay				
General government	7,880	7,880	45,548	(37,668)
Debt service				
Principal retirement	1,352	1,352	1,352	-
Interest and fiscal charges	148	148	148	-
Total expenditures	2,728,678	2,838,848	2,855,694	(16,846)
Excess (deficit) of revenues over (under) expenditures	(2,704,393)	(2,814,180)	(2,830,344)	(16,164)
OTHER FINANCING SOURCES (USES)				
Budget appropriations from Board of County Commissioners	2,704,393	2,814,180	2,814,180	-
Transfer out/return of excess fees	-	-	(4,467)	(4,467)
Debt issued	-	-	14,223	14,223
Proceeds from sale of capital assets	-	-	6,408	6,408
Total other financing sources (uses)	2,704,393	2,814,180	2,830,344	16,164
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 Bay County Property Appraiser is an integral part of Bay County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Property Appraiser are included in Bay County, Florida's basic financial statements. The Property Appraiser operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation - Fund Accounting – Accounts are organized on the basis of fund types, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures as appropriate. Government 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 type is used by the Property Appraiser:

Governmental Fund Type

General Fund – The General Fund is the general operating fund of the Bay County Property Appraiser. It is used to account for all financial resources except those required to be accounted for in other funds.

Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities generally are included on the balance sheet. Fund balance (net current assets) is considered a measurement of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Accordingly, it relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both measurable and available to pay current liabilities. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on long-term obligations, which is recorded when due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance classifications are defined below.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable funds as of September 30, 2014.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. There are no restricted funds as of September 30, 2014.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of County Commissioners. Commitments may be established, modified, or rescinded only through ordinance approved by the Board of County Commissioners. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose through action by the Board of County Commissioners including board resolution, board memorandum, or budget appropriations. There are no assigned funds as of September 30, 2014.

Unassigned – This category is the residual classification for the Property Appraiser's fund balances. There are no unassigned funds as of September 30, 2014.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for which committed, assigned, or unassigned amounts could be used it is the Property Appraiser's policy to use them in that order.

Budgets – 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 accounting principles generally accepted in the United States of America. 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.

Capital Assets – Capital assets of the Bay County Property Appraiser are accounted for by the Board of County Commissioners and are included in the Board's basic financial statements. Under Florida law, the Board holds legal title and is accountable for these assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Leave Benefits – 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 pro-rated amount of leave.

Cash and Cash Equivalents – The Bay County Property Appraiser considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from these estimates.

Date of Management’s Review – In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2015, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS

Custodial Credit Risk of Deposits – All cash resources of the Bay County Property Appraiser are placed in banks that 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 Bay County Property Appraiser’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.

NOTE 3 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014:

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
Capital Leases Payable	\$ 1,841	\$ 14,223	\$ 1,352	\$ 14,712

Capital leases payable consists of lease purchase agreements on equipment. The leased equipment is capitalized at the present value of the minimum lease payments in the capital assets of the Bay

NOTE 3 – LONG-TERM LIABILITIES (Continued)

County Board of County Commissioners. The related obligations are accounted for in the County's long-term liabilities.

The total cost of equipment purchased under capital leases are \$24,554. The accumulated depreciation of these assets is \$3,323. Total principal maturities are as follows:

Year Ending September 30,		
2015	\$	3,771
2016		3,271
2017		3,271
2018		3,271
2019		3,229
Total		16,813
Less interest		(2,101)
Total	\$	14,712

NOTE 4 – RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The Bay County 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. FRS issues financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315, by accessing the FRS website or by calling (850) 488-6491.

Funding Policy – FRS is funded through employee and employer contributions. The Bay County Property Appraiser is required to contribute at an actuarially determined rate. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% 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 12.84% for October 1, 2013 through June 30, 2014 and 12.28% for July 1, 2014 through September 30, 2014, with no employee contribution required.

The contribution requirements of plan members and the Bay County Property Appraiser are established and may be amended by the Florida Legislature. The Property Appraiser's

NOTE 4 – RETIREMENT PLANS (Continued)

contributions to the FRS for the years ending September 30, 2014, 2013, and 2012 were \$212,536, \$125,084 and \$88,399, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ending September 30, 2014, were \$38,221.

