

# BAY COUNTY FLORIDA



## *Comprehensive Annual Financial Report*

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2019



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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

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

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June 26, 2020

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

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, 2019. 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 narratively point out 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, 2018, to September 30, 2019, 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., the Mexico Beach Community Development Council, Inc., and the Panama City 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**

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

In the aftermath of Hurricane Michael, a category 5 storm that struck the area on October 10, 2018, the County's primary focus has been to rebuild and restore. There have been significant strides made towards that goal, including building infrastructure back with increased durability in mind. The County, along with leadership within the Bay County Chamber of Commerce, continues to encourage entrepreneurship, recruitment and retention of new business and industry. This has been especially crucial after Hurricane Michael, as the support from local governments and agencies helped restore the atmosphere and encouraged County-wide revitalization. Although restoration has become a pivotal aspect of County operations, implementation of the County's Comprehensive Plan continues and will ensure that any future growth will promote an economically secure and ecologically safe environment in which to live.



## **Major Initiatives**

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

After Hurricane Michael, aid from across the country came to Bay County from both the public and private sectors to help with response and recovery efforts. There was more than 10.2 million cubic yards of debris collected along county right-of-ways, waterways and canals. Bay County recouped nearly \$170 million from the federal and state government in reimbursement for expenditures incurred due to the storm. This allowed Bay County to greatly reduce interest payments on the \$250 million debt that was borrowed to cover up-front costs. Despite the overall decrease of 2.26 percent in taxable property value due to Hurricane Michael, Bay County's millage rate remained unchanged.

Most of the year was spent rebuilding, repairing or demolishing County buildings. Area parks were cleaned and are being restored so the public can again enjoy what each one has to offer. The new Sports Complex located on the east end of Panama City Beach opened to the public in July 2019. The complex features nine turf fields, four natural grass fields, dedicated tournament buildings, two championship fields with seating for up to 1,500 and over 1,000 parking spots. The complex's flexible design will allow for soccer, lacrosse, rugby, football, baseball, softball and more.

During the year, construction began to remodel the prior Juvenile Justice Facility, which is planned to house the new Federal Courthouse in the coming year. Work continued toward the construction of the new Juvenile Justice Courthouse on the campus of the Bay County Courthouse.

The County continues to improve the road system and increase neighborhood safety through pedestrian paths and sidewalks to schools, reducing neighborhood flooding and reducing traffic congestion using funds collected from the half-cent sales tax that voters passed in November 2016. There have been over 15 projects completed with the use of these funds, including resurfacing nine county roads, dirt road stabilization and drainage projects, bridge repair and replacement and roadway safety projects. Continuing projects include Thomas Drive resurfacing, East Avenue and County Road 2297 bridge replacements, improvements on County Road 389 at the intersections of State Road 77 and County U.S. 231, and many more.

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

In the coming years, Bay County will continue to focus on restoring and rebuilding its assets to a more durable and safe condition. Working with the municipalities and school districts within the County will provide support in developing and enhancing the area's infrastructure, storm water and transportation needs.

Some significant projects that are currently in process for future completion include the widening of Jenks Avenue, drainage improvements to Cowels Road, Bay County Jail improvements, Bay County Courthouse renovations, Fire Rescue Station improvements, expansion of Steelfield Landfill and the final design and construction of the St. Andrew's Bay Subaqueous Water Main at the Hathaway Bridge.



In fiscal year 2022, the County is projecting the completion of the Bay County Southport Sports Complex. The project is currently in the design phase, which includes approximately six ballfields, one multi-use field, a playground, a walking track and a roadway that will tie into Highway 77.

The Division of Emergency Management previously contracted to upgrade their current analog system to a digital system that will provide more coverage and faster response times. Despite delays due to Hurricane Michael, system installation is planned to be finalized in fiscal year 2021.

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

### **Independent Audit**

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

### **Reporting Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bay County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. 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 thirty consecutive years (fiscal years ended September 30, 1989 through 2018). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA for approval.

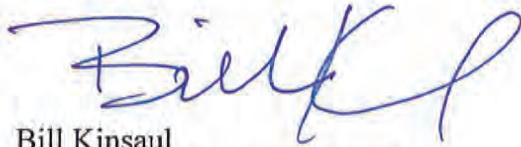


## Acknowledgments

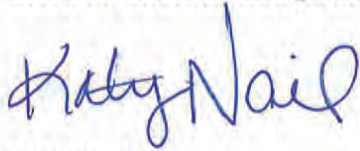
Preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Clerk's Division of Board Finance, the County Manager, the County's Legal Staff, the Office of Management and Budget, and the various directors of the County departments, as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

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

Respectfully submitted,

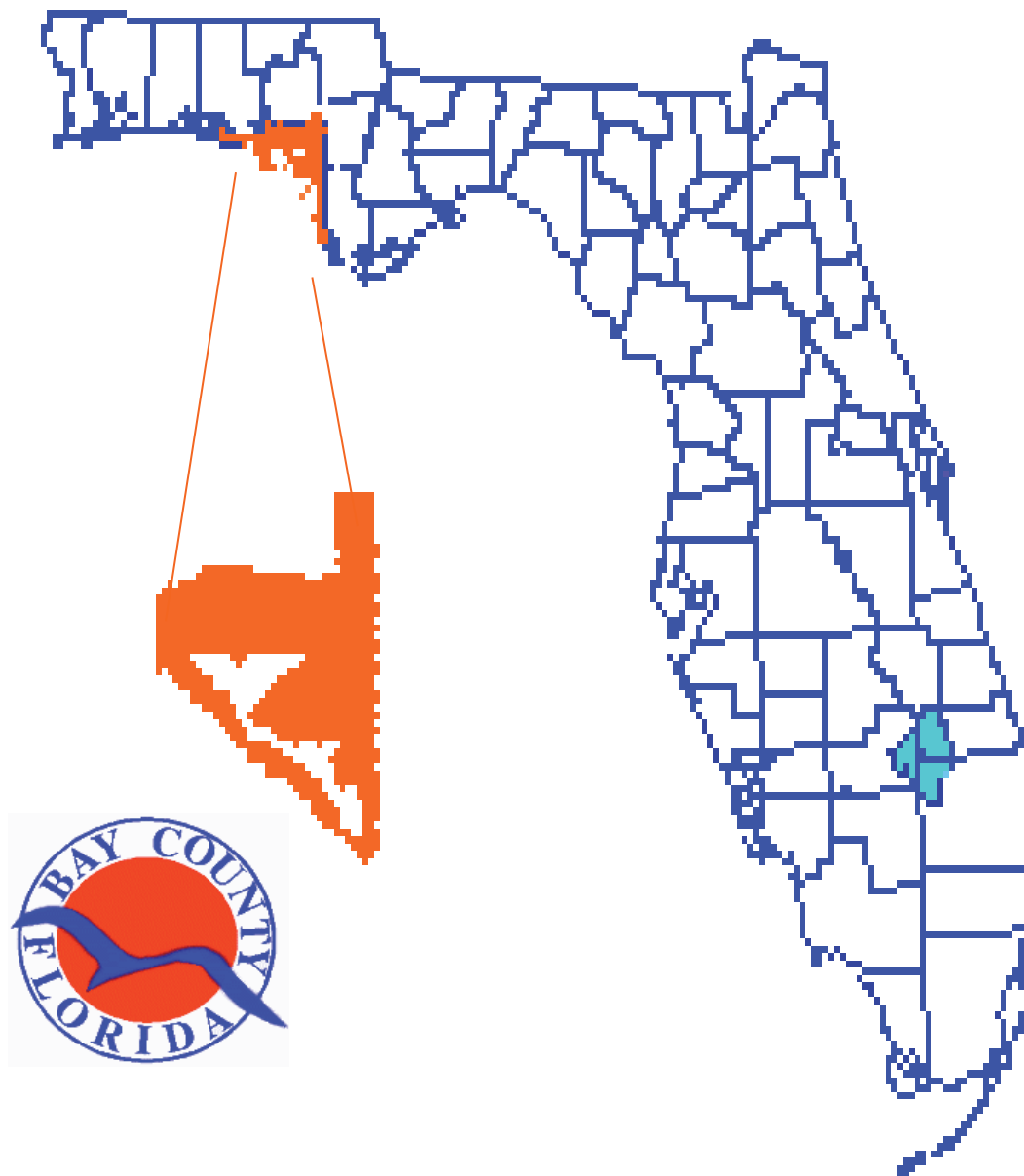
A handwritten signature in blue ink, appearing to read "Bill Kinsaul".

Bill Kinsaul  
Clerk of Court & Comptroller

A handwritten signature in blue ink, appearing to read "Katy Nail".

Katy Nail  
Finance Officer

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Bay County, Florida is located in the Northwest portion of the State on the Gulf of Mexico. The County's 764 square miles are home to approximately 167,283 people. The County has seven incorporated municipalities: Panama City, Panama City Beach, Lynn Haven, Springfield, Callaway, Parker and Mexico Beach.

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## *County Officials Bay County, Florida*



*Tommy Hamm  
Commissioner  
District I*



*Robert Carroll  
Commissioner  
District II*



*William T. Dozier  
Commissioner  
District III*



*Keith Baker  
Commissioner  
District IV*



*Philip Griffitts  
Commissioner  
District V*

## *County Officials Bay County, Florida*



*Mark Andersen  
Supervisor of  
Elections*



*Bill Kinsaul  
Clerk of Court  
& Comptroller*



*Dan Sowell  
Property Appraiser*



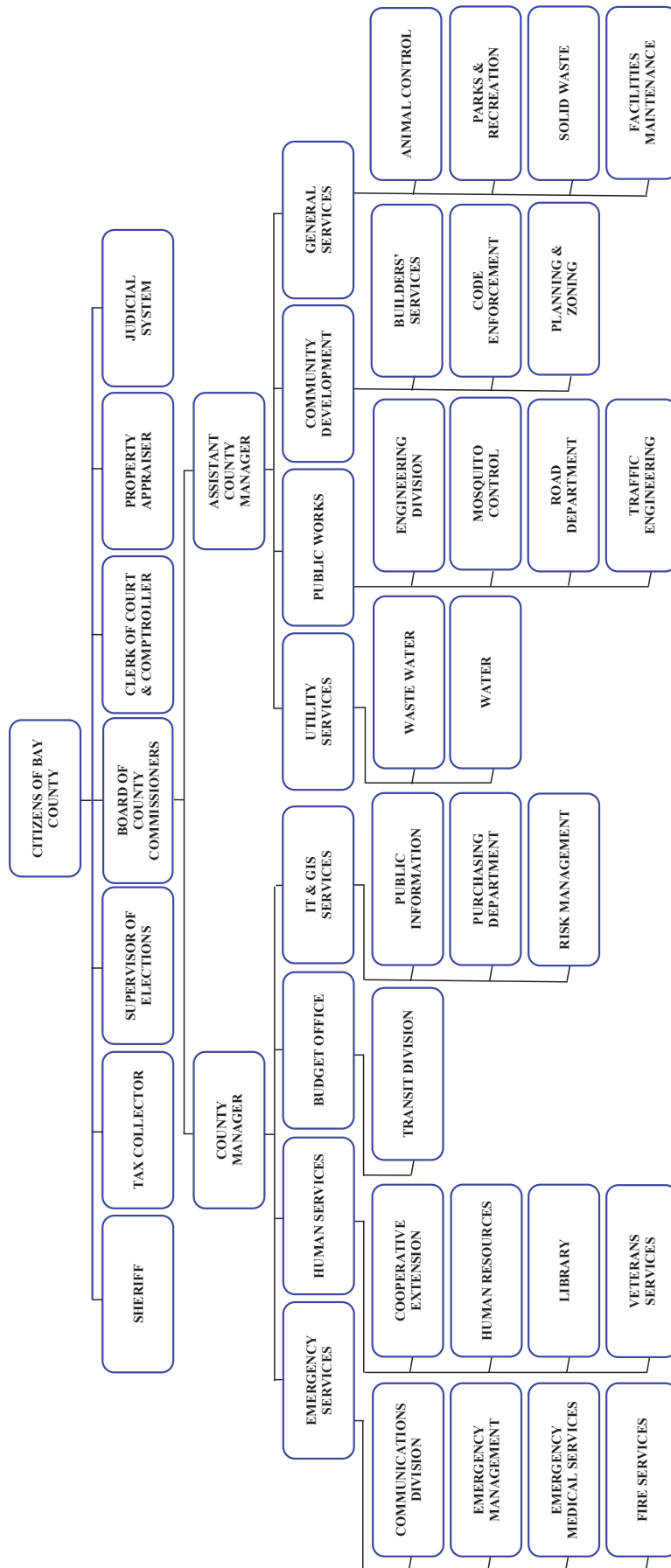
*Tommy Ford  
Sheriff*



*Chuck Perdue  
Tax Collector*

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# BAY COUNTY ORGANIZATIONAL CHART Fiscal Year 2019





## ***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, 2018.*

*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, 2018**

*Christopher P. Morill*

Executive Director/CEO

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## INDEPENDENT AUDITORS' REPORT

The Honorable County Commissioners  
Bay County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major discretely presented component unit, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of and for the year ended September 30, 2019, and the related notes to basic financial statements, which collectively comprise Bay County, Florida's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major discretely presented component unit, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general, tourist development and transportation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-5 through B-15, the schedule of Bay County, Florida's proportionate share of the net pension liability – Florida Retirement System on page B-112, the schedule of Bay County, Florida's contributions – Florida Retirement System on page B-113, the schedule of Bay County, Florida's proportionate share of the net pension liability – Health Insurance Subsidy Program on page B-114, and the schedule of Bay County, Florida's contributions – Health Insurance Subsidy Program on page B-115, the schedule of changes in Bay County's total other postemployment benefits liability and related ratios on page B-116, the schedule of Bay County, Florida's employer contributions for retirees' health insurance other postemployment benefit plans on page B-117, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bay County, Florida's basic financial statements. The 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 schedule of expenditures of federal awards and state financial assistance is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, State of Florida Rules of the Auditor

General, and is also not a required part of the financial statements. The schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill is presented for the purpose of additional analysis as required by Chapter 10.550, State of Florida Rules of the Auditor General, and is also not a part of the required financial statements.

