Bay County, Florida

Comprehensive Annual Financial Report

FOR FISCAL Year ended September 30, 2015

Our front cover was created/photographed by local Graphic Designer Kristin Garner from Creative Printing of Bay County. Photo taken at St. Andrews State Park on Panama City Beach, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF

BAY COUNTY, FLORIDA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

PREPARED BY THE OFFICE

OF

BILL KINSAUL CLERK OF COURT AND COMPTROLLER

> JOSEPH ROGERS FINANCE OFFICER

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May 18, 2016

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, 2015. 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, 2014, to September 30, 2015, 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

<u>For the Year -</u> Construction continued on the 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.

The County completed its alternate water supply project in 2015. The completed project will 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. This project was vital to ensure a clean, safe and reliable source of drinking water for the citizens of Bay County.

Bay County's Supervisor of Elections office replaced the current election equipment and software with new equipment and software. The new equipment will ensure that the office is prepared to meet the needs of the 2016 Presidential election and to make voting easier for the citizens of Bay County.

The Bay County Tourist Development Council continues to have activities that attract tourist to the world's most beautiful beaches. These activities include two major outdoor music concerts that feature some of the best artist in the country and plenty of activities for children.

<u>For the Future</u> - Resurfacing of roads, new sidewalks, roadside beautification 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 the Florida Department of Transportation, have entered into an agreement to construct a multi-use path along two of Panama City Beaches roadways. The project includes sidewalks, landscaping and an asphalt path along Magnolia Beach and Delwood Beach Roads. They are also designing and constructing a sidewalk along Frankford Avenue which is located in the Panama City area of Bay County.

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 received notice from the Florida Fish and Wildlife Conservation Commission that a grant has been awarded to fund the construction of at least five prefabricated concrete and steel modules to create artificial reefs to be located in State waters approximately three nautical miles off Panama City Beach. The reefs are for the good of the State, its resources, wildlife and public welfare. 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, 2014. 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-six consecutive years (fiscal years ended September 30, 1989 through 2014). 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,

Bill Kinsaul Clerk of Court & Comptroller

ose

Joseph Rogers Finance Officer





Mike Nelson Commissioner District I

> George B. Gainer Commissioner District II

County Officials Bay County, Florida





William T. Dozier Commissioner District III

> Guy Tunnell Commissioner District IV



Mike Thomas Commissioner District V





Mark Andersen Supervisor of Elections

> Bill Kinsaul Clerk of Court & Comptroller

County Officials Bay County, Florida





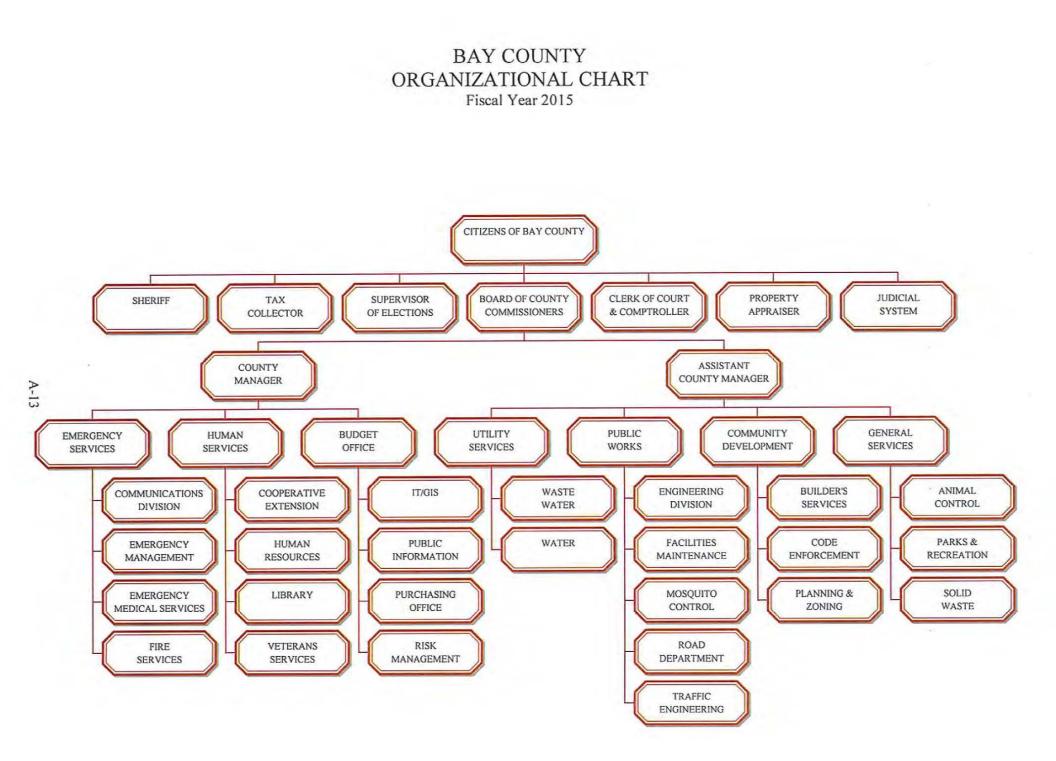
Dan Sowell Property Appraiser



Peggy Brannon Tax Collector

Frank McKeithen Sheriff





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, 2014.

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, 2014

huy R. Emer

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

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, 2015, 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.

The Honorable County Commissioners Bay County, Florida Page Two

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, 2015, 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.

Emphasis of Matter

As discussed in note 23 to the financial statements, effective for the 2014-15 fiscal year, implementation of Government Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pension*, and Government Accounting Standards Board Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an Amendment of GASB Statement No. 68, resulted in a change in accounting principle. This matter affects the comparability of amounts reported for the 2014-15 fiscal year to the amounts reported for the 2013-14 fiscal year. Our opinion is not modified with respect to this matter.

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, the schedules of funding progress and employer contributions for the retirees' health insurance other postemployment benefits plan on page B-100, the schedule of the County's proportionate share of the net pension liability – Florida Retirement System on page B-101, the schedule of the County's contributions - Florida Retirement System on page B-102, the schedule of the County's proportionate share of the net pension liability – Health Insurance Subsidy Program on page B-103, and the schedule of the County's contributions – Health Insurance Subsidy Program on page B-104, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable County Commissioners Bay County, Florida Page Three

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 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 May 18, 2016, 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, 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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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 \$312,508,900 (net position). Of this amount, \$48,500,836 is a deficit in unrestricted net position for governmental activities and \$25,641,282 is unrestricted net position for business-type activities, while \$64,930,455 is restricted net position for governmental activities and \$14,775,326 is restricted net position for business-type activities.
- Total net position, excluding the restatement adjustment and prior period adjustment, increased by \$9,395,532. Of this amount, a increase of \$3,512,636 is attributable to governmental activities and an increase of \$5,882,896 is attributable to business-type activities. Including the restatement adjustment and prior period adjustment, total net position decrease by \$41,626,588. Of this amount, a decrease of \$41,375,393 is attributable to governmental activities and an decrease of \$251,195 is attributable to business-type activities.
- As of September 30, 2015, general fund's unassigned fund balance was \$10,538,830 or 10 percent of total general fund expenditures.
- Governmental activities revenues decreased to \$158,999,524 or approximately 18 percent, while governmental activities expenses increased 11 percent to \$155,514,568. Business-type activities revenues decreased to \$58,017,535 or 3 percent, while business-type activities expenses increased 9 percent to \$52,106,959.
- The County's outstanding bonded debt decreased by \$45,436,446 or 25 percent during fiscal year 2015. 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 2015.

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., Panama City 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 2015, 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.

Governmen				tal Activities		Business-type Activities				Total			
September 30,		2015		2014		2015	•	2014		2015		2014	
Current and other assets	\$	117,805,072	\$	112,129,800	\$	74,725,361	\$	96,275,110	\$	192,530,433	\$	208,404,910	
Capital assets		249,810,137		248,602,648		186,567,303		170,794,604		436,377,440		419,397,252	
Total assets		367,615,209		360,732,448		261,292,664		267,069,714		628,907,873		627,802,162	
Deferred outflows of													
resources		12,862,837		7,110,554		3,398,105		2,602,363		16,260,942		9,712,907	
Current and other liabilities	5	24,576,450		19,004,074		7,542,977		13,492,674		32,119,427		32,496,748	
Long-term liabilities		159,221,978		141,120,676		129,622,220		132.532.375		288,844,198		273,653,051	
Total liabilities		183,798,428		160,124,750		137,165,197		146.025.049		320,963,625		306,149,799	
Deferred inflows of													
resources		10,218,316		24,769,576		1,477,974		3,482.326		11,696,290		28,251,902	
Net investment in capital													
assets		170,031,683		171,575,742		85,630,990		77,905,570		255,662,673		249,481,312	
Net position-restricted		64,930,455		68,225,355		14,775,326		12,794,516		79,705,781		81,019,871	
Net position-unrestricted		(48,500,836)		(56,852,431)		25,641,282		29,464,616		(22,859,554)		(27,387,815)	
Total net position	\$	186,461,302	\$	182,948,666	\$	126,047,598	\$	120,164,702	\$	312,508,900	\$	303,113,368	

Bay County, Florida Net Position

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 (80 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.

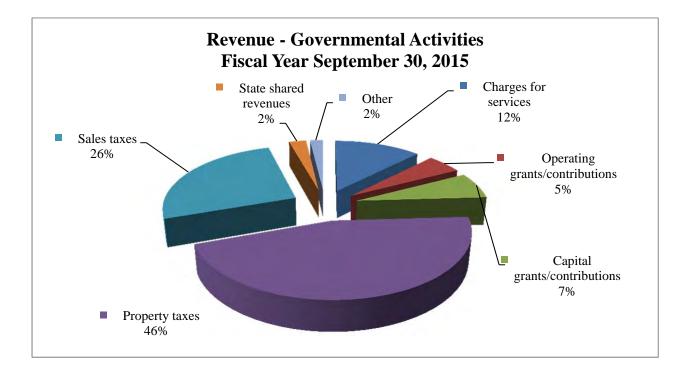
The *restricted net position*, representing 26 percent of the County's net position, are subject to external restrictions, and thus are limited as to how they may be used. The deficit balance of unrestricted net position is \$22,859,554.

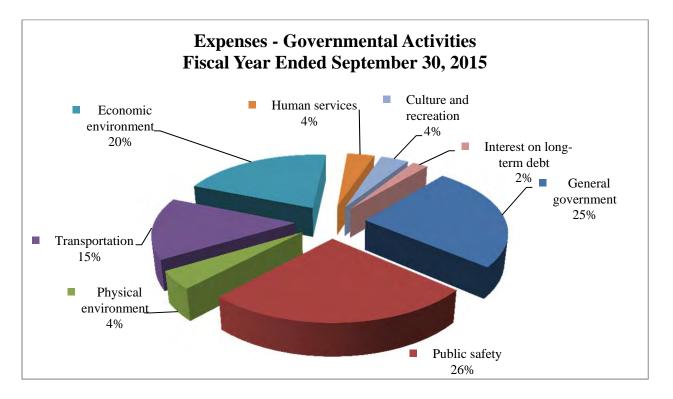
After accounting for prior period and restatement adjustments, governmental activities long-term liabilities increased by \$18,101,302 during 2015, while business-type activities long-term liabilities decreased by \$2,910,155. Due to a new requirement from the Governmental Accounting Standards Board (GASB), \$15,935,979 in Net Pension Liability was recognized within governmental activities long-term liabilities in fiscal year 2015, while \$2,761,562 was recognized in the County's business-type activities long-term liabilities. This new requirement was responsible for a majority of the variance from the prior year. A \$1,809,740 increase in the County's OPEB obligation also contributed to the increase in the governmental activities long-term liabilities. Repayment of principal amounts due on bonds and notes payable through semi-annual and annual debt service payments contributed to help offset the increase in both the governmental and business-type activities long-term liabilities.

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

	Governmental Activities		Business-ty	pe Activities	Total		
Year ended September 30,	2015	2014	2015	2014	2015	2014	
Program revenues							
Charges for services	\$ 19,673,936	\$ 19,321,930	\$ 45,985,802	\$ 45,694,122	\$ 65,659,738	\$ 65,016,052	
Operating grants/contributions	7,955,071	6,337,973	4,052,543	1,759,674	12,007,614	8,097,647	
Capital grants/contributions	10,653,053	9,439,100	1,004,435	738,232	11,657,488	10,177,332	
General revenues							
Property taxes	72,337,961	55,438,164	-	-	72,337,961	55,438,164	
Sales taxes	41,461,764	37,248,717	2,500	3,000	41,464,264	37,251,717	
State shared revenues – unrestricted	3,916,783	3,607,298	-	-	3,916,783	3,607,298	
Other	3,000,956	2,959,293	6,972,255	11,534,341	9,973,211	14,493,634	
Total revenues	158,999,524	134,352,475	58,017,535	59,729,369	217,017,059	194,081,844	
Expenses							
General government	39,149,936	39,201,075	-	-	39,149,936	39,201,075	
Public safety	40,034,847	38,289,031	-	-	40,034,847	38,289,031	
Physical environment	6,713,771	6,814,598	-	-	6,713,771	6,814,598	
Transportation	23,063,685	19,783,565	-	-	23,063,685	19,783,565	
Economic environment	31,517,039	22,137,297	-	-	31,517,039	22,137,297	
Human services	5,774,723	5,272,176	-	-	5,774,723	5,272,176	
Culture and recreation	5,944,644	5,608,860	-	-	5,944,644	5,608,860	
Interest on long-term debt	3,315,923	3,593,220	-	-	3,315,923	3,593,220	
Wholesale water system	-	-	12,258,486	11,942,948	12,258,486	11,942,948	
Retail water and wastewater	-	-	10,572,655	11,153,219	10,572,655	11,153,219	
Solid waste	-	-	21,281,558	16,283,995	21,281,558	16,283,995	
Building services	-	-	1,388,854	1,283,093	1,388,854	1,283,093	
Emergency medical services	-	-	6,605,406	6,936,224	6,605,406	6,936,224	
Total expenses	155,514,568	140,699,822	52,106,959	47,599,479	207,621,527	188,299,301	
Increase (decrease) in net position before transfers	3,484,956	(6,347,347)	5,910,576	12,129,890	9,395,532	5,782,543	
Transfers	27,680	(0,517,517)	(27,680)		-		
Changes in net position	3,512,636	(6,347,347)	5,882,896	12,129,890	9,395,532	5,782,543	
Net position - beginning	227,836,695	235,341,997	126,298,793	115,175,406	354,135,488	350,517,403	
Prior period adjustment	-	-	(236,085)	-	(236,085)	-	
Restatement adjustment	(44,888,029)	(1,157,955)	(5,898,006)	(1,006,503)	(50,786,035)	(2,164,458)	
Net position – beginning (as restated)	182,948,666	234,184,042	120,164,702	114,168,903	303,113,368	348,352,945	
Net position – ending	\$ 186,461,302	\$ 227,836,695	\$ 126,047,598	\$ 126,298,793	\$ 312,508,900	\$ 354,135,488	

Bay County, Florida Changes in Net Position





As reflected in the changes in net position, the County's net position increased by \$9,395,532, prior to the restatement adjustment and prior period adjustment. While total revenues increased at a rate of 12%, total expenses only increased by 10%, therefore, the County was still able to enjoy an increase in its overall net position. Total revenues increased \$22,935,215 from the previous year due mainly to significant millage rate increases. Sales tax revenue also increased approximately \$4 million in 2015, adding to the increase in the County's net position. Governmental activities revenues exceeded expenses by \$3,484,956, while business-type activities revenues exceeded expenses by \$5,910,576. Total expenses increased by \$19,322,226 from the previous year. The major factor contributing to the increase in total expenses was an expansion of the Panama City Beach Convention and Visitors Bureau's budgeted program of work due to funds received from the settlement on their BP claim as well as additional revenues collected for tourist development tax collections from the prior fiscal year. Another contributing factor was the addition of the Panama City Tourist Development Tax that became effective in fiscal year 2015. This function added the operating expenditures of the Panama City Community Development Council for ongoing tourist development initiatives.

46% of the revenues for governmental activities are generated by property taxes, while most of the governmental resources are expended for general government (25%), public safety (26%), transportation (15%), and economic environment (20%) activities. Charges for services provided 79% 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, 2015, total assets were \$46,926,613 and total liabilities were \$10,574,406. At the end of fiscal year 2015, unassigned fund balance of the general fund was \$10,538,830 while total fund balance equaled \$36,352,207. Total assets of the general fund increased \$453,641 from fiscal year 2014. The general fund transferred \$3,650,000 to transportation fund for general operations in 2015. General fund revenues increased in fiscal year 2015 by \$18,612,375, due largely in part to a millage rate increase from 3.5345 mills to 4.5345 mills. General fund expenditures also increased in fiscal year 2015, with the largest increases being attributed to greater budgeted transfers to the Transportation fund for planned improvements and the purchase of new election equipment.

The general fund's budget was amended during the year to reflect adjustments to expenditures for the construction of the Courthouse addition, which had not been completed in the prior year. Also, there was a large transfer of funds within the general fund for the support of additional EMS operator positions. An adjustment was also made to reflect the transfer of funds from reserves to cover the Bay County Sheriff's office staff overtime during periods of heavy tourism. Revenues collected from ad valorem taxes came in slightly higher than the amount budgeted in fiscal year 2015, while the proceeds received from state revenue sharing came in at 10% above the amount budgeted. Local government half cent sales tax revenue also exceeded the budget by 7%. Excess fees returned to the County were all well within the budgeted amounts for the fiscal year. Current expenditures for general government came in below the amount budgeted.

for fiscal year 2015 primarily due to the unfinished construction of the courthouse addition and continuation of the project into fiscal year 2016.

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 \$2,251,271 in fiscal year 2015, not including transfers in from the general fund, due to a significant increase in current and capital outlay expenditures for transportation projects. These expenditures were necessary 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 1% over the prior fiscal year. With several new promotional events throughout the year and relatively calm weather patterns, the 2015 tourism seasons were, yet again, a success. Tax revenues increased \$3,190,995 over 2014 due in part to an increased number of events throughout the area as well as continued efforts to enhance enforcement and collection initiatives.

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 97% of its revenues in 2015. The increase in MSTU's fund balance can be contributed to the excess of revenues over expenditures due to an increase in the fiscal year 2015 millage rate attributable to fire protection. The continued increased cost of personal services appears to be the offset against a higher percentage of growth in the fund, along with a decrease in the amount of federal grant aid in comparison to the prior year.

Proprietary Funds

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

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

	,	2015 Unrestricted		2014 Unrestricted				
FUND		Net Position	Net Position					
Wholesale water system	\$	21,211,446	\$	23,362,585				
Retail water and wastewater		1,588,115		663,840				
Solid waste fund		2,213,494		4,866,431				
Building services		4,491,619		4,822,588				
Emergency medical services		(3,863,392)		(4,250,828)				
Total	\$	25,641,282	\$	29,464,616				

The *wholesale water system fund* is used to account for the operations of the County's wholesale water system. Impact fees charged to and paid by new customers must be used to expand and enhance the water system which provides service to those individuals. Charges for services increased \$640,894 over fiscal year 2014. The increase in operating revenues was due to higher consumption levels in fiscal year 2015, which in part contributed to the overall growth in fund balance. In addition, the fund was able to recognize grant revenues received from the Northwest Florida Water Management District (NWFWMD) in the amount of \$3.89 million for the completion of the Alternate Water Supply project in fiscal year 2015. The wholesale water system fund's total net position increased \$8,468,173, excluding the restatement adjustment, due mainly to the fact that operating revenues once again exceeded operating expenses in excess of \$6.2 million.

The County's *solid waste fund* accounts for the operations and maintenance of the County's landfill and incinerator. In fiscal year 2015, \$8,903,126 was generated by tip fees; this represents an increase of \$357,527 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, \$3,898,400 for closure costs of its landfill. As of September 30, 2015, the County has accrued a total liability for landfill post closure care of \$6,383,722. As of September 30, 2015, total assets were \$88,642,663; total liabilities were \$29,547,246 and net position was \$60,226,365.

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, 2015, was \$436,377,440 (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 construction continued on the Courthouse Addition in fiscal year 2015. Of the total estimated costs of \$14,197,772, current year expenditures were \$4,773,217, with a total of \$6,324,060 of costs incurred through the end of fiscal year 2015. 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 in fiscal year 2014, with a guaranteed maximum price (GMP) of \$23,425,000. \$19,254,494 of the total project cost was expensed in fiscal year 2015 to complete the project. This brought total project costs to \$23,383,997, which was under budget by \$41,000.

- In fiscal year 2015, the County, along with Florida Department of Transportation, began construction of improvements to Scotts Ferry Road in northern Bay County. The project consisted of paving over two miles of roadway stretching from State Road 75 to U.S. 231. Total project cost was \$1,107,558.
- In 2014, construction began on the County's Filter Backwash Recycle and Solids Handling Facility. The project was completed in fiscal year 2015 with costs of \$2,334,558, bringing total project costs to \$2,811,476.

	Governmen	ntal Activities	al Activities Business-type Activities				Total			
September 30,	2015	2014	2015	2014		2015		2014		
Land	\$ 18,149,644	\$ 18,168,460	\$ 5,727,643	\$ 5,727,643	\$	23,877,287	\$	23,896,103		
Construction in										
progress	9,009,260	3,862,666	1,728,138	5,034,115		10,737,398		8,896,781		
Books	883,652	770,277	-	-		883,652		770,277		
Buildings and										
improvements	101,471,962	104,917,527	742,087	825,260		102,214,049		105,742,787		
Furniture and										
equipment	14,342,599	12,213,790	4,748,999	5,295,985		19,091,598		17,509,775		
Infrastructure	105,953,020	108,669,928	173,620,436	153,911,601		279,573,456		262,581,529		
Total	\$ 249,810,137	\$ 248,602,648	\$ 186,567,303	\$ 170,794,604	\$	436,377,440	\$	419,397,252		

Capital Assets (net of depreciation)

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 \$134,310,201. This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Outstanding Bonded Debt												
		imental vities	Busines Activ	21	То	tal							
	2015	2014	2015	2014	2015	2014							
Revenue Bonds	\$48,849,178	\$89,194,188	\$85,461,023	\$90,552,459	\$134,310,201	\$179,746,647							

The County's total bonded debt outstanding decreased by \$45,436,446 during the fiscal year ended September 30, 2015. The key factor contributing to the decrease in bonded debt was the payoff of prior year bonds through the issuance of notes payable or refunding bond issues and the payment of semi-annual and annual debt service payments.

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 continued to experience an upturn in activity throughout the year ending September 30, 2015. Bay County once again enjoyed a record breaking tourist season, with an additional 2,324 registered taxpaying units in fiscal year 2015. While surrounding counties also experienced an increase in tourism, Bay County saw a significant increase of 18% over fiscal year 2014 in its tourist development bed tax collections. The County's unemployment rate for 2015 was 5.0%, slightly lower than the State's average unemployment rate of 5.2%. In 2015, 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 fiscal year 2015, construction was completed 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. Also, construction continues on the addition to the County courthouse and is expected to be completed in fiscal year 2016. This new addition will provide additional courtrooms and office space for the judiciary.

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.

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BASIC FINANCIAL STATEMENTS

		Component Units		
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Cash and cash equivalents	\$ 6,746,848	\$ 1,477,519	\$ 8,224,367	\$ 1,615,522
Investments	69,052,915	30,488,049	99,540,964	-
Accounts receivable, net	4,211,296	6,529,589	10,740,885	10,638,738
Special assessments receivable	782,711	-	782,711	-
Accrued interest receivable	89,665	75,266	164,931	-
Due from other governments	7,343,488	1,115,839	8,459,327	-
Prepaid expenses	1,862,658	50,142	1,912,800	850,356
Inventory	-,	261,150	261,150	-
Notes receivable	567,148	9,759,332	10,326,480	-
Investment in joint venture		2,771,227	2,771,227	_
Restricted assets		2,7,71,227	2,771,227	_
Cash and cash equivalents	1,251,698	860,323	2,112,021	_
Investments	25,896,645	21,336,925	47,233,570	-
Capital assets	25,890,045	21,330,923	47,255,570	-
-	27 158 004	7 155 701	24 614 695	-
Nondepreciable	27,158,904	7,455,781	34,614,685	739,697
Depreciable, net Total assets	222,651,233 367,615,209	179,111,522 261,292,664	401,762,755 628,907,873	13,844,313
Total assets	507,015,207	201,272,004	020,007,075	15,044,51
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	2,092,971	1,037,691	3,130,662	
Deferred outflow of net pension	10,769,866	2,360,414	13,130,280	
Total deferred outflows of resources	12,862,837	3,398,105	16,260,942	·
LIABILITIES	21 011 640	1 005 400	22 007 120	0 111 04
Accounts payable and accrued expenses	21,011,640	1,895,499	22,907,139	2,111,844
Internal balances	(809,258)	809,258	-	
Due to other governments	101,954	518,772	620,726	
Unearned revenues	3,835,545	3,071,630	6,907,175	
Accrued interest payable	410,593	369,935	780,528	
Customer deposits	25,976	877,883	903,859	
Long-term liabilities				
Due within one year				
Estimated liability for self insured losses	404,533	-	404,533	
Accrued compensated absences	918,196	224,299	1,142,495	
Notes payable	387,000	2,422,626	2,809,626	
Capital leases	347,586	10,838	358,424	
Bonds payable	2,577,000	5,180,000	7,757,000	
Due in more than one year				
Estimated liability for self insured losses	4,076,228	-	4,076,228	
Accrued compensated absences	2,883,384	206,461	3,089,845	
Net OPEB obligation	17,864,069	802,672	18,666,741	
Net pension liability	42,745,650	7,029,144	49,774,794	
Notes payable	40,328,000	27,062,461	67,390,461	
Capital leases	418,154	18,974	437,128	
Bonds payable	46,272,178	80,281,023	126,553,201	
Landfill postclosure liability		6,383,722	6,383,722	
Total liabilities	183,798,428	137,165,197	320,963,625	2,111,844

Continued

			Prim	ary Government		Component Units	
	C	Governmental Activities	F	Business-type Activities	Total		Total
DEFERRED INFLOWS OF RESOURCES							
Deferred gain on refunding	\$	-	\$	393,578	\$ 393,578	\$	-
Deferred inflow of net pension		10,218,316		1,084,396	11,302,712		-
Total deferred inflows of resources		10,218,316		1,477,974	11,696,290		-
NET POSITION							
Net investment in capital assets		170,031,683		85,630,990	255,662,673		-
Restricted for							
Debt service		14,649,943		8,792,240	23,442,183		-
Impact fees		1,748,990		5,983,086	7,732,076		-
Public safety		4,260,321		-	4,260,321		-
Court function		3,487,535		-	3,487,535		-
Transportation		743,607		-	743,607		-
Recreation		584,309		-	584,309		-
Economic environment		37,042,818		-	37,042,818		-
Physical environment		2,412,932		-	2,412,932		-
Unrestricted		(48,500,836)		25,641,282	(22,859,554)		11,732,469
Total net position	\$	186,461,302	\$	126,047,598	\$ 312,508,900	\$	11,732,469

				FIO	grann Revenues			
					Operating		Capital	
		(Charges for		Grants and	Grants and		
	Expenses		Services	C	contributions	(Contributions	
Functions/Programs								
Primary Government								
Governmental activities								
General government	\$ 39,149,936	\$	14,937,260	\$	316,328	\$	25,576	
Public safety	40,034,847		1,118,265		2,995,028		460,243	
Physical environment	6,713,771		204,132		354,404		-	
Transportation	23,063,685		2,769,342		3,970,452		9,125,340	
Economic environment	31,517,039		-		170,450		540,306	
Human services	5,774,723		670		43,009		-	
Culture and recreation	5,944,644		644,267		105,400		501,588	
Interest on long-term debt	3,315,923		-		-		-	
Total governmental activities	155,514,568		19,673,936		7,955,071		10,653,053	
Business-type activities								
Wholesale water system	12,258,486		16,456,994		3,898,731		467,140	
Retail water and wastewater	10,572,655		10,521,926		-		537,295	
Solid waste	21,281,558		11,127,783		150,000		-	
Building services	1,388,854		1,009,679		-		-	
Emergency medical services	6,605,406		6,869,420		3,812		-	
Total business-type activities	52,106,959		45,985,802		4,052,543		1,004,435	
Total primary government	\$ 207,621,527	\$	65,659,738	\$	12,007,614	\$	11,657,488	
Component Units		_						
Total component units	\$ 12,390,408	\$	18,329,819	\$	_	\$		
			l revenues	1.6	,			
				ed for g	general purposes			
			es taxes					
			te shared revenu		restricted			
			estment earning	s				
			scellaneous					
]	Total general rev	enues b	before transfers			
		Transfe						
		Tot	tal general reven	ues and	l transfers			
		Ch	ange in net posit	ion				
		Net po	sition - beginnin	g (as or	iginally stated)			
		Prior p	eriod adjustment	t				

Restatement adjustment

Net position - beginning (as restated) Net position - ending

Program Revenues

		in Net Posi		
	Primary Government			Component Units
Governmental Activities	Business-type Activities		Total	Total
\$ (23,870,772)	\$ -	\$	(23,870,772)	\$
(35,461,311)	-		(35,461,311)	
(6,155,235)	-		(6,155,235)	
(7,198,551)	-		(7,198,551)	
(30,806,283)	-		(30,806,283)	
(5,731,044)	-		(5,731,044)	
(4,693,389)	-		(4,693,389)	
(3,315,923)	-		(3,315,923)	
(117,232,508)	-		(117,232,508)	
-	8,564,379		8,564,379	
-	486,566		486,566	
-	(10,003,775)		(10,003,775)	
-	(379,175)		(379,175)	
-	267,826		267,826	
-	(1,064,179)		(1,064,179)	
(117,232,508)	(1,064,179)		(118,296,687)	
				5 020 41
-			-	5,939,41
72,337,961	-		72,337,961	
41,461,764	2,500		41,464,264	
3,916,783	-		3,916,783	
843,450	1,556,455		2,399,905	97
2,157,506	5,415,800		7,573,306	
120,717,464	6,974,755		127,692,219	97
27,680	(27,680)		-	
120,745,144	6,947,075		127,692,219	97
3,512,636	5,882,896		9,395,532	5,940,38
227,836,695	126,298,793		354,135,488	5,792,08
	(236,085)		(236,085)	5,772,00
(44,888,029)	(5,898,006)		(50,786,035)	
182,948,666	120,164,702		303,113,368	5,792,08
<u>5 186,461,302</u>	\$ 126,047,598	\$	312,508,900	\$ 11,732,46