Defined Contribution Plan

Plan Description – Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

Funding Policy – FRS Investment Plan is funded through employee and employer contributions. Rates for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$5,350 and \$2,265, respectively.

INDEPENDENT AUDITOR'S 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, 2014, and have issued our report thereon dated April 13, 2015.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 13, 2015, 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 and 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 the financial statements. The Bay County Property Appraiser was established by 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

Other Matters

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

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

Purpose of this Letter

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

Cau, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT ACCOUNTANT'S 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, 2014. Management is responsible for the Bay County Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Bay County Property Appraiser's compliance based on our examination.

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

In our opinion, the Bay County Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

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

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, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Property Appraiser's basic special-purpose financial statements, and have issued our report thereon dated April 13, 2015.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carri Riggs & Ingram, LLC

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable Peggy Brannon
Bay County Tax Collector
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Bay County Tax Collector, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Tax Collector's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The Honorable Peggy Brannon
Bay County Tax Collector
Page Two

Opinions

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, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with 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 only for that portion of the major fund and the aggregate remaining fund information of Bay County that is attributable to the Bay County Tax Collector. They do not purport to, and do not, present fairly the financial position of Bay County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report 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, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
April 13, 2015

Bay County Tax Collector
Special-Purpose Balance Sheet
Governmental Fund
September 30, 2014

	General Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 2,019,440
Investments	135
<hr/>	
Total assets	\$ 2,019,575
<hr/>	
LIABILITIES AND FUND BALANCE	
Liabilities	
Accrued liabilities	\$ 23,843
Due to other governments	1,995,732
<hr/>	
Total liabilities	2,019,575
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 2,019,575
<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, 2014

	General Fund
REVENUES	
Charges for services	\$ 1,739,164
Total revenues	1,739,164
EXPENDITURES	
Current	
General government	2,794,019
Capital outlay	
General government	1,100
Total expenditures	2,795,119
Excess (deficit) of revenues over (under) expenditures	(1,055,955)
OTHER FINANCING SOURCES (USES)	
Budget appropriations from Board of County Commissioners	3,069,520
Transfer out/return of excess fees	(2,013,565)
Total other financing sources (uses)	1,055,955
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 Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,739,164	\$ 1,739,164
Total revenues	-	-	1,739,164	1,739,164
EXPENDITURES				
Current				
General government	3,052,925	3,052,925	2,794,019	258,906
Capital outlay				
General government	-	-	1,100	(1,100)
Total expenditures	3,052,925	3,052,925	2,795,119	257,806
Excess (deficit) of revenues over (under) expenditures	(3,052,925)	(3,052,925)	(1,055,955)	1,996,970
OTHER FINANCING SOURCES (USES)				
Budget appropriations from Board of County Commissioners	3,052,925	3,052,925	3,069,520	16,595
Transfer out/return of excess fees	-	-	(2,013,565)	(2,013,565)
Total other financing sources (uses)	3,052,925	3,052,925	1,055,955	(1,996,970)
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
Agency Funds
September 30, 2014

ASSETS

Cash and cash equivalents	\$ 1,793,048
Investments	22,938
Accounts receivable, net	28,526
<hr/>	
Total assets	\$ 1,844,512
<hr/>	

LIABILITIES

Due to other governments	\$ 1,844,512
<hr/>	
Total liabilities	\$ 1,844,512
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Bay County Tax Collector is an integral part of Bay County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Bay County Tax Collector are included in Bay County, Florida's basic financial statements. The Bay County Tax Collector operates on a budgetary and fee system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation - Fund Accounting – Accounts are organized on the basis of fund types, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures as appropriate. Government 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 Bay County Tax Collector:

Governmental Fund Type

General Fund – The General Fund is the general operating fund of the Bay County Tax Collector. It is used to account for all financial resources except those required to be accounted for in other funds.

Fiduciary Fund Type

Agency Funds – Agency funds are used to account for assets held by the Bay County Tax Collector as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities generally are included on the balance sheet. Fund balance (net current assets) is considered a measurement of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Accordingly, it relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both measurable and available to pay current liabilities. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on long-term obligations, which is recorded when due.