The combining and individual nonmajor governmental, internal service, and fiduciary fund financial statements, the budgetary schedules, the schedule of expenditures of federal awards and state financial assistance, and the schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor governmental, internal service, and fiduciary fund financial statements, the budgetary schedules, the schedule of expenditures of federal awards and state financial assistance, and the schedule of receipts and expenditures of funds related to the Deepwater Horizon oil spill 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 June 26, 2020, 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, rules, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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Management's discussion and analysis provides an objective and easily readable analysis of Bay County, Florida's (County) 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 \$316,827,214 (net position). Of this amount, \$63,690,229 is a deficit in unrestricted net position for governmental activities and \$22,925,271 is unrestricted net position for business-type activities, while \$75,496,876 is restricted net position for governmental activities and \$18,132,682 is restricted net position for business-type activities.
- The County's total assets increased by \$237,204,424 or approximately 35 percent during fiscal year 2019. Of this amount, an increase of \$105,436,239 is attributable to governmental activities and an increase of \$131,768,185 is attributable to business-type activities.
- The County's total liabilities increased by \$259,970,621 or approximately 70 percent during fiscal year 2019. Of this amount, an increase of \$119,593,865 is attributable to governmental activities and an increase of \$140,376,756 is attributable to business-type activities.
- Total net position decreased by \$21,255,790 after restatement adjustment. Of this amount, a decrease of \$12,700,367 is attributable to governmental activities and a decrease of \$8,555,423 is attributable to business-type activities.
- As of September 30, 2019, the general fund's unassigned fund balance was \$8,252,362 or 5 percent of total general fund expenditures.
- Governmental activities revenues increased to \$286,383,249 or approximately 48 percent, while governmental activities expenses increased 60 percent to \$288,480,697. Business-type activities revenues increased to \$197,051,839 or approximately 260 percent, while business-type activities expenses increased approximately 250 percent to \$202,457,966.
- The County's outstanding bonded debt increased by \$123,836,362 or 111 percent during fiscal year 2019. The key factor contributing to the increase in bonded debt was the additional debt incurred due to Hurricane Michael expenses.
- The County's total deferred outflows decreased by \$549,645 or approximately 1 percent. Of this amount, a decrease of \$434,785 is attributable to governmental activities and a decrease of \$114,860 is attributable to business-type activities.
- The County's total deferred inflows decreased by \$2,060,052 or approximately 16 percent. Of this amount, a decrease of \$1,892,044 is attributable to governmental activities and a decrease of \$168,008 is attributable to business-type activities.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The 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 them reported as *net position*. Assets, liabilities, deferred inflows/outflows and net position are reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the County's improving or declining financial position.

The ***statement of activities*** presents information on all revenues and expenses of the County and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will 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 funds.

The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The enterprise funds account for the fiscal activities relating to solid waste disposal, the wholesale water system, retail water and wastewater utilities, builders service activities, and emergency medical services. *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:

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

September 30,	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 219,677,939	\$ 150,138,397	\$ 216,921,532	\$ 76,696,022	\$ 436,599,471	\$ 226,834,419
Capital assets	322,781,134	286,884,437	157,989,863	166,447,188	480,770,997	453,331,625
<b>Total assets</b>	<b>542,459,073</b>	<b>437,022,834</b>	<b>374,911,395</b>	<b>243,143,210</b>	<b>917,370,468</b>	<b>680,166,044</b>
<b>Deferred outflows of resources</b>	<b>36,902,555</b>	<b>37,337,340</b>	<b>6,457,795</b>	<b>6,572,655</b>	<b>43,360,350</b>	<b>43,909,955</b>
Current and other liabilities	46,881,848	17,651,925	40,213,622	8,159,935	87,095,470	25,811,860
Long-term liabilities	318,199,986	227,836,044	227,603,823	119,280,754	545,803,809	347,116,798
<b>Total liabilities</b>	<b>365,081,834</b>	<b>245,487,969</b>	<b>267,817,445</b>	<b>127,440,689</b>	<b>632,899,279</b>	<b>372,928,658</b>
<b>Deferred inflows of resources</b>	<b>8,706,833</b>	<b>10,598,877</b>	<b>2,297,492</b>	<b>2,465,500</b>	<b>11,004,325</b>	<b>13,064,377</b>
Net investment in capital assets	193,766,314	197,386,933	70,196,300	76,550,659	263,962,614	273,937,592
Net position-restricted	75,496,876	89,936,688	18,132,682	16,031,428	93,629,558	105,968,116
Net position-unrestricted	(63,690,229)	(69,050,293)	22,925,271	27,227,589	(40,764,958)	(41,822,704)
<b>Total net position</b>	<b>\$ 205,572,961</b>	<b>\$ 218,273,328</b>	<b>\$ 111,254,253</b>	<b>\$ 119,809,676</b>	<b>\$ 316,827,214</b>	<b>\$ 338,083,004</b>

The schedule above has been adjusted for a prior period adjustment noted at note 26.

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 (83 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 30 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 \$40,764,958.

Governmental activities long-term liabilities increased by \$90,363,942 during 2019, while business-type activities long-term liabilities increased by \$108,323,069. After Hurricane Michael, the costs of emergency safety efforts and the rebuilding of facilities and infrastructure required the County to secure additional debt funding. The County recognized an additional \$15,351,923 of net pension liability in governmental activities during 2019, while business-type activities assumed \$2,381,398 in additional liability. The recognition of these liabilities is required by the Governmental Accounting Standards Board (GASB). The County's proportions of the net pension liability, as recorded, are determined by calculating the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined. Repayment of principal amounts due on bonds and notes payable through

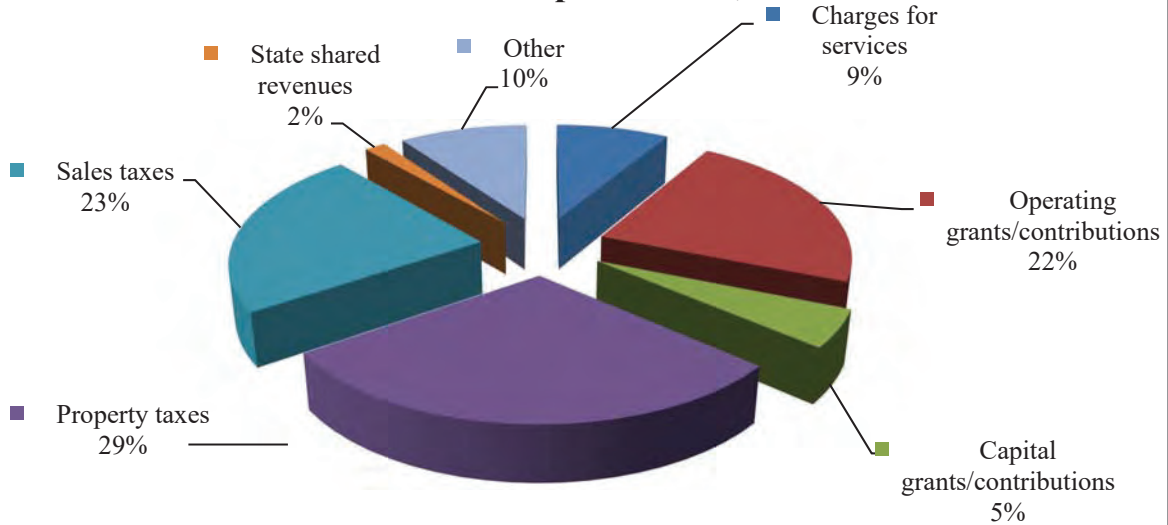
semi-annual and annual debt service payments contributed to help offset the amount of the increase in both the governmental and business-type activities long-term liabilities.

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

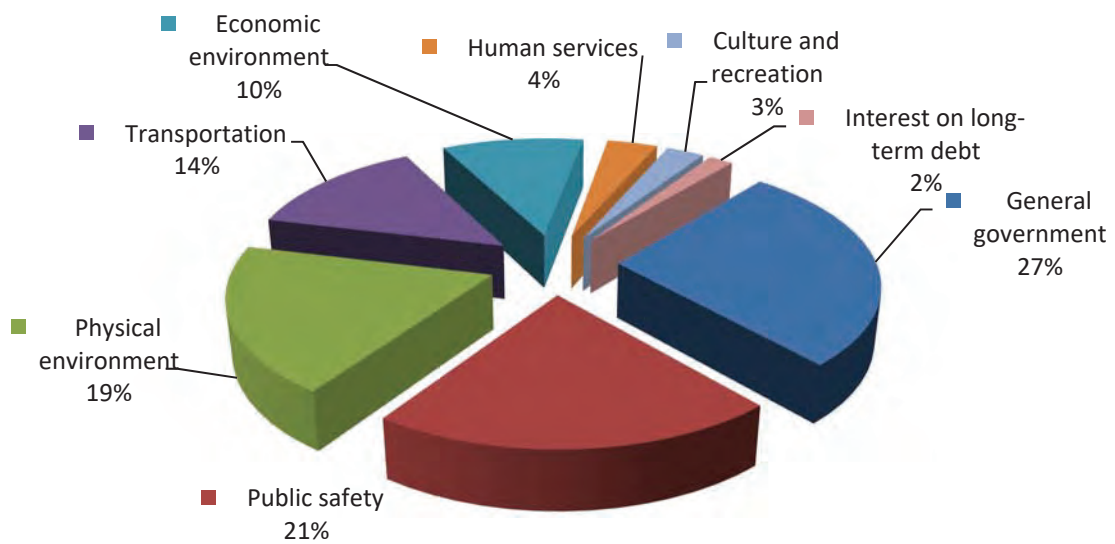
**Bay County, Florida**  
**Changes in Net Position**