\$ 186,461,302

				Tourist			Go	Other overnmental		Total vernmental
		General	Γ	Development	Tr	ansportation		Funds		Funds
ASSETS										
Cash and cash equivalents	\$	2,247,903	\$	2,100,313	\$	217,224	\$	1,899,173	\$	6,464,613
Accounts receivable, net		1,050,795	·	1,493,934	·	325,348		731,948		3,602,025
Special assessments receivable		395,626		-,.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		387,085		-		782,711
Accrued interest receivable		38,328		38,225		2,228		5,725		84,506
Investments		10,939,027		43,453,906		4,494,193		4,342,095		63,229,221
Due from other funds		18,339		190,591		123,716		113,194		445,840
Due from other governments		4,129,359		31,080		2,884,144		298,858		7,343,441
Advance to other funds		1,667,833		-		-		-		1,667,833
Prepaid items		225,262		-		6,666		105,721		337,649
Notes receivable		567,148		-		-		-		567,148
Restricted assets										
Cash and cash equivalents		1,182,477		-		34,258		34,963		1,251,698
Investments		24,464,516		-		708,779		723,350	2	25,896,645
Total assets	\$	46,926,613	\$	47,308,049	\$	9,183,641	\$	8,255,027	1	11,673,330
LIABILITIES AND FUND BALANCI Liabilities	E									
Accounts payable	\$	6,297,214	\$	10,521,585	\$	2,133,339	\$	1,170,738	,	20,122,876
Unearned revenues		3,835,545		-		-		-		3,835,545
Due to other funds		313,717		-		48,758		5,617		368,092
Advances from other funds		-		-		-		622,356		622,356
Due to other governments		101,954		-		-		-		101,954
Customer deposits		25,976		-		-		-		25,976
Total liabilities		10,574,406		10,521,585		2,182,097		1,798,711	-	25,076,799
Fund balance										
Nonspendable		225,262		-		6,666		105,721		337,649
Restricted		21,698,079		36,786,118		743,607		5,729,521	(64,957,325
Assigned		3,890,036		346		6,251,271		641,661		10,783,314
Unassigned		10,538,830		-		-		(20,587)		10,518,243
Total fund balance		36,352,207		36,786,464		7,001,544		6,456,316	:	86,596,531
Total liabilities and fund balance	\$	46,926,613	\$	47,308,049	\$	9,183,641	\$	8,255,027		
Amounts reported for governmenta Capital assets used in governm therefore are not reported in	nental ac the fund	ctivities are no ds.	ot fin	ancial resource	es an	d	cause	:	24	49,137,818
Internal service funds are used to individual funds. The asso service funds are included in	ets, liabi	lities and defe	erred	outflows and	inflo	ws of the inte	rnal			2,163,649
Deferred outflows and inflows are not reported in the funds	are not						efore	;		392,779
Long-term liabilities, including period and therefore are not r			not d	ue and payable	e in t	he current				51,829,475

Net position of governmental activities

Bay County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds Year Ended September 30, 2015

		Tourist		Other Governmental	Total Governmental
	General	Development	Transportation	Funds	Funds
	General	Development	Transportation	Fullds	Fullds
REVENUES					
Taxes	\$ 63,841,946	\$ 20,371,509	\$ 5,596,303	\$ 8,496,015	\$ 98,305,773
Licenses and permits	2,130	-	-	-	2,130
Intergovernmental	28,358,040	37,180	9,528,960	603,345	38,527,525
Charges for services	10,308,099	-	2,093,874	6,817,374	19,219,347
Fines and forfeitures	170,018	-	-	-	170,018
Special assessments	204,132	-	77,744	-	281,876
Investment earnings	414,205	328,290	37,581	50,083	830,159
Contributions and donations	130,976	-	312,500	-	443,476
Miscellaneous	652,865	178,631	63,422	5,629	900,547
Total revenues	104,082,411	20,915,610	17,710,384	15,972,446	158,680,851
EXPENDITURES					
Current					
General government	16,074,319	-	-	4,857,686	20,932,005
Public safety	51,568,731	-	-	8,180,244	59,748,975
Physical environment	226,676	-	239,559	-	466,235
Transportation	-	-	14,006,805	-	14,006,805
Economic environment	12,909,031	20.444.159	,	-	33,353,190
Human services	4,418,204	20,111,107	-	1,221,150	5,639,354
Culture and recreation	4,532,509	_	_	1,221,130	4,532,509
Capital outlay	4,552,507				4,552,507
General government	1,214,157			287,530	1,501,687
c	6,756,812			849,901	7,606,713
Public safety	7,375	-	-	849,901	7,000,713
Physical environment Transportation	1,515	-	5,705,122	-	5,705,122
Economic environment	-	19,993	5,705,122	-	
	-	19,995	-	4 700	19,993
Human services	-	-	-	4,700	4,700
Culture and recreation	549,965	-	-	-	549,965
Debt service	0.105.651	0.054	0.515	212.105	0.570.101
Principal	2,437,674	2,856	9,547	312,107	2,762,184
Interest and fiscal charges	2,697,970	209	622	268,315	2,967,116
Total expenditures	103,393,423	20,467,217	19,961,655	15,981,633	159,803,928
Excess (deficit) of revenues over					
(under) expenditures	688,988	448,393	(2,251,271)	(9,187)	(1,123,077)
OTHER FINANCING SOURCES (USES)					
Transfers in	27,680	-	3,650,000	92,544	3,770,224
Transfers out	(3,742,544)	-	-	-	(3,742,544)
Issuance of debt	41,207,384	10,543	16,736	19,662	41,254,325
Payment to refunded bond escrow agent	(40,125,166)		-	- -	(40,125,166)
Proceeds from sale of capital assets	98,535	-	629	20,808	119,972
Total other financing sources (uses)	(2,534,111)	10,543	3,667,365	133,014	1,276,811
Net change in fund balance	(1,845,123)	458,936	1,416,094	123,827	153,734
Fund balance - beginning	38,197,330	36,327,528	5,585,450	6,332,489	86,442,797
Fund balance - ending	\$ 36,352,207	\$ 36,786,464	\$ 7,001,544	\$ 6,456,316	\$ 86,596,531

Reconciliation of the Statem Expenditures, and Changes in Fund Balance of Go	nent o vernn ment	nental Funds of Activities
are different because:		
Net change in fund balance - total governmental funds (page B-23)	\$	153,734
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 capital outlays exceeded depreciation in the current period.		813,223
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, impairments, and donations) is to increase net position.		454,664
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.		654,740
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.		59,213
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.		1,377,062
Change in net position of governmental activities (page B-21)	\$	3,512,636

Bay County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended September 30, 2015

				Actual Amounts		Variance with Final Budget -	
	 Budgetee	l An	nounts	Budgetary		Positive	
	Original		Final	Basis		(Negative)	
REVENUES							
Taxes	\$ 62,797,202	\$	62,797,202	\$ 63,841,946	\$	1,044,744	
Licenses and permits	1,747		1,747	2,130		383	
Intergovernmental	18,316,939		19,885,790	20,624,860		739,070	
Charges for services	10,363,823		10,482,369	9,029,081		(1,453,288)	
Fines and forfeitures	60,000		60,000	170,018		110,018	
Investment earnings	166,500		166,500	407,123		240,623	
Contributions and donations	300,000		310,095	25,576		(284,519)	
Miscellaneous	638,807		818,421	627,842		(190,579)	
Total revenues	92,645,018		94,522,124	94,728,576		206,452	
EXPENDITURES							
Current							
General government	18,133,613		18,424,929	16,074,319		2,350,610	
Public safety	43,521,863		45,267,796	46,216,909		(949,113)	
Physical environment	292,337		299,877	212,952		86,925	
Economic environment	10,158,383		10,381,204	10,305,868		75,336	
Human services	4,428,213		4,428,213	4,418,204		10,009	
Culture and recreation	2,078,388		2,202,204	2,051,836		150,368	
Capital outlay	, ,		, - , -	,,		,	
General government	257,668		14,391,033	1,214,157		13,176,876	
Public safety	1,740,007		1,772,884	6,756,812		(4,983,928)	
Physical environment			-,,	7,375		(7,375)	
Culture and recreation	144,269		249,269	89,803		159,466	
Debt service	,		,,	.,		,	
Principal	2,586,744		2,586,744	2,360,498		226,246	
Interest and fiscal charges	3,252,226		3,252,226	2,676,435		575,791	
Total expenditures	86,593,711		103,256,379	92,385,168		10,871,211	
Excess (deficit) of revenues over (under) expenditures	6,051,307		(8,734,255)	2,343,408		11,077,663	
OTHER FINANCING SOURCES (USES)							
Transfers in	-		27,680	27,680		-	
Transfers out	(5,287,544)		(5,287,544)	(5,287,544)		-	
Issuance of debt	-		-	41,179,157		41,179,157	
Payment to refunded bond escrow agent	(40,112,625)		(40,112,625)	(40,125,166)		(12,541)	
Proceeds from sale of capital assets	-		-	98,535		98,535	
Total other financing sources (uses)	(45,400,169)		(45,372,489)	 (4,107,338)		41,265,151	
Net change in fund balance	(39,348,862)		(54,106,744)	(1,763,930)		52,342,814	
Fund balance - beginning	38,827,282		38,827,282	38,827,282		-	
Fund balance - ending	\$ (521,580)	\$	(15,279,462)	\$ 37,063,352	\$	52,342,814	

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

Bay County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Tourist Development Fund Year Ended September 30, 2015

	Budgete	d Amounts	Actual	Variance with Final Budget - Positive	
	Original	Final	Amounts	(Negative)	
REVENUES					
Taxes	\$ 15,152,500	\$ 16,152,500	\$ 20,371,509	\$ 4,219,009	
Intergovernmental	φ 15,152,500 -	φ 10,152,500	37,180	37,180	
Investment earnings	110,096	110,096	328,290	218,194	
Miscellaneous	99,246	101,853	178,631	76,778	
Total revenues	15,361,842	16,364,449	20,915,610	4,551,161	
EXPENDITURES					
Current	20.010.005				
Economic environment	39,919,095	47,901,442	20,444,159	27,457,283	
Capital outlay	57 500	57 500	10.002	27.507	
Economic environment	57,500	57,500	19,993	37,507	
Debt service			2.056	(2.956)	
Principal	-	-	2,856	(2,856)	
Interest and fiscal charges			209	(209)	
Total expenditures	39,976,595	47,958,942	20,467,217	27,491,725	
Excess (deficit) of revenues over (under) expenditures	(24,614,753)	(31,594,493)	448,393	32,042,886	
OTHER FINANCING SOURCES					
Issuance of debt	-	-	10,543	10,543	
Total other financing sources	-	-	10,543	10,543	
Net change in fund balance	(24,614,753)	(31,594,493)	458,936	32,053,429	
Fund balance - beginning	36,327,528	36,327,528	36,327,528	-	
Fund balance - ending	\$ 11,712,775	\$ 4,733,035	\$ 36,786,464	\$ 32,053,429	

Bay County, Florida Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Transportation Fund Year Ended September 30, 2015

	Budgeted	Amounts	Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	\$ 5,285,912	\$ 5,285,912	\$ 5,596,303	\$ 310,391
Intergovernmental	9,332,051	\$ 3,283,912 17,997,082	\$ 5,590,505 9,528,960	(8,468,122)
Charges for services	2,084,400	2,116,042	2,093,874	
Special assessments		2,110,042 125,594	2,093,874 77,744	(22,168)
	38,000 31,825			(47,850)
Investment earnings Contributions and donations	,	31,825	37,581	5,756
	450,000	850,000	312,500	(537,500)
Miscellaneous	510	58,471	63,422	4,951
Total revenues	17,222,698	26,464,926	17,710,384	(8,754,542)
EXPENDITURES				
Current				
Physical environment	63,053	92,962	239,559	(146,597)
Transportation	12,191,570	17,745,066	14,006,805	3,738,261
Capital outlay	, ,	, ,		, ,
Physical environment	1,877,000	3,456,518	-	3,456,518
Transportation	6,931,661	12,558,986	5,705,122	6,853,864
Debt service	, ,	, ,	, ,	, ,
Principal	-	-	9,547	(9,547)
Interest and fiscal charges	-	-	622	(622)
Total expenditures	21,063,284	33,853,532	19,961,655	13,891,877
Excess (deficit) of revenues over (under) expenditures	(3,840,586)	(7,388,606)	(2,251,271)	5,137,335
OTHER FINANCING SOURCES				
Transfers in	3,650,000	3,650,000	3,650,000	_
Issuance of debt	3,050,000	5,050,000	16,736	16,736
Proceeds from sale of capital assets	-	-	629	629
Total other financing sources	3,650,000	3,650,000	3,667,365	17,365
Total other financing sources	3,050,000	5,050,000	3,007,305	17,505
Net change in fund balance	(190,586)	(3,738,606)	1,416,094	5,154,700
Fund balance - beginning	5,585,450	5,585,450	5,585,450	-
Fund balance - ending	\$ 5,394,864	\$ 1,846,844	\$ 7,001,544	\$ 5,154,700

	v	Vholesale	Re	etail Water		
	W	ater System	&	Wastewater	Solid Waste	
ASSETS						
Current assets						
Cash and cash equivalents	\$	860,299	\$	39,713	\$	350,941
Accounts receivable, net		2,103,245		772,971		1,229,540
Accrued interest receivable		24,340		35,001		11,675
Prepaid expenses		-		24,197		9,375
Investments		17,798,935		792,669		7,215,188
Inventory		261,150		-		-
Due from other funds		121,497		46,482		92,071
Due from other governments		7,679		1,108,160		-
Total current assets		21,177,145		2,819,193		8,908,790
Noncurrent assets						
Restricted assets						
Cash and cash equivalents		401,736		255,510		200,302
Investments		11,849,103		5,286,328		4,144,083
Notes receivable		939,247		8,820,085		-
Advances to other funds		-		-		-
Investment in joint venture		-		2,771,227		-
		13,190,086		17,133,150		4,344,385
Capital assets						
Land		261,192		4,714,000		752,451
Construction in progress		691,255		1,036,883		-
Buildings		2,422,524		4,766		862,912
Improvements		90,985		4,678		46,750
Furniture and equipment		2,332,334		1,281,458		7,124,148
Infrastructure		133,775,019		30,692,773		90,848,360
Less: accumulated depreciation		(52,259,273)		(14,295,386)		(24,245,133
Total capital assets, net		87,314,036		23,439,172		75,389,488
Total noncurrent assets		100,504,122		40,572,322		79,733,873
Total assets		121,681,267		43,391,515		88,642,663
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding						1,037,691
Deferred outflow of net pension		- 189.076		- 289,536		1,037,091
Total deferred outflows of resources		189,070		289,536		1,210,200

Bay County, Florida Statement of Net Position Proprietary Funds September 30, 2015

Governmental Activities				Emergency	E	Building	
Internal Service Funds		Total		lical Services	Med	Services	
282.23	\$	1,477,519	\$	17,690	\$	208,876	\$
609,27	Ŧ	6,529,589	Ŧ	2,416,568	Ŧ	7,265	+
5,15		75,266		258		3,992	
1,525,00		50,142		16,570		-	
5,823,69		30,488,049		365,985		4,315,272	
		261,150		-		-	
342,71		400,888		140,838		-	
4		1,115,839		-		-	
8,588,12		40,398,442		2,957,909		4,535,405	
		860,323		1,133		1,642	
		21,336,925		23,444		33,967	
		9,759,332		-		-	
		622,356		-		622,356	
		2,771,227		-		-	
		35,350,163		24,577		657,965	
		5,727,643		-		-	
		1,728,138		-		-	
858,44		3,290,202		-		-	
99,54		142,413		-		-	
1,038,42		11,706,474		471,904		496,630	
		255,316,152		-		-	
(1,324,08		(91,343,719)		(235,549)		(308,378)	
672,31		186,567,303		236,355		188,252	
672,31		221,917,466		260,932		846,217	
9,260,44		262,315,908		3,218,841		5,381,622	
		1 027 601					
293,69		1,037,691 2,360,414		- 1,555,584		153,709	
293,69		3,398,105		1,555,584		153,709	

Continued

		Vholesale		il Water astewater	Solid Waste
	w	ater System	& Wa	istewater	Solid waste
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$	457,762	\$	631,068 \$	427,42
Unearned revenue		-		-	3,046,03
Due to other funds		45,096		93,697	18,77
Due to other governments		-		514,189	
Accrued interest payable		213,492		105,836	43,78
Estimated liability for self insured losses, current		-		-	
Accrued compensated absences, current		50,917		37,336	30,18
Capital leases, current		2,786		787	1,16
Notes payable, current		785,000		1,424,626	
Bonds payable, current		1,780,000		1,295,000	2,105,00
Total current liabilities		3,335,053		4,102,539	5,672,36
Noncurrent liabilities					
Estimated liability for self insured losses, net		-		-	
Customer deposits		134,383		483,871	224,02
Accrued compensated absences		44,299		41,815	41,76
Net OPEB obligation		157,758		222,496	184,31
Net pension liability		563,054		862,218	513,72
Advances from other funds		-		1,667,833	
Capital leases, net		3,617		1,561	2,34
Notes payable, net		17,380,000		7,395,461	
Bonds payable, net		37,976,023		25,780,000	16,525,000
Landfill postclosure liability		-		-	6,383,72
Total noncurrent liabilities		56,259,134		36,455,255	23,874,883
Total liabilities		59,594,187		40,557,794	29,547,24
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding				393,578	
Deferred inflow of net pension		86,864		133,016	79,25
Total deferred outflows of resources		86,864		526,594	79,25
		00,004		520,574	17,23.
NET POSITION		21 462 010		(4.021.754)	57 702 (7
Net investment in capital assets		31,462,019		(4,031,754)	57,793,67
Restricted for		E E22 200		2 005 211	010.10
Debt service		5,577,732		2,995,311	219,19
Impact fees		3,938,095		2,044,991	0.010.10
Unrestricted Total net position	\$	21,211,446 62,189,292	\$	1,588,115 2,596,663 \$	2,213,494

Bay County, Florida Statement of Net Position (Continued) Proprietary Funds September 30, 2015

nental Activities	Governm		 mergency	 Busine Building	
l Service Funds	Internal	Total	ical Services	Services	
888,765	\$	1,895,499	\$ 323,449	\$ 55,796	\$
		3,071,630	25,595	-	
656,677		164,669	6,159	944	
		518,772	-	4,583	
60		369,935	6,826	-	
340,779		-	-	-	
54,638		224,299	80,375	25,483	
5,215		10,838	1,068	5,035	
		2,422,626	213,000	-	
		5,180,000	-	-	
1,946,134		13,858,268	656,472	91,841	
4,139,982		-	_	_	
1,105,502		877,883	-	35,609	
49,164		206,461	48,185	30,396	
237,405		802,672	63,808	174,298	
874,619		7,029,144	4,632,417	457,735	
		1,667,833	-	-	
8,263		18,974	1,389	10,064	
		27,062,461	2,287,000	-	
		80,281,023	-	-	
		6,383,722	-	-	
5,309,433		124,330,173	7,032,799	708,102	
7,255,567		138,188,441	7,689,271	799,943	
		393,578	-	-	
134,928		1,084,396	714,648	70,616	
134,928		1,477,974	714,648	70,616	
650 011		85 620 000	222 808	172 152	
658,841		85,630,990	233,898	173,153	
		8,792,240	-	-	
		5,983,086	-	-	
1,504,808		25,641,282	(3,863,392)	4,491,619	
2,163,649	\$	126,047,598	\$ (3,629,494)	\$ 4,664,772	\$

		Wholesale			
		Water		Retail Water	
		System		& Wastewater	Solid Waste
OPED A TINIC DEVENILIES					
OPERATING REVENUES	\$	16,456,994	\$	10 521 026	¢ 11 1 27 7 92
Charges for services Miscellaneous	Φ	10,430,994 29,718	φ	10,521,926 168,697	\$ 11,127,783 41,118
Total operating revenues		16,486,712		10,690,623	11,168,901
Total operating revenues		10,400,712		10,090,025	11,100,901
OPERATING EXPENSES					
Personal services		1,489,928		2,218,834	1,335,941
Contracted services		1,230,541		948,197	5,940,522
Repairs and maintenance		1,022,408		220,625	2,855,726
Utilities		1,657,458		211,612	589,975
Depreciation		2,961,194		1,754,311	4,040,207
Materials		_,> 01,1> -		-	
Insurance claims		_		_	_
Other operating expenses		1,869,909		3,949,440	5,810,114
Total operating expenses		10,231,438		9,303,019	20,572,485
Total operating expenses		10,231,438		9,505,019	20,372,403
Operating income (loss)		6,255,274		1,387,604	(9,403,584)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings		340,622		1,047,578	113,059
Interest and fiscal charges		(2,027,047)		(1,269,636)	(709,073)
Taxes		-		-	2,500
Gain on disposal of capital assets		5,900		-	333
Contributions		3,898,731		-	150,000
Insurance proceeds		-		-	5,120,966
Total nonoperating revenues (expenses)		2,218,206		(222,058)	4,677,785
Income (loss) before contributions and transfers		8,473,480		1,165,546	(4,725,799)
		467 140		527 205	
Capital contributions		467,140		537,295	-
Transfers out		-		-	-
Change in net position		8,940,620		1,702,841	(4,725,799)
Total net position - beginning (as originally stated)		53,721,119		1,853,376	65,383,216
Restatement adjustment		(472,447)		(723,469)	(431,052)
Prior period adjustment		(1/2,77/)		(236,085)	(+51,052)
This period adjustment		-		(230,005)	-
Total net position - beginning (as restated)		53,248,672		893,822	64,952,164
Total net position - ending	\$	62,189,292	\$	2,596,663	\$ 60,226,365

Bay County, Florida Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds Year Ended September 30, 2015

	Building Services		iness-type Activities Enterprise Funds Emergency Medical Services	Total		Governmental Activities Internal Service Funds
\$	1,009,679	\$	6,869,420 \$	45,985,802	\$	8,563,158
	36,331		5,047 6,874,467	280,911		<u>1,691</u> 8,564,849
	1,046,010		0,8/4,40/	46,266,713		8,304,849
	1,096,405		4,793,712	10,934,820		2,249,194
	90,102		649,757	8,859,119		253,230
	19,912		259,408	4,378,079		381,161
	29,951		7,330	2,496,326		155,480
	54,167		120,996	8,930,875		91,958
			-			2,118,068
	_		_	-		454,724
	98,045		738,828	12,466,336		2,844,560
	1,388,582		6,570,031	48,065,555		8,548,375
	1,500,502		0,570,051	+0,005,555		0,540,575
	(342,572)		304,436	(1,798,842)		16,474
	(0.12,0.12)		201,120	(1,776,612)		10,171
	53,544		1,652	1,556,455		41,384
	(272)		(35,374)	(4,041,402)		-
	-		_	2,500		-
	11,000		500	17,733		1,355
	-		-	4,048,731		-
	-		-	5,120,966		-
	64,272		(33,222)	6,704,983		42,739
	(278,300)		271,214	4,906,141		59,213
	-		-	1,004,435		-
	(27,680)		-	(27,680)		-
	(305,980)		271,214	5,882,896		59,213
	5,354,828		(13,746)	126,298,793		2,838,310
	(384,076)		(3,886,962)	(5,898,006)		(733,874)
	-		-	(236,085)		-
	4,970,752		(3,900,708)	120,164,702		2,104,436
¢	1	¢			Φ	A 1 C 2 C C
\$	4,664,772	\$	(3,629,494) \$	126,047,598	\$	2,163,649

		Wholesale		Retail Water		
		Water System		& Wastewater		Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$	13,620,937	\$	10,524,159	\$	7,806,344
Cash received from miscellaneous operating activities		29,718		168,697		41,118
Cash paid to suppliers for goods and services		(6,720,379)		(5,148,034)		(14,260,809)
Cash paid to employees for services		(1,482,303)		(2,201,164)		(1,339,457)
Net cash provided by (used in) operating activities		5,447,973		3,343,658		(7,752,804)
CASH FLOWS FROM NONCAPITAL						
FINANCING ACTIVITIES						
Transfers out		-		-		-
Payments made to advance from other fund		-		(162,167)		-
Payments received from advance to other fund		1,830,000		(102,107)		-
Taxes received				-		2,500
Contributions received		3,898,731		-		150,000
Net cash provided by (used in) noncapital		- / /				
financing activities		5,728,731		(162,167)		152,500
CASH FLOWS FROM CAPITAL AND RELATED						
FINANCING ACTIVITIES						
Interest paid on long-term debt		(2,127,910)		(1,351,407)		(582,802)
Principal paid on long-term debt		(2,456,892)		(2,552,118)		(2,046,649)
Proceeds from long-term debt		-		-		-
Capital contributions received		467,140		537,295		-
Proceeds from sale of capital assets		5,900		-		333
Purchase of capital assets		(23,397,051)		(1,174,025)		(51,578)
Proceeds from insurance		-		-		5,120,966
Net cash provided by (used in) capital and related						
financing activities		(27,508,813)		(4,540,255)		2,440,270
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale and maturities						
of investment securities		32,387,930		2,608,262		11,272,480
Purchase of investments		(17,529,517)		(2,826,311)		(6,496,111)
Loss on investment		-		(144,674)		-
Interest and dividends on investments		266,142		332,474		74,862
Collections on loans		101,175		1,370,459		-
Net cash provided by (used in) investing activities		15,225,730		1,340,210		4,851,231
Net change in cash and cash equivalents		(1,106,379)		(18,554)		(308,803)
Cash and cash equivalents - beginning		2,368,414		313,777		860,046
Cash and cash equivalents - ending	\$	1,262,035	\$	295,223	\$	551,243
Classified as						
Current assets	\$	860,299	\$	39,713	\$	350,941
Restricted assets		401,736		255,510		200,302
Total	\$	1,262,035	\$	295,223	\$	551,243
NONCASH INVESTING, CAPITAL, AND						
FINANCING ACTIVITIES	¢		¢	(2.221)	¢	2.010
Assets acquired via lease	\$	-	\$	(2,321)	\$	3,019
Transfer of capital assets and related lease	\$	-	\$	-	\$	-

Governmental Activities				s-type Activities erprise Funds			
Internal				mergency		ilding	
Service Funds	Se	Total		lical Services	м	rvices	
Service I unus	50	Total		lical Scivices	141	TVICES	
8,571,995	\$	39,458,010	\$	6,467,242	\$	1,039,328	\$
1,691		280,911		5,047		36,331	
(6,108,736)		(28,181,288)		(1,803,721)		(248,345)	
(2,238,971)		(10,954,600)		(4,841,322)		(1,090,354)	
225,979		603,033		(172,754)		(263,040)	
-		(27,680)		-		(27,680)	
_		(162,167)		_		(,,	
		1,938,343		_		108,343	
		2,500				100,545	
-				-		-	
-		4,048,731		-		-	
-		5,799,727		-		80,663	
(450)		(4,090,939)		(28,548)		(272)	
(3,845)		(9,567,302)		(2,501,024)		(10,619)	
(5,615)		3,000,000		3,000,000		-	
		1,004,435				-	
1,355		1,004,433		500		11,000	
(57,531)		(24,694,940)		(3,750)		(68,536)	
-		5,120,966		-		-	
(60,471)		(29,210,047)		467,178		(68,427)	
2,508,233		48,564,033		18,575		2,276,786	
(2,718,898)		(29,250,518)		(300,854)		(2,097,725)	
-		(144,674)		-		-	
28,971		715,729		997		41,254	
-		1,471,634		-		-	
(181,694)		21,356,204		(281,282)		220,315	
(16,186)		(1,451,083)		13,142		(30,489)	
298,421		3,788,925		5,681		241,007	
282,235	\$	2,337,842	\$	18,823	\$	210,518	\$
202,233	Ŷ	2,001,072	¥	10,023	Ψ	210,510	Ψ
282,235	\$	1,477,519	\$	17,690	\$	208,876	\$
-		860,323		1,133		1,642	
282,235	\$	2,337,842	\$	18,823	\$	210,518	\$
-	\$	14,850	\$	-	\$	14,152	\$

Continued

	,	Wholesale Water System		etail Water Wastewater		Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES Operating income (loss)	\$	6.255.274	\$	1.387.604	\$	(9,403,584)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	Ŷ	0,233,211	Ŷ	1,201,001	Ψ	(),103,301
Depreciation		2,961,194		1,754,311		4,040,207
(Increase) decrease in assets						
Accounts receivable, net		833,702		(99,822)		(252,383
Prepaid expenses		9,230		(23,872)		178
Inventory		3,708		-		-
Due from other funds		(14,125)		24,281		(25,025
Due from other governments		108,714		83,112		-
Increase (decrease) in liabilities						
Accounts payable and accrued expenses		(939,313)		176,900		(2,591
Unearned revenues		(3,898,731)		-		(3,198,412
Due to other funds		(13,688)		54,503		15,111
Due to other governments		-		(49,563)		
Customer deposits		134,383		18,534		154,381
Accrued compensated absences		(12,018)		(3,072)		(13,526
Net OPEB obligation		31,248		38,513		20,599
Net pension liability		221,209		338,742		201,827
Landfill postclosure liability		-		-		922,830
Increase in deferred outflow of net pension		(74,241)		(113,686)		(67,736
Decrease in deferred inflow of net pension		(158,573)		(242,827)		(144,680
Total adjustments		(807,301)		1,956,054		1,650,780
Net cash provided by (used in) operating activities	\$	5,447,973	\$	3,343,658	\$	(7,752,804

Bay County, Florida Statement of Cash Flows (Continued) Proprietary Funds Year Ended September 30, 2015

 Business-type Activities Enterprise Funds Emergency Building Medical Services Services				Governmental Activities Internal Service Funds		
\$ (342,572)	\$ 304,436	\$	(1,798,842)	\$ 16,474		
54,167	120,996		8,930,875	91,958		
43,086 1,381	(411,894) (16,311)		112,689 (29,394)	(52,163)		
1,581	(10,511)		(29,394) 3,708	(10,693)		
-	(15,879)		(30,748)	60,646		
-			191,826	354		
(8,129)	(114,568)		(887,701)	32,576		
-	25,595		(7,071,548)	-		
(950)	(17,519)		37,457	76,604		
(2,637)	-		(52,200)	-		
(13,437)	-		293,861	-		
758	16,918		(10,940)	5,034		
14,727	30,953		136,040	23,215		
179,832	1,819,952		2,761,562	343,614		
-	-		922,830	-		
(60,354)	(610,801)		(926,818)	(115,320)		
 (128,912)	(1,304,632)		(1,979,624)	(246,320)		
 79,532	(477,190)		2,401,875	209,505		
\$ (263,040)	\$ (172,754)	\$	603,033	\$ 225,979		

Bay County, Florida Statement of Fiduciary Net Position Agency Funds September 30, 2015

ASSETS Cash and cash equivalents Investments Accounts receivable, net	\$ 11,499,630 39,164 54,330
Total assets	\$ 11,593,124
LIABILITIES Accounts payable and accrued liabilities Due to others Due to other governments	\$ 4,902,841 135,091 6,555,192
Total liabilities	\$ 11,593,124

		Component Units						
	Р	anama City]	Mexico				
	Beach Convention and Visitors Bureau, Inc.			Beach Community		Panama City Community		
			Co					
			Development Council, Inc.		Development Council, Inc.			
								Total
ASSETS								
Cash and cash equivalents	\$	1,580,010	\$	19,332	\$	16,180	\$	1,615,522
Accounts receivable, net		9,677,202		53,641		907,895		10,638,738
Prepaid expenses		850,356		-		-		850,356
Capital assets								
Nondepreciable		739,697		-		-		739,697
Total assets		12,847,265		72,973		924,075		13,844,313
LIABILITIES								
Accounts payable and accrued expenses		2,063,131		3,863		44,850		2,111,844
Total liabilities		2,063,131		3,863		44,850		2,111,844
NET POSITION								
Unrestricted		10,784,134		69,110		879,225		11,732,469
Total net position	\$	10,784,134	\$	69,110	\$	879,225	\$	11,732,469

Program Revenues	
------------------	--

	Expenses		Charges for		Operating Grants and		Capital Grants and	
				Services	Contributions		Contributions	
Functions/Programs								
Component Units								
Panama City Beach Convention								
and Visitors Bureau, Inc.	\$	11,644,094	\$	16,869,691	\$	-	\$	-
Mexico Beach Community								
Development Council, Inc.		655,532		490,125		-		-
Panama City Community								
Development Council, Inc.		90,782		970,003		-		-
Total component units	\$	12,390,408	\$	18,329,819	\$	-	\$	-

General revenues

Investment earnings Total general revenues

Change in net position

Net position - beginning Net position - ending

Bay County, Florida Combining Statement of Activities - Discretely Presented Component Units Year Ended September 30, 2015

			Net (Expenses) R Changes in Ne					
			Component	511				
]	Panama City		Mexico					
Beach			Beach	Panama City				
	Convention		Community	Community				
:	and Visitors		evelopment	Development				
]	Bureau, Inc.		ouncil, Inc.	Council, Inc.		Total		
\$	5,225,597	\$	-	\$ -	\$	5,225,597		
	-		(165,407)	-		(165,407)		
	-		-	879,221		879,221		
	5,225,597		(165,407)	879,221		5,939,411		
	811		158	4		973		
	811		158	4		973		
. <u> </u>	5,226,408		(165,249)	879,225		5,940,384		
	5,557,726		234,359	-		5,792,085		
\$	10,784,134	\$	69,110	\$ 879,225	\$	11,732,469		

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 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.