Fund balance classifications are defined below.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable funds as of September 30, 2014.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. There are no restricted funds as of September 30, 2014.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of County Commissioners. Commitments may be established, modified, or rescinded only through ordinance approved by the Board of County Commissioners. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose through action by the Board of County Commissioners including board resolution, board memorandum, or budget appropriations. There are no assigned funds as of September 30, 2014.

Unassigned – This category is the residual classification for the Tax Collector's fund balances. There are no unassigned funds as of September 30, 2014.

When both restricted and unrestricted resources are available for use, it is the Tax Collector's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for which committed, assigned, or unassigned amounts could be used it is the Tax Collector's policy to use them in that order.

Budgets – The preparation, adoption, and amendment of the Bay County Tax Collector's budget is governed by Chapter 129, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Leave Benefits – It is the Bay County Tax Collector’s policy to grant employees who leave with at least ten years of creditable service compensation for up to 480 hours of unused sick leave at their current regular hourly rate of pay.

Capital Assets – Capital assets of the Bay County Tax Collector are accounted for by the Board of County Commissioners and are included in the Board's basic financial statements. Under Florida law, the Board holds legal title and is accountable for these assets.

Cash and Cash Equivalents – The Bay County Tax Collector considers all cash and cash equivalents to include cash on hand and demand deposits.

Investments – The Bay County Tax Collector considers investments to include non-pooled investments with original maturities of three months or greater.

Accounts Receivable – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from these estimates.

Date of Management’s Review – In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2015, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposit Policies – The Tax Collector considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Custodial Credit Risk of Deposits – All cash resources of the Bay County Tax Collector are placed in banks that 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 by this law to ensure that the Tax Collector’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.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investment Policies – Florida Statutes, Section 218.415, authorizes the Bay County Tax Collector to invest surplus funds in the following:

Local Government Surplus Funds Trust Fund, hereinafter Florida PRIME, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in 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.

Other investments authorized by law or by ordinance for a county or a municipality.

Investments are stated at fair value in accordance with GASB 31. GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (“NAV”). GASB 31 describes a “2a-7 like” pool as an “external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”).”

Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1 per share, provided that such funds meet certain conditions. The Florida PRIME, administered by the Florida State Board of Administration (SBA), is considered to be a SEC 2a-7 like fund and therefore shown at share value. The Board of Trustees of the SBA consists of the Governor, the Chief Financial Officer, and the Attorney General.

Custodial Credit Risk of Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Bay County Tax Collector will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The Bay County Tax Collector’s investments are excluded from the definition of custodial credit risk.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The weighted average days to maturity of the Florida PRIME fund at September 30, 2014, was 39 days or 1.3 months. The Bay County Tax Collector does not have a formal policy relating to interest rate risk.

Foreign Currency Risk – The Florida PRIME fund was not exposed to any foreign currency risk during the period October 1, 2013 through September 30, 2014.

Concentration of Credit Risk – At September 30, 2014, the Bay County Tax Collector did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2014, the Tax Collector's investments consisted of the following:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (months)	Credit Rating (if applicable)
Local Government Surplus Funds Trust Fund				
Pool (Florida PRIME)	\$ 23,073	\$ 23,073	1.3	AAAm
Total investments	\$ 23,073	\$ 23,073		

NOTE 3 – ACCOUNTS RECEIVABLE, NET

At September 30, 2014, the agency funds' accounts receivable, net are summarized as follows:

Total accounts receivable	\$ 28,526
Less: allowance for doubtful accounts	-
Accounts receivable, net	\$ 28,526

The Bay County Tax Collector considers all amounts collectible; therefore, there is no provision for doubtful accounts at September 30, 2014.

NOTE 4 – PROPERTY TAXES

Property tax revenue is recognized when levied to the extent that it results in current receivables. 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 sales – delinquent property taxes	June 1

NOTE 5 – RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The Bay County 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. FRS issues financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315, by accessing the FRS website or by calling (850) 488-6491.

Funding Policy – FRS is funded through employee and employer contributions. The Bay County Tax Collector is required to contribute at an actuarially determined rate. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% 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 12.84% for October 1, 2013 through June 30, 2014 and 12.28% for July 1, 2014 through September 30, 2014, with no employee contribution required.