Year ended September 30,	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Program revenues</b>						
Charges for services	\$ 24,737,864	\$ 24,145,138	\$ 63,408,984	\$ 50,411,102	\$ 88,146,848	\$ 74,556,240
Operating grants/contributions	64,469,343	6,549,827	126,015,464	203,482	190,484,807	6,753,309
Capital grants/contributions	14,473,955	18,508,077	2,372,524	1,761,121	16,846,479	20,269,198
<b>General revenues</b>						
Property taxes	83,829,900	76,315,124	-	-	83,829,900	76,315,124
Sales taxes	66,131,285	60,723,275	1,200	1,700	66,132,485	60,724,975
State shared revenues – unrestricted	4,650,451	4,446,400	-	-	4,650,451	4,446,400
Other	28,090,451	2,984,623	5,253,667	2,366,108	33,344,118	5,350,731
<b>Total revenues</b>	<b>286,383,249</b>	<b>193,672,464</b>	<b>197,051,839</b>	<b>54,743,513</b>	<b>483,435,088</b>	<b>248,415,977</b>
<b>Expenses</b>						
General government	78,986,762	48,503,172	-	-	78,986,762	48,503,172
Public safety	60,835,929	48,589,600	-	-	60,835,929	48,589,600
Physical environment	55,390,912	1,321,473	-	-	55,390,912	1,321,473
Transportation	39,136,958	37,826,331	-	-	39,136,958	37,826,331
Economic environment	30,229,959	25,346,097	-	-	30,229,959	25,346,097
Human services	10,701,839	6,795,314	-	-	10,701,839	6,795,314
Culture and recreation	8,029,123	7,721,631	-	-	8,029,123	7,721,631
Interest on long-term debt	5,169,215	3,883,725	-	-	5,169,215	3,883,725
Wholesale water system	-	-	17,259,688	17,679,973	17,259,688	17,679,973
Retail water and wastewater	-	-	12,398,623	12,362,477	12,398,623	12,362,477
Solid waste	-	-	161,271,639	18,611,836	161,271,639	18,611,836
Building services	-	-	2,542,238	1,721,266	2,542,238	1,721,266
Emergency medical services	-	-	8,985,778	7,503,778	8,985,778	7,503,778
<b>Total expenses</b>	<b>288,480,697</b>	<b>179,987,343</b>	<b>202,457,966</b>	<b>57,879,330</b>	<b>490,938,663</b>	<b>237,866,673</b>
Increase (decrease) in net position before transfers	(2,097,448)	13,685,121	(5,406,127)	(3,135,817)	(7,503,575)	10,549,304
Transfers	(2,689,977)	(2,143,650)	2,689,977	2,143,650	-	-
Extraordinary item	(11,537,225)	-	(5,839,273)	-	(17,376,498)	
<b>Changes in net position</b>	<b>(16,324,650)</b>	<b>11,541,471</b>	<b>(8,555,423)</b>	<b>(992,167)</b>	<b>(24,880,073)</b>	<b>10,549,304</b>
<b>Net position - beginning</b>	<b>218,273,328</b>	<b>206,731,857</b>	<b>119,809,676</b>	<b>121,358,649</b>	<b>338,083,004</b>	<b>321,903,786</b>
Prior period adjustment	3,624,283	(6,480)	-	-	3,624,283	(6,480)
Restatement adjustment	-	6,193,200	-	(556,806)	-	5,636,394
<b>Net position – beginning (as restated)</b>	<b>221,897,611</b>	<b>206,731,857</b>	<b>119,809,676</b>	<b>120,801,843</b>	<b>341,707,287</b>	<b>327,533,700</b>
<b>Net position – ending</b>	<b>\$ 205,572,961</b>	<b>\$ 218,273,328</b>	<b>\$ 111,254,253</b>	<b>\$ 119,809,676</b>	<b>\$ 316,827,214</b>	<b>\$ 338,083,004</b>

### Revenue - Governmental Activities Fiscal Year September 30, 2019



### Expenses - Governmental Activities Fiscal Year Ended September 30, 2019



As reflected in the Statement of Activities, the County's net position decreased by \$21,255,790. County wide, revenues and expenditures increased in fiscal year 2019, 95% and 106% respectively, with expenditures exceeding revenue widely due to Hurricane Michael recovery efforts. As in prior years, intergovernmental tax revenues increased, which played a part in the increase in total revenues of \$235,019,111. Though there was an increase in property tax collections in fiscal year 2019, the County Millage Rate went unchanged. Bay County continues to benefit from increased sales tax revenues, approximately 9% in 2019, which partially offsets the decrease in the County's net position. Governmental activity expenditures exceeded revenues by \$2,097,448, while business-type activities expenditures exceeded revenues by \$5,406,127. Total expenditures increased by \$253,071,990 from fiscal year 2018.

Property taxes continue to comprise approximately 29% of the revenues for governmental activities, while most of the governmental resources are expended for general government (27%), public safety (21%), physical environment (19%), transportation (14%), and economic environment (10%) activities. Charges for services provided 32% 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, 2019, total assets were \$60,643,201 and total liabilities were \$30,665,369. At the end of fiscal year 2019, unassigned fund balance of the general fund was \$8,252,362 while total fund balance equaled \$29,977,832. Total assets of the general fund increased \$23,783,132 from fiscal year 2018. The general fund transferred \$10,185,420 to transportation fund for general operations in 2019. General fund revenues increased in fiscal year 2019 by \$29,851,672; a significant portion of this increase is attributable to grant and contribution revenue from the Federal Emergency Management Agency (FEMA) and Triumph Gulf Coast, respectively. These funding sources assisted the County in recouping the County for expenditures paid out in relation to Hurricane Michael recovery. Other funding sources, such as the Florida Department of Transportation (FDOT), played a major role in providing access to grants that increased the County's overall source of revenues for fiscal year 2019. During fiscal year 2019, the County, through grant funds provided by FDOT, received and passed through over \$4.9 million to fund improvements to Eastern Shipbuilding Group. These improvements are aimed at preparing the shipyard for the United States Coast Guard cutter contract, which was awarded to Eastern in September of 2016, to build two dozen new ships. General fund expenditures also increased in fiscal year 2019 by \$54,672,897 with the majority increase being due to Hurricane Michael recovery.

From a budgetary perspective, ad valorem tax revenues collected were slightly higher than expected, by approximately 6.5%, for fiscal year 2019. Each Constitutional Officer remitted excess fees to the County in fiscal year 2019, the majority of which were above budgeted amounts.

#### **Transportation Fund**

The *transportation fund* accounts for the use of gas taxes restricted for transportation improvements, such as roads and bridges. This fund also accounts for the maintenance of the



County's roadways, as well as, its road signs and traffic signals, and storm water management. Fund balance increased \$13,576,363 in fiscal year 2019, not including transfers in from the general fund. During fiscal year 2019, a major priority of the Transportation Fund included collecting and removing debris within Stormwater management areas and infrastructure. Exclusively, the cleaning of these waterways cost the County roughly \$50 million during fiscal year 2019. In addition to those efforts, the County's workforce continued to labor on the Jenks Avenue Widening project as it neared completion. Other projects supported by the Transportation Fund include stabilization and improvements to drainage at Cowels Road and improvements to the intersections at CR389 and SR77 as well as CR389 and US231. Several sidewalk improvement projects were underway during fiscal year 2019: Merritt Brown Middle School, Frankford Avenue, Laird Street, Front Beach Road and County Road 30. Throughout the County, resurfacing projects are of great priority as well. Looking into fiscal year 2020, Thomas Drive will be in focus for repairs and resurfacing. Many of these projects were made possible by the half-cent sales tax enacted in 2017, which was strictly to be used on betterments to transportation in Bay County.

### **Tourist Development Fund**

The *tourist development fund* is used to account for the local option sales and use tourism tax, also known as the Tourist Development Tax, which is utilized to promote tourism in Bay County. Four of the five cents collected are designated for tourism promotion, while one cent is designated for maintenance and protection of the local beaches. Fund balance decreased 28% over the prior fiscal year. The decrease in fund balance is directly linked to the near completion of construction at the Panama City Beach Sports Complex, as significant costs were incurred to get the project into its final stages. In fiscal year 2018, the County secured debt proceeds to fund the costs of this project, for which debt service was expended in the amount of approximately \$3.2 million during fiscal year 2020. The County continued to aim for a more family friendly atmosphere at the onset of fiscal year 2019, though found that its beaches were able to offer much more than expected for much of the year. After Hurricane Michael, Panama City Beach served as a home away from home for many Bay County residents, as many were displaced due to destruction from the storm. Although the storms effects were felt across the area, the beach provided a sense of normalcy for many. Due to this, the Tourist Development Fund was able to secure a 6% increase in its tax revenues during the year. The Bay County Tourist Development Tax office, a department of the Bay County Clerk & Comptroller, continues to strive to inform and educate collectors of the tax about its benefits, which far exceed its cost.

### ***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 79% of its revenues in 2019. During the year, the fund received reimbursements from FEMA on eligible expenditures related to Hurricane Michael recovery in the amount of \$890,257. Many of these expenditures were related to the demolition, rebuilding, and/or rehabilitation of County fire stations. The increase of \$1,943,013 in fund balance is attributed to increased ad valorem tax collections and intergovernmental revenue.

### ***Proprietary Funds***

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

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

	2019	2018
<b>FUND</b>	<b>Unrestricted Net Position</b>	<b>Unrestricted Net Position</b>
Wholesale water system	\$ 22,783,563	\$ 22,781,372
Retail water and wastewater	13,493,386	10,947,386
Solid waste fund	(11,814,948)	(4,512,224)
Building services	4,773,719	3,616,607
Emergency medical services	(6,310,449)	(5,605,552)
Total	\$ 22,925,271	\$ 27,227,589

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 \$222,719 over fiscal year 2018, which was mainly due to higher consumption levels in fiscal year 2019. Total operating expenditures decreased from fiscal year 2018 to fiscal year 2019 in the amount of \$372,713. In addition to these factors, capital contributions in the form of water impact fees lead to an overall increase in net position of \$1,418,033 (before extraordinary item) in the wholesale water system fund. The financial statements reflect an adjustment for impairment losses related to assets that were damaged by Hurricane Michael and is considered extraordinary due to the nature of the event.

The County's *solid waste fund* accounts for the operations and maintenance of the County's landfill and incinerator. In fiscal year 2019, \$25,214,325 was generated by tip fees; this represents an increase of \$14,458,572 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, \$5,114,564 for closure costs of its landfill. As of September 30, 2019, the County has accrued a total liability for landfill post closure care of \$8,416,424 and net position was \$40,141,342.

### ***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, 2019, was \$480,770,997 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in process.

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

- Construction on County Road 2297 Cooks Bayou Bridge Replacement continued, with costs of \$2,174,591 incurred during the year (about 24% of the total contract amount). The project was 73% completed as of the end of fiscal year 2019.
- The Jenks Avenue Widening project also continued throughout the year, focusing on the roadway between Baldwin Road and Highway 390. Total costs incurred during the year were \$683,183, with \$9,957,288 remaining on the project.
- The majority of construction was complete on the Panama City Beach Sports Complex during 2019, with expenditures of \$30,981,121 on the park during the year. This makes for a grand total of \$40,536,034 expended on the project through fiscal year end 2019.
- The County has been in the process of adding a dormitory onto the Bay County Jail for the last 3 fiscal years. During 2019, the project completed with total costs of \$1,208,423.59.

**Capital Assets  
(net of depreciation)**

September 30,	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 18,869,405	\$ 14,656,186	\$ 5,727,643	\$ 5,727,643	\$ 24,597,048	\$ 20,383,829
Construction in progress	68,880,804	20,508,689	2,577,955	319,838	71,458,759	20,828,527
Books	782,565	850,555	-	-	782,565	850,555
Buildings and improvements	96,855,066	108,140,558	1,837,100	532,926	98,692,166	108,673,484
Furniture and equipment	19,138,912	17,326,604	7,178,485	5,354,903	26,317,397	22,681,507
Infrastructure	118,254,382	125,401,845	140,668,680	154,511,878	258,923,062	279,913,723
<b>Total</b>	<b>\$ 322,781,134</b>	<b>\$ 286,884,437</b>	<b>\$ 157,989,863</b>	<b>\$ 166,447,188</b>	<b>\$ 480,770,997</b>	<b>\$ 453,331,625</b>

The schedule above has been adjusted for a prior period adjustment noted at note 26. 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 \$235,859,998. This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**Outstanding Bonded Debt**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue Bonds	\$64,927,344	\$39,877,000	\$170,932,654	\$72,146,636	\$235,859,998	\$112,023,636

The County's total bonded debt outstanding increased by \$123,836,362 during the fiscal year ended September 30, 2019. The key factor contributing to the increase in bonded debt was the addition of bonds due to Hurricane Michael expenses.

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***

During 2019, rebuilding and preparing Bay County for a stronger future were the primary areas of focus. Countless man hours were spent securing the safety of the citizens of Bay County and continue to be spent organizing efforts to secure available funding and other resources to assist in the restoration. Although there was a significant period of time that many local businesses were un-operational or under limited operations, most came back stronger and with a sense of perseverance. Due to this, the unemployment rates for 2019 decreased slightly from the prior year, from 4.0% down to 3.9%. As a major employer in Bay County, the Bay County Constitutional Officers ranked number seven in the Principal Employers chart, as displayed in Schedule 17 of the Statistical Section, with a total of 1,214 employees as of September 30, 2019. Through the hectic atmosphere surrounding the months after the storm, the County was still able to develop and implement its long term transportation plans and projects. Included in these projects were bridge replacements, intersection improvements, sidewalk and multi-use path additions, and much more. The half-cent sales tax passed by the County's citizens in 2017 greatly impacted the scope of work on several transportation projects and will continue to do so in the future.