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.

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.

Panama City Community Development Council, Inc.

The Panama City 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 Panama City, Florida. 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 ability to provide ongoing accountability to the Council. The County is also legally obligated or has otherwise assumed the obligation to finance the deficits of or provide financial support to the Council.

Because the County has the ability to provide ongoing accountability and is able to impose its will on and is obligated to provide specific financial 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.

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.

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.

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.

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 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.

The articles of incorporation and the by-laws of the Panama City Community Development Council,

Inc. (Council) do not include investment policies. The Council has 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 financial instruments (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.

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, 2015 and 2014, 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, 2015, the allowance for doubtful accounts for the emergency medical services fund is \$13,316,052 and total accounts receivable for the fund is \$15,732,620. As of September 30, 2015, 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, 2015, 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 net realizable value. Governmental fund inventory is valued at cost (first-in, first-out). The County accounts for governmental funds inventory using the consumption method.

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.

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, 2015, \$547,499 of 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, pro-rated for hours actually worked.

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 the 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, based on a payout service schedule. The paid time off policy allows for full-time employees to accumulate 13 to 21 hours a month

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. The paid time off policy allows for full-time employees to accumulate 8 to 20 hours a month.

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.

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.

The Panama City Community Development Council, Inc. did not have a leave policy in effect for the year ended September 30, 2015.

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.

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 includes the deferred charge (loss/gain) on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the County records deferred inflows/outflows to their net pension liability, additional information related to this deferred outflow/inflow is included in note 10.

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, 2015, is \$337,649.

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, 2015, is \$64,957,325.

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, 2015.

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, 2015, \$10,783,314.

Unassigned – This category is the residual classification for County's fund balance. The unassigned fund balance as of September 30, 2015, is \$10,518,243. The general fund is the only fund that can report a positive unassigned balance. It would be inappropriate for other funds to report a positive unassigned balance. However, if expenditures are incurred for a specific purpose that exceed the amounts that are restricted, committed or assigned, they may report a negative unassigned balance.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) Pension Plan and the Retirees' Health Insurance Subsidy (HIS) Program and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. The financial statements for FRS and HIS are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America. Contributions are recognized as revenues when due, pursuant to the statutory and contractual requirements.

Date of Management's Review

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 18, 2016, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to conform to the 2015 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:

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

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 \$(151,829,475) difference are as follows:

Bonds payable	\$ (48,897,000)
Less: deferred charge on refunding (to be amortized as interest expense)	2,092,971
Plus: issuance premium (to be amortized as interest expense)	47,822
Notes payable	(40,715,000)
Accrued interest payable	(410,533)
Capital leases payable	(752,262)
Net OPEB obligation	(17,626,664)
Net pension liability	(41,871,031)
Compensated absences	(3,697,778)
Net adjustment to reduce fund balance - total governmental funds to arrive	
at net position of governmental activities	\$ (151,829,475)

Deferred inflows and outflows related to the net pension liabilities applicable to the County's governmental activities are not reported as fund assets and liabilities. All assets and liabilities are reported in the statement of net position. The details of this \$392,779 difference are as follows:

Deferred change from net pension – deferred outflow	\$ 10,476,167
Deferred change from net pension – deferred inflow	(10,083,388)
Net adjustment to increase fund balance - total governmental funds to	
arrive at net position of governmental activities	\$ 392,779

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 \$249,137,818 difference are as follows:

Cost of capital assets	\$ 480,640,369
Less: accumulated depreciation	(231,502,551)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 249,137,818

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net change in fund balance - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains," governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$813,223 difference are as follows:

Capital outlay Depreciation expense	\$ 15,395,555 (14,582,332)
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 813.223

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 \$454,664 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.	\$ (183,917)
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.	638,581
Net adjustments to increase net change in fund balance - total	
governmental funds to arrive at change in net position of governmental	
activities	\$ 454,664

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 \$1,377,062 difference are as follows:

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

Debt issued or incurred:	
Capital lease financing	\$ (924,325)
Bond proceeds	(40,330,000)
Principal repayments:	
Bonds	2,366,000
Capital leases	396,184
Amortization of deferred charge on refunding	39,937,714
Amortization of bond premium	(68,511)
Net adjustment to increase net change in fund balance - total governmental	
funds to arrive at change in net position of governmental activities	\$ 1,377,062

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 \$654,740 difference are as follows:

OPEB expense	\$ (1,786,525)
Pension expenses	2,676,450
Compensated absences	(82,246)
Accrued interest	(152,939)
Net adjustment to increase <i>net change in fund balance - total</i> governmental funds to arrive at <i>change in net position of governmental</i>	
activities	\$ 654,740

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 Seizure Trust Fund Inmate Welfare Fund

NOTE 3 – BUDGETS (Continued)

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, 2015	General Fund Budgetary Basis	US GAAP to Budget Differences Over (Under)	General Fund Actual Amounts US GAAP Basis			
REVENUES						
Taxes	\$ 63,841,946	\$ -	\$ 63,841,946			
Licenses and permits	2,130		2,130			
Intergovernmental	20,624,860	7,733,180	28,358,040			
Charges for services	9,029,081	1,279,018	10,308,099			
Fines and forfeitures	170,018	-	170,018			
Special assessments	-	204,132	204,132			
Investment earnings	407,123	7,082	414,205			
Contributions and donations	25,576	105,400	130,976			
Miscellaneous	627,842	25,023	652,865			
Total revenues	94,728,576	9,353,835	104,082,411			
EXPENDITURES						
Current						
General government	16,074,319	-	16,074,319			
Public safety	46,216,909	5,351,822	51,568,731			
Physical environment	212,952	13,724	226,676			
Economic environment	10,305,868	2,603,163	12,909,031			
Human services	4,418,204	-	4,418,204			
Culture and recreation	2,051,836	2,480,673	4,532,509			
Capital outlay						
General government	1,214,157	-	1,214,157			
Public safety	6,756,812	-	6,756,812			
Physical environment	7,375	-	7,375			
Culture and recreation	89,803	460,162	549,965			
Debt service						
Principal	2,360,498	77,176	2,437,674			
	5 - 60					

Interest and fiscal charges	\$ 2,676,435	\$ 21,535	\$ 2,697,970
Total expenditures	92,385,168	11,008,255	103,393,423
Excess (deficit) of revenues over (under) expenditures	2,343,408	(1,654,420)	688,988
OTHER FINANCING SOURCES (USES)			
Transfers in	27,680	-	27,680
Transfers out	(5,287,544)	1,545,000	(3,742,544)
Issuance of debt	41,179,157	28,227	41,207,384
Payment to refunded bond escrow agent	(40,125,166)	-	(40,125,166)
Proceeds from sale of capital assets	98,535	-	98,535
Total other financing sources (uses)	(4,107,338)	1,573,227	(2,534,111)
Net change in fund balance	(1,763,930)	(81,193)	(1,845,123)
Fund balance - beginning	38,827,282	(629,952)	38,197,330
Fund balance - ending	\$ 37,063,352	\$ (711,145)	\$ 36,352,207

NOTE 3 – BUDGETS (Continued)

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	\$	1,251,698	\$ 860,323	\$ 2,112,021
Investments	25,896,645		21,336,925	47,233,570
Total	\$	27,148,343	\$ 22,197,248	\$ 49,345,591

The following amounts are payable from restricted assets:

	0.	overnmental Activities	Wholesale ater System	 ail Water /astewater	Solid Waste	Building	l	mergency Medical Services		Total
Customer deposits Accrued interest	\$	25,976	\$ 134,383	\$ 483,871	\$ 224,020	\$ 35,609	\$	-	\$	903,859
payable		600,570	213,492	76,652	43,781	-		6,826		941,321
Current maturities of bonds		612,667	213,750	107,500	175,416	-		17,500		1,126,833
Payable from Restricted assets	\$	1,239,213	\$ 561,625	\$ 668,023	\$ 443,217	\$ 35,609	\$	24,326	\$ 2	2,972,013

NOTE 5 – DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk of Deposits – There is a risk that in the event of failure of the depository financial institution, the government will not be able to recover the deposits. All cash resources of the County are placed in banks which are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories 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, 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, 2014 through September 30, 2015.

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.

As of September 30, 2015, 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	\$ 4,598,520	\$ 4,598,520	34.8	Aaa/AA+
Commercial Paper	18,248,086	18,248,086	6.89	P-1/A-1
Commercial Paper	4,148,144	4,148,144	2.27	P-1/A-1+
Corporate Bonds	995,990	995,990	26.57	Aa1/AA
Corporate Bonds	4,018,613	4,018,613	33.45	Aa2/AA
Corporate Bonds	2,016,580	2,016,580	33.91	Aa1/AA+
Corporate Bonds	1,009,900	1,009,900	37.60	Aa3/AA
Corporate Bonds	1,130,198	1,130,198	6.23	Aa2/AA+
Corporate Bonds	1,013,250	1,013,250	38.77	Aaa/AA
Corporate Bonds	1,008,340	1,008,340	42.07	Aaa/AAA
Corporate Bonds	503,565	503,565	19.77	Aaa/AA+
Municipal Bonds	504,480	504,480	33.5	Aa3/AA-
Asset Backed Securities	31,135,380	31,135,380	23.45	Aaa/AA+
Florida Prime	9,915,964	9,915,964	0.97	AAAm
Money Market Funds	66,527,524	66,527,524	Demand	N/A
Total investments	\$146,774,534	\$146,774,534		

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2015, the County had investments for general and agency funds on deposit in a 2a7-like pool in the amount of \$9,915,964 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, 2015.

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, 2015, are as follows:

Governmental Funds

Note receivable from individuals related to the sale of property. Prin	ncipal	
and interest payments at a 5% interest rate.	\$	567,148
Total notes receivable – governmental funds	\$	567,148

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%.	l	8,820,085
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.	•	810,101
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.	•	129,146
Total notes receivable – enterprise funds	\$	9,759,332

NOTE 8 – CAPITAL ASSETS

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

	Sej	ptember 30, 2014	T	ncreases	I	Decreases	Se	ptember 30, 2015
Capital assets, not being depreciated		2011	-	nereuses	-			2015
Land	\$	18,168,460	\$	-	\$	(18,816)	\$	18,149,644
Construction in progress		3,862,666		9,017,148		(3,870,554)		9,009,260
Total capital assets, not being depreciated		22,031,126		9,017,148		(3,889,370)		27,158,904
Capital assets, being depreciated								
Books		2,633,519		350,456		(511,920)		2,472,055
Buildings and improvements		137,443,131		22,188		(110,689)		137,354,630
Furniture and equipment		51,379,502		5,840,951		(1,604,038)		55,616,415
Infrastructure		255,289,411		4,745,360		-		260,034,771
Total capital assets, being depreciated		446,745,563		10,958,955		(2,226,647)		455,477,871
Less accumulated depreciation								
Books		(1,863,242)		(237,080)		511,919		(1,588,403)
Buildings and improvements		(32,525,604)		(3,395,003)		37,939		(35,882,668)
Furniture and equipment		(39,165,712)		(3,579,940)		1,471,836		(41,273,816)
Infrastructure		(146,619,483)		(7,462,268)		-		(154,081,751)
Total accumulated depreciation		(220,174,041)		(14,674,291)		2,021,694		(232,826,638)
Total capital assets, being depreciated, net		226,571,522		(3,715,336)		(204,953)		222,651,233
Total governmental-type activities capital assets, net	\$	248,602,648	\$	5,301,812	\$	(4,094,323)	\$	249,810,137

The following schedules summarize the capital assets of the County's business-type activities at September 30, 2015:

	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	2,332,334	1,281,458	7,124,148	496,630	471,904	11,706,474
Infrastructure	133,775,019	30,692,773	90,848,360	-	-	255,316,152
Construction in						
progress	691,255	1,036,883	-	-	-	1,728,138
Total	139,573,309	37,734,558	99,634,621	496,630	471,904	277,911,022

	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Emergency Medical Services	Total
Less accumulated depreciation						
Buildings	\$ (2,142,260)	\$ (2,773)	\$ (414,635)	\$ -	\$ -	\$ (2,559,668)
Improvements	(86,564)	(2,495)	(41,801)	-	-	(130,860)
Furniture and						
equipment	(1,405,670)	(789,664)	(4,218,214)	(308,378)	(235,549)	(6,957,475)
Infrastructure	(48,624,779)	(13,500,454)	(19,570,483)	-	-	(81,695,716)
Total accumulated						
depreciation	(52,259,273)	(14,295,386)	(24,245,133)	(308,378)	(235,549)	(91,343,719)
Total Business- type activities						
capital assets, net	\$ 87,314,036	\$23,439,172	\$ 75,389,488	\$ 188,252	\$ 236,355	\$ 186,567,303

NOTE 8 – CAPITAL ASSETS (Continued)

	Se	eptember 30,				Se	ptember 30,
		2014		Increases	Decreases		2015
Capital assets, not being depreciated							
Land	\$	5,727,643	\$	-	\$ -	\$	5,727,643
Construction in progress		5,034,115		23,317,191	(26,623,168)		1,728,138
Total capital assets, not being depreciated		10,761,758		23,317,191	(26,623,168)		7,455,781
Capital assets, being depreciated							
Buildings		3,290,202		-	-		3,290,202
Improvements		142,413		-	-		142,413
Furniture and equipment		11,087,920		804,009	(185,455)		11,706,474
Infrastructure		228,082,590		27,233,562	-		255,316,152
Total capital assets, being depreciated		242,603,125		28,037,571	(185,455)		270,455,241
Less accumulated depreciation							
Buildings		(2,478,725)		(80,943)	-		(2,559,668)
Improvements		(128,630)		(2,230)	-		(130,860)
Furniture and equipment		(5,791,935)		(1,322,975)	157,435		(6,957,475)
Infrastructure		(74,170,989)		(7,524,727)	-		(81,695,716)
Total accumulated depreciation		(82,570,279)		(8,930,875)	157,435		(91,343,719)
Total capital assets, being depreciated, net		160,032,846		19,106,696	(28,020)		179,111,522
Total business-type activities	¢	170 704 604	¢	40,400,007	¢ (0C CE1 199)	¢	196 567 202
capital assets, net	\$	170,794,604	\$	42,423,887	\$ (26,651,188)	\$	186,567,303

NOTE 8 - CAPITAL ASSETS (Continued)

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

Governmental activities	
General government	\$ 2,217,260
Public safety	2,915,487
Physical environment	370,884
Transportation	6,810,475
Economic environment	777,715
Human services	115,535
Culture and recreation	1,374,977
Internal service funds	91,958
Total depreciation expense - governmental activities	\$ 14,674,291
Business-type activities	
Wholesale water system	\$ 2,961,194
Retail water and wastewater	1,754,311
Solid waste	4,040,207
Building services	54,167
Emergency medical services	120,996
Total depreciation expense - business-type activities	\$ 8,930,875

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:

Vehicles	\$ 828,232
Equipment	369,977
Total	1,198,209
Less: accumulated depreciation	(191,005)
Net	\$ 1,007,204

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, are as follows:

Year Ending September 30,	
2016	\$ 375,480
2017	375,481
2018	64,117
2019	10,535
Total minimum lease payments	825,613
Less amount representing interest	(30,061)
Present value of minimum lease payments	\$ 795,552

NOTE 10 - RETIREMENT PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

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

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

Benefits Provided

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

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

NOTE 10 – RETIREMENT PLANS (Continued)

Contributions

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular Class	5.60%	1.66%
Special Risk Class	20.38%	1.66%
Senior Management Service Class	19.77%	1.66%
Elected Officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The County's contributions for the year ended September 30, 2015, were \$5,993,008 to the FRS and \$748,878 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office's proportions of the net pension liabilities were based on the Office's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 31,330,692	\$ 18,444,101
Proportion at: Current measurement date	0.242566311%	0.180852427%
Prior measurement date	0.237057399%	0.177677354%
Pension expense (benefit)	2,040,007	1,450,866

NOTE 10 – RETIREMENT PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		FR	RS	
		Deferred		
	C	Outflows of	Def	ferred Inflows
		Resources	0	f Resources
Differences between expected and actual experience	\$	3,307,594	\$	743,068
Changes of assumptions		2,079,524		-
Net difference between projected and actual earnings				
on pension plan investments		-		7,481,245
Changes in proportion and differences between employer				
contributions and proportionate share of contributions		3,728,479		2,903,401
Employer contributions subsequent to the measurement date		1,451,507		-
Total	\$	10,567,104	\$	11,127,714

	HIS			
		Deferred		
	C	Outflows of	Def	erred Inflows
]	Resources	ot	f Resources
Differences between expected and actual experience	\$	-	\$	-
Changes of assumptions		1,451,069		-
Net difference between projected and actual earnings				
on pension plan investments		9,985		-
Changes in proportion and differences between employer				
contributions and proportionate share of contributions		884,895		174,998
Employer contributions subsequent to the measurement date		217,227		
Total	\$	2,563,176	\$	174,998

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ (584,728)	\$ 310,707
2017	(584,728)	310,707
2018	(584,728)	310,707
2019	(584,728)	310,707
2020	(584,728)	310,707
Thereafter	911,523	617,416
Total	\$ (2,012,117)	\$ 2,170,951

NOTE 10 – RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

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

Compound

			Compound
		Annual	Annual
	Target	Arithmetic	(Geometric)
Asset Class	Allocation	Return	Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		
		1	

NOTE 10 - RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS					
	1% Decrease Current Discount 1% Inc					1% Increase
	Rate					
		(6.65%)		(7.65%)		(8.65%)
Employer's proportionate share of the net pension liability	\$	81,184,910	\$	31,330,693	\$	(10,156,205)

NOTE 10 - RETIREMENT PLANS (Continued)

	HIS					
	1% Decrease Current Discount 1% Incr					1% Increase
	Rate					
	(2.80%) $(3.80%)$ $(4.80%)$				(4.80%)	
Employer's proportionate share of						
the net pension liability	\$	21,016,196	\$	18,444,101	\$	16,299,363

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$855,864.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County has established the Retirees' 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 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.

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

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:

Coverage	Retirees blended premium
Retiree	\$ 481.72
Retiree and Spouse	776.18

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

	Plan 03559 with \$750		Plan 3160/3161
Coverage	deductible	Blue Medicare PPO	HAS/HDHP
Retiree	\$ 499.97	\$ 349.18	\$ 390.84
Retiree and Spouse	1,214.91	698.36	949.75

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 \$635,754 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in the required supplementary information immediately following the notes.

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

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)	\$ 1,748,960
Amortization of unfunded actuarial accrued liability	1,130,710
Interest on normal cost and amortization	-
Annual required contribution	2,879,670
Interest on net OPEB obligation	668,839
Adjustment to annual required contribution	(966,975)
Annual OPEB cost (expense)	2,581,534
Contribution toward the OPEB cost	(635,754)
Increase in net OPEB obligation	1,945,780
Net OPEB obligation, beginning of year	16,720,961
Net OPEB obligation, end of year	\$ 18,666,741

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, 2015, was as follows:

Year ended		Percentage of OPEB	Net OPEB
September 30,	Annual OPEB Cost	Cost Contributed	Obligation
2013	\$ 3,065,366	15.27%	\$ 14,741,721
2014	2,410,041	17.88	16,720,961
2015	2,581,534	24.63	18,666,741

Funding Status and Funding Progress

As of September 30, 2015, the actuarial value of assets was \$0 and the actuarial accrued liability for benefits was \$19,987,587, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,987,587 and a funded ratio of 0%. The covered payroll was \$47,022,239, and the ratio of the UAAL to the covered payroll was 42.51%. 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.

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

Actuarial Methods and Assumptions

The County had an actuarial valuation completed for the fiscal year ended September 30, 2015. 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 2015 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 2015 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 4% and 3%, 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

	S	Balance eptember 30, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Bonds payable Adjusted for deferred amounts on:	§	8 88,593,000	\$ -	\$ (39,696,000)	\$ 48,897,000	\$ 2,577,000
Issuance discounts/premiums		601,188	-	(649,010)	(47,822)	-
Total bonds payable		89,194,188	-	(40,345,010)	48,849,178	2,577,000
Capital leases payable		232,427	934,765	(401,452)	765,740	347,586
Other postemployment benefits		16,054,329	1,809,740	-	17,864,069	-
Notes payable		635,000	40,330,000	(250,000)	40,715,000	387,000
Accrued compensated absences		3,714,300	1,116,253	(1,028,973)	3,801,580	918,196
Estimated liability for self-insured						
losses		4,480,761	311,359	(311,359)	4,480,761	404,533
Net pension liabilities		26,809,671	15,935,979	-	42,745,650	-
Governmental activities long-term						
liabilities	\$	141,120,676	\$ 60,438,096	\$ (42,336,794)	\$ 159,221,978	\$ 4,634,315

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

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, 2015, are summarized below:

Sales Tax Refunding Revenue Note Series 2015

On April 15, 2015, the County issued \$40,330,000 Sales Tax Refunding Revenue Note - Series 2015. The proceeds of the note were used to refund the outstanding 2006 Sales Tax Revenue Bond – Series 2006 (refunded \$37,580,000) and to pay the cost of issuing the note. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,739,344. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over seventeen years by \$4,729,245 and obtain an economic gain of \$3,288,038. The note is secured by a pledge of the proceeds of the local government half-cent sales tax distributed to the County pursuant to Chapter 218, Part VI, Florida Statutes.

The refunding note interest rate is 3.380%, principal payable annually on September 1, commencing September 1, 2015. Interest is payable semi-annually, September 1 and March 1. Average remaining annual debt service is \$3,365,548.

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, 2015, totaled \$57,214,309. Interest payments paid on the bond required 6% of local government half-cent sales tax. Principal and interest payments paid for the current year and non-ad valorem revenue were \$709,969 and \$12,039,862 respectively.

40,135,000

580,000

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

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, 2015, totaled \$673,633. Interest payments paid on the note required 0.1% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$75,485 and \$55,632,334 respectively.

Total notes payable-governmental activities	40,715,000
Less: current portion	(387,000)

Long-term portion of notes payable-governmental activities	\$ 40,328,000

Year ending						
September 30,	Principal		Interest		Total	
2016	\$	387,000	\$	1,374,959	\$	1,761,959
2017		398,000		1,361,935		1,759,935
2018		405,000		1,348,543		1,753,543
2019		422,000		1,334,915		1,756,915
2020		434,000		1,320,716		1,754,716
2021-2025		8,814,000		6,267,041		15,081,041
2026-2030		20,655,000		3,695,864		24,350,864
2031-2032		9,200,000		468,969		9,668,969
Total	\$	40,715,000	\$	17,172,942	\$	57,887,942

Governmental activities revenue bonds consist of the following at September 30, 2015:

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. Average remaining annual debt service is \$1,137,676.

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, 2015, totaled \$19,340,499. 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 \$1,139,450 and \$12,039,862, respectively.

\$ 13,520,000

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 \$2,020,585.

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, 2015, totaled \$24,247,023. 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 \$2,020,589 and \$55,632,334 respectively.

\$ 20,552,000

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 \$199,748.

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, 2015, totaled \$2,197,225. Principal and interest payments paid on the bond required 0.4% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$199,831 and \$55,632,334, respectively.

1,822,000

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 \$784,987.

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, 2015, totaled \$18,054,695. Principal and interest payments paid on the bond required 10% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$196,555 and \$1,958,391, respectively. \$13,003,000

Total bonds payable – governmental activities	48,897,000
Less: current portion	(2,577,000)
Long-term portion governmental activities bonds payable	\$ 46,320,000

The annual debt service requirements to maturity for the governmental activities revenue bonds payable at September 30, 2015, are as follows:

Year ending September 30,	Principal	Interest	Total
2016	\$ 2,577,000	\$ 1,569,025	\$ 4,146,025
2017	2,652,000	1,489,732	4,141,732
2018	2,746,000	1,403,316	4,149,316
2019	2,825,000	1,319,671	4,144,671
2020	2,910,000	1,234,491	4,144,491
2021-2025	15,946,000	4,769,626	20,715,626
2026-2030	11,544,000	2,313,945	13,857,945
2031-2035	5,454,000	739,087	6,193,087
2036-2038	2,243,000	103,549	2,346,549
Total	\$ 48,897,000	\$ 14,942,442	\$ 63,839,442

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

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, 2015, there was no arbitrage liability for governmental activities.

Notes payable in the enterprise funds at September 30, 2015, are summarized below:

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

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 \$444,678, 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. \$

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 \$132,319 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.

Taxable Series 2015 Revenue Note

On August 26, 2015, the County issued \$2,500,000 Taxable Series 2015 Revenue Note to provide long term financing of the short term Taxable Series 2013 Credit Note.

Principal and interest is payable semiannually on March 1 and September 1. The note is collateralized by non-ad valorem revenue in accordance with Resolution No. 3308. Interest rate is 3.3%. Average remaining annual debt service is \$295,683.

The remaining principal and interest payments on this debt as of September 30, 2015 totaled \$2,956,826. Total of non-ad valorem revenues were \$55,632,334 in the current year. No principal or interest payments were made in the current year.

Wastewater Revenue Refunding Note - Series 2014

On June 17, 2014, the City of Callaway and the County issued \$10,445,000 Wastewater Revenue Refunding Note - Series 2014 to refund the outstanding Wastewater and System Revenue Refunding Bonds - Series 2004 that was jointly issued with the City of Callaway and the County. This note was used as part of projects required for the Military Point Advanced Wastewater Treatment Facility a joint venture of Bay County. Interest rate is 3.31%. The refunding reduced debt service payments over twelve years by \$810,140 and obtain an economic gain of \$651,743. The Military Point Advanced Wastewater Treatment Facility recognized the gain in their financial statements. The effect of that gain is recorded by the County in their investment in the joint venture.

2,944,130

1,105,457

2,500,000

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

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. \$

4,770,500

18 165 000

Water System Revenue Note - Series 2014

On June 17, 2014 the County issued \$18,925,000 Water System Revenue Note - Series 2014. The proceeds of the note to pay the cost of certain capital improvements to the Wholesale Water System.

The 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 \$1,458,553.

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, 2015, totaled \$24,795,400. Annual principal and interest payments paid on the note required 15% 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 \$1,460,225 and \$10,024,225, respectively. No principal payments were made on this bond in the current year.

18,105,000
29,485,087
(2,422,626)
\$ 27,062,461
\$

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

_ _

Year ending September 30,	Principal	Interest	Total
2016	\$ 2,422,626	\$ 1,073,706	\$ 3,496,332
2017	2,491,469	1,005,578	3,497,047
2018	2,573,023	919,603	3,492,626
2019	2,215,540	830,484	3,046,024
2020	1,688,429	757,136	2,445,565
2021-2025	8,737,500	2,798,018	11,535,518
2026-2030	6,596,500	1,227,017	7,823,517
2031-2032	2,760,000	154,105	2,914,105
Total	\$ 29,485,087	\$ 8,765,647	\$ 38,250,734

	Wholesale Water System Series 2005	S	olid Waste Series 2010	Wate	er & Sewer Systems Series 2011	Total
Current portion	\$ 1,780,000	\$	2,105,000	\$	1,295,000	\$ 5,180,000
Long-term portion	36,615,000		16,525,000		25,780,000	78,920,000
	38,395,000		18,630,000		27,075,000	84,100,000
Deferred amounts on:						
Issuance premiums	1,361,023		-		-	1,361,023
Total bonds payable	\$ 39,756,023	\$	18,630,000	\$	27,075,000	\$ 85,461,023

Enterprise Funds Bonds Payable:

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 semiannually, March 1 and September 1. Average remaining annual debt service is \$2,633,821.

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, 2015, totaled \$21,070,569. 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 \$2,628,035 and \$55,632,334 respectively.

\$ 18,630,000

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

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 \$2,209,506.

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, 2015, totaled \$35,352,098. Annual principal and interest payments on the bond required 70% 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 \$2,209,375 and \$3,141,914 respectively.

\$ 27,075,000

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.

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 \$3,674,343.

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, 2015, totaled \$55,115,150. Annual principal and interest payments on the bond required 37% 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 \$3,674,800 and \$10,024,225, respectively. \$38,395,000

	, , ,
Total bonds payable – business-type activities	84,100,000
Less: current portion	(5,180,000)
Long-term portion of business-type activities bonds payable	\$ 78,920,000

The annual debt service requirements to maturity for bonds payable at September 30, 2015, are as follows:

Year ending September 30,	Principal	Interest	Total
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	6,005,000	2,513,866	8,518,866
2021-2025	28,230,000	9,066,692	37,296,692
2026-2030	25,775,000	3,668,249	29,443,249
2031-2032	2,155,000	55,038	2,210,038
Total	\$ 84,100,000	\$ 27,437,817	\$ 111,537,817

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Bonds payable	\$ 89,100,000	\$ -	\$(5,000,000)	\$ 84,100,000	\$5,180,000
Adjusted for deferred amounts on:					
Issuance discounts/premiums	1,452,459	-	(91,436)	1,361,023	
Total bonds payable	90,552,459	-	(5,091,436)	85,461,023	5,180,000
Notes payable	31,115,546	2,500,000	(4,130,459)	29,485,087	2,422,626
Capital leases	27,564	19,493	(17,245)	29,812	10,838
Other postemployment benefits	666,632	136,040	-	802,672	-
Accrued compensated absences	441,700	261,841	(272,781)	430,760	224,299
Landfill closure and postclosure liability	5,460,892	922,830	-	6,383,722	-
Net pension liabilities	4,267,582	2,761,562	-	7,029,144	-
Business-type activity-					
long-term liabilities	\$ 132,532,375	\$ 6,601,766	\$(9,511,921)	\$129,622,220	\$7,837,763

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, 2015, there was no arbitrage liability for business-type activities.