The contribution requirements of plan members and the Bay County Tax Collector are established and may be amended by the Florida Legislature. The Bay County Tax Collector's contributions to the FRS for the years ending September 30, 2014, 2013, and 2012 were \$124,859, \$89,674, and \$75,564, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ending September 30, 2014, were \$37,476.

NOTE 5 – RETIREMENT PLANS (Continued)

Defined Contribution Plan

Plan Description – Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

Funding Policy – FRS Investment Plan is funded through employee and employer contributions. Rates for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$10,077 and \$4,274, respectively.

THIS PAGE INTENTIONALLY LEFT BLANK

AGENCY FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County Tax Collector
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
PROPERTY TAX FUND				
ASSETS				
Cash and cash equivalents	\$ 1,810,984	\$ 265,095,238	\$ 265,130,843	\$ 1,775,379
Investments	53,106	-	30,168	22,938
Accounts receivable, net	-	2,997	-	2,997
Total assets	\$ 1,864,090	\$ 265,098,235	\$ 265,161,011	\$ 1,801,314
LIABILITIES				
Due to other governments	\$ 1,864,090	\$ 265,098,235	\$ 265,161,011	\$ 1,801,314
Total liabilities	\$ 1,864,090	\$ 265,098,235	\$ 265,161,011	\$ 1,801,314
TAG FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 25,789,428	\$ 25,771,759	\$ 17,669
Accounts receivable, net	24,758	7,104	6,333	25,529
Total assets	\$ 24,758	\$ 25,796,532	\$ 25,778,092	\$ 43,198
LIABILITIES				
Bank overdraft	\$ 14,740	\$ -	\$ 14,740	\$ -
Due to other governments	10,018	25,796,532	25,763,352	43,198
Total liabilities	\$ 24,758	\$ 25,796,532	\$ 25,778,092	\$ 43,198
TOTAL-ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,810,984	\$ 290,884,666	\$ 290,902,602	\$ 1,793,048
Investments	53,106	-	30,168	22,938
Accounts receivable, net	24,758	10,101	6,333	28,526
Total assets	\$ 1,888,848	\$ 290,894,767	\$ 290,939,103	\$ 1,844,512
LIABILITIES				
Bank overdraft	\$ 14,740	\$ -	\$ 14,740	\$ -
Due to other governments	1,874,108	290,894,767	290,924,363	1,844,512
Total liabilities	\$ 1,888,848	\$ 290,894,767	\$ 290,939,103	\$ 1,844,512

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Peggy Brannon
Bay County Tax Collector
Bay County, Florida

Report on the Financial Statements

We have audited the financial statements of the Bay County Tax Collector as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 13, 2015.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 13, 2015, 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 the extent considered necessary, other than for those comments repeated in the Report on Internal Control over Financial Reporting and on Compliance and the other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Section 10.554(1)(i)4, listed below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2012-13 FY Finding #	2011-12 FY Finding #
2014-1	2013-1	2012-1
2014-2	2013-2	Section 10.554(1)(i)5 AG Management Letter

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 Bay County Tax Collector was established by Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Tax Collector has no component units.

Other Matters

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

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

However, we have an internal control deficiency that is not a material weakness or a significant deficiency to report.

2014-2 In connection with our audit, as in prior years, we noticed that amounts paid to other agencies did not agree, in all cases, with the amounts received on their behalf. We recommend that research be performed to determine the proper remittance amount, so that final settlement can be made. Also, a reconciliation should be prepared to support the balance due.

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 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.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Peggy Brannon
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, 2014. Management is responsible for the Bay County Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Bay County Tax Collector's compliance based on our examination.

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

In our opinion, the Bay County Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

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

The Honorable Peggy Brannon
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, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Tax Collector's basic special-purpose financial statements, and have issued our report thereon dated April 13, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 below we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency below to be a material weakness.

2014-1 Certain adjustments to the Bay County Tax Collector's financial statements that reflect correction of a material misstatement not initially identified by the Bay County Tax Collector's internal controls.

Recommendation

We recommend that procedures be implemented or strengthened to identify and record these types of adjustments in the future.

Management's Response

Procedures are currently being implemented to identify and record these types of adjustments in the future.

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 her compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Bay County Tax Collector's response to the finding identified in our audit is described above. We did not audit the response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal 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.