As the County moves into the fiscal year 2020, recovery of expenditures related to Hurricane Michael continues to remain a top priority. The cleaning up of debris was substantially complete by the end of the fiscal year, though private roads and waterways continue to be combed.

The County looks forward to the development and construction of a new Sports Facility in Southport, located on State Road 77. Current parks and recreational areas are being brought back into operational standing, with the installation of new equipment and infrastructure for the benefit of County residents as well as tourists being drawn to the area.

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: Katy Nail.

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## BASIC FINANCIAL STATEMENTS



Bay County, Florida  
Statement of Net Position  
September 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,062,171	\$ 11,059,580	\$ 35,121,751	\$ 3,684,119
Investments	96,478,836	47,607,276	144,086,112	-
Accounts receivable, net	5,850,134	14,486,206	20,336,340	299,970
Special assessments receivable	284,446	-	284,446	-
Accrued interest receivable	285,217	211,856	497,073	-
Due from other governments	58,171,704	108,775,406	166,947,110	-
Due from primary government	-	-	-	1,374,236
Due from component units	100,000	-	100,000	-
Prepays	2,736,701	7,187	2,743,888	622,675
Inventory	-	835,351	835,351	2,735
Other assets	-	-	-	7,931
Notes receivable	424,742	3,838,314	4,263,056	-
Investment in joint venture	-	5,807,469	5,807,469	-
Restricted assets				
Cash and cash equivalents	5,899,770	4,571,800	10,471,570	-
Investments	25,384,218	19,721,087	45,105,305	-
Capital assets				
Nondepreciable	87,750,209	8,305,598	96,055,807	-
Depreciable, net	235,030,925	149,684,265	384,715,190	150,005
Total assets	542,459,073	374,911,395	917,370,468	6,141,671
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	1,663,604	513,384	2,176,988	-
Deferred outflows related to OPEB	510,305	27,543	537,848	3,497
Deferred outflows related to pension	34,728,646	5,916,868	40,645,514	-
Total deferred outflows of resources	36,902,555	6,457,795	43,360,350	3,497
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	45,886,887	25,730,138	71,617,025	1,604,400
Internal balances	(10,480,441)	10,480,441	-	-
Due to other governments	1,468,305	690,691	2,158,996	-
Due to primary government	-	-	-	350,000
Due to component units	1,374,236	-	1,374,236	-
Unearned revenues	7,361,750	1,686,932	9,048,682	631,016
Accrued interest payable	1,239,922	579,846	1,819,768	-
Customer deposits	31,189	1,045,574	1,076,763	-
Long-term liabilities				
Due within one year				
Estimated liability for self insured losses	766,147	-	766,147	-
Accrued compensated absences	1,121,629	254,003	1,375,632	-
Notes payable	4,257,000	1,704,344	5,961,344	-
Capital leases payable	556,076	583,583	1,139,659	-
Bonds payable	2,899,000	4,790,000	7,689,000	-
Due in more than one year				
Estimated liability for self insured losses	3,714,614	-	3,714,614	-
Accrued compensated absences	3,812,792	448,348	4,261,140	-
Net OPEB obligation	16,592,555	1,811,967	18,404,522	244,504
Net pension liability	98,405,366	15,858,882	114,264,248	-
Notes payable	123,488,191	26,001,309	149,489,500	-
Capital leases payable	558,272	1,592,309	2,150,581	-
Bonds payable	62,028,344	166,142,654	228,170,998	-
Landfill postclosure liability	-	8,416,424	8,416,424	-
Total liabilities	365,081,834	267,817,445	632,899,279	2,829,920

Continued

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

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	\$ -	\$ 1,158,767	\$ 1,158,767	\$ -
Deferred inflows related to pension	7,710,982	952,633	8,663,615	-
Deferred inflows related to OPEB	995,851	186,092	1,181,943	23,626
Total deferred inflows of resources	8,706,833	2,297,492	11,004,325	23,626
<b>NET POSITION</b>				
Net investment in capital assets	193,766,314	70,196,300	263,962,614	150,005
Restricted for				
Debt service	5,527,588	7,857,402	13,384,990	-
Impact fees	2,226,512	10,275,280	12,501,792	-
Public safety	7,277,344	-	7,277,344	-
Court function	1,877,355	-	1,877,355	-
Transportation	4,321,019	-	4,321,019	-
Recreation	809,113	-	809,113	-
Economic environment	50,009,572	-	50,009,572	-
Physical environment	3,448,373	-	3,448,373	-
Unrestricted (deficit)	(63,690,229)	22,925,271	(40,764,958)	3,141,617
Total net position	\$ 205,572,961	\$ 111,254,253	\$ 316,827,214	\$ 3,291,622

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary Government</b>				
Governmental activities				
General government	\$ 78,986,762	\$ 17,658,780	\$ 16,198,826	\$ 5,273,154
Public safety	60,835,929	2,385,314	4,698,555	-
Physical environment	55,390,912	51,765	-	-
Transportation	39,136,958	3,718,393	37,360,474	7,381,103
Economic environment	30,229,959	174,509	5,881,487	1,349,904
Human services	10,701,839	780	41,727	-
Culture and recreation	8,029,123	748,323	288,274	469,794
Interest on long-term debt	5,169,215	-	-	-
Total governmental activities	288,480,697	24,737,864	64,469,343	14,473,955
Business-type activities				
Wholesale water system	17,259,688	16,590,875	41,688	976,378
Retail water and wastewater	12,398,623	11,851,146	104,808	1,396,146
Solid waste	161,271,639	26,744,257	125,102,398	-
Building services	2,542,238	3,392,383	97,744	-
Emergency medical services	8,985,778	4,830,323	668,826	-
Total business-type activities	202,457,966	63,408,984	126,015,464	2,372,524
Total primary government	\$ 490,938,663	\$ 88,146,848	\$ 190,484,807	\$ 16,846,479
<b>Component Units</b>				
	\$ 19,909,666	\$ 18,363,047	\$ 102,869	\$ -

General revenues  
     Property taxes, levied for general purposes  
     Sales taxes  
     State shared revenues - unrestricted  
     Investment earnings  
     Miscellaneous  
     Total general revenues  
 Transfers  
     Total general revenues and transfers  
  
     Change in net position before extraordinary item  
  
     Extraordinary item  
  
     Change in net position  
  
     Net position - beginning (as originally stated)  
     Prior period adjustment  
     Net position - beginning (as restated)  
     Net position - ending

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

Bay County, Florida  
Statement of Activities  
Year Ended September 30, 2019

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (39,856,002)	\$ -	\$ (39,856,002)	\$ -
(53,752,060)	-	(53,752,060)	-
(55,339,147)	-	(55,339,147)	-
9,323,012	-	9,323,012	-
(22,824,059)	-	(22,824,059)	-
(10,659,332)	-	(10,659,332)	-
(6,522,732)	-	(6,522,732)	-
(5,169,215)	-	(5,169,215)	-
(184,799,535)	-	(184,799,535)	-
-	349,253	349,253	-
-	953,477	953,477	-
-	(9,424,984)	(9,424,984)	-
-	947,889	947,889	-
-	(3,486,629)	(3,486,629)	-
-	(10,660,994)	(10,660,994)	-
(184,799,535)	(10,660,994)	(195,460,529)	-
-	-	-	(1,443,750)
83,829,900	-	83,829,900	-
66,131,285	1,200	66,132,485	-
4,650,451	-	4,650,451	-
3,894,275	4,299,425	8,193,700	36,007
24,196,176	954,242	25,150,418	9,529
182,702,087	5,254,867	187,956,954	45,536
(2,689,977)	2,689,977	-	-
180,012,110	7,944,844	187,956,954	45,536
(4,787,425)	(2,716,150)	(7,503,575)	(1,398,214)
(11,537,225)	(5,839,273)	(17,376,498)	-
(16,324,650)	(8,555,423)	(24,880,073)	(1,398,214)
218,273,328	119,809,676	338,083,004	5,425,805
3,624,283	-	3,624,283	(735,969)
221,897,611	119,809,676	341,707,287	4,689,836
\$ 205,572,961	\$ 111,254,253	\$ 316,827,214	\$ 3,291,622

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



Bay County, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2019

	General	Tourist Development	Transportation	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,124,724	\$ 8,535,250	\$ 5,945,674	\$ 3,858,359	\$ 22,464,007
Accounts receivable, net	3,050,579	1,806,119	328,179	370,382	5,555,259
Special assessments receivable	217,788	-	66,658	-	284,446
Accrued interest receivable	76,348	101,073	59,368	29,794	266,583
Investments	21,009,243	36,763,267	25,609,374	6,216,528	89,598,412
Due from other funds	2,323,558	389,004	107,862	103,316	2,923,740
Due from other governments	13,277,346	374,573	41,579,015	1,306,774	56,537,708
Advances to other funds	974,910	-	-	-	974,910
Due from component units	-	350,000	-	-	350,000
Prepays	274,412	634,387	-	88,489	997,288
Notes receivable	424,742	-	-	-	424,742
Restricted assets					
Cash and cash equivalents	2,825,247	901,208	164,974	2,007,462	5,898,891
Investments	12,064,304	3,958,957	710,580	8,646,589	25,380,430
<b>Total assets</b>	<b>\$ 60,643,201</b>	<b>\$ 53,813,838</b>	<b>\$ 74,571,684</b>	<b>\$ 22,627,693</b>	<b>\$ 211,656,416</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ 11,756,766	\$ 2,500,526	\$ 30,195,279	\$ 702,353	45,154,924
Unearned revenues	7,061,345	-	291,297	9,108	7,361,750
Due to other funds	10,102,690	-	359,249	268,448	10,730,387
Advances from other funds	-	-	-	290,874	290,874
Due to other governments	1,713,379	4,926	-	-	1,718,305
Due to component units	-	1,374,236	-	-	1,374,236
Customer deposits	31,189	-	-	-	31,189
<b>Total liabilities</b>	<b>30,665,369</b>	<b>3,879,688</b>	<b>30,845,825</b>	<b>1,270,783</b>	<b>66,661,665</b>
<b>Fund balance</b>					
Nonspendable	1,249,322	634,387	-	88,489	1,972,198
Restricted	15,003,479	49,299,417	877,289	19,856,620	85,036,805
Assigned	5,472,669	346	42,848,570	1,411,801	49,733,386
Unassigned	8,252,362	-	-	-	8,252,362
<b>Total fund balance</b>	<b>29,977,832</b>	<b>49,934,150</b>	<b>43,725,859</b>	<b>21,356,910</b>	<b>144,994,751</b>
<b>Total liabilities and fund balance</b>	<b>\$ 60,643,201</b>	<b>\$ 53,813,838</b>	<b>\$ 74,571,684</b>	<b>\$ 22,627,693</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					322,158,475
Internal service funds are used by management to charge the costs of various activities to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.					21,086,341
Deferred outflows and deferred inflows are not financial statement resources or liabilities and therefore are not reported in the funds.					27,653,426
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid.					(1,235,173)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(309,084,859)
<b>Net position of governmental activities</b>					<b>\$ 205,572,961</b>

Bay County, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year Ended September 30, 2019