NOTE 14 – COMPENSATED ABSENCES

The County's compensated absences at September 30, 2015, are as follows:

	 Governmental Activities		ness-type ctivities	Total		
Current	\$ 918,196	\$	224,299	\$	1,142,495	
Long-term	2,883,384		206,461		3,089,845	
Total	\$ 3,801,580	\$	430,760	\$	4,232,340	

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, 2015, were as follows:

Transfer Out	Transfer In		
General fund	Transportation fund	\$ 3,650,000	
	Other nonmajor governmental fund	 92,544	
			\$ 3,742,544
Building services	General fund	 27,680	
			27,680
		=	\$ 3,770,224

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, 2015, interfund receivables and payables are as follows:

Receivable Fund	Payable Fund		
General fund	Internal service funds	\$ 18,339	
			\$ 18,339
Transportation fund	Internal service funds	123,716	
			123,716
Tourist development fund	General fund	190,591	
			190,591
Wholesale water fund	Internal service funds	121,497	
			121,497
Retail water and wastewater fund	Internal service funds	46,482	
			46,482
Other nonmajor governmental funds	Internal service funds	113,194	
			113,194
Solid waste fund	Internal service fund	92,071	
			92,071
Emergency medical services fund	Internal service funds	140,838	
			140,838
Internal service funds	General fund	123,126	
	Transportation fund	48,758	
	Other nonmajor governmental funds	5,617	
	Wholesale water system fund	45,096	
	Retail water and wastewater fund	93,697	
	Solid waste fund	18,773	
	Building service fund	944	
	Emergency medical services fund	6,159	
	Internal service funds	540	
			342,710
			\$ 1,189,438

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 four years. The balance of this advance as of September 30, 2015, was \$622,356.

An interfund advance was made to the retail water wastewater fund from the general fund in 2015 to provide funds for operations. This advance is expected to be repaid within five years. The balance of this advance as of September 30, 2015, was \$1,667,833.

NOTE 16 – FUND BALANCE

The detail related to fund balance classifications for governmental funds as of September 30, 2015, consists of the following:

		~ .	Tourist Nonmajor Development Transportation Governmental							
Detail for Fund Balance		General	D	evelopment	Ί	ransportation	Go	overnmental		Total
Nonspendable										
Not in spendable form for										
prepaids	\$	225,262	\$	-	\$	6,666	\$	105,721	\$	337,649
Total nonspendable	\$	225,262	\$	-	\$	6,666	\$	105,721	\$	337,649
Description										
Restricted	¢	2 016 222	¢	26 796 119	¢	742 607	\$	4 074 474	¢	16 120 122
Enabling legislation	\$	3,916,233	Э	36,786,118	\$	743,607	Э	4,974,474	Э	46,420,432
Debt service		14,258,097		-		-		398,129		14,656,226
Impact fees		1,392,072		-		-		356,918		1,748,990
Contractual		2,131,677		-		-		-		2,131,677
Total restricted	\$	21,698,079	\$	36,786,118	\$	743,607	\$	5,729,521	\$	64,957,325
A * 1										
Assigned	ф	1 000 000	¢		<i>ф</i>		ф		<i>ф</i>	1 000 000
For disaster cleanup	\$	1,000,000	\$	-	\$	-	\$	-	\$	1,000,000
For library		598,591		-		-		-		598,591
For neighborhood infrastructure										
and improvements		170,831		-		-		-		170,831
For advance to retail water										
and wastewater		1,667,833		-		-		-		1,667,833
For future insurance costs		422,176		346		41,784		21,502		485,808
For animal control		30,605		-		-		-		30,605
For purpose of special revenue										
fund		-		-		6,209,487		620,159		6,829,646
Total assigned	\$	3,890,036	\$	346	\$	6,251,271	\$	641,661	\$	10,783,314

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, 2015, 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 \$5,175,521 and the postclosure costs to maintain and monitor the Steelfield Landfill will be approximately \$112,083 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, 2015, in the amount of \$6,383,722, which represents the cumulative amount reported to date, based on 74% 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 2015. 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, 2015, \$3,898,400 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, 2015, the County was contingently liable for the following amounts:

State Revolving Fund Loan Program – City of Callaway's portion of note payable	\$ 2,944,130
Related interest expense	168,363
Wastewater System Revenue Refunding Bonds Series 2004 (see note 13)	4,770,500
Related interest expense	1,438,768
Total contingent liability – joint venture	\$ 9,321,761

NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

	Contract	Expended to		Remaining
Project	Amount	Date		Commitment
Bay County Courthouse addition	\$ 14,161,273 \$	5,916,293	\$	8,244,980
Baldwin Road widening	4,507,606	1,706,486		2,801,120
Scotts Ferry Road improvements	1,149,501	566,198		583,303
Total contract commitments	\$ 19,818,380 \$	8,188,977	\$	11,629,403

Bay County has open construction contract commitments as follows:

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, 2015, are summarized as follows:

Issue	Date of Issue	Outstanding ber 30, 2015
Bay County, Florida		
Educational Facilities Revenue Bonds		
(Bay Haven Charter Academy) Series 2010 A & B	March 8, 2011	\$ 11,005,000
Bay County, Florida		
Industrial Development Revenue Bonds		
(Goodwill Industries- Big Bend, Inc.) Series 2012	May 31, 2012	\$ 10,779,064
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, 2015. The County purchases commercial insurance for claims in excess of coverage provided by the workers' 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

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

reported in the workers' compensation fund at September 30, 2015, 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 2014 and 2015 were as follows:

Fiscal Year	F	Beginning iscal Year Liability	С	laims and hanges in Estimates]	Claim Payments	Balance at Fiscal Year-End	
October 1, 2013–September 30, 2014	\$	4,480,762	\$	314,839	\$	(314,840)	\$	4,480,761
October 1, 2014–September 30, 2015	\$	4,480,761	\$	311,359	\$	(311,359)	\$	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 2014 and 2015 were as follows:

Fiscal Year	BeginningClaims andFiscal YearChanges inLiabilityEstimates		Claim Payments		Balance at Fiscal Year-End		
October 1, 2013–September 30, 2014	\$	250,000	\$ 2,687,311	\$	(2,687,311)	\$	250,000
October 1, 2014–September 30, 2015	\$	250,000	\$ 2,507,039	\$	(2,507,039)	\$	250,000

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

Bay County, Florida Notes to Basic Financial Statements September 30, 2015

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, 2015, the County's investment in the joint venture was \$2,771,227. 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, 2015	
Assets	\$ 30,615,521
Deferred outflows	903,532
Liabilities	17,902,653
Net position	
Net investment in capital assets	8,436,672
Restricted for owners rate reserve	2,610,071
Restricted for debt service	2,348,475
Unrestricted	221,182
Total net position	\$ 13,616,400

NOTE 21 – JOINT VENTURE (Continued)

Statement of Activities Year Ended September 30, 2015	
Operating revenues	\$ 6,839,899
Operating expenses	(4,941,395)
Operating income	1,898,504
Nonoperating revenues (expenses), net	(639,874)
Income before distributions	1,258,630
Distributions to owners	(661,132)
Change in net position	597,498
Net position, beginning of year,	13,018,902
Net position, end of year	\$ 13,616,400

As of September 30, 2015, the County's portion of contributions and net position in the joint venture is as follows:

County investment, at September 30, 2014	\$ 2,160,257
Adjustment	131,428
Add: 2015 County share of net income	702,381
Less: 2015 distributions payable	(222,839)
County investment in joint venture at September 30, 2015	\$ 2,771,227

The adjustment reflects two corrections to adjust the September 30, 2014 amounts. One correction was a prior period adjustment noted in note 24 that reduced the September 30, 2014 equity balance by \$236,085. An additional adjustment increased the September 30, 2014 equity balance by \$367,513. That adjustment had no effect on the net position of the County at September 30, 2014, so no prior period adjustment was recorded. The net effect of both these adjustments increased the County investment in the joint venture by \$131,428.

NOTE 22 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2015, the MPAWTF provided services to Bay County's Retail Water and Wastewater Fund. For the year ended September 30, 2015, the billings for these services totaled \$1.729.313.

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 \$2,557,494 for the year ended September 30, 2015. In addition, during the current year the County recognized \$296,102 in interest income from the joint venture, which was subsequently used to satisfy interest expense of \$296,102, related to the State Revolving Fund Loan Program as discussed in note 13.

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE

During the current year, the County implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an Amendment of GASB Statement 68. GASB Statement 68 requires a state or local government employer to recognize a net pension liability measured as a date no earlier than the end of its prior fiscal year. GASB Statement 71 allows an entity to only report a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the state of the government's fiscal year, if it is not practical for the government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions.

Net position as of October 1, 2014, has been restated as follows for the implementation of GASB Statement 68, as amended by GASB Statement 71 for governmental activities:

	Total Governmenta Activities	
Net position, as previously reported at September 30, 2014	\$	227,836,695
Restatement adjustment		
Net pension liability (measurement date of June 30, 2014)		(26,809,671)
Net deferred outflow 2014		6,691,218
Net deferred inflow 2014		(24,769,576)
Total restatement adjustment		(44,888,029)
Net position, as restated at September 30, 2014	\$	182,948,666

Net position as of October 1, 2014, has been restated as follows for the implementation of GASB Statement 68, as amended by GASB Statement 71 for business- type activities:

	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Builders Services	EMS	Total Business-type Activities
Net position, as previously	•					
reported at June 30, 2014	\$53,721,119	\$1,853,376	\$65,383,216	\$5,354,828	\$ (13,746)	\$126,298,793
Restatement adjustment						
Net pension liability						
(measurement date of June						
30, 2014)	(341,845)	(523,476)	(311,893)	(277,903)	(2,812,465)	(4,267,582)
Net deferred outflows 2014	114,835	175,850	104,773	93,355	944,783	1,433,596
Net deferred inflows 2014	(245,437)	(375,843)	(223,932)	(199,528)	(2,019,280)	(3,064,020)
Total restatement adjustment	(472,447)	(723,469)	(431,052)	(384,076)	(3,886,962)	(5,898,006)
Prior period adjustment, see						
note 24	-	(236,085)	-	-	-	(236,085)
Net position, as restated at	* - • • • • • • •	*		*	<i>t</i> (2 0 0 0 2 0 0)	****
September 30, 2014	\$53,248,672	\$ 893,822	\$64,952,164	\$4,970,752	\$(3,900,708)	\$120,164,702

NOTE 24 – PRIOR PERIOD ADJUSTMENT

Subsequent to the issuance of the prior year audited financial statements, the County determined that the County's investment in joint venture in the retail water & wastewater fund was improperly recorded in those financial statements. The effect of this error was an overstatement of the County's investment in joint venture and gain in joint venture in the retail water & wastewater fund and business-type activities in the prior year in the amount of \$236,085. As a result, a decrease in the County's investment in joint venture and beginning net position of the retail water & wastewater fund and business-type activities, as of September 30, 2014, has been reflected in these financial statements, as noted in note 21.

NOTE 25 - SUBSEQUENT EVENT

On November 4, 2015, the County passed approved Resolution 3318. That resolution authorized the County to issue \$28,710,000 in Water and Sewer System Revenue Refunding Bonds, Series 2015, in order to refund the County's Water and Sewer Revenue Bonds, Series 2011. The average stated interest rate on the Water and Sewer System Revenue Refunding Bonds, Series 2015 is 3.41%. The refunding will provide the County with approximately \$1.24 million in savings on future debt service.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for the Retirees' 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, 2013	-	\$ 20,052,594	\$ 20,052,594	0.0%	\$ 44,187,397	45.38%
September 30, 2014	-	\$ 20,732,595	\$ 20,732,595	0.0%	\$ 43,025,474	48.19%
September 30, 2015	-	\$ 19,349,641	\$ 19,349,641	0.0%	\$ 45,615,661	42.42%

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

Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2013	\$ 468,047	\$ 3,277,565	14.28%
2014	\$ 430,801	\$ 2,672,888	16.12%
2015	\$ 635,754	\$ 2,879,670	22.08%

Bay County, Florida Schedule of the County's Proportionate Share of the Net Pension Liability -Florida Retirement System September 30, 2015

2015
0.2425663%
\$ 31,330,693
\$ 47,022,239
66.63%
92.00%

Disclosures for 2006 through 2014 are N/A because comparable information is not available at this time. The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the fiscal year. Bay County, Florida Schedule of the County's Contributions - Florida Retirement System September 30, 2015

September 30,	2015	2014
Contractually required contribution	\$ 5,913,973 \$	5,192,563
Contributions in relation to the contractually required contribution	ibutions in relation to the contractually required contribution (5,913,973)	
Contribution deficiency (excess)	\$ - \$	_
County's covered-employee payroll	\$ 47,022,239 \$	45,615,661
Contributions as a percentage of covered-employee payroll	12.58%	11.38%

Disclosures for 2006 through 2013 are N/A because comparable information is not available at this time.

Bay County, Florida Schedule of the County's Proportionate Share of the Net Pension Liability - HIS September 30, 2015

June 30,	2015
County's proportion of the net pension liability (assets)	0.1808524%
County's proportionate share of the net pension liability (assets)	\$ 18,444,101
County's covered-employee payroll	\$ 47,022,239
County's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	39.22%
Plan fiduciary net position as a percentage of the total pension liability	0.50%

Disclosures for 2006 through 2014 are N/A because comparable information is not available at this time. The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the fiscal year.

September 30,	2015	2014
Contractually required contribution	\$ 691,330	\$ 608,663
Contributions in relation to the contractually required contribution	(691,330)	(608,663)
Contribution deficiency (excess)	\$ -	\$ _
County's covered-employee payroll	\$ 47,022,239	\$ 45,615,661
Contributions as a percentage of covered-employee payroll	1.47%	1.33%

Disclosures for 2006 through 2013 are N/A because comparable information is not available at this time.

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	\$	102,271	\$ 28,050	\$	14,661		
Accounts receivable, net		-	16,059		198		
Accrued interest receivable		1,928	539		403		
Investments		2,115,907	580,341		303,333		
Prepaid items		48,395	250		-		
Due from other funds		-	-		-		
Due from other governments		278,569	144		10,752		
Restricted assets							
Cash and cash equivalents		-	-		-		
Investments		-	_		-		
Total assets	\$	2,547,070	\$ 625,383	\$	329,347		
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$	11,991	\$ 4,974	\$	41,079		
Due to other funds	Ψ	-	φ 1,971	Ψ	2,690		
Advance from other funds		_	_		2,090		
Total liabilities		11,991	4,974		43,769		
Fund balance							
Nonspendable		48,395	250				
Restricted		2,485,918	250		281,255		
Assigned		2,465,918	620,159		4,323		
Unassigned		700	020,139		4,323		
Total fund balance		2,535,079	620,409		285,578		
Total liabilities and fund balance	\$	2,547,070	\$ 625,383	\$	329,347		

Bay County, Florida Combining Balance Sheet Nonmajor Governmental Funds September 30, 2015

			Special Revenue											
	MSTU Fire Protection		Fire Court				Records Modernization - Records	Records Modernization - Court						
\$	64,889	\$	386,370	\$	13,904	\$	20,739	\$	232,749					
	4,899		281,017		-		-		372,703					
	2,855		-		-		-		-					
	1,342,514		-		-		-		-					
	9,744 113,194		-		-		-		26,745					
	9,393		-		-		-		-					
	9,393		-		-		-		-					
	34,963		-		-		-		-					
	723,350		-		-		-		-					
\$	2,305,801	\$	667,387	\$	13,904	\$	20,739	\$	632,197					
\$	222,650	\$	233,528	\$	1,425	\$		\$	75,965					
Ψ	2,927	Ψ		Ψ		ψ	_	ψ						
	622,356		-		-		-		-					
	847,933		233,528		1,425		-		75,965					
	9,744		_		_		_		26,745					
	1,431,711		433,859		12,479		20,739		529,487					
	16,413													
			-		-		-		-					
	1,457,868		433,859		12,479		20,739		556,232					
\$	2,305,801	\$	667,387	\$	13,904	\$	20,739	\$	632,197					

Continued

]	0% Fine Records dernization		Law forcement Fraining	Er	Special Law nforcement Trust		pecial
ASSETS								
Cash and cash equivalents	\$	536,381	\$	145,903	\$	43,579	\$	9,803
Accounts receivable, net	Ŷ	22,158	Ψ	-	Ŷ		Ŷ	-
Accrued interest receivable		, =		-		-		-
Investments		_		_		-		-
Prepaid items		20,587		_		-		-
Due from other funds				_		-		-
Due from other governments		_		_		-		-
Restricted assets								
Cash and cash equivalents		_		_		-		-
Investments		-		-		-		-
Total assets	\$	579,126	\$	145,903	\$	43,579	\$	9,803
LIABILITIES AND FUND BALAN	CE							
Liabilities								
Accounts payable	\$	579,126	\$	-	\$	-	\$	-
Due to other funds		-		-		-		-
Advance from other funds		-		-		-		-
Total liabilities		579,126		-		-		-
Fund balance								
Nonspendable		20,587		-		_		-
1		20,007		145,903		43,579		9,803
Restricted				110,700		13,577		2,005
Restricted Assigned		-		-		-		-
Assigned		- (20.587)		-		-		-
		- (20,587)				43,579		9,803

Bay County, Florida Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2015

					Special Revenue						
	Crime Prevention		Federal Seizure Account	Seizure Trust			Inmate Welfare	Total Nonmajor Governmental Funds			
\$	39,308	\$	30,937	\$	52,678	\$	176,951	\$	1,899,173		
Ф	39,308	Ф	50,957	Ф	52,078	Ф	34,914	Ф	731,948		
	-		-		-		54,914		5,725		
	-		-		-		-		4,342,095		
	-		-		-		-		105,721		
	-		-		-		-		113,194		
	-		-		-		-		298,858		
	-		-		-		-		34,963		
	-		-		-		-		723,350		
\$	39,308	\$	30,937	\$	52,678	\$	211,865	\$	8,255,027		
¢		¢		<i>•</i>		•		¢	1 150 500		
\$	-	\$	-	\$	-	\$	-	\$	1,170,738		
	-		-		-		-		5,617		
	-		-		-		-		<u>622,356</u> 1,798,711		
									1,790,711		
	-		-		-		-		105,721		
	39,308		30,937		52,678		211,865		5,729,521		
	-		-		-		-		641,661		
	-		-		-		-		(20,587)		
	39,308		30,937		52,678		211,865		6,456,316		
\$	39,308	\$	30,937	\$	52,678	\$	211,865	\$	8,255,027		

	Public Safety	Intergovernr Radio Communica		N	District Mosquito Control
REVENUES					
Taxes	\$ -	\$	-	\$	1,155,240
Intergovernmental	-		-		47,103
Charges for services	819,519	2	489,061		-
Investment earnings	16,454		4,560		3,951
Miscellaneous	-		-		-
Total revenues	835,973	2	493,621		1,206,294
EXPENDITURES					
Current					
General government	-		-		-
Public safety	464,943	4	524,704		-
Human services	-		-		1,221,150
Capital outlay					
General government	-		-		-
Public safety	428,627		25,437		-
Human services	-		-		4,700
Debt service					
Principal	2,167		-		1,187
Interest	248		-		-
Total expenditures	895,985		550,141		1,227,037
Excess (deficit) of revenues over					
(under) expenditures	(60,012)		(56,520)		(20,743)
OTHER FINANCING SOURCES					
Transfers in	-		92,544		-
Issuance of debt	1,724		-		4,700
Proceeds from sale of capital assets	-		-		20,181
Total other financing sources	1,724		92,544		24,881
Net change in fund balance	(58,288)		36,024		4,138
Fund balance - beginning	2,593,367	-	584,385		281,440
Fund balance - ending	\$ 2,535,079	\$	520,409	\$	285,578

Bay County, Florida Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2015

		Specia	al Revenue			
MSTU Fire Protection	Fire		Records Modernization - Records	Records Modernization - Court		
• • • • • • • • • • • • • • • • • • •		<u>,</u>				
\$ 7,340,775 86,862	\$ -	\$ -	\$ -	\$ -		
112,605	3,969,839	- 18,500	- 109,387	323,827		
25,045	-	-	-			
5,629	-	-	-	-		
7,570,916	3,969,839	18,500	109,387	323,827		
	3,990,673	16,774	133,564	44,625		
6,000,452						
-	-	-	-	-		
	3,008		200,669			
221,421	5,008	-	- 200,009	-		
	-	-	-	-		
308,753						
268,067	-	-	-	-		
6,798,693	3,993,681	16,774	334,233	44,625		
772,223	(23,842)	1,726	(224,846)	279,202		
-	-	-	-	-		
13,238	-	-	-	-		
627	-	-	-	-		
13,865	-	-	-	-		
786,088	(23,842)	1,726	(224,846)	279,202		
671,780	457,701	10,753	245,585	277,030		
\$ 1,457,868	\$ 433,859	\$ 12,479	\$ 20,739	\$ 556,232		

]	0% Fine Records dernization	Law Enforcemen Training	t	Special Law Enforcement Trust	Special ontribution
REVENUES						
Taxes	\$	-	\$	- \$	- 5	\$ -
Intergovernmental		-	155,55	59	118,923	1,676
Charges for services		293,569		-	-	-
Investment earnings		-		-	-	-
Miscellaneous		-		-	-	-
Total revenues		293,569	155,55	59	118,923	1,676
EXPENDITURES						
Current						
General government		672,050		-	-	-
Public safety		-	155,45	52	132,904	2,657
Human services		-		_		-
Capital outlay						
General government		83,853		-	-	-
Public safety		-		-	58,636	-
Human services		-		-	-	-
Debt service						
Principal		-		-	-	-
Interest		-		-	-	-
Total expenditures		755,903	155,45	52	191,540	2,657
Excess (deficit) of revenues over						
(under) expenditures		(462,334)	10)7	(72,617)	(981)
OTHER FINANCING SOURCES						
Transfers in		-		-	-	-
Issuance of debt		-		-	-	-
Proceeds from sale of capital assets		-		-	-	-
Total other financing sources		-		-	-	-
Net change in fund balance		(462,334)	10)7	(72,617)	(981)
Fund balance - beginning		462,334	145,79	96	116,196	10,784
Fund balance - ending	\$	_	\$ 145,90)3 \$	43,579	\$ 9,803

Bay County, Florida Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued) Nonmajor Governmental Funds Year Ended September 30, 2015

			Special Revenue					
Crime revention	Federal Seizure Account		Seizure Trust	Inmate Welfare	Total Nonmajor Governmental Funds			
\$ -	\$ -	\$	-	\$ -	\$	8,496,015		
109,000	27,501		56,721	-		603,345		
-	-		-	681,067		6,817,374		
56	17		-	-		50,083		
 -	-		-	-		5,629		
 109,056	27,518		56,721	681,067		15,972,446		
_	-		_	-		4,857,686		
139,734	28,663		19,088	711,647		8,180,244		
-			-	-		1,221,150		
-	-		-	-		287,530		
35,700	7,428		640	72,012		849,901		
-	-		-	-		4,700		
-	-		-	-		312,107		
-	-		-	-		268,315		
 175,434	36,091		19,728	783,659		15,981,633		
 (66,378)	(8,573)	36,993	(102,592)		(9,187)		
-	-		_	-		92,544		
-	-		-	-		19,662		
-	-		-	-		20,808		
 -	-		-	-		133,014		
(66,378)	(8,573)	36,993	(102,592)		123,827		
 105,686	39,510		15,685	314,457		6,332,489		
\$ 39,308	\$ 30,937	\$	52,678	\$ 211,865	\$	6,456,316		

Bay County, Florida Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Public Safety Year Ended September 30, 2015

								Variance with Final Budget -
		Budgeted	An	nounts		Actual		Positive
	Original			Final		Amounts	(Negative)	
REVENUES								
Charges for services	\$	881,502	\$	881,502	\$	819,519	\$	(61,983)
Investment earnings		8,550		8,550		16,454		7,904
Total revenues		890,052		890,052		835,973		(54,079)
EXPENDITURES								
Current								
Public safety		681,323		899,606		464,943		434,663
Capital outlay								
Public safety		15,000		-		428,627		(428,627)
Debt Service								
Principal		-		-		2,167		(2,167)
Interest		-		-		248		(248)
Total expenditures		696,323		899,606		895,985		3,621
Excess (deficit) of revenues over (under) expenditures		193,729		(9,554)		(60,012)		(50,458)
OTHER FINANCING SOURCES								
Issuance of debt		-		-		1,724		1,724
Transfers out		(1,200)		(1,200)		-		1,200
Total other financing sources		(1,200)		(1,200)		1,724		2,924
Net change in fund balance		192,529		(10,754)		(58,288)		(47,534)
Fund balance - beginning		2,593,367		2,593,367		2,593,367		-
Fund balance - ending	\$	2,785,896	\$	2,582,613	\$	2,535,079	\$	(47,534)

Bay County, Florida Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Intergovernmental Radio Communications Year Ended September 30, 2015

		Budgeted	Am	ounts		Actual		ariance with inal Budget - Positive
		Original		Final	1	Amounts		(Negative)
REVENUES								
Charges for services	\$	310,222	\$	310,222	\$	489,061	\$	178,839
Investment earnings	Ŧ	2,200	+	2,200	+	4,560	+	2,360
Contributions and donations		200,747		200,747				(200,747)
Total revenues		513,169		513,169		493,621		(19,548)
EXPENDITURES								
Current								
Public safety		704,332		678,895		524,704		154,191
Capital outlay								
Public safety		-		25,437		25,437		-
Total expenditures		704,332		704,332		550,141		154,191
Excess (deficit) of revenues over								
(under) expenditures		(191,163)		(191,163)		(56,520)		134,643
OTHER FINANCING SOURCES								
Transfers in		92,544		92,544		92,544		-
Total other financing sources		92,544		92,544		92,544		-
Net change in fund balance		(98,619)		(98,619)		36,024		134,643
Fund balance - beginning		584,385		584,385		584,385		-
Fund balance - ending	\$	485,766	\$	485,766	\$	620,409	\$	134,643

Bay County, Florida Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual District Mosquito Control Year Ended September 30, 2015

						Variance with Final Budget -	
	 Budgeted	Am	ounts	Actual		Positive	
	Original		Final	Amounts	(Negative)		
REVENUES							
Taxes	\$ 1,139,029	\$	1,139,029	\$ 1,155,240	\$	16,211	
Intergovernmental	43,000		43,000	47,103		4,103	
Charges for services	50,000		50,000	-		(50,000)	
Investment earnings	2,850		2,850	3,951		1,101	
Total revenues	1,234,879		1,234,879	1,206,294		(28,585)	
EXPENDITURES							
Current							
Human services	1,241,158		1,261,158	1,221,150		40,008	
Capital outlay							
Human services	-		-	4,700		(4,700)	
Debt Service						-	
Interest	-		-	1,187		(1,187)	
Total expenditures	1,241,158		1,261,158	1,227,037		34,121	
Excess (deficit) of revenues over							
(under) expenditures	(6,279)		(26,279)	(20,743)		5,536	
OTHER FINANCING SOURCES							
Issuance of debt	-		-	4,700		4,700	
Proceeds from sale of capital assets	-		-	20,181		20,181	
Total other financing sources	-		-	24,881		24,881	
Net change in fund balance	(6,279)		(26,279)	4,138		30,417	
Fund balance - beginning	281,440		281,440	281,440		-	
Fund balance - ending	\$ 275,161	\$	255,161	\$ 285,578	\$	30,417	

Bay County, Florida Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual MSTU Fire Protection Year Ended September 30, 2015

		Budgeted	l An	nounts		Actual	Variance with Final Budget - Positive		
		Original		Final	Amounts		(Negative)		
REVENUES									
Taxes	\$	7,216,267	\$	7,216,267	\$	7,340,775	\$	124,508	
Intergovernmental	Ψ	5,100	Ψ	46,180	Ψ	86,862	Ψ	40,682	
Charges for services		100,000		100,000		112,605		12,605	
Investment earnings		4,555		4,555		25,045		20,490	
Miscellaneous		-		-		5,629		5,629	
Total revenues		7,325,922		7,367,002		7,570,916		203,914	
EXPENDITURES									
Current									
Public safety		5,768,707		5,839,887		6,000,452		(160,565)	
Capital outlay									
Public safety		502,000		471,900		221,421		250,479	
Debt service									
Principal		377,969		377,969		308,753		69,216	
Interest		273,048		273,048		268,067		4,981	
Total expenditures		6,921,724		6,962,804		6,798,693		164,111	
Excess (deficit) of revenues over									
(under) expenditures		404,198		404,198		772,223		368,025	
OTHER FINANCING SOURCES									
Issuance of debt						13,238		13,238	
Proceeds from sale of capital assets		_		_		627		627	
Total other financing sources						13,865		13,865	
Total other inflatening sources						15,005		15,005	
Net change in fund balance		404,198		404,198		786,088		381,890	
Fund balance - beginning		671,780		671,780		671,780		-	
Fund balance - ending	\$	1,075,978	\$	1,075,978	\$	1,457,868	\$	381,890	

Bay County, Florida Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Court Year Ended September 30, 2015

								iance with al Budget -	
	Budgeted Amounts					Actual		Positive	
	Original			Final		Amounts		(Negative)	
REVENUES									
Charges for services	\$	3,571,870	\$	3,969,832	\$	3,969,839	\$	7	
Total revenues		3,571,870		3,969,832		3,969,839		7	
EXPENDITURES Current General government Capital outlay General government		3,568,862 3,008		3,966,824 3,008		3,990,673 3,008		(23,849)	
Total expenditures		3,571,870		3,969,832		3,993,681		(23,849)	
Excess (deficit) of revenues over (under) expenditures		-		-		(23,842)		(23,842)	
Fund balance - beginning		457,701		457,701		457,701		-	
Fund balance - ending	\$	457,701	\$	457,701	\$	433,859	\$	(23,842)	

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.