Cam, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable Frank McKeithen
Bay County Sheriff
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Bay County Sheriff, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information for the Bay County Sheriff as of September 30, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with 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 each major fund and the aggregate remaining fund information, only for that portion of the major funds and the aggregate remaining fund information, of Bay County that is attributable to the Bay County Sheriff. They do not purport to, and do not, present fairly the financial position of Bay County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015

Bay County Sheriff
Special-Purpose Balance Sheet
Governmental Funds
September 30, 2014

	General Fund	Crime Prevention	Inmate Welfare	Law Enforcement Training	Special Law Enforcement Trust Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 91,746	\$ 105,686	\$ 258,837	\$ 145,796	\$ 116,196	\$ 65,979	\$ 784,240
Accounts receivable, net	74,807	-	55,620	-	-	-	130,427
Total assets	\$ 166,553	\$ 105,686	\$ 314,457	\$ 145,796	\$ 116,196	\$ 65,979	\$ 914,667
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable and accrued liabilities	\$ 152,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,267
Due to other governments	13,286	-	-	-	-	-	13,286
Unearned revenue	1,000	-	-	-	-	-	1,000
Total liabilities	166,553	-	-	-	-	-	166,553
Fund balance							
Restricted	-	105,686	314,457	145,796	116,196	65,979	748,114
Total liabilities and fund balance	\$ 166,553	\$ 105,686	\$ 314,457	\$ 145,796	\$ 116,196	\$ 65,979	\$ 914,667

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, 2014

	General Fund	Crime Prevention	Inmate Welfare	Law Enforcement Training	Special Law Enforcement Trust Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Intergovernmental revenue	\$ 2,852,514	\$ 115,959	\$ -	\$ 104,102	\$ 207,829	\$ 24,404	\$ 3,304,808
Investment earnings	3,016	108	-	-	-	27	3,151
Charges for services	-	-	608,580	-	-	-	608,580
Total revenues	2,855,530	116,067	608,580	104,102	207,829	24,431	3,916,539
EXPENDITURES							
Current							
Public safety	35,969,563	79,286	612,533	87,356	100,504	54,042	36,903,284
Capital outlay							
Public safety	437,278	38,912	21,645	-	34,750	6,996	539,581
Debt service							
Principal retirement	26,614	-	-	-	-	-	26,614
Interest and fiscal charges	1,709	-	-	-	-	-	1,709
Total expenditures	36,435,164	118,198	634,178	87,356	135,254	61,038	37,471,188
Excess (deficit) of revenues over (under) expenditures	(33,579,634)	(2,131)	(25,598)	16,746	72,575	(36,607)	(33,554,649)
OTHER FINANCING SOURCES (USES)							
Budget appropriations from							
Board of County Commissioners	33,592,920	-	-	-	-	-	33,592,920
Transfer out/return of excess fees	(13,286)	-	-	-	-	-	(13,286)
Total other financing sources	33,579,634	-	-	-	-	-	33,579,634
Net change in fund balance	-	(2,131)	(25,598)	16,746	72,575	(36,607)	24,985
Fund balance - beginning	-	107,817	340,055	129,050	43,621	102,586	723,129
Fund balance - ending	\$ -	\$ 105,686	\$ 314,457	\$ 145,796	\$ 116,196	\$ 65,979	\$ 748,114

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 2,597,505	\$ 2,720,255	\$ 2,852,514	\$ 132,259
Investment earnings	-	-	3,016	3,016
Total revenues	2,597,505	2,720,255	2,855,530	135,275
EXPENDITURES				
Current				
Public safety	35,724,824	35,847,574	35,969,563	(121,989)
Capital outlay				
Public safety	437,278	437,278	437,278	-
Debt service				
Principal retirement	26,614	26,614	26,614	-
Interest and fiscal charges	1,709	1,709	1,709	-
Total expenditures	36,190,425	36,313,175	36,435,164	(121,989)
Excess (deficit) of revenues over (under) expenditures	(33,592,920)	(33,592,920)	(33,579,634)	13,286
OTHER FINANCING SOURCES (USES)				
Budget appropriations from Board of County Commissioners	33,592,920	33,592,920	33,592,920	-
Transfer out/return of excess fees	-	-	(13,286)	(13,286)
Total other financing sources	33,592,920	33,592,920	33,579,634	(13,286)
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
Agency Funds
September 30, 2014