	General	Tourist Development	Transportation	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 73,606,732	\$ 27,086,249	\$ 19,834,546	\$ 10,223,168	\$ 130,750,695
Licenses and permits	2,770	-	-	-	2,770
Intergovernmental	41,774,703	1,391,817	42,793,219	1,409,212	87,368,951
Charges for services	11,529,511	174,410	2,472,103	8,375,470	22,551,494
Fines and forfeitures	279,904	-	-	-	279,904
Special assessments	51,765	-	-	-	51,765
Investment earnings	812,927	1,744,356	802,873	379,296	3,739,452
Contributions and donations	8,017,021	2,580,044	951,324	-	11,548,389
Miscellaneous	4,697,416	222,921	31,340	839,997	5,791,674
Total revenues	140,772,749	33,199,797	66,885,405	21,227,143	262,085,094
<b>EXPENDITURES</b>					
Current					
General government	40,828,147	-	-	5,365,658	46,193,805
Public safety	66,383,198	-	-	11,912,507	78,295,705
Physical environment	345,260	-	54,186,848	-	54,532,108
Transportation	-	-	26,832,825	-	26,832,825
Economic environment	7,794,503	21,429,618	-	-	29,224,121
Human services	9,219,301	-	-	1,385,862	10,605,163
Culture and recreation	6,049,738	-	-	-	6,049,738
Capital outlay					
General government	13,868,593	-	-	210,443	14,079,036
Public safety	3,516,092	-	-	636,137	4,152,229
Physical environment	187,215	-	-	-	187,215
Transportation	-	-	7,175,075	-	7,175,075
Economic environment	-	28,165,084	-	-	28,165,084
Human services	380,982	-	-	247,826	628,808
Culture and recreation	1,587,724	-	-	-	1,587,724
Debt service					
Principal	5,914,037	1,725,262	1,247,912	925,144	9,812,355
Interest and fiscal charges	2,794,990	1,470,806	267,883	383,131	4,916,810
Bond issuance costs	50,898	70	70,644	5,676	127,288
Total expenditures	158,920,678	52,790,840	89,781,187	21,072,384	322,565,089
Excess (deficit) of revenues over (under) expenditures	(18,147,929)	(19,591,043)	(22,895,782)	154,759	(60,479,995)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	917,020	-	10,185,420	141,510	11,243,950
Transfers out	(13,016,907)	-	-	-	(13,016,907)
Issuance of debt	33,574,967	66,770	36,459,930	11,499,808	81,601,475
Proceeds from sales of capital assets	70,966	-	12,215	25,226	108,407
Total other financing sources (uses)	21,546,046	66,770	46,657,565	11,666,544	79,936,925
Net change in fund balance	3,398,117	(19,524,273)	23,761,783	11,821,303	19,456,930
Fund balance - beginning (as previously stated)	26,579,715	69,458,423	20,173,892	9,535,607	125,747,637
Prior period adjustment	-	-	(209,816)	-	(209,816)
Fund balance - beginning (as restated)	26,579,715	69,458,423	19,964,076	9,535,607	125,537,821
Fund balance - ending	\$ 29,977,832	\$ 49,934,150	\$ 43,725,859	\$ 21,356,910	\$ 144,994,751

Bay County, Florida  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
Year Ended September 30, 2019

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

Net change in fund balance - total governmental funds (page B-23)	\$ 19,456,930
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.	39,609,908
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, impairments, and donations) is an increase net position.	(5,294,832)
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.	(17,091,713)
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.	18,913,786
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(71,918,729)
Change in net position of governmental activities (page B-21)	\$ (16,324,650)

Bay County, Florida  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<b>REVENUES</b>				
Taxes	\$ 69,125,819	\$ 69,125,819	\$ 73,606,732	\$ 4,480,913
Licenses and permits	1,425	1,425	2,770	1,345
Intergovernmental	23,603,043	36,584,147	36,528,562	(55,585)
Charges for services	13,674,275	13,966,567	10,644,079	(3,322,488)
Fines and forfeitures	190,000	271,830	226,365	(45,465)
Investment earnings	754,311	1,858,311	787,364	(1,070,947)
Contributions and donations	245,125	7,530,705	7,548,525	17,820
Miscellaneous	3,718,574	3,932,727	3,266,139	(666,588)
Total revenues	111,312,572	133,271,531	132,610,536	(660,995)
<b>EXPENDITURES</b>				
Current				
General government	24,055,960	51,244,407	40,828,147	10,416,260
Public safety	53,676,244	76,622,125	61,274,374	15,347,751
Physical environment	342,174	635,563	328,188	307,375
Economic environment	2,586,138	7,711,642	7,794,503	(82,861)
Human services	8,114,678	9,743,437	9,219,301	524,136
Culture and recreation	3,287,503	4,691,962	2,786,279	1,905,683
Capital outlay				
General government	391,825	626,602	13,868,593	(13,241,991)
Public safety	1,023,931	1,043,931	3,516,092	(2,472,161)
Physical environment	-	-	187,215	(187,215)
Human services			380,982	(380,982)
Culture and recreation	533,668	928,817	1,587,724	(658,907)
Debt service				
Principal	3,657,164	3,657,164	5,440,525	(1,783,361)
Interest and fiscal charges	2,346,454	2,346,458	2,753,800	(407,342)
Bond issuance costs	-	-	50,898	(50,898)
Total expenditures	100,015,739	159,252,108	150,016,621	9,235,487
Excess (deficit) of revenues over (under) expenditures	11,296,833	(25,980,577)	(17,406,085)	8,574,492
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	917,020	917,020
Transfers out	(15,360,591)	(15,491,649)	(15,360,591)	131,058
Issuance of debt	-	41,542,756	31,921,764	(9,620,992)
Payment to refunded bond escrow agent	(500)	(500)	-	500
Proceeds from sales of capital assets	-	-	70,966	70,966
Total other financing sources (uses)	(15,361,091)	26,050,607	17,549,159	(8,501,448)
Net change in fund balance	\$ (4,064,258)	\$ 70,030	143,074	\$ 73,044
Fund balance - beginning			25,231,235	
Fund balance - ending			\$ 25,374,309	

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 25,659,500	\$ 26,805,880	\$ 27,086,249	\$ 280,369
Intergovernmental	-	-	1,391,817	1,391,817
Charges for services	-	272,639	174,410	(98,229)
Investment earnings	272,350	295,205	1,744,356	1,449,151
Contributions and donations	-	-	2,580,044	2,580,044
Miscellaneous	93,000	166,439	222,921	56,482
Total revenues	26,024,850	27,540,163	33,199,797	5,659,634
<b>EXPENDITURES</b>				
Current				
Economic environment	24,666,778	24,323,802	21,429,618	2,894,184
Capital outlay				
Economic environment	-	25,042,205	28,165,084	(3,122,879)
Debt service				
Principal	1,710,000	1,710,000	1,725,262	(15,262)
Interest and fiscal charges	1,469,764	1,470,264	1,470,806	(542)
Bond issuance costs	-	-	70	(70)
Total expenditures	27,846,542	52,546,271	52,790,840	(244,569)
Excess (deficit) of revenues over (under) expenditures	(1,821,692)	(25,006,108)	(19,591,043)	5,415,065
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	21,325	66,770	45,445
Total other financing sources	-	21,325	66,770	45,445
Net change in fund balance	\$ (1,821,692)	\$ (24,984,783)	(19,524,273)	\$ 5,460,510
Fund balance - beginning			69,458,423	
Fund balance - ending			\$ 49,934,150	

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

Bay County, Florida  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Transportation Fund  
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 17,682,387	\$ 17,682,387	\$ 19,834,546	\$ 2,152,159
Intergovernmental	3,493,857	12,002,937	42,793,219	30,790,282
Charges for services	2,478,000	2,478,000	2,472,103	(5,897)
Investment earnings	48,850	48,850	802,873	754,023
Contributions and donations	462,500	940,819	951,324	10,505
Miscellaneous	20,000	20,000	31,340	11,340
Total revenues	24,185,594	33,172,993	66,885,405	33,712,412
<b>EXPENDITURES</b>				
Current				
Physical environment	-	21,679,793	54,186,848	(32,507,055)
Transportation	33,298,512	46,849,550	26,832,825	20,016,725
Capital outlay				
Transportation	3,372,069	11,377,439	7,175,075	4,202,364
Debt service				
Principal	-	-	1,247,912	(1,247,912)
Interest and fiscal charges	-	-	267,883	(267,883)
Bond issuance costs	-	-	70,644	(70,644)
Total expenditures	36,670,581	79,906,782	89,781,187	(9,874,405)
Excess (deficit) of revenues over (under) expenditures	(12,484,987)	(46,733,789)	(22,895,782)	23,838,007
<b>OTHER FINANCING SOURCES</b>				
Transfers in	10,185,420	10,316,478	10,185,420	(131,058)
Issuance of debt	-	23,814,431	36,459,930	12,645,499
Proceeds from sales of capital assets	-	1,000,000	12,215	(987,785)
Total other financing sources	10,185,420	35,130,909	46,657,565	11,526,656
Net change in fund balance	\$ (2,299,567)	\$ (11,602,880)	23,761,783	\$ 35,364,663
Fund balance - beginning (as previously stated)			20,173,892	
Prior period adjustment			(209,816)	
Fund balance - beginning (as restated)			19,964,076	
Fund balance - ending			\$ 43,725,859	

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,783,993	\$ 2,180,287	\$ 1,891,443
Accounts receivable, net	2,541,495	1,537,074	6,566,141
Accrued interest receivable	82,289	46,269	70,246
Prepaid expenses	-	7,187	-
Investments	24,912,977	9,370,751	8,140,415
Inventory	444,961	390,390	-
Due from other funds	228,396	136,185	447,751
Due from other governments	101,475	1,402,579	106,530,405
Total current assets	34,095,586	15,070,722	123,646,401
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	2,326,902	1,123,051	1,099,830
Investments	10,022,501	4,866,539	4,737,214
Notes receivable	478,972	3,359,342	-
Advances to other funds	-	-	-
Investment in joint venture	-	5,807,469	-
Capital assets			
Land	261,192	4,714,000	752,451
Construction in progress	219,197	555,528	1,803,230
Buildings	2,503,230	4,766	862,912
Improvements	1,064,633	4,678	46,750
Furniture and equipment	3,590,744	1,796,701	8,632,732
Infrastructure	109,581,495	31,675,797	67,013,328
Less: accumulated depreciation	(45,291,710)	(18,797,725)	(15,621,543)
Total noncurrent assets	84,757,156	35,110,146	69,326,904
Total assets	118,852,742	50,180,868	192,973,305
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	-	-	513,384
Deferred outflows related to OPEB	5,935	4,921	4,497
Deferred outflows related to pension	480,045	708,371	412,281
Total deferred outflows of resources	485,980	713,292	930,162

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

Bay County, Florida  
Statement of Net Position  
Proprietary Funds  
September 30, 2019

Business-type Activities Enterprise Funds			Governmental Activities	
Building Services	Emergency Medical Services	Total	Internal Service Funds	
\$ 1,203,857	\$ -	\$ 11,059,580	\$ 1,598,164	
3,648	3,837,848	14,486,206	294,875	
13,052	-	211,856	18,634	
-	-	7,187	1,739,413	
5,183,133	-	47,607,276	6,880,424	
-	-	835,351	-	
-	79,840	892,172	20,319,526	
97,744	643,203	108,775,406	1,633,996	
6,501,434	4,560,891	183,875,034	32,485,032	
17,060	4,957	4,571,800	879	
73,485	21,348	19,721,087	3,788	
-	-	3,838,314	-	
290,874	-	290,874	-	
-	-	5,807,469	-	
-	-	5,727,643	-	
-	-	2,577,955	-	
-	-	3,370,908	800,184	
-	-	1,116,061	146,173	
558,071	3,323,326	17,901,574	958,821	
-	-	208,270,620	-	
(499,169)	(764,751)	(80,974,898)	(1,282,519)	
440,321	2,584,880	192,219,407	627,326	
6,941,755	7,145,771	376,094,441	33,112,358	
-	-	513,384	-	
3,530	8,660	27,543	6,240	
372,341	3,943,830	5,916,868	735,270	
375,871	3,952,490	6,457,795	741,510	

Continued

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,034,814	\$ 874,015	\$ 23,508,192
Due to other funds	6,855,543	529,588	2,568,475
Due to other governments	-	423,453	-
Accrued interest payable	157,705	99,063	311,046
Estimated liability for self insured losses, current	-	-	-
Accrued compensated absences, current	41,263	67,135	34,971
Capital leases payable, current	2,929	920	4,117
Notes payable, current	910,000	548,344	-
Bonds payable, current	1,780,000	650,000	2,360,000
Total current liabilities	10,782,254	3,192,518	28,786,801
Noncurrent liabilities			
Estimated liability for self insured losses, net	-	-	-
Customer deposits	-	733,477	223,364
Unearned revenue	-	1,686,932	-
Accrued compensated absences	72,958	112,466	59,793
Net OPEB obligation	346,143	455,967	330,307
Net pension liability	1,286,109	1,974,716	1,180,446
Advances from other funds	-	974,910	-
Capital leases payable, net	6,704	2,437	11,349
Notes payable, net	14,910,310	3,013,375	6,589,941
Bonds payable, net	30,010,356	27,057,544	108,046,820
Landfill postclosure liability	-	-	8,416,424
Total noncurrent liabilities	46,632,580	36,011,824	124,858,444
Total liabilities	57,414,834	39,204,342	153,645,245
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding	864,098	294,669	-
Deferred inflows related to pension	81,538	118,411	86,496
Deferred inflows related to OPEB	40,100	33,251	30,384
Total deferred inflows of resources	985,736	446,331	116,880
<b>NET POSITION</b>			
Net investment in capital assets	25,804,678	(7,506,459)	51,457,879
Restricted for			
Debt service	4,859,605	2,471,586	498,411
Impact fees	7,490,306	2,784,974	-
Unrestricted	22,783,563	13,493,386	(11,814,948)
Total net position (deficit)	\$ 60,938,152	\$ 11,243,487	\$ 40,141,342