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
ASSETS		•			
Current assets					
Cash and cash equivalents	\$ 1,765	\$ 264,345	\$ 6,153	\$ 9,972	\$ 282,235
Accounts receivable, net	154,655	450,000	\$ 0,155 9	¢ 9,972 4,607	¢ 202,233 609,271
Accrued interest	2	5,006	39	112	5,159
Prepaid expenses	3,254	210,362	1,308,244	3,149	1,525,009
Investments	20,991	5,469,093	127,305	206,305	5,823,694
Due from other governments	47	-			47
Due from other funds	218,798	-	_	123,913	342,711
Total current assets	399,512	6,398,806	1,441,750	348,058	8,588,126
Capital assets					
Buildings	239,802	_	-	618,642	858,444
Improvements	99,543	-	_		99,543
Furniture and equipment	315,658	5,691	69,852	647,219	1,038,420
Less: accumulated depreciation	(477,838)		(69,852)	(770,940)	(1,324,088)
Total capital assets, net	177,165	233		494,921	672,319
_					
Total assets	576,677	6,399,039	1,441,750	842,979	9,260,445
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow of net pension	133,420	17,868	17,334	125,077	293,699
Total deferred outflows					
of resources	133,420	17,868	17,334	125,077	293,699
LIABILITIES Current liabilities Accounts payable and					
accrued liabilities	110,521	465,798	257,390	55,056	888,765
Accrued interest payable	60				60
Accrued compensated absences	25,855	5,303	1,674	21,806	54,638
Due to other funds	-	425,329	230,808	540	656,677
Capital leases	1,965	-	-	3,250	5,215
Estimated liability for					
self insured losses, current	-	340,779	-	-	340,779
Total current liabilities	138,401	1,237,209	489,872	80,652	1,946,134
Noncurrent liabilities					
Capital leases Estimated liability for	2,909	-	-	5,354	8,263
self insured losses	-	4,139,982	_	-	4,139,982
Accrued compensated absences	22,164	6,864	5	20,131	4,139,982
Net OPEB obligation	164,673	4,852	5	67,880	237,405
Net pension liability	397,317	4,832 53,210	51,622	372,470	237,403 874,619
Total noncurrent liabilities	587,063	4,204,908	51,622	465,835	5,309,433
Total liabilities	725,464	5,442,117	541,499	546,487	7,255,567
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of net pension	61,294	8,208	7,964	57,462	134,928
Total deferred inflows					,
of resources	61,294	8,208	7,964	57,462	134,928
NET POSITION					
Net investment in capital assets	172,291	233	-	486,317	658,841
Unrestricted	(248,952)	966,349	909,621	(122,210)	1,504,808
Total net position	\$ (76,661)	\$ 966,582	\$ 909,621	\$ 364,107	\$ 2,163,649

Bay County, Florida Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds Year Ended September 30, 2015

	Otl	ner Internal	V	Vorkers'				Utilities	
		Services	Cor	npensation	Iı	nsurance	Ad	ministration	Total
OPERATING REVENUES			<i>.</i>		.		<i>•</i>		*
Charges for services	\$	3,837,716	\$	707,754	\$	2,645,285	\$	1,372,403	\$ 8,563,158
Miscellaneous		1,673		-		-		18	1,691
Total operating revenues		3,839,389		707,754		2,645,285		1,372,421	8,564,849
OPERATING EXPENSES									
Personal services		1,021,433		168,536		114,682		944,543	2,249,194
Contracted services		70,615		32,390		9,803		140,422	253,230
Repairs and maintenance		360,578		2,596		2,626		15,361	381,161
Utilities		119,022		5,007		5,007		26,444	155,480
Depreciation		33,336		963		562		57,097	91,958
Materials		2,118,068		-		-		-	2,118,068
Insurance claims		-		454,724		-		-	454,724
Other operating expenses		109,503		42,444		2,511,544		181,069	2,844,560
Total operating expenses		3,832,555		706,660		2,644,224		1,364,936	8,548,375
Operating income (loss)		6,834		1,094		1,061		7,485	16,474
NONOPERATING REVENUES (EXPENSES	5)								
Gain (loss) on disposal of capital assets		1,355		-		-		-	1,355
Investment earnings (loss)		(1,465)		42,565		(265)		549	41,384
Total nonoperating revenues (expenses)		(110)		42,565		(265)		549	42,739
Change in net position		6,724		43,659		796		8,034	59,213
Total net assets - beginning		249,995		967,570		952,140		668,605	2,838,310
Restatement adjustment		(333,380)		(44,647)		(43,315)		(312,532)	(733,874)
Total net position - beginning (as restated)		(83,385)		922,923		908,825		356,073	2,104,436
Total net position - ending	\$	(76,661)	\$	966,582	\$	909,621	\$	364,107	\$ 2,163,649

	0	ther Internal Services		Workers'	Insurance	A	Utilities dministration		Total
		Bervices	0	mpensation	Insurance	710	ammistration		Total
CASH FLOWS FROM OPERATING ACT	TIVI	TIES							
Cash received from									
customers and others	\$	4,252,731	\$	288,425	\$ 2,658,577	\$	1,372,262	\$	8,571,995
Cash received from									
miscellaneous operating activities		1,673		-	-		18		1,691
Cash paid to suppliers for									
goods and services		(3,166,477)		(19,990)	(2,520,021)	(402,248)	(6,108,736)
Cash paid to employees for services		(1,022,412)		(168,800)	(115,118)	(932,641)	(2,238,971)
Net cash provided by									
operating activities		65,515		99,635	23,438		37,391		225,979
CASH FLOWS FROM CAPITAL AND RI	ELA	TED							
FINANCING ACTIVITIES									
Proceeds from sale of capital assets		1,355		-	-		-		1,355
Principal paid on long-term debt		(522)		-	-		(3,323)		(3,845)
Interest paid on long-term debt		(130)		-	-		(320)		(450)
Purchase of capital assets		(44,207)		-	-		(13,324)		(57,531)
Net cash (used in) capital and		· · · ·					. , ,		. , ,
related financing activities		(43,504)		-	-		(16,967)		(60,471)
CASH FLOWS FROM INVESTING ACT	TV17	TIES							
Proceeds from sale and maturities		112.5							
of investment securities		_		2,404,505	32,042		71,686		2,508,233
Purchase of investments		(21,351)		(2,550,310)	(54,911		(92,326)		2,508,255 (2,718,898)
Interest and dividends on investments		1,105		27,551	(34,911)	(92,320)	(2,718,898) 28,971
Net cash provided by (used in)		1,105		27,331	-		515		20,971
investing activities		(20,246)		(118,254)	(22,869)	(20,325)		(181,694)
investing activities		(20,240)		(110,234)	(22,809)	(20,323)		(101,094)
Net increase (decrease) in									
cash and cash equivalents		1,765		(18,619)	569		99		(16,186)
Cash and cash equivalents - beginning		-		282,964	5,584		9,873		298,421
				,	,		,		,
Cash and cash equivalents - ending	\$	1,765	\$	264,345	\$ 6,153	\$	9,972	\$	282,235
NONCASH INVESTING, CAPITAL, AND)								
FINANCING ACTIVITIES	•								
Transfer of capital assets and related lease	\$	-	\$	-	\$ -	\$	4,417	\$	4,417
<u> </u>									

Bay County, Florida Combining Statement of Cash Flows (Continued) Internal Service Funds Year Ended September 30, 2015

		ner Internal Services		Workers' mpensation	Iı	isurance	Utilities Administration			Total
RECONCILIATION OF OPERATING IN CASH PROVIDED BY OPERATING A										
Operating income	\$	6,834	\$	1,094	\$	1,061	\$	7,485	\$	16,474
Adjustments to reconcile operating income to net cash provided by operating activities										
Depreciation		33,336		963		562		57,097		91,958
(Increase) decrease in assets										
Accounts receivable, net		329,411		(419,329)		13,292		24,463		(52,163)
Prepaid expenses		929		8,484		(17,494)		(2,612)		(10,693)
Due from other funds		85,250		-		-		(24,604)		60,646
Due from other governments		354		-		-		-		354
Increase (decrease) in liabilities										
Accounts payable and										
accrued liabilities		(374,000)		444,308		(36,451)		(1,281)		32,576
Accrued compensated absences		(5,639)		(452)		627		10,498		5,034
Due to other funds		(15,620)		64,379		62,904		(35,059)		76,604
Net OPEB obligation		12,849		1,285		-		9,081		23,215
Net pension liability		156,095		20,905		20,281		146,333		343,614
Increase in deferred outflow										
net pension		(52,387)		(7,016)		(6,806)		(49,111)		(115,320)
Decrease in deferred inflow										
net pension		(111,897)		(14,986)		(14,538)		(104,899)		(246,320)
Total adjustments		58,681		98,541		22,377		29,906		209,505
Net cash provided by	٠		<i>•</i>	00.625	٠	22.420	٩	07.001	•	005.050
operating activities	\$	65,515	\$	99,635	\$	23,438	\$	37,391	\$	225,979

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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 billed on Child Support Title IV-D which are received by the Bay County Sheriff's Office.

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

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

		•		Jury and Witness		Tax Deed Assets		Support	
ASSETS	¢	2 502 115	¢	22.7.0	¢	225 221	¢	22 (40	
Cash and cash equivalents Investments	\$	3,582,115	\$	33,760	\$	335,221	\$	23,648	
Accounts receivable, net		920		213		-		-	
Total assets	\$	3,583,035	\$	33,973	\$	335,221	\$	23,648	
LIABILITIES									
Accounts payable and									
accrued liabilities	\$	-	\$	-	\$	335,221	\$	23,648	
Due to others		-		-		-		-	
Due to other governments		3,583,035		33,973		-		-	
Total liabilities	\$	3,583,035	\$	33,973	\$	335,221	\$	23,648	

	Court						
	Registry	С	ash Bond	Re	estitution	P	operty Tax
ASSETS Cash and cash equivalents Investments	\$ 4,504,533	\$	715,370	\$	6,241	\$	2,090,234
Accounts receivable, net	-		-		-		39,164
Total assets	\$ 4,504,533	\$	715,370	\$	6,241	\$	2,129,398
LIABILITIES							
Accounts payable and accrued liabilities	\$ 4,504,533	\$	-	\$	6,241	\$	-
Due to others Due to other governments	-		715,370		-		2,129,398
Total liabilities	\$ 4,504,533	\$	715,370	\$	6,241	\$	2,129,398

Bay County, Florida Combining Statement of Fiduciary Net Position (Continued) Agency Funds September 30, 2015

		Other
Tag		Suspense
\$ 19,891	\$	-
-		-
53,197		-
\$ 73,088	\$	
\$ -	\$	-
-		-
73,088		-
\$ 73,088	\$	-
\$ \$	\$ 19,891 53,197 \$ 73,088 \$ - 73,088	\$ 19,891 \$ 53,197 \$ 73,088 \$ \$ - \$ 73,088

			I	ndividual			
	She	riff's Fees	Ι	Depositors	F	Forfeitures	Total
ASSETS							
Cash and cash equivalents	\$	20,328	\$	33,198	\$	135,091	\$ 11,499,630
Investments		-		-		-	39,164
Accounts receivable, net		-		-		-	54,330
Total assets	\$	20,328	\$	33,198	\$	135,091	\$ 11,593,124
LIABILITIES							
Accounts payable and							
accrued liabilities	\$	-	\$	33,198	\$	-	\$ 4,902,841
Due to others		-		-		135,091	135,091
Due to other governments		20,328		-		-	6,555,192
Total liabilities	\$	20,328	\$	33,198	\$	135,091	\$ 11,593,124

Bay County, Florida Combining Statement of Changes in Assets and Liabilities Agency Funds Year Ended September 30, 2015

	Se	Balance ptember 30, 2014	ŀ	Additions	D	eductions		Balance ptember 30, 2015
FINES, FORFEITURES, and OTHER FEES								
ASSETS								
Cash and cash equivalents	\$	2,207,242	\$ 3	30,426,113	\$ 2	29,051,240	\$	3,582,115
Accounts receivable, net		-		920		-		920
Total assets	\$	2,207,242	\$ 3	30,427,033	\$ 2	29,051,240	\$	3,583,035
LIABILITIES								
Due to other governments	\$	2,207,242	\$ 3	30,427,033	\$ 2	29,051,240	\$	3,583,035
Total liabilities	\$	2,207,242		30,427,033		29,051,240	\$	3,583,035
JURY AND WITNESS								
ASSETS								
Cash and cash equivalents	\$	25,323	\$	31,097	\$	22,660	\$	33,760
Accounts receivable, net	*	-	*	213	*	-	*	213
Total assets	\$	25,323	\$	31,310	\$	22,660	\$	33,973
LIABILITIES								
Due to other governments	\$	25,323	\$	31,310	\$	22,660	\$	33,973
Total liabilities	\$	25,323	\$	31,310	\$	22,660	\$	33,973
TAX DEED ASSETS								
ASSETS								
Cash and cash equivalents	\$	574,509	\$	485,166	\$	724,454	\$	335,221
Total assets	\$	574,509	\$	485,166	\$	724,454	\$	335,221
LIABILITIES								
Accounts payable and accrued liabilities	\$	574,509	\$	485,166	\$	724,454	\$	335,221
Total liabilities	ֆ \$	574,509	\$ \$	485,166	ֆ \$	724,434	<u>ֆ</u> \$	335,221
	Ψ	577,507	Ψ	105,100	Ψ	727,737	Ψ	555,221

Bay County, Florida Combining Statement of Changes in Assets and Liabilities (Continued) Agency Funds Year Ended September 30, 2015

	Se	Balance ptember 30,		A 1111	,		Se	Balance ptember 30,
		2014		Additions		Deductions		2015
SUPPORT								
ASSETS								
Cash and cash equivalents	\$	22,854	\$	786.117	\$	785,323	\$	23,648
Total assets	ه \$	22,834	\$	786,117	ه \$	785,323	<u>ب</u> \$	23,648
	φ	22,834	φ	/80,11/	φ	785,525	φ	23,048
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	22,854	\$	786,117	\$	785,323	\$	23,648
Total liabilities	\$	22,854	\$	786,117	\$	785,323	\$	23,648
COURT REGISTRY								
ASSETS								
Cash and cash equivalents	\$	1,411,649	¢	35,251,827	¢	32,158,943	\$	4,504,533
Total assets	\$	1,411,649		35,251,827		32,158,943	\$	4,504,533
	Ψ	1,411,047	ψ	55,251,627	ψ	52,150,745	ψ	ч,50ч,555
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	1,411,649	\$	35,251,827	\$	32,158,943	\$	4,504,533
Total liabilities	\$	1,411,649		35,251,827		32,158,943	\$	4,504,533
CASH BOND								
ASSETS								
Cash and cash equivalents	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
Total assets	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
LIABILITIES								
Due to other governments	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
Total liabilities	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370

	Se	Balance ptember 30, 2014	Additions			Deductions		Balance ptember 30, 2015
RESTITUTION								
ASSETS								
Cash and cash equivalents	\$	5,001	\$	172,261	\$	171,021	\$	6,241
Total assets	\$	5,001	\$	172,261	\$	171,021	\$	6,241
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	5,001	\$	172,261	\$	171,021	\$	6,241
Total liabilities	\$	5,001	\$	172,261	\$	171,021	\$	6,241
PROPERTY TAX								
ASSETS								
Cash and cash equivalents	\$	1,775,379	\$	208,510,948	\$	208,196,093	\$	2,090,234
Investments	Ψ	22,938	Ψ	16,226	Ψ		Ψ	39,164
Accounts receivable, net		2,997				2,997		-
Total assets	\$	1,801,314	\$	208,527,174	\$	208,199,090	\$	2,129,398
LIABILITIES								
Due to other governments	\$	1,801,314	\$	208,527,174	\$	208,199,090	\$	2,129,398
Total liabilities	\$	1,801,314		208,527,174		208,199,090	\$	2,129,398
TAG								
ASSETS								
Cash and cash equivalents	\$	17,669	\$	24,142,694	\$	24,140,472	\$	19,891
Accounts receivable, net		25,529		27,668		-		53,197
Total assets	\$	43,198	\$	24,170,362	\$	24,140,472	\$	73,088
LIABILITIES								
Due to other governments		43,198		24,170,362		24,140,472		73,088
Total liabilities	\$	43,198	\$	24,170,362	\$	24,140,472	\$	73,088

	Se	Balance ptember 30, 2014		Additions		Deductions	Se	Balance eptember 30, 2015
		2014		Additions		Deductions		2013
OTHER SUSPENSE								
ASSETS								
Cash and cash equivalents	\$	300	\$	55,111	\$	55,411	\$	-
Total assets	\$	300	\$	55,111	\$	55,411	\$	-
LIABILITIES								
Due to other governments	\$	300	\$	55,111	\$	55,411	\$	-
Total liabilities	\$	300	\$	55,111	\$	55,411	\$	-
INDIVIDUAL DEPOSITORS ASSETS								
Cash and cash equivalents	\$	78,622	\$	132,146	\$	177,570	\$	33,198
Total assets	\$	78,622	\$	132,146	\$	177,570	\$	33,198
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	78,622	\$	132,146	\$	177,570	\$	33,198
Total liabilities	\$	78,622	\$	132,146	\$	177,570	\$	33,198
FORFEITURES ASSETS								
Cash and cash equivalents	\$	63,917	\$	126,852	\$	55,678	\$	135,091
Total assets	\$	63,917	\$	126,852	\$	55,678	\$	135,091
LIABILITIES								
Due to others	\$	63,917	\$	126,852	\$	55,678	\$	135,091
Total liabilities	\$	63,917	\$	126,852	\$	55,678	\$	135,091
SHERIFF'S FEES ASSETS								
Cash and cash equivalents	\$	-	\$	214,759	\$	194,431	\$	20,328
Total assets	\$	-	\$	214,759	\$	194,431	\$	20,328
LIABILITIES								
Due to other governments Total liabilities	\$ \$	-	\$ \$	214,759	\$ \$	194,431	\$ \$	20,328
1 otal habinties	2	-	\$	214,759	\$	194,431	\$	20,328
COMBINED TOTALS ASSETS								
Cash and cash equivalents	\$	6,742,299	\$	301,439,174	\$	296,681,843	\$	11,499,630
Investments		22,938		16,226		-		39,164
Accounts receivable, net		28,526		28,801		2,997		54,330
Total assets	\$	6,793,763	\$	301,484,201	\$	296,684,840	\$	11,593,124
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	2,092,635	\$	36,827,517	\$	34,017,311	\$	4,902,841
Due to others		63,917		126,852		55,678		135,091
Due to other governments	*	4,637,211	*	264,529,832	*	262,611,851	<u>ب</u>	6,555,192
Total liabilities	\$	6,793,763	\$	301,484,201	\$	296,684,840	\$	11,593,124

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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
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	C-12
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
DEBT CAPACITY	C-18
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	C-26
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.	
OPERATING INFORMATION	C-29
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.	

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

	Fiscal Year								
	<u>2006</u>	<u>2007</u> <u>2</u>	<u>2008</u> <u>2009</u>						
Governmental activities									
Net investment in capital assets	\$ 109,592,599	\$ 130,031,134 \$ 146	5,149,695 \$ 161,775,959						
Restricted	18,043,292	19,924,887 18	3,091,072 12,256,875						
Unrestricted	56,527,122	62,053,258 65	5,061,054 70,278,219						
Total governmental activities net position	\$ 184,163,013	<u>\$ 212,009,279</u> <u>\$ 229</u>	<u>9,301,821</u> <u>\$ 244,311,053</u>						
Business-type activities									
Net investment in capital assets	\$ 37,518,571	\$ 46,446,331 \$ 51	,130,331 \$ 53,453,268						
Restricted	7,862,907	2,999,323 3	6,271,620						
Unrestricted	39,375,268	29,535,560 26	5,183,800 21,522,496						
Total business-type activities net position	<u>\$ 84,756,746</u>	<u>\$ 78,981,214</u> <u>\$ 80</u>	<u>,380,467</u> <u>\$ 81,247,384</u>						
Primary Government									
Net investment in capital assets	\$ 147,111,170	\$ 176,477,465 \$ 197	7,280,026 \$ 215,229,227						
Restricted	25,906,199	22,924,210 21	,157,408 18,528,495						
Unrestricted	95,902,390	91,588,818 91	,244,854 91,800,715						
Total primary government net position	\$ 268,919,759	<u>\$ 290,990,493</u> <u>\$ 309</u>	9,682,288 \$ 325,558,437						

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

Schedule 1

	Fiscal Year												
<u>2010</u>	<u>2011</u>	<u>2014</u>	2015										
\$ 167,184,260	\$ 175,784,958	\$ 176,901,127	\$ 159,938,052	\$ 171,575,742	\$ 170,031,683								
12,510,353	43,752,095	49,440,926	65,276,675	68,225,355	64,930,455								
59,778,907	18,817,801	7,666,565	10,127,270	(11,964,402)	(48,500,836)								
\$ 239,473,520	\$ 238,354,854	\$ 234,008,618	\$ 235,341,997	\$ 227,836,695	\$ 186,461,302								
\$ 81,158,497	\$ 76,176,290	\$ 76,152,474	\$ 69,321,153	\$ 77,905,570	\$ 85,630,990								
6,566,100	12,291,303	11,142,041	11,160,273	12,794,516	14,775,326								
24,019,080	23,529,091	21,719,503	34,693,980	35,598,707	25,641,282								
\$ 111,743,677	\$ 111,996,684	\$ 109,014,018	\$ 115,175,406	\$ 126,298,793	\$ 126,047,598								
\$ 248,342,757	\$ 251,961,248	\$ 253,053,601	\$ 229,259,205	\$ 249,481,312	\$ 255,662,673								
19,076,453	56,043,398	60,647,493	76,436,948	81,019,871	79,705,781								
83,797,987	42,346,892	29,321,542	44,821,250	23,634,305	(22,859,554)								
\$ 351,217,197	\$ 350,351,538	\$ 343,022,636	\$ 350,517,403	\$ 354,135,488	\$ 312,508,900								
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		Fiscal Year							
	2006	<u>2007</u>	<u>2008</u>	<u>2009</u>					
Expenses									
Governmental activities:									
General government	\$ 21,899,647		\$ 23,769,102	\$ 43,306,782					
Public safety	45,667,025	47,595,636	51,587,681	35,244,894					
Physical environment	4,846,055	4,411,573	4,504,251	4,492,133					
Transportation	13,023,819	14,053,021	15,122,222	16,091,014					
Economic environment	14,186,061	16,957,645	16,862,278	21,343,831					
Human services	4,591,809	5,594,624	5,042,410	5,680,622					
Culture/recreation	3,943,961	4,473,399	5,349,023	5,882,640					
Interest on long-term debt	1,691,167	2,974,935	4,185,220	4,096,732					
Total governmental activities expenses	109,849,544	118,184,117	126,422,187	136,138,648					
Business-type activities:									
Wholesale water system	10,871,172	12,060,032	13,131,437	13,753,543					
Retail water and wastewater	4,135,864	5,808,833	5,700,378	8,460,073					
Industrial wastewater	3,902,819	2,218,595	6,643,917	6,047,598					
Solid waste fund	17,574,763	17,209,523	15,477,882	15,107,160					
Building services	2,011,650	2,126,578	2,139,805	1,934,416					
Emergency medical services				-					
Total business-type activities expenses	38,496,268	39,423,561	43,093,419	45,302,790					
Total primary government expenses	\$ 148,345,812	\$ 157,607,678	\$ 169,515,606	\$ 181,441,438					
Governmental activities: Charges for services:									
General government	\$ 16,455,481	\$ 16,819,772	\$ 15,239,392	\$ 14,480,938					
Public safety	2,041,634	1,953,947	1,739,995	1,413,940					
Physical environment	1,602,888	1,523,655	1,597,427	1,656,563					
Transportation	764,439	1,541,359	1,045,906	271,986					
Human services	3,640	3,900	1,040	,					
Culture and recreation			1,040						
		645 918	519 422						
Operating grants and contributions	824,209 3 590 815	645,918 3 076 826	519,422 4 722 856	564,222					
Operating grants and contributions Capital grants and contributions	3,590,815	3,076,826	4,722,856	564,222 18,887,680					
Capital grants and contributions				18,887,680 9,955,607					
Capital grants and contributions Total governmental activities program revenue	3,590,815 5,602,631	3,076,826 5,880,132	4,722,856 11,085,254	564,222 18,887,680					
Capital grants and contributions	3,590,815 5,602,631	3,076,826 5,880,132	4,722,856 11,085,254	564,222 18,887,680 9,955,607					
Capital grants and contributions Total governmental activities program revenue Business-type activities:	3,590,815 5,602,631	3,076,826 5,880,132	4,722,856 11,085,254	564,222 18,887,680 9,955,607					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services:	3,590,815 5,602,631 30,885,737	3,076,826 5,880,132 31,445,509	4,722,856 11,085,254 35,951,292	564,222 18,887,680 9,955,607 47,231,716					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue	3,590,815 5,602,631 30,885,737 11,461,915	3,076,826 5,880,132 31,445,509 10,361,087	4,722,856 11,085,254 35,951,292 13,876,827	564,222 18,887,680 9,955,607 47,231,716 13,317,211					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue Retail water and wastewater	3,590,815 5,602,631 30,885,737 11,461,915 3,863,260	3,076,826 5,880,132 31,445,509 10,361,087 4,189,192	4,722,856 <u>11,085,254</u> <u>35,951,292</u> 13,876,827 <u>3,987,039</u>	564,222 18,887,680 9,955,607 47,231,716 13,317,211 5,677,074					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue Retail water and wastewater Industrial wastewater	3,590,815 5,602,631 30,885,737 11,461,915 3,863,260 3,826,936	3,076,826 5,880,132 31,445,509 10,361,087 4,189,192 2,280,293	4,722,856 <u>11,085,254</u> <u>35,951,292</u> 13,876,827 <u>3,987,039</u> 6,695,497	564,222 18,887,680 9,955,607 47,231,716 13,317,211 5,677,074 5,928,887 11,744,325					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue Retail water and wastewater Industrial wastewater Solid waste fund	3,590,815 5,602,631 30,885,737 11,461,915 3,863,260 3,826,936 12,217,568	3,076,826 5,880,132 31,445,509 10,361,087 4,189,192 2,280,293 9,475,368	4,722,856 <u>11,085,254</u> <u>35,951,292</u> 13,876,827 <u>3,987,039</u> 6,695,497 10,726,249	564,222 18,887,680 9,955,607 47,231,716 13,317,211 5,677,074 5,928,887					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue Retail water and wastewater Industrial wastewater Solid waste fund Building services	3,590,815 5,602,631 30,885,737 11,461,915 3,863,260 3,826,936 12,217,568	3,076,826 5,880,132 31,445,509 10,361,087 4,189,192 2,280,293 9,475,368	4,722,856 <u>11,085,254</u> <u>35,951,292</u> 13,876,827 <u>3,987,039</u> 6,695,497 10,726,249	564,222 18,887,680 9,955,607 47,231,716 13,317,211 5,677,074 5,928,887 11,744,325					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue Retail water and wastewater Industrial wastewater Solid waste fund Building services Emergency medical services	3,590,815 5,602,631 30,885,737 11,461,915 3,863,260 3,826,936 12,217,568 3,335,953	3,076,826 5,880,132 31,445,509 10,361,087 4,189,192 2,280,293 9,475,368 2,099,218	4,722,856 11,085,254 35,951,292 13,876,827 3,987,039 6,695,497 10,726,249 1,657,191	564,222 18,887,680 9,955,607 47,231,716 13,317,211 5,677,074 5,928,887 11,744,325 1,126,424					
Capital grants and contributions Total governmental activities program revenue Business-type activities: Charges for services: Water system revenue Retail water and wastewater Industrial wastewater Solid waste fund Building services Emergency medical services Operating grants and contributions	3,590,815 5,602,631 30,885,737 11,461,915 3,863,260 3,826,936 12,217,568 3,335,953 - 7,505	3,076,826 5,880,132 31,445,509 10,361,087 4,189,192 2,280,293 9,475,368 2,099,218 202,351	4,722,856 11,085,254 35,951,292 13,876,827 3,987,039 6,695,497 10,726,249 1,657,191 535,000	564,222 18,887,680 9,955,607 47,231,716 13,317,211 5,677,074 5,928,887 11,744,325 1,126,424 985,000					

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

Schedule 2

Fiscal Year													
<u>2010</u> <u>2011</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>								
\$ 44,216,781	\$ 39,434,666	\$ 37,957,601	\$ 40,761,101	\$ 39,201,075	\$ 39,149,936								
38,220,126	36,413,991	36,745,373	36,924,438	38,289,031	40,034,847								
4,343,675	4,968,431	5,397,684	5,513,532	6,814,598	6,713,771								
20,903,717	19,604,133	15,750,626	15,852,176	19,783,565	23,063,685								
18,601,704	19,839,456	20,951,183	26,608,771	22,137,297	31,517,039								
5,552,240	5,443,839	5,321,884	5,045,532	5,272,176	5,774,723								
5,098,294	5,806,043	5,856,186	5,523,037	5,608,860	5,944,644								
3,956,673	3,909,979	3,292,291	3,593,361	3,593,220	3,315,923								
140,893,210	135,420,538	131,272,828	139,821,948	140,699,822	155,514,568								
12,230,344	12,237,921	11,271,371	11,412,183	11,942,948	12,258,480								
9,774,380	11,009,770	11,164,990	11,013,285	11,153,219	10,572,65								
5,768,403	3,951,644	3,602,863	1,611,176	-									
14,737,174	15,274,326	17,622,969	15,225,489	16,283,995	21,281,55								
1,699,893	1,598,831	1,215,319	1,118,630	1,283,093	1,388,854								
-	-	-	116,886	6,936,224	6,605,40								
44,210,194	44,072,492	44,877,512	40,497,649	47,599,479	52,106,95								
6 185,103,404	\$ 179,493,030	\$ 176,150,340	\$ 180,319,597	\$ 188,299,301	\$ 207,621,527								

\$	83,335,287	\$	78,416,344	\$ 68,090,504	\$	65,805,201	\$	83,291,031	\$ 89,324,840
	41,284,216		42,379,679	 38,025,183		37,900,345		48,192,028	 51,042,780
	871,811		235,134	 706,041		988,605		738,232	 1,004,435
	315,000		315,000	315,000		-		1,759,674	4,052,543
	-		-	-		-		6,822,477	6,869,420
	693,361		800,789	968,947		909,443		1,231,381	1,009,679
	13,336,670		14,197,632	10,181,513		11,816,503		13,203,200	11,127,783
	5,873,324		3,855,587	3,535,687		959,148		-	-
	6,421,773		6,681,917	6,665,219		7,187,654		8,620,964	10,521,926
	13,772,277		16,293,620	15,652,776		16,038,992		15,816,100	16,456,994
	42,051,071		36,036,665	 30,065,321		27,904,856		35,099,003	 38,282,060
	7,040,323		4,790,164	5,073,251		3,067,383		9,439,100	10,653,053
	16,953,017		13,486,584	6,756,304		6,094,392		6,337,973	7,955,071
	593,340		556,136	618,455		669,447		682,133	644,267
						2,037,107		500	670
	464,965		320,562	2,094,221		2,037,167		2,346,351	2,769,342
	1,419,092 1,832,155		1,308,519 1,805,016	1,377,953 44,533		1,153,326 36,980		1,121,128 44,827	1,118,265 204,132
\$	13,748,179	\$	13,769,684	\$ 14,100,604	\$	14,846,161	\$	15,126,991	\$ 14,937,260
-		-			+		+		

			Fiscal	Ye	ar	
		<u>2006</u>	2007		2008	2009
Net (Expense) Revenue						
Governmental activities	\$	(78,963,807)	\$ (86,738,608)	\$	(90,470,895)	\$ (88,906,932)
Business-type activities	_	(3,783,131)	 (10,797,449)		(4,790,710)	 (623,706)
Total primary government net expenses	_	(82,746,938)	 (97,536,057)		(95,261,605)	 (89,530,638)
General Revenue and Other Changes in No	et Positio	n				
Governmental activities:						
Taxes						
Property taxes		73,729,204	77,146,885		73,436,473	69,757,473
Sales taxes		24,215,778	24,982,006		24,569,697	28,794,256
State shared revenues		3,491,084	3,379,522		3,136,583	2,921,458
Investment earnings		3,262,306	7,007,059		4,855,754	1,604,764
Other contributions		-	-		-	-
Miscellaneous		2,681,029	1,710,623		1,795,724	1,559,634
Transfers	_	8,143	 -		-	 (233,781)
Total governmental activities	_	107,387,544	 114,226,095		107,794,231	 104,403,804
Business-type activities:						
Sales tax		1,900	1,500		1,100	2,200
State shared revenues		-	-		-	-
Investment earnings		3,366,297	3,629,698		2,612,599	1,658,856
Miscellaneous		1,081,040	1,390,719		6,014,516	359,831
Transfers	_	(8,143)	 -		-	 233,781
Total business-type activities		4,441,094	 5,021,917		8,628,215	 2,254,668
Total primary government	\$	111,828,638	\$ 119,248,012	\$	116,422,446	\$ 106,658,472
Change in Net Position						
Governmental activities	\$	28,423,737	\$ 27,487,487	\$	17,292,542	\$ 15,496,872
Business-type activities		657,963	(5,775,532)		3,868,299	1,630,962
Total primary government	\$	29,081,700	\$ 21,711,955	\$	21,160,841	\$ 17,127,834