ASSETS

Cash and cash equivalents	\$ 142,839
<hr/>	
Total assets	\$ 142,839
<hr/>	

LIABILITIES

Accounts payable	\$ 78,622
Due to other governments	300
Due to others	63,917
<hr/>	
Total liabilities	\$ 142,839
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Bay County Sheriff is an integral part of Bay County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Bay County Sheriff are included in Bay County, Florida's basic financial statements. The office of the Bay County Sheriff operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners and unexpended appropriations are required to be returned to the Board of County Commissioners after the end of the fiscal year.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation - Fund Accounting – 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. Government 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 Sheriff:

Governmental Fund Types

General Fund – The General Fund is the general operating fund of the Bay County Sheriff. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Type

Agency Funds – Agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

generally are included on the balance sheet. Fund balance (net current assets) is considered a measurement of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Accordingly, it relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both measurable and available to pay current liabilities. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on long-term obligations, which is recorded when due.

Fund balance classifications are defined below.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable funds as of September 30, 2014.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. The restricted funds balance as of September 30, 2014, is \$748,114.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of County Commissioners. Commitments may be established, modified, or rescinded only through ordinance approved by the Board of County Commissioners. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose through action by the Board of County Commissioners including board resolution, board memorandum, or budget appropriations. There are no assigned funds as of September 30, 2014.

Unassigned – This category is the residual classification for the Sheriff's fund balances. There are no unassigned funds as of September 30, 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for which committed, assigned, or unassigned amounts could be used it is the Sheriff's policy to use them in that order.

Budgets – 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 capital leases, otherwise the Sheriff's general fund budget is prepared and adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America. 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 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 funds.

Employee Leave Benefits – 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 120 hours. Upon termination or retirement, unused compensatory time is paid at the employees' regular rate.

Employees are permitted to accumulate a limited amount of earned but unused vacation benefits which will be paid to employees upon termination or retirement.

Capital Assets – Capital assets of the Sheriff used in governmental fund type operations are reported in the governmental activities column in the Bay County, Florida's government-wide 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.

Cash and Cash Equivalents – The Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – 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)

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from these estimates.

Date of Management's Review – In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2015, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS

Custodial Credit Risk of Deposits – All cash resources of the Sheriff are placed in banks that 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 Sheriff'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.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

At September 30, 2014, accounts receivable, net is summarized as follows:

	General Fund		Inmate Welfare		Total
Total accounts receivable	\$	74,807	\$	55,620	\$ 130,427
Less: allowance for doubtful accounts		-		-	-
Accounts receivable, net	\$	74,807	\$	55,620	\$ 130,427

The Sheriff considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2014.

NOTE 4 – CAPITAL ASSETS

Changes in the capital assets accounted for and maintained by the Sheriff for the year ended September 30, 2014, are summarized as follows:

	Balance September 30, 2013	Increases	Decreases	Balance September 30, 2014
Vehicles, furniture and equipment	\$ 14,676,280	\$ 1,052,301	\$ (134,101)	\$ 15,594,480
Property held under capital leases	59,395	-	-	59,395
Total	14,735,675	1,052,301	(134,101)	15,653,875
Less accumulated depreciation	(11,666,445)	(945,577)	100,552	(12,511,470)
Total	\$ 3,069,230	\$ 106,724	\$ (33,549)	\$ 3,142,405

The Sheriff's capital assets are accounted for in the County's capital assets.

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014:

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
Capital leases payable	\$ 40,531	\$ -	\$ (26,614)	\$ 13,917
Compensated absences	1,592,545	66,260	-	1,658,805
Total	\$ 1,633,076	\$ 66,260	\$ (26,614)	\$ 1,672,722

The Sheriff's long-term liabilities are accounted for in the County's long-term liabilities.

NOTE 6 – RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The Bay County 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. FRS issues financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315, by accessing the FRS website or by calling (850) 488-6491.

Funding Policy – FRS is funded through employee and employer contributions. The Bay County Sheriff is required to contribute at an actuarially determined rate. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% 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 12.84% for October 1, 2013 through June 30, 2014, and 12.28% for July 1, 2014 through September 30, 2014, with no employee contribution required.