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



Bay County, Florida  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2019

Business-type Activities Enterprise Funds			Governmental Activities	
Building Services	Emergency Medical Services	Total	Internal Service Funds	
\$ 100,978	\$ 212,139	\$ 25,730,138	\$	731,963
2,091	732,880	10,688,577		2,716,474
11,859	255,379	690,691		-
1,812	10,220	579,846		4,749
-	-	-		766,147
34,420	76,214	254,003		80,595
372	575,245	583,583		11,428
-	246,000	1,704,344		-
-	-	4,790,000		-
151,532	2,108,077	45,021,182		4,311,356
-	-	-		3,714,614
88,733	-	1,045,574		-
-	-	1,686,932		-
54,373	148,758	448,348		136,636
303,513	376,037	1,811,967		473,746
1,087,782	10,329,829	15,858,882		2,105,477
-	-	974,910		-
63	1,571,756	1,592,309		19,972
133,980	1,353,703	26,001,309		72,889
561,772	466,162	166,142,654		1,733,623
-	-	8,416,424		-
2,230,216	14,246,245	223,979,309		8,256,957
2,381,748	16,354,322	269,000,491		12,568,313
-	-	1,158,767		-
78,032	588,156	952,633		157,047
23,848	58,509	186,092		42,167
101,880	646,665	2,297,492		199,214
58,467	381,735	70,196,300		591,459
1,812	25,988	7,857,402		-
-	-	10,275,280		-
4,773,719	(6,310,449)	22,925,271		20,494,882
\$ 4,833,998	\$ (5,902,726)	\$ 111,254,253	\$	21,086,341

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
<b>OPERATING REVENUES</b>			
Charges for services	\$ 16,590,875	\$ 11,851,146	\$ 26,744,257
Intergovernmental revenues-grants	41,688	104,808	124,964,898
Insurance proceeds	-	-	-
Miscellaneous	119	383,947	80,943
Total operating revenues	16,632,682	12,339,901	151,790,098
<b>OPERATING EXPENSES</b>			
Personal services	2,087,409	3,631,013	1,928,407
Contracted services	1,268,297	1,191,412	6,453,412
Repairs and maintenance	1,380,444	261,768	4,637,288
Utilities	1,848,666	256,134	837,142
Depreciation	4,187,606	1,507,114	3,663,729
Materials	-	-	-
Insurance claims	-	-	-
Other operating expenses	5,060,705	4,327,347	141,088,932
Total operating expenses	15,833,127	11,174,788	158,608,910
Operating income (loss)	799,555	1,165,113	(6,818,812)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings (loss)	1,098,305	2,032,914	1,020,437
Interest and fiscal charges	(1,426,561)	(1,222,337)	(2,657,037)
Taxes	-	-	1,200
Gain(Loss) on disposal of capital assets	(12,769)	(1,500)	(5,686)
Contributions	-	-	137,500
Insurance proceeds	-	-	591,318
Total nonoperating revenues (expenses)	(341,025)	809,077	(912,268)
Income (loss) before capital contributions and transfers	458,530	1,974,190	(7,731,080)
Capital contributions	959,503	1,128,391	-
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position before extraordinary item	1,418,033	3,102,581	(7,731,080)
Extraordinary item	(3,836,025)	(654,661)	(1,348,587)
Change in net position	(2,417,992)	2,447,920	(9,079,667)
Total net position (deficit) - beginning	63,356,144	8,795,567	49,221,009
Total net position (deficit) - ending	\$ 60,938,152	\$ 11,243,487	\$ 40,141,342

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

Bay County, Florida  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
Year Ended September 30, 2019

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
Building Services	Emergency Medical Services	Total		
\$ 3,392,383	\$ 4,830,323	\$ 63,408,984	\$ 10,608,890	
97,744	668,826	125,877,964	1,634,619	
-	-	-	20,000,001	
54,492	140,818	660,319	98,641	
3,544,619	5,639,967	189,947,267	32,342,151	
1,964,017	6,636,816	16,247,662	3,163,483	
400,294	960,432	10,273,847	340,873	
5,621	105,239	6,390,360	564,514	
-	15,476	2,957,418	414,579	
42,919	429,494	9,830,862	87,432	
-	-	-	1,602,510	
-	-	-	1,485,262	
111,606	719,610	151,308,200	5,045,931	
2,524,457	8,867,067	197,008,349	12,704,584	
1,020,162	(3,227,100)	(7,061,082)	19,637,567	
176,930	(29,161)	4,299,425	239,003	
(17,782)	(108,960)	(5,432,677)	(45,764)	
-	-	1,200	-	
-	(9,750)	(29,705)	-	
-	-	137,500	-	
-	-	591,318	-	
159,148	(147,871)	(432,939)	193,239	
1,179,310	(3,374,971)	(7,494,021)	19,830,806	
-	-	2,087,894	-	
-	2,689,977	2,689,977	-	
-	-	-	(917,020)	
1,179,310	(684,994)	(2,716,150)	18,913,786	
-	-	(5,839,273)	(24,760)	
1,179,310	(684,994)	(8,555,423)	18,889,026	
3,654,688	(5,217,732)	119,809,676	2,197,315	
\$ 4,833,998	\$ (5,902,726)	\$ 111,254,253	\$ 21,086,341	

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

	Wholesale Water System	Retail Water & Wastewater	Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 17,212,125	\$ 11,122,083	\$ 40,705,776
Cash received from miscellaneous operating activities	41,807	488,755	80,943
Cash paid to suppliers for goods and services	(3,074,729)	(6,056,262)	(129,105,534)
Cash paid to employees for services	(1,875,925)	(3,266,138)	(1,667,018)
Net cash provided by (used in) operating activities	12,303,278	2,288,438	(89,985,833)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Advances to/from other funds - payments received from (made to) other funds	-	(180,104)	-
Taxes received	-	-	1,200
Contributions received	-	-	137,500
Net cash provided by (used in) noncapital financing activities	-	(180,104)	138,700
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on long-term debt	(1,957,575)	(1,256,087)	(2,249,546)
Principal paid on long-term debt	(1,610,416)	(1,520,365)	(2,295,603)
Proceeds from long-term debt	1,628,810	650,756	107,151,372
Capital contributions received	959,503	1,128,391	-
Insurance proceeds	-	-	591,318
Proceeds from sale of capital assets	366,879	2,413	26,182
Purchase of capital assets	(1,976,660)	(826,416)	(3,539,788)
Net cash provided by (used in) capital and related financing activities	(2,589,459)	(1,821,308)	99,683,935
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale and maturities of investment securities	13,881,474	7,564,189	4,642,707
Purchase of investments	(17,464,752)	(7,515,088)	(12,729,191)
Return of investment	-	216,464	-
Interest and dividends on investments	988,420	563,436	880,954
Collections on loans	123,975	1,097,368	-
Net cash provided by (used in) investing activities	(2,470,883)	1,926,369	(7,205,530)
Net change in cash and cash equivalents	7,242,936	2,213,395	2,631,272
Cash and cash equivalents - beginning	867,959	1,089,943	360,001
Cash and cash equivalents - ending	\$ 8,110,895	\$ 3,303,338	\$ 2,991,273
Classified as			
Current assets	\$ 5,783,993	\$ 2,180,287	\$ 1,891,443
Restricted assets	2,326,902	1,123,051	1,099,830
Total	\$ 8,110,895	\$ 3,303,338	\$ 2,991,273
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Assets acquired via lease	\$ 8,246	\$ 3,305	\$ 15,389

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

Bay County, Florida  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2019

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
Building Services	Emergency Medical Services	Total		
\$ 3,337,455	\$ 4,396,690	\$ 76,774,129	\$ 8,598,800	
152,236	809,644	1,573,385	1,733,260	
(453,018)	(2,247,230)	(140,936,773)	(8,456,763)	
(1,734,121)	(5,251,300)	(13,794,502)	(2,733,967)	
1,302,552	(2,292,196)	(76,383,761)	(858,670)	
-	2,689,977	2,689,977	-	
-	-	-	(917,020)	
53,737	-	(126,367)	-	
-	-	1,200	-	
-	-	137,500	-	
53,737	2,689,977	2,702,310	(917,020)	
(15,970)	(110,181)	(5,589,359)	(41,447)	
(1,563)	(578,019)	(6,005,966)	(8,690)	
695,752	468,865	110,595,555	1,805,912	
-	-	2,087,894	-	
-	-	591,318	-	
-	3,588	399,062	23,606	
(61,741)	(151,284)	(6,555,889)	(98,324)	
616,478	(367,031)	95,522,615	1,681,057	
1,231,734	7,124	27,327,228	4,784,408	
(2,449,093)	(11,700)	(40,169,824)	(3,973,027)	
-	-	216,464	-	
157,706	(22,974)	2,567,542	215,134	
-	-	1,221,343	-	
(1,059,653)	(27,550)	(8,837,247)	1,026,515	
913,114	3,200	13,003,917	931,882	
307,803	1,757	2,627,463	667,161	
\$ 1,220,917	\$ 4,957	\$ 15,631,380	\$ 1,599,043	
\$ 1,203,857	\$ -	\$ 11,059,580	\$ 1,599,043	
17,060	4,957	4,571,800	-	
\$ 1,220,917	\$ 4,957	\$ 15,631,380	\$ 1,599,043	
\$ -	\$ 1,086,551	\$ 1,113,491	\$ 18,733	

Continued

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



	Wholesale Water System	Retail Water & Wastewater	Solid Waste
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 799,555	\$ 1,165,113	\$ (6,818,812)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	4,187,606	1,507,114	3,663,729
(Increase) decrease in assets			
Accounts receivable, net	(872,915)	(544,040)	(4,684,941)
Prepaid expenses	-	(7,187)	-
Inventory	74,098	(390,390)	-
Due from other funds	1,566,531	(18,637)	64,344
Due from other governments	(72,366)	(476,948)	(106,530,405)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	(441,149)	64,917	23,135,035
Bank overdrafts	-	-	-
Unearned revenues	-	270,898	-
Due to other funds	6,850,434	523,902	207,427
Due to other governments	-	(218,030)	(787)
Customer deposits	-	46,851	147,623
Accrued compensated absences	(8,295)	13,231	1,919
Net OPEB obligation	19,620	16,270	14,867
Net pension liability	189,981	342,755	219,172
Landfill postclosure liability	-	-	569,565
(Increase) decrease in deferred outflows related to pension	(4,273)	(7,707)	19,216
(Increase) decrease in deferred outflows related to OPEB	8,046	6,672	6,096
Increase in deferred inflows related to OPEB	18,359	15,223	13,911
Decrease in deferred inflows related to pension	(11,954)	(21,569)	(13,792)
Total adjustments	11,503,723	1,123,325	(83,167,021)
Net cash provided by (used in) operating activities	\$ 12,303,278	\$ 2,288,438	\$ (89,985,833)

Bay County, Florida  
Statement of Cash Flows (Continued)  
Proprietary Funds  
Year Ended September 30, 2019

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
Building Services	Emergency Medical Services	Total	
\$ 1,020,162	\$ (3,227,100)	\$ (7,061,082)	\$ 19,637,567
42,919	429,494	9,830,862	87,432
6,129	148,239	(5,947,528)	(142,609)
-	7,697	510	(431,416)
-	-	(316,292)	-
-	61,331	1,673,569	(20,234,824)
(97,744)	(643,203)	(107,820,666)	(1,632,658)
64,213	80,425	22,903,441	263,750
-	-	-	-
-	-	270,898	-
811	(534,595)	7,047,979	1,164,572
(521)	-	(219,338)	-
36,687	-	231,161	-
413	30,167	37,435	15,492
11,669	28,629	91,055	20,631
220,987	1,408,503	2,381,398	399,776
-	-	569,565	-
(4,970)	(31,676)	(29,410)	(8,993)
4,785	11,740	37,339	8,462
10,918	26,787	85,198	19,305
(13,906)	(88,634)	(149,855)	(25,157)
282,390	934,904	(69,322,679)	(20,496,237)
\$ 1,302,552	\$ (2,292,196)	\$ (76,383,761)	\$ (858,670)

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

Bay County, Florida  
Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2019

**ASSETS**

Cash and cash equivalents	\$ 8,582,315
Accounts receivable, net	60
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Total assets	\$ 8,582,375
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**LIABILITIES**

Accounts payable and accrued liabilities	\$ 1,673,156
Due to others	178,811
Due to other governments	6,730,408
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Total liabilities	\$ 8,582,375
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The accompanying notes are an integral part of the basic financial statements

Bay County, Florida  
Statement of Net Position - Discretely Presented Component Units  
September 30, 2019