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

Schedule 2

	Fiscal Year													
2	<u>010</u>		<u>2011</u>	<u>2012</u> <u>2013</u> <u>2014</u>							<u>2015</u>			
(98	,842,139)		(99,383,873)		(101,207,507)	\$	(111,917,092)	\$	(105,600,819)	\$	(117,232,508)			
```	,925,978)		(1,692,813)		(6,852,329)		(2,597,304)	·	592,549		(1,064,179)			
	,768,117)		(101,076,686)		(108,059,836)		(114,514,396)		(105,008,270)		(118,296,687)			
	,269,038		59,025,047		56,937,944		54,779,271		55,438,164		72,337,961			
	,006,207		31,551,527		33,318,347		35,163,910		37,248,717		41,461,764			
2	,954,621		3,080,852		3,211,349		3,413,917		3,607,298		3,916,783			
	654,378		430,320		454,346		501,906		142,401		843,450			
	-		-		-		-		-		-			
	997,087		3,934,362		2,989,285		17,279,394		2,816,892		2,157,506			
	-		243,099		(50,000)		2,112,073		-		27,680			
96	,881,331		98,265,207		96,861,271		113,250,471		99,253,472		120,745,144			
	2,500		2,000		1,400		2,100		3,000		2,500			
	-		-		-		-		-		-			
1	,257,174		1,238,259		1,320,560		1,673,405		1,613,968		1,556,455			
30	,662,597		948,660		2,497,703		9,195,260		9,920,373		5,415,800			
			(243,099)		50,000		(2,112,073)		-		(27,680)			
31	,922,271		1,945,820		3,869,663		8,758,692		11,537,341		6,947,075			
<u>\$ 128</u>	,803,602	\$	100,211,027	\$	100,730,934	\$	122,009,163	\$	110,790,813	\$	127,692,219			
(1	,960,808)		(1,118,666)		(4,346,236)	\$	1,333,379	\$	(6,347,347)	\$	3,512,636			
	,996,293		253,007		(2,982,666)		6,161,388		12,129,890		5,882,896			
\$ 27	,035,485	\$	(865,659)	\$	(7,328,902)	\$	7,494,767	\$	5,782,543	\$	9,395,532			

	Fiscal Year									
		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		
General Fund										
Reserved	\$	44,351,137	\$	36,949,309	\$	39,966,000	\$	12,111,996		
Unreserved		31,933,944		33,598,429		30,700,762		35,025,941		
Nonspendable		-		-		-		-		
Restricted		-		-		-		-		
Assigned		-		-		-		-		
Unassigned		_		_		-		-		
Total general fund	\$	76,285,081	\$	70,547,738	\$	70,666,762	\$	47,137,937		
All Other Governmental Funds										
Reserved	\$	17,404,849	\$	13,524,528	\$	15,840,847	\$	19,022,170		
Unreserved:										
Special revenue funds		18,100,472		26,960,435		28,261,408		27,435,348		
Nonspendable		-		-		-		-		
Restricted		-		-		-		-		
Assigned		-		-		-		-		
Unassigned		_		_				-		
Total all other governmental funds	\$	35,505,321	\$	40,484,963	\$	44,102,255	\$	46,457,518		

**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	l Ye	ar				
<u>2010</u>		<u>2011</u>	<u>2011</u> <u>2012</u>			<u>2013</u>	<u>2014</u>	<u>2015</u>		
\$	12,134,054	\$ -	\$	-	\$	-	\$ -	\$	-	
	24,211,397	-		-		-	-		-	
	-	136,529		265,846		334,272	202,696		225,262	
	-	9,997,588		12,074,604		26,443,120	25,007,377		21,698,079	
	-	14,201,000		7,782,034		8,064,058	2,333,790		3,890,036	
	_	 3,572,736		2,715,250		9,241,995	 10,653,467		10,538,830	
\$	36,345,451	\$ 27,907,853	\$	22,837,734	\$	44,083,445	\$ 38,197,330	\$	36,352,207	
\$	20,293,685	\$ -	\$	-	\$	-	\$ -	\$	-	
	23,018,439	-		-		-	-		-	
	-	584,816		599,664		672,881	125,156		112,387	
	-	33,754,507		37,366,322		39,364,522	42,671,978		43,259,246	
	-	10,178,764		8,476,899		6,589,298	5,448,333		6,893,278	
	-	(27,514)		(13,772)		-	-		(20,587)	
\$	43,312,124	\$ 44,490,573	\$	46,429,113	\$	46,626,701	\$ 48,245,467	\$	50,244,324	

	Fiscal Year								
		<u>2006</u>		<u>2007</u>		2008		2009	
Revenues									
Taxes	\$	85,896,879	\$	, ,	\$	86,781,507	\$	87,851,490	
Licenses and permits		2,230		1,899		2,412		8,454	
Intergovernmental revenue		24,673,396		23,889,913		28,962,899		28,949,201	
Charges for services		19,781,978		19,801,852		17,444,872		15,609,839	
Fines and forfeitures		137,019		63,081		139,198		137,711	
Special assessments		254,505		359,198		346,583		81,722	
Investment earnings		3,079,818		6,725,924		4,931,754		1,903,556	
Contributions and donations		-		190,797		75,901		1,345,301	
Miscellaneous		3,078,727	_	1,946,036		1,300,099		1,074,105	
Total revenues		136,904,552	_	143,286,136		139,985,225		136,961,379	
Expenditures									
General government		20,262,747		6,967,890		20,108,027		20,834,114	
Public safety		43,970,630		57,386,591		47,521,961		49,292,375	
Physical environment		4,363,508		3,967,883		4,024,785		5,903,593	
Transportation		8,686,780		9,306,583		10,989,649		9,505,479	
Economic environment		13,618,153		16,404,349		16,300,499		22,198,357	
Human services		4,516,240		5,538,168		4,970,430		5,598,800	
Culture and recreation		3,604,503		3,843,006		4,449,189		4,161,662	
Capital Outlay		17,619,434		32,780,705		49,905,995		32,533,103	
Debt service		17,019,434		52,700,705		49,905,995		52,555,105	
Principal retirement		3,601,370		3,883,937		3,827,285		4,133,143	
Interest and fiscal charges		1,532,684		2,963,339		4,033,487		4,053,918	
Bond issuance costs		1,552,004		(344,945)		120,628		-,055,910	
Total expenditures		121,776,049		142,697,506		166,251,935		158,214,544	
Excess of revenues over									
(under) expenditures		15,128,503		588,630		(26,266,710)		(21,253,165)	
Other Financing Sources (Uses)									
Operating transfers in		9,247,671		7,911,020		8,779,078		12,717,062	
Operating transfers out		(9,820,775)		(8,856,914)		(8,816,092)		(12,950,843)	
Debt issuance		39,666,217		16,103,376		30,572,236		92,095	
Premium on bonds issued		951,964		(71,732)		-		-	
Payment to refunded bond escrow agent		-		(15,095,929)		-		-	
Reversion to State of Florida		(796,010)		(1,005,046)		(532,196)		-	
Proceeds from sale of capital assets		-		-		-		-	
Total other financing sources (uses)		39,249,067	_	(1,015,225)	_	30,003,026		(141,686)	
Net change in fund balance	\$	54,377,570	\$	(426,595)	\$	3,736,316	\$	(21,394,851)	
Debt service as a percentage of									
noncapital expenditures		4.93%		6.23%		6.76%		6.51%	

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

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

Schedule 4

	Fiscal Year													
	<u>2010</u>	<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>				
\$	81,578,570	\$ 77,593,739	\$	77,083,648	\$	76,104,051	\$	77,988,344	\$	98,305,773				
·	1,705	3,215		3,565		1,875	·	1,190		2,130				
	35,852,434	35,584,199		29,076,699		26,324,579		34,376,446		38,527,525				
	15,528,324	17,389,066		17,597,517		18,561,382		19,031,979		19,219,347				
	281,047	79,356		179,329		67,026		223,463		170,018				
	313,167	108,702		44,481		75,164		57,233		281,876				
	952,199	488,067		640,684		508,724		160,594		830,159				
	4,081,268	244,501		252,085		544,633		214,295		443,476				
	554,748	2,581,324		1,394,864		16,369,418		1,477,872		900,547				
	139,143,462	134,072,169		126,272,872		138,556,852		133,531,416		158,680,851				
	21,734,774	18,970,994		18,423,773		19,409,615		18,945,602		20,932,005				
	51,029,913	49,007,090		49,133,878		49,291,837		56,483,530		59,748,975				
	3,896,101	4,421,240		703,832		767,718		1,338,866		466,235				
	15,766,696	14,424,369		14,414,376		13,875,623		14,272,182		14,006,805				
	19,931,304	19,041,168		20,158,270		25,780,421		21,333,649		33,353,190				
	5,473,781	5,329,318		5,202,919		4,911,590		5,138,392		5,639,354				
	4,070,360	4,438,777		4,232,151		4,179,973		4,294,971		4,532,509				
	23,353,424	22,179,959		11,492,329		9,977,603		10,796,658		15,395,555				
	3,684,931	3,689,461		3,057,073		2,437,123		2,596,381		2,762,184				
	3,915,039	3,873,904		3,269,241		3,571,506		3,574,117		2,967,116				
	-	118,864		-		83,306		-		-				
	152,856,323	145,495,144		130,087,842		134,286,315		138,774,348		159,803,928				
	(13,712,861)	(11,422,975)		(3,814,970)		4,270,537		(5,242,932)		(1,123,077)				
	7,240,834	7,102,725		3,752,030		3,706,362		2,712,974		3,770,224				
	(7,450,840)	(5,921,456)		(3,815,602)		(1,644,186)		(2,712,974)		(3,742,544)				
	165,950	28,487,973		-		13,753,519		832,077		41,254,325				
	-	(25,960,948)		-		-		-		-				
	(350)	(350)		(612)		(458)		-		(40,125,166)				
	205,086	455,882		747,575		1,357,525		143,506		119,972				
	160,680	4,163,826		683,391		17,172,762		975,583		1,276,811				
\$	(13,552,181)	<u>\$ (7,259,149)</u>	\$	(3,131,579)	\$	21,443,299	\$	(4,267,349)	\$	153,734				
	5.87%	6.13%		5.33%		4.83%		4.82%		3.97%				

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

Schedule 5

Fiscal <u>Year</u>	Residential <u>Property</u>	Commercial <u>Property</u>	Personal <u>Property</u>	Industrial <u>Property</u>	Agricultural <u>Property</u>	Centrally Assessed <u>Property</u>	Other <u>Property</u>	Less: Tax-Exempt <u>Property</u>	Total Taxable Assessed <u>Value</u>	Total Direct Tax <u>Rate</u>	Estimated Actual Taxable <u>Value</u>	Taxable Assessed Value as a Percentage of <u>Actual Taxable Value</u>
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%
2015	12,735,501	2,234,753	2,145,365	285,470	70,806	32,318	2,504,227	(5,370,461)	14,637,979	6.2300	20,764,763	70.49%

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

	2006	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>County Direct Rates:</b>										
General	4.1620	3.7915	3.6500	3.6500	3.6500	3.6500	3.6500	3.6500	4.6500	4.6500
Mosquito Control	0.1852	0.1525	0.1525	0.1525	0.1525	0.1525	0.1525	0.1525	0.2000	0.2000
MSTU	0.7500	0.7238	0.7238	0.7815	0.7815	1.0000	1.0000	1.0000	1.3800	1.3800
Total Direct Rate	5.0972	4.6678	4.5263	4.5840	4.5840	4.8025	4.8025	4.8025	6.2300	6.2300
Municipalities:										
City of Panama City	4.7122	3.7610	3.8493	3.8493	3.8152	3.8152	3.8723	3.8723	3.8570	3.9740
Panama City Downtown										
Improvement Board	3.0000	2.4700	2.6832	2.6832	2.7180	2.7180	2.7578	2.8918	2.8918	3.0000
City of Lynn Haven	3.2500	2.8266	3.0887	3.0887	3.0887	3.0887	3.0887	3.0887	3.9000	3.9000
City of Mexico Beach	3.7900	3.7200	3.7000	4.0000	4.1060	4.6160	5.0290	5.0290	5.0290	4.9270
City of Callaway	2.0000	2.0000	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500
Town of Cedar Grove	1.5000	1.5000	1.5000							
City of Springfield									3.3950	3.4650
School Districts	6.8080	6.4710	6.7630	7.6230	7.4030	7.1180	6.8580	6.7610	6.8890	6.9070
Northwest Florida Water	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0400	0.0400	0.0200	0.0279
Management District	0.0500	0.0450	0.0450	0.0450	0.0450	0.0400	0.0400	0.0400	0.0390	0.0378
Special District: Beach Mosquito Control	0.1410	0.1438	0.1438	0.1438	0.1438	0.1438	0.1438	0.2270	0.2230	0.2230
	0.1.10	511.00	511.00	511.00	511 120	511 120	511 120	5.2270	5.2200	5.2200

Source: Bay County Property Appraiser

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

Schedule 7

	Fiscal Ye	ar 2015		Fiscal Y	ear 2006	
	 Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Gulf Power Company	\$ 534,823,740	1	3.65%	\$ 344,904,380	1	1.96%
St. Joe Land & Development	118,507,459	2	0.81%	199,679,679	2	1.14%
Bay Medical - Sacred Heart	102,483,129	3	0.70%	-	-	-
Pier Park, LLC	94,906,411	4	0.65%	-	-	-
Gulfview Holdings	74,023,305	5	0.51%	-	-	-
RockTenn (Smurfit-Stone Container)	71,440,257	6	0.49%	69,604,007	5	0.40%
Oceaneering International Inc	57,720,643	7	0.39%	-	-	-
Berg Steel Pipe Corp.	49,899,407	8	0.34%	-	-	-
Wyndham Vacation Resorts, Inc.	46,608,409	9	0.32%	-	-	-
Arizona Chemical Company	46,072,631	10	0.31%	32,260,960	10	0.18%
Peoples First Community Bank						
Resort Hospitality Enterprises	-	-	-	115,150,127	3	0.66%
Faircloth Properties	-	-	-	73,963,995	4	0.42%
BellSouth Telecommunications	-	-	-	62,572,443	6	0.36%
Hilton Company	-	-	-	62,224,697	7	0.35%
Wal-Mart Stores East, LP	-	-	-	37,457,323	8	0.21%
Gulf Coast Electric Co-op	-	-	-	34,562,905	9	0.20%
Total	\$ 1,196,485,391		8.17%	\$ 1,032,380,516		5.88%

Total Taxable Assessed Value 2015	14,637,979,228
Total Taxable Assessed Value 2006	17,569,387,000

Source: Bay County Property Appraiser

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

Schedule 8

	Taxes Levied for the			Collected y Fiscal Year		Collections in	Total Collect	tions to Date
Fiscal Year	Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Subsequent Years	Amount	Percentage of Original Levy
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%
2015	73,675,856	109,040	73,784,896	72,179,783	98%	159,289	72,339,072	98%

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 2006-2015 (Unaudited)

Schedule 9

Fiscal Year Ending	al Distributions ities and Counties	Percentage Change	l Distributions Bay County	Percentage Change
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%
2015	\$ 1,790,139,397	6.64%	\$ 11,670,772	6.45%

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

Source: Florida Department of Revenue

#### Distribution of Half-Cent Sales Tax in Bay County, Florida For Ten Year Period 2006-2015 (Unaudited)

Schedule 10

Fiscal Year Ending	stributions The County	Percentage Of County to Total	stributions The Cities	Percentage Of Cities to Total
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%
2015	\$ 11,670,772	59%	\$ 8,112,631	41%

Fiscal Year 2006 - 2015 distribution of Sales Tax Revenues is represented in the following chart.

Source: Florida Department of Revenue

	Fiscal Year					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>		
Governmental Activities						
Revenue bonds	\$ 67,099,121	\$ 64,215,420	\$ 91,070,662	\$ 87,689,946		
Capital leases	1,011,596	982,910	867,670	202,379		
Notes payable	-					
Total Governmental Activities	68,110,717	65,198,330	91,938,332	87,892,325		
Business-type Activities						
Revenue bonds	\$ 91,652,333	\$ 89,669,727	\$ 89,997,854	\$ 89,680,749		
Capital leases	-	-	-	-		
Notes payable	12,359,204	11,418,271	31,586,315	30,730,339		
Total Business-type Activities	104,011,537	101,087,998	121,584,169	120,411,088		
Total Primary Government	<u>\$ 172,122,254</u>	<u>\$ 166,286,328</u>	<u>\$ 213,522,501</u>	<u>\$ 208,303,413</u>		
Debt as a Percentage of Personal Income	3.1%	2.9%	3.5%	3.6%		
Amount of Debt per Capita	\$ 1,055	\$ 1,002	\$ 1,269	\$ 1,237		

*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.

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

Debt as a Percentage of Personal Income has been restated

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

Schedule11

					Fiscal	l Ye	ar				
	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>
\$	84,179,842	\$	83,029,898	\$	80,010,219	\$	91,312,541	\$	89,194,188	\$	48,849,178
	188,553		134,544		87,472		91,869		232,427		765,740
	-		-		-		-	_	635,000		40,715,000
	84,368,395		83,164,442		80,097,691		91,404,410		90,061,615		90,329,918
¢	05 05 6 00 5	¢	105 204 555	¢	100 700 170	¢	00.004.504	¢	00 550 450	¢	05 461 000
\$	85,976,295	\$	107,394,775	\$	103,722,170	\$	99,934,584	\$	90,552,459	\$	85,461,023
	- 29,975,354		- 7,943,518		- 7,011,219		-		27,564 31,115,546		29,812 29,485,087
							8,051,989				· · · ·
	115,951,649		115,338,293		110,733,389		107,986,573		121,695,569		114,975,922
\$	200,320,044	\$	198,502,735	\$	190,831,080	\$	199,390,983	\$	211,757,184	\$	205,305,840
	3.3%		3.2%		2.9%		3.0%		3.1%		*
\$	1,186	\$	1,173	\$	1,127	\$	1,174	\$	1,240	\$	1,185

					F	iscal Year		
		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>
Water System Revenue Bonds Series 2005								
Revenue - sale of goods and services	\$	12,433,674	\$	11,321,362	\$	14,961,574	\$	14,341,003
Less: Operating expenses	-	(5,232,544)	_	(6,643,470)	_	(6,928,970)	_	(7,689,352)
Net available revenue	\$	7,201,130	\$	4,677,892	\$	8,032,604	\$	6,651,651
Debt service	¢	105 000	¢	110.000	¢	115 000	¢	115 000
Principal Interest	\$ \$	105,000 2,226,210	\$ \$	110,000 2,223,060	\$ \$	115,000 2,219,760	\$ \$	115,000 2,216,310
Coverage*	φ	2,220,210	φ	2,223,000	φ	2,219,700	φ	2,210,310
Coverage		5.1		2.0		5.4		2.)
Sales Tax Revenue Refunding Bonds Series 2007								
Revenue - proceeds of the Local Government Half-cent Sales Tax	\$	10,066,787	\$	9,886,165	\$	9,503,862	\$	9,139,392
Less: Operating expenses Net available revenue	\$	-	¢	0 886 165	\$	9 503 862	¢	0 130 302
	Þ	10,066,787	\$	9,886,165	¢	9,503,862	\$	9,139,392
Debt service Principal	\$		\$	95,000	\$	45,000	\$	50,000
Interest	э \$	-	ծ \$	255,556	ծ \$	43,000 649,064	ծ \$	647,444
Coverage*	Ψ	N/A	Ψ	235,550	Ψ	13.7	Ψ	13.1
Water and Sewer System Revenue Bonds								
Series 2011	¢		¢		¢		¢	
Revenue - sales of goods and services Plus: Allowable deposits	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	-
Less: Operating expenses	\$	-	\$	-	\$	-	\$	-
Net available revenue	\$		\$		\$		\$	
Debt service	-		<b>—</b>		<b>—</b>		<u>Ψ</u>	
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	\$	-	\$	-	\$	-	\$	-
Debt service	<u> </u>		<u> </u>		÷		<u> </u>	
Principal	\$	-	\$	-	\$	-	\$	-
Interest	\$	-	\$	-	\$	-	\$	-
Coverage*		N/A		N/A		N/A		N/A
*Coverage equals net available revenue divided by	del	ot service.						
Water System Revenue Note Series 2014								
Revenue - sale of goods and services	\$	-	\$	-	\$	-	\$	-
Lass: Operating expenses						-		-
Less: Operating expenses	¢		\$		¢	_	\$	
Net available revenue	\$	-	\$	-	\$	-	\$	
Net available revenue Debt service						-		
Net available revenue Debt service Principal	\$ \$ \$	-	\$ \$ \$	-	\$ \$ \$	-	\$ \$ \$	-
Net available revenue Debt service	\$	- - N/A	\$	- - N/A	\$	- - N/A	\$	- - N/A
Net available revenue Debt service Principal Interest	\$	-	\$	-	\$	-	\$	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015	\$	-	\$	-	\$	-	\$	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015 Revenue - proceeds of the Local Government	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015 Revenue - proceeds of the Local Government Half-cent Sales Tax	\$	-	\$	-	\$	-	\$	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015 Revenue - proceeds of the Local Government Half-cent Sales Tax Less: Operating expenses	\$ \$	- N/A -	\$ \$	- N/A -	\$ \$	- N/A	\$ \$	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015 Revenue - proceeds of the Local Government Half-cent Sales Tax Less: Operating expenses Net available revenue	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015 Revenue - proceeds of the Local Government Half-cent Sales Tax Less: Operating expenses Net available revenue Debt service	\$ \$ <b>\$</b>	- N/A -	\$ \$ <b>\$</b>	- N/A -	\$ \$ <b>\$</b>	- N/A	\$ \$ <b>\$</b>	-
Net available revenue Debt service Principal Interest Coverage* Sales Tax Refunding Revenue Note Series 2015 Revenue - proceeds of the Local Government Half-cent Sales Tax Less: Operating expenses Net available revenue	\$ \$	- N/A -	\$ \$	- N/A -	\$ \$	- N/A	\$ \$	-

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

Schedule 12

Schedule 12											
					al Y						
<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>	
17,293,612	\$	16,441,561	\$	16,811,167	\$	16,216,643	\$	16,597,930	\$	14,137,828	\$
(7,270,249)		(6,889,538)	<u>_</u>	(6,433,186)	<i>.</i>	(6,184,222)		(6,377,920)		(6,274,367)	<b>.</b>
10,023,363	\$	9,552,023	\$	10,377,981	\$	10,032,421	\$	10,220,010	\$	7,863,461	\$
1,700,000	\$	1,615,000	\$	1,565,000	\$	1,515,000	\$	1,145,000	\$	470,000	\$
1,974,800	\$	2,055,550	\$	2,110,325	\$	2,161,078	\$	2,198,290	\$	2,212,860	\$
2.7		2.6		2.8		2.7		3.1		2.9	
12,039,862	\$	11,325,809	\$	10,594,619	\$	9,916,743	\$	9,691,564	\$	9,003,710	\$
12,039,862	\$	11,325,809	\$	10,594,619	\$	9,916,743	\$	9,691,564	\$	9,003,710	\$
540,000	\$	515,000	\$	500,000	\$	55,000	\$	50,000	\$	50,000	\$
599,450	\$	620,050	\$	640,050	\$	642,044	\$	643,844	\$	645,644	\$
10.6		10.0		9.3		14.2		14.0		12.9	
10 (00 (22	¢	0 747 560	¢	7 202 502	¢	6 792 146	¢	6 792 445	¢		¢
10,690,623	\$ \$	8,747,568 -	\$ \$	7,293,503 1,611,771	\$ \$	6,782,146 1,614,000	\$ \$	6,782,445 939,000	\$ \$	-	\$ \$
(7,548,709)	\$	(8,050,046)	\$	(7,795,608)	\$	(7,916,559)	\$	(7,337,707)	\$	-	\$
3,141,914	\$	697,522	\$	1,109,666	\$	479,587	\$	383,738	\$	-	\$
1 255 000	\$	1 215 000	\$		\$		\$		\$		\$
1,255,000 954,375	ծ \$	1,215,000 996,110	ծ \$	1,006,500	ծ \$	1,009,275	ծ \$	-	э \$	-	э \$
1.4	Ŷ	0.3	Ŷ	1.1	Ŷ	0.5	Ŷ	N/A	Ŷ	N/A	Ŷ
1,908,877	\$	1,779,290	\$	1,688,714	\$	_	\$	_	\$	-	\$
1,908,877	\$	1,779,290	\$	1,688,714	\$		\$	-	\$	-	\$
399,000	\$	388,000	\$	309,000	\$	_	\$	_	\$	_	\$
399,000	\$	405,591	\$	339,083	\$	_	\$	-	\$	-	բ \$
2.4		2.2		2.6		N/A		N/A		N/A	
17,293,612	\$	_	\$	-	\$	_	\$	-	\$	-	\$
(7,270,249)		-				-	_	-	_	_	
10,023,363	\$	<u> </u>	\$	<u> </u>	\$	<u> </u>	\$	-	\$	-	\$
760,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$
700,225	\$	-	\$	-	\$	-	\$	-	\$	-	\$
6.9		N/A		N/A		N/A		N/A		N/A	
	¢		\$	-	\$	-	\$	-	\$	-	\$
12,039,862	\$	-					-				
12,039,862 			\$	-	\$	-	\$		\$		\$
12,039,862	\$	- - -	<u>\$</u>		<u>\$</u>	- - -	<u>\$</u> \$		\$ \$		
-			\$ \$ \$		\$ \$ \$		\$ \$ \$		\$ \$ \$		\$ \$

	<b>Fiscal Year</b>									
	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>	
Operating Revenues	\$ 11,517,885	\$	10,367,239	\$	13,878,255	\$	13,317,212	\$	13,800,335	
Interest	915,789		754,123		253,913		152,920		88,721	
Other Revenue	-		200,000		150,000		600,000		-	
<b>Gross Revenues</b>	\$ 12,433,674	\$	11,321,362	\$	14,282,168	\$	14,070,132	\$	13,889,056	
Operating Expenses	\$ 5,232,544	\$	6,643,470	\$	6,928,970	\$	7,689,352	\$	6,274,367	
Net Revenue	\$ 7,201,130	\$	4,677,892	\$	7,353,198	\$	6,380,780	\$	7,614,689	
Debt Service 1997 Issue	\$ 485,260	\$	482,260	\$	483,170		477,725	\$	131,125	
Debt Service 2000 Issue	852,965		860,870		856,468		865,217		861,718	
Debt Service 2005 Issue	2,331,210		2,333,060		2,334,760		2,331,310		2,682,860	
Debt Service 2014 Issue	-		-		-		-		-	
Advance from Other Funds	-		-		1,654,835		796,953		526,400	
<b>Total Debt Service</b>	\$ 3,669,435	\$	3,676,190	\$	5,329,233	\$	4,471,205	\$	4,202,103	
Coverage Factor	 1.962		1.272		1.380		1.427		1.812	

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)

Schedule13

		I	Fiscal Year		
<u>2011</u>	<u>2012</u>		<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 16,324,937 99,464	\$ 15,679,760 163,407	\$	16,130,582 185,336	\$ 15,875,773 104,892	\$ 16,486,712 340,622
\$ 16,424,401	\$ 15,843,167	\$	16,315,918	\$ 15,980,665	\$ 16,827,334
\$ 6,377,920	\$ 6,184,216	\$	6,424,037	\$ 6,889,538	\$ 7,270,244
\$ 10,046,481	\$ 9,658,951	\$	9,891,881	\$ 9,091,127	\$ 9,557,090
\$ -	\$ -	\$	-	\$ -	\$ -
331,065 3,343,290	3,676,078		3,675,325	3,633,529	3,674,800
 526,400	 526,400		2,168,406	 285,525	 1,460,225
\$ 4,200,755	\$ 4,202,478	\$	5,843,731	\$ 3,919,054	\$ 5,135,025
 2.392	 2.298		1.693	 2.320	 1.861

	 Fiscal Year						
	 <u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>
Half-Cent Sales Tax Receipts (1)	\$ 10,066,787	\$	9,886,165	\$	9,503,862	\$	9,139,392
Series 1998 Bond (2)	3,194,875		3,194,875		3,194,875		3,194,875
Series 2002 Bond (3)	1,178,701		445,495		445,495		445,495
Series 2006 Bond (4)	5,134,488		5,134,488		5,134,488		5,134,488
Series 2007 Bond (5)	-		1,141,450		1,141,450		1,141,450
Series 2015 Note (6)	-		-		-		-
Total Maximum Annual Debt Service	\$ 9,508,064	\$	9,916,308	\$	9,916,308	\$	9,916,308
Coverage of Maximum Annual							
Debt Service by Sales Tax Revenues	 1.06		1.00		(0.96)		(0.92)

(1) Source: Bay County Finance Department.

(2) Bond refunded in FY2010 by Solid Waste Capital Improvement Revenue Refunding Bonds-Series 2010(3) Maximum debt service is in year 2011 - Partially refunded by Series 2007 Bond

(4) Maximum debt service is in year 2030 - Refunded by the Series 2015 Note

(5) Maximum debt service is in year 2018

(6) Maximum debt service is in year 2030

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

Schedule 14

			Fiscal Year							
<u>2010</u>	<u>2010</u> <u>2011</u>		<u>2011</u> <u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>	
\$ 9,003,710	\$	9,691,564	\$ 9,916,743	\$ 10,594,619	\$	11,325,809	\$	12,039,862		
-		-	-	-		-		-		
445,495		445,495	-	-		-		-		
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		
-		-	-	-		-		4,875,187		
\$ 6,721,433	\$	6,721,433	\$ 6,275,938	\$ 6,275,938	\$	6,275,938	\$	6,016,637		
 1.34		1.44	 1.58	 1.69		1.80		2.00		

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

Schedule 15

Year	Estimated Population	Personal Income (1)	Per Capita Personal Income (2)	Unemployment Rate
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	6,888,558	38,487	5.7%
2015	173,310	*	*	5.0%

* Information not yet available

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

(2) 2006 - 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

		2015			2006	
<u>Employer</u>	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Tyndall Air Force Base	6,471	1	7.50%	5,191	1	6.62%
Bay District Schools	4,411	2	5.11%	4,939	2	6.30%
Naval Support Activity	3,170	3	3.67%	3,707	3	4.73%
General Dynamics	2,300	4	2.66%	-	-	-
Bay Medical - Sacred Heart	2,000	5	2.32%	2,174	4	2.77%
Eastern Shipbuilding	1,800	6	2.09%	-	-	-
Gulf Coast Medical Center	631	7	0.73%	850	7	1.08%
Bay County Board	596	8	0.69%	-	-	-
Trane Company	575	9	0.67%	750	8	0.96%
City of Panama City	537	10	0.62%	-	-	-
Wal-Mart/Sam's	-	-	-	1,240	5	1.58%
Sallie Mae	-	-	-	1,200	6	1.53%
Gulf Coast State College	-	-	-	727	9	0.93%
Sprint-Nextel Partners		-		675	10	0.86%
	22,491		26.06%	21,453		27.36%
Total Bay County Labor Force	86,319			78,426		

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

<b>Function/Program</b>	2006	2007	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	2012	2013	<u>2014</u>	2015
General Government	63	74	71	72	63	60	59	55	59	60
Public Safety	109	123	122	115	115	101	102	176	189	200
Physical Environment	111	118	126	124	129	129	128	122	129	125
Transportation	124	128	118	116	118	119	118	111	114	112
Economic Environment	3	2	2	2	2	2	2	2	2	2
Human Services	10	9	12	12	14	14	14	14	14	14
Culture/Recreation	20	81	81	80	82	75	73	72	74	74
Judicial System	9	9	9	9	10	8	10	8	8	9
Total	449	544	541	530	533	508	506	560	589	596

Source: County personnel department

Schedule 18

	Fiscal Year									
Function/Program	<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>	<u>2015</u>
General Government										
Assessed properties	107.007	110.279	112,624	112.911	112,934	113.163	113,260	113.364	113.640	114,147
Court cases:	107,007	110,279	112,024	112,911	112,754	115,105	115,200	115,504	115,040	114,147
Circuit Criminal	4,449	4,846	4,510	4,578	4.366	4,384	4.600	4,384	4,764	5,529
County Criminal	8.882	11.882	9,971	13,794	8,490	10.066	9,840	9,225	9,336	8,629
	-,	,	.,		-,		,,	,,	,,	0,0-2
Public Safety										
E-911 calls	118,000	124,977	116,149	116,427	146,603	132,790	153,129	144,567	151,850	227,484
Building permits issued*										
Commercial	274	256	231	227	160	207	214	163	172	128
Residential	1,424	1,018	820	653	652	634	613	825	992	853
Physical Environment										
Landfill and Incinerator	237,825	238,506	248,820	237,663	223,550	217,027	213,402	237,779	266,930	251,260
Collections										
The second of the second										
Transportation	710 70	712.07	710.07	701 77	741.07	741.07	741.07	700 52	700 52	701.01
Roads miles maintained	712.72	712.07	712.87	731.77	741.07	741.07	741.07	728.53	728.53	721.31
Economic Environment										
Tourist Development Tax										
Registered Units** #	843	1.109	1,582	15,492	16,926	17,090	17,356	16,787	16,907	19,231
Human Services	015	1,109	1,502	10,172	10,720	1,000	1,,550	10,707	10,907	17,201
Baker Act admissions	348	372	455	466	547	483	574	470	376	430

* Permits include new construction, additions, renovations and alterations
**Beginning FY09, reporting calculated on number of units. Prior years were reported by registrant.
# Beginning FY15, Panama City CDC was established.

Sources: County finance office and individual county departments

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

Schedule 19

Function/Program	2006	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	2015
Public Safety Correction facility capacities Emergency responder facilities#	662 13	662 13	1,098 13	1,098 13	1,098 13	1,098 13	1,098 13	1,098 13	1,098 17	1,098 19
<b>Culture &amp; Recreation</b> Parks Park acreage Boat ramps	30 413 19	30 413 19	26 302 19	28 303 19	30 318 19	30 318 19	30 318 19	31 331.5 20	31 331.5 20	31 331.5 20
<b>Transportation</b> Road miles Bridges Traffic signals	712.72 53 18	712.07 53 17	712.87 53 16	731.77 53 18	741.07 53 16	741.07 53 16	741.07 53 16	728.53 51 16	728.58 51 17	721.31 51 17
<b>Physical Environment</b> Water mains (miles)	105	108	147	270	282	282	293	293	293	310

# 2014 and 2015 includes fire and EMS facilities

Sources: County finance office and individual county departments



Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

#### 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, 2015, and have issued our report thereon dated May 18, 2016.

#### 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, 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 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 May 18, 2016, 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.

The Honorable County Commissioners Bay County, Florida Page Two

#### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not 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**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Bay County for the fiscal year ended September 30, 2015, 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, 2015. 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.

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.

The Honorable County Commissioners Bay County, Florida Page Three

#### **Purpose of This Letter**

Our management letter is intended solely for the information and use of the Joint 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

#### 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*; Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*; and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*; during the year ended September 30, 2015. 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, 2015.

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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

### 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, 2015, 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 May 18, 2016.

#### **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.

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 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. 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 County Commissioners Bay County, Florida Page Two

#### **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*.

#### **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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

## 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, 2015. 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.

The Honorable County Commissioners Bay County, Florida Page Two

#### **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, 2015.

#### **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 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 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 requirement of a federal program or state project that is less severe than a material weakness in internal control over 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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Bay County, Florida Schedule of Findings and Questioned Costs Federal Awards and State Financial Assistance Year Ended September 30, 2015

Section I - Summary of Auditor's	s Results		
<u>Financial Statements</u>			
Type of auditor's report issued			Unmodified
Internal control over financial repo	orting:		
Material weaknesses identified?		Yes	_√_No
Significant deficiencies identifie material weaknesses?	Yes	$_{}$ None reported	
Noncompliance material to finar	Yes	No	
Federal Awards and State Finance			
Internal control over major progra	ms		,
Material weaknesses identified?		Yes	<u>√</u> No
Significant deficiencies identifie material weaknesses?	d not considered to be	Yes	None reported
Type of auditor's report issued on programs and state projects:	compliance for major federal		Unmodified
Any audit findings disclosed that a accordance with Circular A-133, S 10.557, Rules of the Auditor Gene	ection .510(a) or Section	Yes	_√_No
Identification of major federal prog	grams /state projects:		
CFDA Number	Name of Federal Programs		
	Federal Transit Cluster		
20.500	Federal Transit - Capital Inv		rants
20.507	Federal Transit - Formula G		
20.526	Federal Transit- Bus and Bu	s Facilities	Formula Program

Continued

Federal Emergency Management Administration

97.036

Bay County, Florida Schedule of Findings and Questioned Costs Federal Awards and State Financial Assistance (Continued) Year Ended September 30, 2015

<u>CSFA</u> Number	Name of State Project	<u>S</u>	
37.066	Water Protection and	Sustainability Progra	am
37.039	Statewide Surface Wa Projects	ter Restoration and	Wastewater
55.023	Adaptive Traffic Sign	al System Deployme	ent Project
55.026	Transportation Regior	al Incentive Program	n
eshold used to disti	nguish	Federal	State

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

## Section II - Financial Statement Findings

There were no findings.

# 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, 2015

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

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Federal/State Agency	CFDA	Contract/	
Pass-through Entity	CSFA	Grant	
Sederal Program/State Project	No.	No.	Expenditu
FEDERAL AWARDS			
J.S. Department of Housing and Urban Development			
Passed through Florida Department of Economic Opportunity			
Disaster Recovery Emergency Funds	14.228	12DB-P5-01-13-01-K-50	\$ 155,82
Total U.S. Department of Housing and Urban Development			155,82
J.S. Department of Justice			
Passed through Florida Department of Law Enforcement			
Crime Victim Assistance	16.575	V13004	29,5
Violence Against Women Formula	16.588	16-8045-VS-LE-INV	18,7
Violence Against Women Formula	16.588	15-8045-VS-LE-INV	56,25
Assistance Grant-Vehicle and Equipment	16.738	2015-DJ-BX-0256	23,09