The contribution requirements of plan members and the Bay County Sheriff are established and may be amended by the Florida Legislature. The Sheriff's contributions to the FRS for the years ending September 30, 2014, 2013, and 2012 were \$2,921,552, \$2,284,780, and \$2,077,691, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ending September 30, 2014, were \$517,702.

Defined Contribution Plan

Plan Description – Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

NOTE 6 – RETIREMENT PLANS (Continued)

Funding Policy – FRS is funded through employee and employer contributions. Rates effective for October 1, 2013 through June 30, 2014, were 6.95%, 18.31%, and 33.03% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2014 through September 30, 2014, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$302,904 and \$76,069, respectively.

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County Sheriff
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014

	Special Contribution	Federal Seizure Account	Seizure Trust	Total
ASSETS				
Cash and cash equivalents	\$ 10,784	\$ 39,510	\$ 15,685	\$ 65,979
Total assets	\$ 10,784	\$ 39,510	\$ 15,685	\$ 65,979
LIABILITIES AND FUND BALANCE				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balance				
Restricted	10,784	39,510	15,685	65,979
Total liabilities and fund balance	\$ 10,784	\$ 39,510	\$ 15,685	\$ 65,979

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, 2014

	Special Contribution	Federal Seizure Account	Seizure Trust	Total
REVENUES				
Intergovernmental	\$ 10,007	\$ -	\$ 14,397	\$ 24,404
Investment earnings	-	27	-	27
Total revenues	10,007	27	14,397	24,431
EXPENDITURES				
Current				
Public safety	19,141	17,463	17,438	54,042
Capital outlay				
Public safety	-	950	6,046	6,996
Total expenditures	19,141	18,413	23,484	61,038
Excess (deficit) of revenues over (under) expenditures	(9,134)	(18,386)	(9,087)	(36,607)
Fund balance - beginning	19,918	57,896	24,772	102,586
Fund balance - ending	\$ 10,784	\$ 39,510	\$ 15,685	\$ 65,979

The accompanying notes are an integral part of these special-purpose financial statements

AGENCY FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

Bay County Sheriff
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
OTHER SUSPENSE				
ASSETS				
Cash and cash equivalents	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
Total assets	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
LIABILITIES				
Due to other governments	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
Total liabilities	\$ 1,770	\$ 81,547	\$ 83,017	\$ 300
INDIVIDUAL DEPOSITORS				
ASSETS				
Cash and cash equivalents	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
Total assets	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
LIABILITIES				
Accounts payable	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
Total liabilities	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
FORFEITURE				
ASSETS				
Cash and cash equivalents	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
Total assets	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
LIABILITIES				
Due to others	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
Total liabilities	\$ 95,239	\$ 166,551	\$ 197,873	\$ 63,917
TOTAL-AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 166,290	\$ 567,581	\$ 591,032	\$ 142,839
Total assets	\$ 166,290	\$ 567,581	\$ 591,032	\$ 142,839
LIABILITIES				
Accounts payable	\$ 69,281	\$ 319,483	\$ 310,142	\$ 78,622
Due to other governments	1,770	81,547	83,017	300
Due to others	95,239	166,551	197,873	63,917
Total liabilities	\$ 166,290	\$ 567,581	\$ 591,032	\$ 142,839

The accompanying notes are an integral part of these special-purpose financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Frank McKeithen
Bay County Sheriff
Bay County, Florida

Report on the Financial Statements

We have audited the financial statements of the Bay County Sheriff as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 13, 2015.

Auditor's Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 13, 2015, 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.

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 Bay County Sheriff was established by Constitution of the State of Florida. Article VIII, Section 1(d). The Bay County Sheriff has no component units.

The Honorable Frank McKeithen
Bay County Sheriff
Page Two

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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
April 13, 2015

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Frank McKeithen
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, 2014. Management is responsible for the Bay County Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Bay County Sheriff's compliance based on our examination.

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

In our opinion, the Bay County Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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
April 13, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

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

The Honorable Frank McKeithen
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 the major fund and the aggregate remaining fund information of the Bay County Sheriff as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay County Sheriff's basic special-purpose financial statements, and have issued our report thereon dated April 13, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bay County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bay County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Frank McKeithen
Bay County Sheriff
Page Two

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Car, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
April 13, 2015