	Component Units			Total
	Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.	Panama City Community Development Council, Inc.	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,222,160	\$ 137,614	\$ 324,345	\$ 3,684,119
Accounts receivable, net	299,327	-	643	299,970
Prepaid expenses	612,738	-	9,937	622,675
Inventory	2,735	-	-	2,735
Other assets	7,931	-	-	7,931
Due from primary government	1,332,908	1,265	40,063	1,374,236
Capital assets				
Depreciable, net	104,454	44,620	931	150,005
Total assets	5,582,253	183,499	375,919	6,141,671
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - other postemployment benefits	3,035	462	-	3,497
Total deferred outflows of resources	3,035	462	-	3,497
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,538,973	1,659	63,768	1,604,400
Due to primary government	250,000	-	100,000	350,000
Unearned revenues	622,738	-	8,278	631,016
Other postemployment benefits liability	228,894	15,610	-	244,504
Total liabilities	2,640,605	17,269	172,046	2,829,920
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - other postemployment benefits	20,504	3,122	-	23,626
Total deferred inflows of resources	20,504	3,122	-	23,626
<b>NET POSITION</b>				
Net investment in capital assets	104,454	44,620	931	150,005
Unrestricted	2,819,725	118,950	202,942	3,141,617
Total net position	\$ 2,924,179	\$ 163,570	\$ 203,873	\$ 3,291,622

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

		Program Revenues		
		Charges for	Operating	Capital
		Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs	Expenses			
<b>Component Units</b>				
Panama City Beach Convention and Visitors Bureau, Inc.	\$ 18,798,906	\$ 17,099,674	\$ -	\$ -
Mexico Beach Community Development Council, Inc.	197,444	222,265	102,869	-
Panama City Community Development Council, Inc.	913,316	1,041,108	-	-
Total component units	\$ 19,909,666	\$ 18,363,047	\$ 102,869	\$ -

General revenues

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning (as restated)

Net position - ending



Bay County, Florida  
Statement of Activities - Discretely Presented Component Units  
Year Ended September 30, 2019

Net (Expenses) Revenues and Changes in Net Position			
Component Units			
Panama City Beach Convention and Visitors Bureau, Inc.	Mexico Beach Community Development Council, Inc.	Panama City Community Development Council, Inc.	Total
\$ (1,699,232)	\$ -	\$ -	\$ (1,699,232)
-	127,690	-	127,690
-	-	127,792	127,792
(1,699,232)	127,690	127,792	(1,443,750)
33,483	275	2,249	36,007
-	9,529	-	9,529
33,483	9,804	2,249	45,536
(1,665,749)	137,494	130,041	(1,398,214)
5,311,210	40,763	73,832	5,425,805
(721,282)	(14,687)	-	(735,969)
4,589,928	26,076	73,832	4,689,836
\$ 2,924,179	\$ 163,570	\$ 203,873	\$ 3,291,622

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

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

The financial statements of Bay County, Florida (County) have been prepared in accordance with accounting principles generally accepted in the United States of America (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**

The County is a political subdivision of the State of Florida, established under the legal authority of the state's constitution, and operates under an elected legislative body consisting of five commissioners who are governed by state statutes and regulations. The County provides the following services to its residents: general government, public safety, physical environment, human services, transportation, economic environment and culture and recreation. In addition, the County operates water and sewer systems, 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 after the end of the fiscal year. The offices of the Sheriff, Supervisor of Elections, Clerk of Court and Comptroller and the Property Appraiser operate on a budget system, whereby County appropriated funds are received from the Board and any unexpended appropriations at the end of the year are required to be returned to the Board.

### **Component Units**

The accompanying financial statements present the County (as the primary government composed of the Board 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.

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

**Discretely Presented Component Units**

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

**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. (Mexico Beach CDC) is organized in accordance with provisions of Chapter 617, *Florida Statutes*, as a nonprofit corporation whose purpose is to provide support for the Bay County Tourist Development Council, the Board of County Commissioners of Bay County, Florida, and where not in conflict with those two, the City of Mexico Beach, Florida. Its capital assets are the property of the County and are included in the County's capital assets. The Mexico Beach CDC is presented as a governmental fund type with a fiscal year of September 30. Complete financial statements for the Mexico Beach CDC 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 Mexico Beach CDC's governing body, and to remove appointed members. The County is also legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the Mexico Beach CDC.

Because the County appoints a voting majority and is able to impose its will on and is obligated to provide specific financial support to the Mexico Beach CDC, the Mexico Beach CDC is considered a component unit and the discrete presentation method has been used to report the Mexico Beach CDC's financial position and results of operations.

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

### **Panama City Community Development Council, Inc.**

The Panama City Community Development Council, Inc. (Panama City CDC) is organized in accordance with provisions of Chapter 617, *Florida Statutes*, as a nonprofit corporation whose purpose is to provide support for the Bay County Tourist Development Council, the Board of County Commissioners of Bay County, Florida, and where not in conflict with those two, the City of Panama City, Florida. The Panama City CDC is presented as a governmental fund type with a fiscal year of September 30. Complete financial statements for the Panama City CDC 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 Panama City CDC. The County is also legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the Panama City CDC.

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

### **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

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

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 are 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.



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

### **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 & gas and various other 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

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

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 other financing sources. 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 the 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.

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

*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. GAAP, 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 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.

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

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.

### **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) and in a Federated Prime Investment. These external investment pools have adopted operating procedures consistent with the requirements of GASB 79 and the fair value of the assets in the pools are equal to the value of the pools' shares. Such investments are stated at amortized cost.

### **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 SBA.

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 Bureau, the Mexico Beach CDC, and the Panama City CDC do not include investment policies. The Bureau, the Mexico Beach CDC, and the Panama City CDC had no investment activity in the current year.

### **Cash and Cash Equivalents**

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

### **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. Special assessments due from property owners are recorded as receivables when the final assessment role is approved.

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

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, 2019, the allowance for doubtful accounts for the emergency medical services fund is \$35,022,495 and total accounts receivable for the fund is \$38,860,343. As of September 30, 2019, the accounts receivable of all other funds are 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, 2019, 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, showing this amount is not in spendable form.

### **Due to and Due from and Advances to/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. Long-term interfund loans are recorded as interfund advances to/from other funds. General Fund advances to other funds are reported as nonspendable fund balance unless the proceeds of the collection are restricted, committed, or assigned. In the other governmental funds, the proceeds are restricted, committed, or assigned and are reported in the corresponding fund balance classification.

### **Inventory**

Inventory in the proprietary funds is valued at cost (first-in, first-out) and consists of inventory of supplies. 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 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



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

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 donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement which are reported at acquisition value rather than fair value. 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	Furniture and equipment	3-15 Years
Improvements	20-50 Years	Infrastructure	10-50 Years
Utility plants	35-50 Years	Books	5 Years

### **Miscellaneous Revenue**

Miscellaneous revenue consist of various revenues including rental income, fees charged for nonrecurring services, donations, gifts and insurance proceeds. The General Fund's miscellaneous revenue as of September 30, 2019 of \$4,697,416 consisted primarily of reimbursements from the Gulf Coast Children's Advocacy Center of \$1,920,138 for grant expenses that the County funded prior to grant reimbursement, a ProShare payment from Florida Blue for \$693,883 and insurance proceeds of \$1,327,246. The Retail Water and Wastewater Fund's miscellaneous revenue as of September 30, 2019 of \$383,947 consisted primarily of a state grant of \$284,630. The EMS Fund's miscellaneous revenue of \$140,818 consisted primarily of insurance proceeds of \$26,410 and a Medicaid related reimbursement of \$106,990.

### **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. For the year ended September 30, 2019, the County did not capitalize any interest cost.

### **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

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

up to thirty years after closure, depending on the closure date. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the solid waste fund. See note 17 for further information on this contingency.

**Unamortized Bond Discounts**

Bond discounts associated with the issuance of proprietary fund revenue bonds are amortized as interest expense over the life of the debt using the interest 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.

**Capital Contributions**

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

**Accrued Compensated Absences**

It is the County's policy to grant employees who resign or retire, payment of annual leave earned up to 240 hours and 318 hours, depending upon type of employment. The annual leave policy allows for full-time employees to accumulate 8 to 21 hours a month, depending on employment type. All part-time employees accumulate vacation leave at the same rate, prorated for hours actually worked.

The County's and Mexico Beach CDC'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, prorated 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.

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

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 Bay County Clerk of Court and Comptroller's policy to grant paid absences for paid time off. Employees are permitted to accumulate up to 480 hours of earned, but unused, paid time off benefits, which will be paid to employees in good standing upon termination, based on a payout service schedule. The paid time off policy allows for full-time employees to accumulate 13 to 21 hours a month depending on the length of service.

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

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

It is the Sheriff's policy to provide vacation and sick leave. A limited amount of accumulated sick leave is paid upon termination of employment with the Sheriff, to those employees that are retiring after at least six years of employment or have been employed a minimum of ten years and meet certain criteria. Employees may accrue compensatory time for overtime worked up, to a maximum of 240 hours. Upon termination or retirement, unused compensatory time is paid at the employees' regular pay 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 vacation leave policy of the Panama City CDC provides for all full-time employees to earn between 10 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

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

same rate prorated for hours actually worked. Vacation time earned, but not used, is accrued by the Council up to 240 hours per employee. All unused annual leave is forfeited at termination of employment, therefore no amount is accrued.

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

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

### **Deferred Outflows, Deferred Inflows, and Net Position**

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

### **Net Position**

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

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

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

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

### **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

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

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 and OPEB obligations, additional information related to these deferred outflow/inflows are included in note 10 and 11.

### **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, 2019, is \$1,972,198.

*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, 2019, is \$85,036,805.

*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. Commitments may be established, modified, or rescinded only through ordinance approved by the Board. There are no committed funds as of September 30, 2019.

*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 including board resolution, board memorandum, or budget appropriations. The assigned fund balance as of September 30, 2019, is \$49,733,386.

*Unassigned* – This category is the residual classification for the County's fund balance. The unassigned fund balance as of September 30, 2019, is \$8,252,362. 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.

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

### **Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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 U.S. GAAP. Contributions are recognized as revenues when due, pursuant to the statutory and contractual requirements (see Note 10).

### **Postemployment Benefits Other Than Pensions**

GASB Statement No. 75 requires local and state government employers to recognize the OPEB Liability and the OPEB Expense on their financial statements along with related deferred outflows and inflows of resources (see Note 11).

### **Date of Management's Review**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 26, 2020, the date the financial statements were available to be issued.

### **Reclassifications**

Certain reclassifications have been made to the 2018 financial statement presentation to conform to the 2019 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:



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**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 \$(309,084,859) difference are as follows:

Bonds payable	\$ (63,193,721)
Notes payable	(127,672,302)
Capital leases payable	(1,082,948)
Net OPEB obligation	(16,118,809)
Net pension liability	(96,299,889)
Compensated absences	(4,717,190)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ (309,084,859)

Deferred inflows and outflows related to the County's governmental activities are not reported as fund assets and liabilities. All assets and liabilities are reported in the statement of net position. The details of this \$27,653,426 difference are as follows:

Deferred outflows related to pension	\$ 33,993,376
Deferred inflows related to pension	(7,553,935)
Deferred outflows related to OPEB	504,065
Deferred inflows related to OPEB	(953,684)
Deferred outflows related to loss on refunding	1,663,604
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 27,653,426

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 \$322,158,475 difference are as follows:

Cost of capital assets	\$ 569,710,113
Less: accumulated depreciation	(247,551,638)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 322,158,475

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

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

The governmental funds statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net change in fund balance - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$39,609,908 difference are as follows:

Capital outlay	\$ 55,975,171
Depreciation expense	(16,365,263)
<hr/>	
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 39,609,908

Another element of that reconciliation states, "The net effect of various transactions involving capital assets (i.e., sales, trade-ins, impairments, and donations) is a decrease net position." The details of this (\$5,294,832) 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.	\$ (674,049)
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.	6,891,682
Impairment of capital assets, decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	(11,512,465)
<hr/>	
Net adjustments to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (5,294,832)

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 \$(71,918,729) difference are as follows:

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

Debt issued or incurred:	
Capital lease financing	\$ (834,527)
Bond proceeds	(30,084,646)
Note proceeds	(50,682,302)
Principal repayments:	
Bonds	7,286,392
Notes	1,586,533
Capital leases	939,430
Amortization of deferred charge on refunding	(129,609)

Net adjustment to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (71,918,729)
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Another element of that reconciliation states, "Some income (expenses) reported in the statement of activities do not require the use of current financial resources and therefore are not reported as income (expenditures) in governmental funds." The details of this \$(17,091,713) difference are as follows:

OPEB expense	\$ 1,305,769
Pension expenses	(13,382,300)
Compensated absences	(4,918,929)
Accrued interest	(96,253)

Net adjustment to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (17,091,713)
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**NOTE 3 – BUDGETS**

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

**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 U.S. GAAP basis for the general fund per the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on page B-23.