Assistance Grant-Vehicle and Equipment	16.738	2014-DJ-BX-0256	26,20
Edward Byrne Memorial Justice Assistance Program	16.738	2015-JAGC-BAY-5-R3-147	8,00
Edward Byrne Memorial Justice Assistance Program	16.738	2015-JAGC-BAY-6-R3-062	31,00
Total U.S. Department of Justice			192,93
J.S. Department of Transportation			
Passed through Florida Department of Transportation			
Merritt Brown Sidewalk Design	20.205	ARL97	55,82
Frankford Avenue Sidewalk Project	20.205	ARC08	88,4
Frankford Avenue Sidewalk Project	20.205	ARU08	1
Jenks Ave Bike Lane	20.205	ART61	4,84
Joan Avenue Sidewalk	20.205	ARU07	81,02
Joan Avenue Sidewalk	20.205	ARC07	9,7
Magnolia/Delwood Beach Path Design	20.205	AQQ88	34,9
Star Avenue Sidewalk Design	20.205	AR957	20,3
Thomas Drive Sidewalk/Const Phase	20.205	AR925	1,398,32
Magnolia/Delwood Beach Path Project	20.205	ARR41	20,8
CR 389 Intersection Design	20.205	ARL98	32,40
Enhanced Mobility for Seniors	20.503	5310	61,2
Formula Grants for Rural Areas	20.509	ARN15	84,5
Transit Service Program Cluster			
Federal Transit Capital Investment	20.500	04-0078-00 FCL	1,013,7
Federal Transit Formula ARRA	20.507	96-X022-00 ARR	1,676,9
Federal Transit Formula	20.507	90-X744-01 530	39,3
Federal Transit Formula	20.507	90-X772-00 530	59,0
Federal Transit Formula	20.507	90-X796-01 530	253,6
Federal Transit Formula	20.507	90-X829-00 530	243,4
Federal Transit Formula	20.507	90-X823-00 JAR	349,1
Federal Transit Formula	20.507	FL-90-X868	848,9
Flex FHWA	20.507	FL-95-X096-00	129,5
Flex FHWA	20.507	2014-Flex-FHWA-X093	150,0
Section 5339	20.526	ARN51	942,8

Federal/State Agency Pass-through Entity	CFDA CSFA	Contract/	
Federal Program/State Project	No.	Grant No.	Expenditure
Federal Department of Health and Human Services			
Passed through Florida Department of State			
Voting Access for Individuals with Disabilities	93.617	MOA 2015-2015-0003	\$ 15,882
Passed through Florida Department of Revenue			
Child Support Enforcement	93.563	COC01	127,618
Total Federal Department of Health and Human Services			143,500
Federal Elections Assistance Commission			
Passed through Florida Department of State			
Federal Election Activities FY 2015	90.401	MOA 2014-2015-0001	18,500
Total Federal Elections Assistance Commission			18,500
U.S. Department of Homeland Security			
Passed through Florida Department of Emergency Management			
Disaster Grant-Public Assistance	97.036	15-SP-8Z-01-13-02-550	489,46
Disaster Grant-Public Assistance	97.036	14-FS-8Q-01-13-02-500/517	340,43
Hazard Mitigation Program	97.030	15FM-H9-01-13-01-197	18,50
FEMA	97.029	15FM-J2-01-13-01-178	141,56
Hazard Mitigation Program	97.029	13HM-3G-01-13-01-224	7,89
Hazard Mitigation Program	97.039	16HM-1F-01-13-01-200	7,89
Hazard Mitigation Program	97.039	14HM-1F-01-13-01-395	20,82
Hazard Mitigation Program	97.039	15HM-9J-01-13-01-429	189,48
Hazard Mitigation Program	97.039	15HM-9J-01-13-01-432	109,48
Hazard Mitigation Program	97.039		7
Hazard Mitigation Program	97.039	15HM-9J-01-13-01-433 15HM-9J-01-13-01-434	7
Hazard Mitigation Program	97.039	15HM-9J-01-13-01-434	7
	97.039	16-FG-5A-01-13-01-070	23,82
Emergency Management Performance Emergency Management Performance	97.042 97.042	15-FG-86-01-13-01-070	23,82 53,82
	97.042 97.044		· · · ·
Assistance to Firefighters Grant		EMW-2012-FO-03528	50,47
State Homeland Security Program	97.067 97.067	15-DS-P4-01-13-01-384 14-DS-L5-01-13-01- 469	6,24 24.10
State Homeland Security Program			24,10
State Homeland Security Program	97.067	14-DS-L5-01-13-01-468	12,64
State Homeland Security Program Total U.S. Department of Homeland Security	97.067	14-DS-L5-01-13-01-480	19,83

TOTAL EXPENDITURES OF FEDERAL AWARDS	
--------------------------------------	--

9,510,311 (Continued)

\$

Federal/State Agency	CFDA CSFA	Contract/ Grant	
Pass-through Entity Federal Program/State Project	No.	No.	Expenditures
	110.	110.	Expenditures
STATE OF FLORIDA			
Executive Office of the Governor			
Enterprise Florida, Inc.	31.003	DIG-10-07	\$ 25,993
Enterprise Florida, Inc.	40.014	DIG-15-03	14,890
Total Executive Office of the Governor			40,883
Division of Emergency Management			
Emergency Management Preparedness	31.063	16-BG-83-01-13-01-003	32,106
Hurricane Shelter Retrofit Project	31.068	13-SR-AA-01-13-01-342	36,208
Emergency Management Preparedness	31.063	15-BG-83-01-13-01-070	66,717
Total Division of Emergency Management	51.005	15 26 65 61 15 61 676	135,031
Department of Environmental Protection	27.002	110 4 1	27 100
Beach Management Funding Assistance	37.003	11BA1	37,180
Passed through Northwest Florida Water Management	25.020		6 f0 <b>0</b> 10
Statewide Surface Water Restoration and Wastewater Projects	37.039	14-017	669,248
Water Protection and Sustainability	37.066	14-055	3,898,731
Total Department of Environmental Protection			4,605,159
Department of Agriculture and Consumer Services			
Mosquito Control	42.003	21289	43,009
Total Department of Agriculture and Consumer Services			43,009
Department of State, Division of Library and Information Services			
State Aid to Libraries	45.030	14-ST-44	6,288
State Aid to Libraries	45.030	14-ST-45	5,853
State Aid to Libraries			
State Aid to Libraries	45.030	14-ST-46 14-ST-43	14,849 69,792
	45.030		· · · · ·
State Aid to Libraries State Aid to Libraries	45.030 45.030	15-ST-45 15-ST-43	46,560 264,953
State Aid to Libraries	45.030	13-ST-44	44,047
State Aid to Libraries Total Department of State, Division of Library and Information Services	45.030	15-ST-46	49,246 501,588
Total Department of State, Division of Library and Information Services			501,588
Department of Economic Opportunity			
Passed through Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	52.901		253,546
Total Department of Economic Opportunity			253,546
Department of Transportation			
State Highway Project Reimbursement	55.023	408412-6-58-01	451,251
Transportation Regional Incentive Program (Trip)	55.026	AR738	1,614,838
Transportation Regional Incentive Program (Trip)	55.026	ARJ82	580,348
Transportation Regional Incentive Program (Trip)	55.026	AR224	10,940
The Transportation Disadvantaged Trip & Equipment	55.001	PARA G0123	105,287
The Transportation Disadvantaged Trip & Equipment	55.001	ARF01	321,298
Medicaid Non-Emergency Transportation	55.001	PARA ARA68	76,542
Shirley Conroy Grant	55.001	ARP67	40,518
Public Transportation	55.010	AR085 BLOCK	482,758
Public Transportation	55.013	ARN12 CORRIDOR	180,000
Total Department of Transportation			3,863,780
			(Continued)

Federal/State Agency	CFDA CSFA	Contract/ Grant		
Pass-through Entity				
Federal Program/State Project	No.	No.	Ex	penditures
Department of Health				
Emergency Medical Services	64.005	C3003	\$	3,812
Total Department of Health				3,812

#### TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE

#### \$ 9,446,808

#### 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, 2015

#### SUPERVISOR OF ELECTIONS

Mark Andersen

## TAX COLLECTOR

Peggy Brannon

#### CLERK OF COURT AND COMPTROLLER

Bill Kinsaul

PROPERTY APPRAISER

Dan Sowell

<u>SHERIFF</u>

Frank McKeithen

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Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

#### 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, 2015, 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.

The Honorable Mark Andersen Bay County Supervisor of Elections Page Two

#### 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, 2015, 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 the financial position of Bay County as of September 30, 2015, 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 dated May 18, 2016 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, 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 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 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

Bay County Supervisor of Elections Special-Purpose Balance Sheet Governmental Fund September 30, 2015

Cash and cash equivalents Accounts receivable, net Prepaid items Total assets ABILITIES AND FUND BALANCE Liabilities Accounts payable and accrued liabilities Due to other governments Unearned revenue Total liabilities Fund balance Nonspendable Unassigned Total fund balance	Gen	eneral Fund	
ASSETS			
Cash and cash equivalents	\$	180,184	
Accounts receivable, net		3,485	
Prepaid items		3,492	
Total assets	\$	187,161	
Accounts payable and accrued liabilities	\$	86,500	
Due to other governments		90,777	
Unearned revenue		9,884	
Total liabilities		187,161	
Fund balance			
Nonspendable		3,492	
Unassigned		(3,492)	
		-	
Total liabilities and fund balance	\$	187,161	

Bay County Supervisor of Elections Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Fund Year Ended September 30, 2015

	General Fund
REVENUES	
Intergovernmental	\$ 34,382
Charges for services	4,781
Total revenues	39,163
EXPENDITURES	
Current	
General government	1,312,923
Capital outlay	
General government	3,993
Total expenditures	1,316,916
Excess (deficit) of revenues over (under) expenditures	(1,277,753)
OTHER FINANCING SOURCES (USES)	
Budget appropriations from Board	
of County Commissioners	1,368,483
Transfer out/return of excess fees	(90,730)
Total other financing sources	1,277,753
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

#### 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, 2015

						ariance with inal Budget-
	Budget	ed A	mounts			Positive
	Original	Final	Actual		(Negative)	
REVENUES						
Intergovernmental	\$	- 5	\$ 44,521	\$	34,382	\$ (10,139)
Charges for services		-	-		4,781	4,781
Total revenues		-	44,521		39,163	(5,358)
EXPENDITURES						
Current						
General government	1,361,483	3	1,382,004		1,312,923	69,081
Capital outlay						
General government	7,000	)	31,000		3,993	27,007
Total expenditures	1,368,483	3	1,413,004		1,316,916	96,088
Excess (deficit) of revenues over						
(under) expenditures	(1,368,483	3)	(1,368,483)	(	(1,277,753)	90,730
OTHER FINANCING SOURCES (USES)						
Budget appropriations from Board						
of County Commissioners	1,368,483	3	1,368,483		1,368,483	-
Transfer out/return of excess fees		-	-		(90,730)	(90,730)
Total other financing sources (uses)	1,368,483	3	1,368,483		1,277,753	(90,730)
Net change in fund balance		_	-		-	-
Fund balance - beginning		-	-		-	
Fund balance - ending	\$	- 3	\$ -	\$	-	\$ -

## 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.

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.

## 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. The nonspendable fund balance as of September 30, 2015, is \$3,492.

*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, 2015.

*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, 2015.

*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, 2015.

*Unassigned* – This category is the residual classification for the Supervisor of Elections fund balances. The unassigned fund balance as of September 30, 2015, is a deficit of \$3,492.

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.

*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.

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

*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 May 18, 2016, 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 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.

## **NOTE 3 – RETIREMENT PLANS (Continued)**

*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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 12.28% for October 1, 2014 through June 30, 2015 and 12.88% for July 1, 2015 through September 30, 2015, 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, 2015, 2014, and 2013 were \$74,411, \$66,916 and \$36,469, 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, 2015, were \$12,446.

#### **Defined Contribution Pension 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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 \$5,376 and \$2,195, respectively.

The obligations and disclosures required under GASB 68 are accounted for and disclosed in the County's financial statements.

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Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

#### 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, 2015, and have issued our report thereon dated May 18, 2016.

#### 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 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 May 18, 2016, 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 Joint 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

#### 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, 2015. 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, 2015.

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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

## 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, 2015, 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 May 18, 2016.

#### **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 report 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 Mark Andersen Bay County Supervisor of Elections Page Two

#### **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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

## 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, 2015, 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.

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

#### 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, 2015, 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 the financial position of Bay County as of September 30, 2015, 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 dated May 18, 2016 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, 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 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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

#### Bay County Clerk of Court and Comptrollei Special-Purpose Balance Sheet Governmental Funds September 30, 2015

		General Fund		Court	M	Records Modernization - Records		10% Fine Records Modernization		Records Modernization - Court		Family Mediation		Total overnmental Funds
ASSETS														
Cash and cash equivalents	\$	471,791	\$	386,370	\$	20,739	\$	536,381	\$	232,749	\$	13,904	\$	1,661,934
Investments		13,282		-		-		-		-		-		13,282
Accounts receivable, net		113,872		281,017		-		22,158		372,703		-		789,750
Prepaid items		41,675		-		-		20,587		26,745		-		89,007
Total assets	\$	640,620	\$	667,387	\$	20,739	\$	579,126	\$	632,197	\$	13,904	\$	2,553,973
LIABILITIES AND FUND BALA Liabilities	ANCE													
Accounts payable and accrued liabilities	¢	286.090	¢	222 528	\$		¢	570 126	¢	75.065	¢	1 425	¢	1 176 124
Unearned revenue	\$	286,090 9,308	\$	233,528	Э	-	\$	579,126	\$	75,965	\$	1,425	\$	1,176,134 9,308
		9,508 345,222		-		-		-		-		-		9,308 345,222
Due to other governments Total liabilities		640,620		233,528				579,126		75,965		1,425		1,530,664
		0.0,020		200,020				077,120		,0,,00		1,120		1,000,000
Fund balance														
Nonspendable		41,675		-		-		20,587		26,745		-		89,007
Restricted		-		433,859		20,739		-		529,487		12,479		996,564
Unassigned		(41,675)		-		-		(20,587)		-		-		(62,262)
Total fund balance		-		433,859		20,739		-		556,232		12,479		1,023,309
Total liabilities and fund balance	\$	640,620	\$	667,387	\$	20,739	\$	579,126	\$	632,197	\$	13,904	\$	2,553,973

#### Bay County Clerk of Court and Comptroller Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2015

	General Fund	Court	Records Modernization - Records	10% Fine Records Modernization	Records Modernization - Court	Family Mediation	Total Governmental Funds
REVENUES							
Intergovernmental revenue	\$ 127,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127.618
Charges for services	1,432,383	3,969,839	109,387	293,569	323,827	18,500	6,147,505
Miscellaneous	23,985	-	-	-	-	-	23,985
Total revenues	1,583,986	3,969,839	109,387	293,569	323,827	18,500	6,299,108
EXPENDITURES							
Current							
General government	2,623,957	3,990,673	133,564	672,050	44,625	16,774	7,481,643
Capital outlay							
General government	19,541	3,008	200,669	83,853	-	-	307,071
Total expenditures	2,643,498	3,993,681	334,233	755,903	44,625	16,774	7,788,714
Excess (deficit) of revenues							
over (under) expenditures	(1,059,512)	(23,842)	(224,846)	(462,334)	279,202	1,726	(1,489,606)
OTHER FINANCING SOURCES (USES)							
Budget appropriations from Board of							
County Commissioners	1,214,143	-	-	-	-	-	1,214,143
Transfer out/return of excess fees	(154,631)	-	-	-	-	-	(154,631)
Total other financing sources	1,059,512	-	-	-	-	-	1,059,512
Net change in fund balance	-	(23,842)	(224,846)	(462,334)	279,202	1,726	(430,094)
Fund balance - beginning		457,701	245,585	462,334	277,030	10,753	1,453,403
Fund balance - ending	\$ -	\$ 433,859	\$ 20,739	\$ -	\$ 556,232	\$ 12,479	\$ 1,023,309

accrued liabilities

#### 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, 2015

		Budgeted	1 1	ounto				riance with al Budget -
		Original	I AII	Final		Actual		ve (Negative)
REVENUES								
Intergovernmental revenue	\$	158,000	\$	127,618	\$	127,618	\$	-
Charges for services	Ŧ	1,505,055	Ŧ	1,622,976	+	1,432,383	Ŧ	(190,593)
Miscellaneous		15,770		23,958		23,985		27
Total revenues		1,678,825		1,774,552		1,583,986		(190,566)
EXPENDITURES								
Current								
General government		2,875,968		2,981,740		2,623,957		357,783
Capital outlay								
General government		17,000		6,955		19,541		(12,586)
Total expenditures		2,892,968		2,988,695		2,643,498		345,197
Excess (deficit) of revenues								
over (under) expenditures		(1,214,143)		(1,214,143)		(1,059,512)		154,631
OTHER FINANCING SOURCES (USES)								
Budget appropriations from Board of								
County Commissioners		1,214,143		1,214,143		1,214,143		-
Transfer out/return of excess fees		-		-		(154,631)		(154,631)
Total other financing sources (uses)		1,214,143		1,214,143		1,059,512		(154,631)
Net change in fund balance		-		-		-		-
Fund balance - beginning		-		-		-		-
Fund balance - ending	\$	_	\$	-	\$	-	\$	-

#### 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, 2015

				Variance with
	<u>Q</u>	l Amounts	-	Final Budget -
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b> Charges for services	\$ 3,571,870	\$ 3,969,832	\$ 3,969,839	\$ 7
Total revenues	3,571,870	3,969,832	3,969,839	7
EXPENDITURES				
Current				
General government	3,568,862	3,966,824	3,990,673	(23,849)
Capital outlay				
General government	3,008	3,008	3,008	-
Total expenditures	3,571,870	3,969,832	3,993,681	(23,849)
Net change in fund balance	-	-	(23,842)	(23,842)
Fund balance - beginning	457,701	457,701	457,701	-
Fund balance - ending	\$ 457,701	\$ 457,701	\$ 433,859	\$ (23,842)

Bay County Clerk of Court and Comptroller Special-Purpose Statement of Fiduciary Net Position Agency Funds September 30, 2015

ASSETS	
Cash and cash equivalents	\$ 9,200,888
Accounts receivable, net	1,133
Total assets	\$ 9,202,021
LIABILITIES	
Accounts payable and accrued liabilities	\$ 4,869,643
Due to other governments	4,332,378
Total liabilities	\$ 9,202,021

## 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 Clerk of Florida (CCOC) and any unexpended appropriations are remitted to the CCOC 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 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.

*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

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

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, 2015, is \$89,007.

*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, 2015, is \$996,564.

*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, 2015.

*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, 2015.

*Unassigned* – This category is the residual classification for the Clerk's fund balances. The unassigned fund balance as of September 30, 2015, is a deficit of \$62,262.

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.

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

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 May 18, 2016, 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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

*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, 2015 was 29 days or .97 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, 2014 through September 30, 2015.

*Concentration of Credit Risk* – At September 30, 2015, the Clerk did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2015, the Clerk's investments consisted of the following:

Investment Type	Carrying Amount		ir Value	Weighted Average Maturity (months)	Credit Rating (if applicable)
Florida PRIME	\$ 13,282	\$	13,282	.97	AAAm
Total investments	\$ 13,282	\$	13,282		

## NOTE 3 – ACCOUNTS RECEIVABLE, NET

At September 30, 2015, accounts receivable, net is summarized as follows:

	Gove	rnmental Funds	Ag	gency Funds	Total Accounts Receivable
Accounts receivable	\$	789,750	\$	1,133	\$ 790,883
Less: allowance for doubtful accounts		-		-	-
Accounts receivable, net	\$	789,750	\$	1,133	\$ 790,883

The Clerk considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2015.

## 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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 12.28% for October 1, 2014 through June 30, 2015 and 12.88% for July 1, 2015 through September 30, 2015, 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, 2015, 2014, and 2013 were \$395,464, \$353,306, and \$226,119, 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, 2015, were \$106,432.

## **Defined Contribution Pension 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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 \$33,455 and \$13,665, respectively.

The obligations and disclosures required under GASB 68 are accounted for and disclosed in the County's financial statements.

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## AGENCY FUNDS

	Se	Balance September 30,				Se	Balance ptember 30,	
		2014		Additions		Deductions		2015
FINES AND FORFEITURES ASSETS								
Cash and cash equivalents Accounts receivable, net	\$	2,207,242	\$	30,426,113 920	\$	29,051,240	\$	3,582,115 920
Total assets	\$	2,207,242	\$	30,427,033	\$	29,051,240	\$	3,583,035
LIABILITIES								
Due to other governments	\$	2,207,242	\$	30,427,033	\$	29,051,240	\$	3,583,035
Total liabilities	\$	2,207,242	\$	30,427,033	\$	29,051,240	\$	3,583,035
JURY AND WITNESS ASSETS								
Cash and cash equivalents Accounts receivable, net	\$	25,323	\$	31,097 213	\$	22,660	\$	33,760 213
Total assets	\$	25,323	\$	31,310	\$	22,660	\$	33,973
	,	- 1		- ,		,		)
LIABILITIES								
Due to other governments	\$	25,323	\$	31,310	\$	22,660	\$	33,973
Total liabilities	\$	25,323	\$	31,310	\$	22,660	\$	33,973
TAX DEED								
ASSETS								
Cash and cash equivalents	\$	574,509	\$	485,166	\$	724,454	\$	335,221
Total assets	\$	574,509	\$	485,166	\$	724,454	\$	335,221
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	574,509	\$	485,166	\$	724,454	\$	335,221
Total liabilities	\$	574,509	\$	485,166	\$	724,454	\$	335,221
SUPPORT								
ASSETS								
Cash and cash equivalents	\$	22,854	\$	786,117	\$	785,323	\$	23,648
Total assets	\$	22,854	\$	786,117	\$	785,323	\$	23,648
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	22,854	\$	786,117	\$	785,323	\$	23,648
Total liabilities	\$	22,854	\$	786,117	\$	785,323	\$	23,648
								Continued

#### Bay County Clerk of Court and Comptroller Combining Statement of Changes in Assets and Liabilities Agency Funds (Continued) Year Ended September 30, 2015

	Balance September 30, 2014 Additions		Additions		Deductions	Balance September 30, 2015		
COURT REGISTRY ASSETS								
Cash and cash equivalents	\$	1,411,649	\$	35,251,827	\$	32,158,943	\$	4,504,533
Total assets	\$	1,411,649	\$	35,251,827	\$	32,158,943	\$	4,504,533
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	1,411,649	\$	35,251,827	\$	32,158,943	\$	4,504,533
Total liabilities	\$	1,411,649	\$	35,251,827	\$	32,158,943	\$	4,504,533
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CASH BOND ASSETS								
Cash and cash equivalents	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
Total assets	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
LIABILITIES	<b>.</b>		<b>•</b>	1 10 1 00 0	<b>_</b>		<i>•</i>	
Due to other governments	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
Total liabilities	\$	559,834	\$	1,104,083	\$	948,547	\$	715,370
RESTITUTION								
ASSETS								
Cash and cash equivalents	\$	5,001	\$	172,261	\$	171,021	\$	6,241
Total assets	\$	5,001	\$	172,261	\$	171,021	\$	6,241
LIABILITIES								
Accounts payable and	¢	5 001	¢	170.061	¢	171 001	¢	C 241
accrued liabilities Total liabilities	\$ \$	5,001 5,001	\$ \$	172,261	\$ \$	171,021	<u>\$</u> \$	6,241
	\$	3,001	\$	172,261	\$	171,021	\$	6,241
TOTAL - AGENCY FUNDS								
ASSETS								
Cash and cash equivalents	\$	4,806,412	\$	68,256,664	\$	63,862,188	\$	9,200,888
Accounts receivable, net		-		1,133		-		1,133
Total assets	\$	4,806,412	\$	68,257,797	\$	63,862,188	\$	9,202,021
LIABILITIES								
Accounts payable and								
accrued liabilities	\$	2,014,013	\$	36,695,371	\$	33,839,741	\$	4,869,643
Due to other governments	4	2,792,399	4	31,562,426	4	30,022,447	+	4,332,378
Total liabilities	\$	4,806,412		68,257,797		· · · · <b>· · · · · · · · · · · ·</b>		,,

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Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

#### 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, 2015, and have issued our report thereon dated May 18, 2016.

#### 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 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 May 18, 2016, 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 Joint 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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### 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*; Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support, Payments; Fees;* Sections 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation;* and 28.36, Florida Statutes, *Budget Procedure*; during the year ended September 30, 2015. 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, 2015.

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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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# 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, 2015, 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 May 18, 2016.

## **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 report 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 Bill Kinsaul Bay County Clerk of Court and Comptroller Page Two

## **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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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## 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, 2015, 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.

The Honorable Dan Sowell Bay County Property Appraiser Page Two

## 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, 2015, 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 the financial position of Bay County as of September 30, 2015, 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 dated May 18, 2016 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, 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 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 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 or on compliance.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

Bay County Property Appraiser Special-Purpose Balance Sheet Governmental Fund September 30, 2015

	Ger	neral Fund
ASSETS		
Cash and cash equivalents	\$	137,208
Accounts receivable, net		12,139
Total assets	\$	149,347
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	\$	98,508
Due to other governments		50,839
Total liabilities		149,347
Fund balance		-
Total liabilities and fund balance	\$	149,347

Bay County Property Appraiser Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Fund Year Ended September 30, 2015

	General	Fund
REVENUES		
Charges for services	\$	35,392
Investment earnings		271
Total revenues		35,663
EXPENDITURES		
Current		
General government	2,8	58,703
Capital outlay		
General government		9,750
Debt service		
Principal retirement		3,063
Interest and fiscal charges		648
Total expenditures	2,8	72,164
Excess (deficit) of revenues over (under) expenditures	(2,8	36,501)
OTHER FINANCING SOURCES (USES)		
Budget appropriations from Board		
of County Commissioners	2,8	86,724
Transfer out/return of excess fees	(	50,223)
Total other financing sources	2,8	36,501
Net change in fund balance		-
Fund balance - beginning		-
Fund balance - ending	\$	-

#### Bay County Property Appraiser Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund Year Ended September 30, 2015

								riance with al Budget -
		Budgeted	An	nounts			]	Positive
	C	riginal		Final		Actual	1)	Negative)
REVENUES								
Charges for services	\$	34,416	\$	35,042	\$	35,392	\$	350
Investment earnings		-		-		271		271
Total revenues		34,416		35,042		35,663		621
EXPENDITURES								
Current								
General government	2	,825,468		2,908,386	,	2,858,703		49,683
Capital outlay								
General government		9,669		9,669		9,750		(81)
Debt service								
Principal retirement		3,063		3,063		3,063		-
Interest and fiscal charges		648		648		648		-
Total expenditures	2	,838,848		2,921,766	,	2,872,164		49,602
Excess (deficit) of revenues over (under) expenditures	(2	,804,432)		(2,886,724)	(.	2,836,501)		50,223
<b>OTHER FINANCING SOURCES (USES)</b>								
Budget appropriations from Board								
of County Commissioners	2	,804,432		2,886,724		2,886,724		-
Transfer out/return of excess fees		-		-		(50,223)		(50,223)
Total other financing sources (uses)	2	,804,432		2,886,724	,	2,836,501		(50,223)
Net change in fund balance		-		-		-		-
Fund balance - beginning		-		-		-		
Fund balance - ending	\$	-	\$	_	\$	_	\$	

## 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, 2015.

*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, 2015.

*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, 2015.

*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, 2015.

*Unassigned* – This category is the residual classification for the Property Appraiser's fund balances. There are no unassigned funds as of September 30, 2015.

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 May 18, 2016, 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, 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, 2015:

	Se	Balance ptember 30,						Balance tember 30,
		2014	Ad	lditions	De	ductions	-	2015
Capital Leases Payable	\$	14,712	\$	-	\$	3,063	\$	11,649

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

## **NOTE 3 – LONG-TERM LIABILITIES (Continued)**

Bay 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 \$20,581. The accumulated depreciation of these assets is \$4,459. Total principal maturities are as follows:

Year Ending September 30,	
2016	\$ 3,211
2017	3,211
2018	3,211
2019	3,211
Total	12,844
Less interest	(1,195)
Total	\$ 11,649

## 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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 12.28% for October 1, 2014 through June 30, 2015 and 12.88% for July 1, 2015 through September 30, 2015, 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, 2015, 2014, and 2013 were \$223,344, \$212,536 and \$125,084, 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, 2015, were \$37,361.

## **Defined Contribution Pension 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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 \$7,529 and \$3,078, respectively.

The obligations and disclosures required under GASB 68 are accounted for and disclosed in the County's financial statements.



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## 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, 2015, and have issued our report thereon dated May 18, 2016.

### 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 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 May 18, 2016, 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 Joint 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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### 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, 2015. 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, 2015.

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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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# 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, 2015, 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 May 18, 2016.

## **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 report 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 Dan Sowell Bay County Property Appraiser Page Two

### **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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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# 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, 2015, 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, 2015, 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 the financial position of Bay County as of September 30, 2015, 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 dated May 18, 2016 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, 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 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 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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

Bay County Tax Collector Special-Purpose Balance Sheet Governmental Fund September 30, 2015

	Ge	eneral Fund
ASSETS		
Cash and cash equivalents	\$	2,263,147
Investments		46
Due from other governments		31,325
Total assets	\$	2,294,518
LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued liabilities	\$	24,442
Accrued liabilities Due to other governments	\$	24,442 2,270,076
	\$	
Due to other governments	\$	2,270,076

Bay County Tax Collector Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Fund Year Ended September 30, 2015

	General Fund
REVENUES	
Charges for services	\$ 1,753,091
Total revenues	1,753,091
EXPENDITURES	
Current	
General government	2,963,298
Capital outlay	
General government	3,283
Total expenditures	2,966,581
Excess (deficit) of revenues over (under) expenditures OTHER FINANCING SOURCES (USES)	(1,213,490)
Budget appropriations from Board	
of County Commissioners	3,487,008
Transfer out/return of excess fees	(2,273,518)
Total other financing sources (uses)	1,213,490
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

### Bay County Tax Collector Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund Year Ended September 30, 2015

	Budgatad	Amounts		ariance with nal Budget -
	Original	Final	Actual	tive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,753,091	\$ 1,753,091
Total revenues	-	-	1,753,091	1,753,091
EXPENDITURES				
Current				
General government	3,109,964	3,109,964	2,963,298	146,666
Capital outlay				
General government	-	-	3,283	(3,283)
Total expenditures	3,109,964	3,109,964	2,966,581	143,383
Excess (deficit) of revenues over (under) expenditures	(3,109,964)	(3,109,964)	(1,213,490)	1,896,474
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board				
of County Commissioners	3,109,964	3,109,964	3,487,008	377,044
Transfer out/return of excess fees	-	-	(2,273,518)	(2,273,518)
Total other financing sources (uses)	3,109,964	3,109,964	1,213,490	(1,896,474)
Net change in fund balance	-	-	-	-
Fund balance - beginning		-	_	-
Fund balance - ending	\$-	\$-	\$ -	\$ -

Bay County Tax Collector Special-Purpose Statement of Fiduciary Net Position Agency Funds September 30, 2015

ASSETS Cash and cash equivalents Investments Accounts receivable, net	\$ 2,110,125 39,164 53,197
Total assets	\$ 2,202,486
LIABILITIES Due to other governments	\$ 2,202,486
Total liabilities	\$ 2,202,486

## 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, 2015.

*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, 2015.

*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, 2015.

*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, 2015.

*Unassigned* – This category is the residual classification for the Tax Collector's fund balances. There are no unassigned funds as of September 30, 2015.

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 May 18, 2016, 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.

*Investment Policies* – Florida Statutes, Section 218.415, authorizes the Bay County Tax Collector to invest surplus funds in the following:

## NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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."

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.

*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, 2015, was 29 days or .97 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, 2014 through September 30, 2015.

*Concentration of Credit Risk* – At September 30, 2015, the Bay County Tax Collector did not hold any investments that were considered to be a concentration of credit risk.

## NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

At September 30, 2015, 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)	\$ 39,299	\$ 39,299	.97	AAAm
Total investments	\$ 39,299	\$ 39,299	.)1	

## NOTE 3 - ACCOUNTS RECEIVABLE, NET

At September 30, 2015, the agency funds' accounts receivable, net are summarized as follows:

Total accounts receivable	\$ 53,197
Less: allowance for doubtful accounts	-
Accounts receivable, net	\$ 53,197

The Bay County Tax Collector considers all amounts collectible; therefore, there is no provision for doubtful accounts at September 30, 2015.

### **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

## **NOTE 5 – RETIREMENT PLANS (Continued)**

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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 12.28% for October 1, 2014 through June 30, 2015 and 12.88% for July 1, 2015 through September 30, 2015, 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, 2015, 2014, and 2013 were \$133,976, \$124,859, and \$89,674, 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, 2015, were \$35,495.

### **Defined Contribution Pension 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, 2014 through June 30, 2015, were 7.37%, 21.14%, and 43.24% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, and 42.27% 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 \$12,191 and \$4,986, respectively.

The obligations and disclosures required under GASB 68 are accounted for and disclosed in the County's financial statements.

# AGENCY FUNDS

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	Balance September 30, 2014		Additions		Deductions		Balance September 30, 2015	
PROPERTY TAX FUND								
ASSETS								
Cash and cash equivalents	\$	1,775,379	\$	208,510,948	\$	208,196,093	\$	2,090,234
Investments		22,938		16,226		-		39,164
Accounts receivable, net		2,997		-		2,997		-
Total assets	\$	1,801,314	\$	208,527,174	\$	208,199,090	\$	2,129,398
LIABILITIES								
Due to other governments	\$	1,801,314	\$	208,527,174	\$	208,199,090	\$	2,129,398
Total liabilities	\$	1,801,314	\$	208,527,174	\$	208,199,090	\$	2,129,398
TAG FUND								
ASSETS	<b>.</b>		*		<b>~</b>			
Cash and cash equivalents	\$	17,669	\$	24,142,694	\$	24,140,472	\$	19,891
Accounts receivable, net	<b></b>	25,529	<i>•</i>	27,668	<i>•</i>	-	<b></b>	53,197
Total assets	\$	43,198	\$	24,170,362	\$	24,140,472	\$	73,088
LIABILITIES								
Due to other governments	\$	43,198	\$	24,170,362	\$	24,140,472	\$	73,088
Total liabilities	\$	43,198	\$	24,170,362	\$	24,140,472	\$	73,088
TOTAL-ALL AGENCY FUNDS								
ASSETS								
Cash and cash equivalents	\$	1,793,048	\$	232,653,642	\$	232,336,565	\$	2,110,125
Investments	Ŧ	22,938	Ŧ	16,226	Ŧ		+	39,164
Accounts receivable, net		28,526		27,668		2,997		53,197
Total assets	\$	1,844,512	\$	232,697,536	\$	232,339,562	\$	2,202,486
LIABILITIES								
Due to other governments	\$	1,844,512	\$	232,697,536	\$	232,339,562	\$	2,202,486
Total liabilities	<del>ه</del> \$	1,844,512	<del>ه</del> \$	232,697,536	<u>ې</u> \$	232,339,562	<u>ې</u> \$	2,202,480
	Ψ	1,077,012	ψ	252,071,550	ψ	232,337,302	Ψ	2,202,700

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#### 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, 2015, and have issued our report thereon dated May 18, 2016.

#### 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 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 May 18, 2016, 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 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.

The Honorable Peggy Brannon Bay County Tax Collector 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 Joint 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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#### 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, 2015. 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, 2015.

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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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## 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, 2015, 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 May 18, 2016.

## **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.

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 out 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 Peggy Brannon Bay County Tax Collector Page Two

#### **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*.

#### **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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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#### 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, 2015, 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.

The Honorable Frank McKeithen Bay County Sheriff Page Two

## 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, 2015, 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 the financial position of Bay County as of September 30, 2015, 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 dated May 18, 2016 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, 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 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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

	General Fund	Inmate Welfare	Law Enforcement Training	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 114,772	\$ 176,951	\$ 145,903	\$ 176,305	\$ 613,931
Accounts receivable, net	53,051	34,914	-	-	87,965
Total assets	\$ 167,823	\$ 211,865	\$ 145,903	\$ 176,305	\$ 701,896
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable and					
accrued liabilities	\$ 157,825	\$ -	\$ -	\$ -	\$ 157,825
Due to other governments	9,998	-	-	-	9,998
Total liabilities	167,823	-	-	-	167,823
Fund balance					
Restricted	-	211,865	145,903	176,305	534,073
Total liabilities and fund balance	\$ 167,823	\$ 211,865	\$ 145,903	\$ 176,305	\$ 701,896

#### Bay County Sheriff Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2015

	Gen Fu		Inmate Welfare	Law forcement Fraining	Go	Other vernmental Funds	Go	Total overnmental Funds
REVENUES								
Intergovernmental revenue	\$ 2,79	92,959	\$ -	\$ 155,559	\$	313,821	\$	3,262,339
Investment earnings		2,758	-	-		73		2,831
Charges for services		-	681,067	-		-		681,067
Total revenues	2,79	95,717	681,067	155,559		313,894		3,946,237
EXPENDITURES								
Current								
Public safety	36,13	32,396	711,647	155,452		323,046		37,372,541
Capital outlay								
Public safety	1,74	40,007	72,012	-		102,404		1,914,423
Debt service								
Principal retirement	23	37,325	-	-		-		287,325
Interest and fiscal charges		8,457	-	-		-		8,457
Total expenditures	38,2	18,185	783,659	155,452		425,450		39,582,746
Excess (deficit) of revenues								
over (under) expenditures	(35,42	22,468)	(102,592)	107		(111,556)	(	35,636,509)
OTHER FINANCING								
SOURCES (USES)								
Budget appropriations from								
Board of County Commissioners	34,60	04,234	-	-		-		34,604,234
Debt issuance		28,232	-	-		-		828,232
Transfer out/return of excess fees		(9,998)	-	-		-		(9,998)
Total other financing sources	35,42	22,468	-	-		-		35,422,468
Net change in fund balance		-	(102,592)	107		(111,556)		(214,041)
Fund balance - beginning		-	314,457	145,796		287,861		748,114
Fund balance - ending	\$	-	\$ 211,865	\$ 145,903	\$	176,305	\$	534,073

Bay County Sheriff Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund Year Ended September 30, 2015

						Variance with Final Budget-
		Budgeted	l A			Positive
		Original		Final	Actual	(Negative)
REVENUES						
Intergovernmental revenue	\$	2,266,008	\$	5 2,431,330	\$ 2,792,959	\$ 361,629
Investment earnings		-		-	2,758	2,758
Total revenues		2,266,008		2,431,330	2,795,717	364,387
EXPENDITURES						
Current						
Public safety		34,834,453		34,999,775	36,182,396	(1,182,621)
Capital outlay		, ,		, ,	, ,	
Public safety		1,740,007		1,740,007	1,740,007	-
Debt service						
Principal retirement		287,325		287,325	287,325	-
Interest and fiscal charges		8,457		8,457	8,457	-
Total expenditures		36,870,242		37,035,564	38,218,185	(1,182,621)
Excess (deficit) of revenues						
over (under) expenditures	(	(34,604,234)		(34,604,234)	(35,422,468)	(818,234)
OTHER FINANCING SOURCES (USES)						
Budget appropriations from Board of						
County Commissioners		34,604,234		34,604,234	34,604,234	-
Debt issuance		-		-	828,232	828,232
Transfer out/return of excess fees		-		-	(9,998)	(9,998)
Total other financing sources		34,604,234		34,604,234	35,422,468	818,234
Net change in fund balance		-		-	-	-
Fund balance - beginning		_		-	-	
Fund balance - ending	\$	-	\$	-	\$ _	\$ 

Bay County Sheriff Special-Purpose Statement of Fiduciary Net Position Agency Funds September 30, 2015

ASSETS Cash and cash equivalents	\$ 188,617
Total assets	\$ 188,617
LIABILITIES	
Accounts payable	\$ 33,198
Due to others	135,091
Total liabilities	\$ 188,617

## 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 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, 2015.

*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, 2015, is \$534,073.

*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, 2015.

*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, 2015.

*Unassigned* – This category is the residual classification for the Sheriff's fund balances. There are no unassigned funds as of September 30, 2015.

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

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

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.

*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.

*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 May 18, 2016, 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

	General Fund	Inma	te Welfare Fund	Total
Total accounts receivable	\$ 53,051	\$	34,914	\$ 87,965
Less: allowance for doubtful				
accounts	-		-	-
Accounts receivable, net	\$ 53,051	\$	34,914	\$ 87,965

At September 30, 2015, accounts receivable, net is summarized as follows:

The Sheriff considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2015.

#### NOTE 4 – CAPITAL ASSETS

Changes in the capital assets accounted for and maintained by the Sheriff for the year ended September 30, 2015, are summarized as follows:

	Se	Balance eptember 30, 2014	Transfer	Increases	Decreases	Balance September 30, 2015
Vehicles, furniture and equipment	\$	15,594,480	\$ 59,395	\$ 1,274,115	\$ (342,272) \$	16,585,718
Property held under capital leases		59,395	(59,395)	828,232		828,232
Total		15,653,875	-	2,102,347	(342,272)	17,413,950
Less accumulated depreciation		(12,511,470)	-	(988,291)	309,641	(13,190,120)
Total	\$	3,142,405	\$ -	\$ 1,114,056	\$ (32,631) \$	4,223,830

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, 2015:

	Balance September 30, 2014		1	Additions	Ι	Deductions	Balance September 30, 2015			
Capital leases payable	\$	13,917	\$	828,232	\$	(287,325)	\$	554,824		
Compensated absences		1,658,805		45,572		-		1,704,377		
Total	\$	1,672,722	\$	873,804	\$	(287,325)	\$	2,259,201		

The Sheriff's long-term liabilities are accounted for in the County's long-term liabilities.

The total cost of vehicles and equipment purchased under lease purchases is \$838,232. The accumulated depreciation of these assets is \$63,786. Future minimum lease payments at September 30, 2015, are summarized as follows:

Year Ending September 30,	
2016	\$ 281,622
2017	281,622
Total	563,244
Less interest	(8,419)
Total	\$ 554,825

## 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, 2014 through June 30, 2015, were 7.37%, 21.14%, 19.82%, and 43.24% for regular employees, senior management, special risk, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, 22.04%, and 42.27% for regular employees, senior management, special risk, and elected county officials, respectively.

## **NOTE 6 – RETIREMENT PLANS (Continued)**

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 12.28% for October 1, 2014 through June 30, 2015, and 12.88% for July 1, 2015 through September 30, 2015, 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, 2015, 2014, and 2013 were \$3,055,193, \$2,921,552, and \$2,284,780, 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, 2015, were \$511,067.

## **Defined Contribution Pension 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, 2014 through June 30, 2015, were 7.37%, 21.14%, 19.82% and 43.24% for regular employees, senior management, special risk, and elected county officials, respectively. Rates effective for July 1, 2015 through September 30, 2015, were 7.26%, 21.43%, 22.04%, and 42.27% for regular employees, senior management, special risk, and elected county officials, respectively. Employee contributions of 3% were required for all participants. Required employer and employee contributions made to the plan totaled \$331,111 and \$80,264, respectively.

The obligations and disclosures required under GASB 68 are accounted for and disclosed in the County's financial statements.

# NONMAJOR GOVERNMENTAL FUNDS

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	 pecial tribution	Law	Special Enforcement	Federal Seizure Account	Seizure Trust	Crime revention	Total
ASSETS							
Cash and cash equivalents	\$ 9,803	\$	43,579	\$ 30,937	\$ 52,678	\$ 39,308	\$ 176,305
Total assets	\$ 9,803	\$	43,579	\$ 30,937	\$ 52,678	\$ 39,308	\$ 176,305
LIABILITIES AND FUND BALANCE							
Liabilities	\$ -	\$	-	\$ -	\$ -	\$ -	\$ -
Fund balance							
Restricted	9,803		43,579	30,937	52,678	39,308	176,305
Total liabilities and fund balance	\$ 9,803	\$	43,579	\$ 30,937	\$ 52,678	\$ 39,308	\$ 176,305

Bay County Sheriff Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2015

	pecial atribution	Law	Special Enforcement	Federal Seizure Account		Seizure Trust	P	Crime revention	Total
REVENUES									
Intergovernmental	\$ 1,676	\$	118,923	\$ 27,501	\$	56,721	\$	109,000	\$ 313,821
Investment earnings	-	·	-	17	·	-		56	73
Total revenues	1,676		118,923	27,518		56,721		109,056	313,894
EXPENDITURES									
Current Public safety	2,657		132,904	28,663		19,088		139,734	323,046
Capital outlay									
Public safety	-		58,636	7,428		640		35,700	102,404
Total expenditures	2,657		191,540	36,091		19,728		175,434	425,450
Excess (deficit) of revenues									
over (under) expenditures	(981)		(72,617)	(8,573)		36,993		(66,378)	(111,556)
Fund balance - beginning	10,784		116,196	39,510		15,685		105,686	287,861
Fund balance - ending	\$ 9,803	\$	43,579	\$ 30,937	\$	52,678	\$	39,308	\$ 176,305

# AGENCY FUNDS

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Bay County Sheriff Combining Statement of Changes in Assets and Liabilities Agency Funds Year Ended September 30, 2015

$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$			Balance otember 30, 2014		Additions	D	eductions		Balance tember 30, 2015
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	OTHER SUSPENSE								
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	ASSETS								
LIABILITIES           Due to other governments         \$ 300         \$ 55,111         \$ 55,411         \$           Total liabilities         \$ 300         \$ 55,111         \$ 55,411         \$           INDIVIDUAL DEPOSITORS         ASSETS         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$         \$	Cash and cash equivalents		300	\$	55,111		55,411	\$	-
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	Total assets	\$	300	\$	55,111	\$	55,411	\$	-
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	LIABILITIES								
INDIVIDUAL DEPOSITORS           ASSETS           Cash and cash equivalents         \$         78,622         \$         132,146         \$         177,570         \$         33,15           Total assets         \$         78,622         \$         132,146         \$         177,570         \$         33,15           LIABILITIES           Accounts payable         \$         78,622         \$         132,146         \$         177,570         \$         33,15           Total liabilities         \$         78,622         \$         132,146         \$         177,570         \$         33,15           FORFEITURE           Assets         \$         63,917         \$         126,852         \$         55,678         \$         135,05           Due to others         \$         63,917         \$         126,852         \$         55,678         \$         135,05           Total liabilities         \$         63,917         \$         126,852         \$         55,678         \$         135,05           Total liabilities         \$         -         \$         214,759         \$	Due to other governments		300	\$	55,111	\$	55,411	\$	-
ASSETS         Cash and cash equivalents         \$         78,622         \$         132,146         \$         177,570         \$         33,15           Total assets         \$         78,622         \$         132,146         \$         177,570         \$         33,15           LABRLITTES         Accounts payable         \$         78,622         \$         132,146         \$         177,570         \$         33,15           FORFEITURE         \$         78,622         \$         132,146         \$         177,570         \$         33,15           FORFEITURE         \$         78,622         \$         132,146         \$         177,570         \$         33,15           FORFEITURE         \$         78,622         \$         132,146         \$         177,570         \$         33,16           FORFEITURE         \$         5         5,5,678         \$         135,09         \$         135,09           Total assets         \$         63,917         \$         126,852         \$         55,678         \$         135,09           Total iabilities         \$         63,917         \$         126,852         \$         5,678         \$         135,09      <	Total liabilities	\$	300	\$	55,111	\$	55,411	\$	-
$\begin{array}{c c} Cash and cash equivalents $ 78,622 $ 132,146 $ 177,570 $ 33,19 \\ \hline Total assets $ 78,622 $ 132,146 $ 177,570 $ 33,19 \\ \hline Total assets $ 78,622 $ 132,146 $ 177,570 $ 33,19 \\ \hline Total liabilities $ 78,622 $ 132,146 $ 177,570 $ 33,19 \\ \hline Total liabilities $ 78,622 $ 132,146 $ 177,570 $ 33,19 \\ \hline Total liabilities $ 78,622 $ 132,146 $ 177,570 $ 33,19 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total assets $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total liabilities $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total liabilities $ $ 63,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total Assets $ $ 03,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total Assets $ $ 03,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total Assets $ $ 03,917 $ 126,852 $ 55,678 $ 135,09 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Assets $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline Total Asset $ $ - $ 214,759 $ 194,431 $ 20,32 \\ \hline $									
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$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$			78,622	\$	,				33,198
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	LIABILITIES								
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ASSETS         Cash and cash equivalents       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,05$ Total assets       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,05$ LIABILITIES         Due to others       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ Total liabilities       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ SHERIFF'S FEES         ASSETS         Cash and cash equivalents       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ LIABILITIES         Due to other governments       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$			,						33,198
ASSETS         Cash and cash equivalents       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,05$ Total assets       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,05$ LIABILITIES         Due to others       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ Total liabilities       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ SHERIFF'S FEES         ASSETS         Cash and cash equivalents       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ LIABILITIES         Due to other governments       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$	FORFEITURE								
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Total assets       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ LIABILITIES       Due to others       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ Total liabilities       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ Total liabilities       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ SHERIFF'S FEES       ASSETS       Cash and cash equivalents       \$ $-$ \$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets       \$ $-$ \$ $214,759$ \$ $194,431$ \$ $20,32$ Due to other governments       \$ $-$ \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$ $-$ \$ $214,759$ \$ $194,431$ \$ $20,32$ Total assets       \$ $-$ \$ $214,759$ \$ $194,431$ \$ $20,32$ Total asset		\$	63 917	\$	126 852	\$	55 678	\$	135 091
Due to others\$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ Total liabilities\$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ SHERIFF'S FEES ASSETSCash and cash equivalents\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Due to other governments\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Cash and cash equivalents\$ $142,839$ \$ $528,868$ <									135,091
Due to others\$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ Total liabilities\$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ SHERIFF'S FEES ASSETSCash and cash equivalents\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Due to other governments\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities\$-\$ $214,759$ \$ $194,431$ \$ $20,32$ Cash and cash equivalents\$ $142,839$ \$ $528,868$ <	I JARH ITIFS								
Total liabilities       \$ $63,917$ \$ $126,852$ \$ $55,678$ \$ $135,09$ SHERIFF'S FEES         ASSETS         Cash and cash equivalents       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ LIABILITIES         Due to other governments       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Cash and cash equivalents       \$ $14$		\$	63 917	\$	126 852	\$	55 678	\$	135 091
ASSETS         Cash and cash equivalents       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total Assets       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ LIABILITIES         Due to other governments       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total liabilities       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Total assets       \$       -       \$ $214,759$ \$ $194,431$ \$ $20,32$ Cash and cash equivalents       \$ $142,839$ \$ $528,868$ \$ $483,090$ \$ $188,61$ Total assets       \$ $142,839$ \$ $528,868$ \$ $483,090$ \$ $188,61$ Due to othe									135,091
Total Assets       \$       -       \$       214,759       \$       194,431       \$       20,32         LIABILITIES       Due to other governments       \$       -       \$       214,759       \$       194,431       \$       20,32         Total liabilities       \$       -       \$       214,759       \$       194,431       \$       20,32         Total liabilities       \$       -       \$       214,759       \$       194,431       \$       20,32         Total liabilities       \$       -       \$       214,759       \$       194,431       \$       20,32         TOTAL-AGENCY FUNDS       \$       -       \$       214,759       \$       194,431       \$       20,32         Total assets       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Total assets       \$       142,839       \$       528,868       \$       483,090       \$       188,61         LIABILITIES       \$       300       269,870       249,842       20,32         Due to other governments       300       269,870       249,842       20,32         Due to others       63,917       126,									
LIABILITIES         Due to other governments       \$ - \$ 214,759 \$ 194,431 \$ 20,32         Total liabilities       \$ - \$ 214,759 \$ 194,431 \$ 20,32         TOTAL-AGENCY FUNDS         ASSETS         Cash and cash equivalents       \$ 142,839 \$ 528,868 \$ 483,090 \$ 188,61         Total assets       \$ 142,839 \$ 528,868 \$ 483,090 \$ 188,61         LIABILITIES         Accounts payable       \$ 78,622 \$ 132,146 \$ 177,570 \$ 33,19         Due to other governments       300 269,870 249,842 20,32         Due to others $63,917$ 126,852 55,678 135,09	Cash and cash equivalents		-	\$	214,759		194,431	\$	20,328
Due to other governments       \$       -       \$       214,759       \$       194,431       \$       20,32         Total liabilities       \$       -       \$       214,759       \$       194,431       \$       20,32         Total liabilities       \$       -       \$       214,759       \$       194,431       \$       20,32         TOTAL-AGENCY FUNDS       ASSETS       -       \$       214,759       \$       194,431       \$       20,32         Cash and cash equivalents       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Total assets       \$       142,839       \$       528,868       \$       483,090       \$       188,61         LIABILITIES       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Due to other governments       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Due to other governments       \$       300       269,870       249,842       20,32         Due to others       63,917       126,852       55,678       135,09	Total Assets	\$	-	\$	214,759	\$	194,431	\$	20,328
Total liabilities       \$       -       \$       214,759       \$       194,431       \$       20,32         TOTAL-AGENCY FUNDS         ASSETS         Cash and cash equivalents       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Total assets       \$       142,839       \$       528,868       \$       483,090       \$       188,61         ILIABILITIES       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Due to other governments       \$       142,839       \$       528,868       \$       483,090       \$       188,61         LIABILITIES       \$       142,839       \$       528,868       \$       483,090       \$       188,61         Due to other governments       \$       300       269,870       249,842       20,32         Due to others       63,917       126,852       55,678       135,09	LIABILITIES								
TOTAL-AGENCY FUNDS         ASSETS       Cash and cash equivalents       \$ 142,839       \$ 528,868       \$ 483,090       \$ 188,61         Total assets       \$ 142,839       \$ 528,868       \$ 483,090       \$ 188,61         LIABILITIES       \$ 142,839       \$ 528,868       \$ 483,090       \$ 188,61         Due to other governments       \$ 300       269,870       249,842       20,32         Due to others       \$ 63,917       126,852       55,678       135,09	Due to other governments		-	\$	214,759	\$	194,431	\$	20,328
ASSETS         Cash and cash equivalents       \$ 142,839       \$ 528,868       \$ 483,090       \$ 188,61         Total assets       \$ 142,839       \$ 528,868       \$ 483,090       \$ 188,61         LIABILITIES       Accounts payable       \$ 78,622       \$ 132,146       \$ 177,570       \$ 33,19         Due to other governments       300       269,870       249,842       20,32         Due to others       63,917       126,852       55,678       135,09	Total liabilities	\$	-	\$	214,759	\$	194,431	\$	20,328
Cash and cash equivalents         \$ 142,839         \$ 528,868         \$ 483,090         \$ 188,61           Total assets         \$ 142,839         \$ 528,868         \$ 483,090         \$ 188,61           LIABILITIES         Accounts payable         \$ 78,622         \$ 132,146         \$ 177,570         \$ 33,19           Due to other governments         300         269,870         249,842         20,32           Due to others         63,917         126,852         55,678         135,09									
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Accounts payable\$78,622\$132,146\$177,570\$33,19Due to other governments300269,870249,84220,32Due to others63,917126,85255,678135,09	LIABILITIES					_		_	
Due to other governments         300         269,870         249,842         20,32           Due to others         63,917         126,852         55,678         135,09		\$	78.622	\$	132.146	\$	177.570	\$	33,198
Due to others         63,917         126,852         55,678         135,09		Ψ		Ψ		Ŷ		Ψ	20,328
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#### 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, 2015, and have issued our report thereon dated May 18, 2016.

#### 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 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 May 18, 2016, 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 Joint 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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016



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#### 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, 2015. 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, 2015.

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.

Can, Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016

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## 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, 2015, 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 May 18, 2016.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County Sheriff's internal control over financial reporting (internal control) 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 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 report 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 the Bay County Sheriff's specialpurpose 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.

Can, Riggs & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida May 18, 2016