Year ended September 30, 2019	General Fund Budgetary Basis	U.S. GAAP to Budget Differences Over (Under)	General Fund Actual Amounts U.S. GAAP Basis
Revenues			
Taxes	\$ 73,606,732	\$ -	\$ 73,606,732
Licenses and permits	2,770	-	2,770
Intergovernmental	36,528,562	5,246,141	41,774,703
Charges for services	10,644,079	885,432	11,529,511
Fines and forfeitures	226,365	53,539	279,904
Special assessments	-	51,765	51,765
Investment earnings	787,364	25,563	812,927
Contributions and donations	7,548,525	468,496	8,017,021
Miscellaneous	3,266,139	1,431,277	4,697,416
Total revenues	132,610,536	8,162,213	140,772,749
Expenditures			
Current			
General government	40,839,913	-	40,839,913
Public safety	61,296,705	5,108,824	66,405,529
Physical environment	328,408	17,072	345,480
Economic environment	7,794,538	-	7,794,538
Human services	9,221,135	-	9,221,135
Culture and recreation	2,790,812	3,263,459	6,054,271
Capital outlay			
General government	13,868,593	-	13,868,593
Public safety	3,516,092	-	3,516,092
Physical environment	187,215	-	187,215
Human services	380,982	-	380,982
Culture and recreation	1,587,724	-	1,587,724

**NOTE 3 – BUDGETS (Continued)**

Debt service			
Principal	5,440,525	473,512	5,914,037
Interest and fiscal charges	2,753,800	41,190	2,794,990
Bond issuance costs	10,179	-	10,179
Total expenditures	150,016,621	8,904,057	158,920,678
Excess (deficit) of revenues over (under) expenditures	(17,406,085)	(741,844)	(18,147,929)
Other financing sources (uses)			
Transfer In	917,020	-	917,020
Transfers out	(15,360,591)	2,343,684	(13,016,907)
Issuance of debt	31,921,764	1,653,203	33,574,967
Proceeds from sales of capital assets	70,966	-	70,966
Total other financing sources (uses)	(17,549,159)	3,996,887	(21,546,046)
Net change in fund balance	\$ 143,074	\$ 3,255,043	\$ 3,398,117

**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	\$ 5,899,770	\$ 4,571,800	\$ 10,471,570
Investments	25,384,218	19,721,087	45,105,305
Total	\$ 31,283,988	\$ 24,292,887	\$ 55,576,875

The following amounts are payable from restricted assets:

	Governmental Activities	Wholesale Water System	Retail Water & Wastewater	Solid Waste	Building Services	Emergency Medical Services	Total
Customer deposits	\$ 31,189	\$ -	\$ 733,477	\$ 223,364	\$ 88,733	\$ -	\$ 1,076,763
Accrued interest payable	1,206,718	157,706	89,409	296,649	1,812	5,487	1,757,781
Current maturities of bonds/notes	1,597,917	224,167	54,167	196,667	-	20,500	2,093,418
Total payable from restricted assets	\$ 2,835,824	\$ 381,873	\$ 877,053	\$ 716,680	\$ 90,545	\$ 25,987	\$ 4,927,962

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

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

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

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

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

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

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

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

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

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

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



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

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

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

Overnight repurchase agreements.

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

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

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

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

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* – The County had no investments exposed to any foreign currency risk during the period October 1, 2018 through September 30, 2019.

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

## NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2019, the County had the following investments as rated by Standard and Poors, Moody's and/or Fitch Investor Services:

Investment Type		Weighted Average Maturity (months)	Credit Rating (if applicable)
Investments measured at fair value			
U.S. Government Securities	\$ 11,554,695	6.67	TSY/TSY
Commercial Paper	7,490,792	0.76	P-1/A-1+
Corporate Bonds	502,785	32.80	Aaa/AA+
Corporate Bonds	2,050,260	42.07	Aa2/AA
Corporate Bonds	2,375,827	35.90	Aa2/A+
Corporate Bonds	2,577,175	20.17	A3/A
Corporate Bonds	1,001,610	8.63	A2/AA-
Corporate Bonds	7,159,825	19.32	A2/A
Corporate Bonds	6,120,796	18.24	A2/A-
Municipal Bonds	2,471,265	18.85	Aa3/AA
Municipal Bonds	331,338	36.57	Aa2/AAA
Municipal Bonds	365,000	0.03	A3/AA+
U.S. Government Sponsored CMO	3,304,472	28.17	AGY/AGY
Asset-Backed Securities	12,057,540	11.86	AGY/AA+
Total investments measured at fair value	59,363,380		
Investments measured at amortized cost			
Florida Prime	\$ 105,284,154	1.23	Aaa/AAA
Federated Prime	19,277,187	1.03	Aaa/AAA
Total investments measured at amortized cost	124,561,341		
Investments measured at Net Asset Value (NAV)			
Florida Local Government Investment Trust (FLGIT)	\$ 5,266,696	28.20	AAAf
Total investments measured at NAV	5,266,696		
Total investments	\$ 189,191,417		

## NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

The County categorized their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The County has the following recurring fair value measurements as of September 30, 2019:

	Fair Value	Level 1	Level 2
<b>Investments, at fair value</b>			
Asset-Backed Securities	\$ 12,057,540	\$ 5,059,550	\$ 6,997,990
U.S. Treasury	11,554,695	11,554,695	-
Corporate Bonds	21,788,278	20,786,668	1,001,610
Municipal Bonds	3,167,603	2,471,265	696,338
Commercial Paper	7,490,792	-	7,490,792
U.S. Government Sponsored CMO	3,304,472	-	3,304,472
<b>Total Investments, at fair value</b>	<b>\$ 59,363,380</b>	<b>\$ 39,872,178</b>	<b>\$ 19,491,202</b>

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

*Level 2* Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

As of September 30, 2019, the County had investments stated at amortized cost in accordance with GASB 79 in the amount of \$105,284,154 with the Florida Prime and \$19,277,187 in a Federated Prime investment.

Investments are stated at amortized cost in accordance with GASB 79. Per GASB 79, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any

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

limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. Financial statements on the Florida PRIME Fund may be obtained online at [www.sbafla.com](http://www.sbafla.com). Financial statements on the Federated Prime investment may be obtained online at [www.federatedinvestors.com](http://www.federatedinvestors.com).

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

As of September 30, 2019, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value for both Florida Prime and Federated Prime investments.

Florida Local Government Investment Trust (FLGIT) is an external local government investment pool developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers and the Florida Association of Counties. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The FLGIT Short Term Bond Fund is a fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. This Fitch rated AAAf/S1 Trust invests in securities with effective maturities of less than five years. The Net Asset Value is \$25.91 and the weighted average maturity for the portfolio is 28.20 months as of September 30, 2019.

*Concentration of Credit Risk* – The County limits investments in commercial paper to 30% of the total investment portfolio and 5% of the total investment portfolio per issuer. The County's investments in commercial paper did not exceed 30% and no single issuer exceeded 5% of the County's total investments for the year ended September 30, 2019.

## NOTE 6 – PROPERTY TAXES

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

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

## NOTE 7 – NOTES RECEIVABLE

Notes receivable recorded by the County at September 30, 2019, are as follows:

### Governmental Funds

Note receivable from individuals related to the sale of property. Principal and interest payments at a 5% interest rate.	\$ 424,742
<b>Total notes receivable – governmental funds</b>	<b>\$ 424,742</b>

### 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 3.31%. \$ 3,359,342

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 6.48% of the principal balance and reductions for the bonds payable. 413,114

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 1.03% of the principal balance and reductions for the bonds payable. 65,858

<b>Total notes receivable – enterprise funds</b>	<b>\$ 3,838,314</b>
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## NOTE 8 – CAPITAL ASSETS

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

	September 30, 2018 (as restated)	Increases	Decreases	September 30, 2019
Capital assets, not being depreciated				
Land	\$ 18,252,767	\$ 616,638	\$ -	\$ 18,869,405
Construction in progress	20,508,689	49,592,715	(1,220,600)	68,880,804
Total capital assets, not being depreciated	38,761,456	50,209,353	(1,220,600)	87,750,209
Capital assets, being depreciated				
Books	2,189,258	235,917	(468,862)	1,956,313
Buildings and improvements	154,473,958	3,611,149	(43,142,300)	114,942,807
Furniture and equipment	63,389,926	7,365,512	(4,348,005)	66,407,433
Infrastructure	300,046,719	797,580	(285,772)	300,558,527
Total capital assets, being depreciated	520,099,861	12,010,158	(48,244,939)	483,865,080
Less accumulated depreciation				
Books	(1,338,703)	(303,907)	468,862	(1,173,748)
Buildings and improvements	(46,333,400)	(3,436,963)	31,682,622	(18,087,741)
Furniture and equipment	(46,063,322)	(5,033,002)	3,827,803	(47,268,521)
Infrastructure	(174,644,874)	(7,678,823)	19,552	(182,304,145)
Total accumulated depreciation	(268,380,299)	(16,452,695)	35,998,839	(248,834,155)
Total capital assets, being depreciated, net	251,719,562	(4,442,537)	(12,246,100)	235,030,925
Total governmental-type activities' capital assets, net	\$ 290,481,018	\$ 45,766,816	\$ (13,466,700)	\$ 322,781,134

The following schedules summarize the capital assets of the County's business-type activities at September 30, 2019:

	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	2,503,230	4,766	862,912	-	-	3,370,908
Improvements	1,064,633	4,678	46,750	-	-	1,116,061
Furniture and equipment	3,590,744	1,796,701	8,632,732	558,071	3,323,326	17,901,574
Infrastructure	109,581,495	31,675,797	67,013,328	-	-	208,270,620
Construction in progress	219,197	555,528	1,803,230	-	-	2,577,955
Total	\$ 117,220,491	\$ 38,751,470	\$ 79,111,403	\$ 558,071	\$ 3,323,326	\$ 238,964,761



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

Less accumulated depreciation						
Buildings	\$ (1,979,562)	\$ (3,480)	\$ (551,656)	\$ -	\$ -	\$ (2,534,698)
Improvements	(67,538)	(4,366)	(43,267)	-	-	(115,171)
Furniture and equipment	(2,503,535)	(1,330,273)	(5,625,361)	(499,169)	(764,751)	(10,723,089)
Infrastructure	(40,741,075)	(17,459,606)	(9,401,259)	-	-	(67,601,940)
Total accumulated depreciation	(45,291,710)	(18,797,725)	(15,621,543)	(499,169)	(764,751)	(80,974,898)
Total business-type activities' capital assets, net	\$ 71,928,781	\$ 19,953,745	\$ 63,489,860	\$ 58,902	\$ 2,558,575	\$ 157,989,863

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

	September 30, 2018	Increases	Decreases	September 30, 2019
Capital assets, not being depreciated				
Land	\$ 5,727,643	\$ -	\$ -	\$ 5,727,643
Construction in progress	319,838	2,577,955	(319,838)	2,577,955
Total capital assets, not being depreciated	6,047,481	2,577,955	(319,838)	8,305,598
Capital assets, being depreciated				
Buildings	3,290,202	430,378	(349,672)	3,370,908
Improvements	142,413	1,001,764	(28,116)	1,116,061
Furniture and equipment	14,738,101	3,552,522	(389,049)	17,901,574
Infrastructure	261,984,391	76,596	(53,790,367)	208,270,620
Total capital assets, being depreciated	280,155,107	5,061,260	(54,557,204)	230,659,163
Less accumulated depreciation				
Buildings	(2,764,401)	(52,738)	282,441	(2,534,698)
Improvements	(135,288)	(5,501)	25,618	(115,171)
Furniture and equipment	(9,383,198)	(1,626,223)	286,332	(10,723,089)
Infrastructure	(107,472,513)	(8,146,400)	48,016,973	(67,601,940)
Total accumulated depreciation	(119,755,400)	(9,830,862)	48,611,364	(80,974,898)
Total capital assets, being depreciated, net	160,399,707	(4,769,602)	(5,945,840)	149,684,265
Total business-type activities' capital assets, net	\$ 166,447,188	\$ (2,191,647)	\$ (6,265,678)	\$ 157,989,863

## NOTE 8 – CAPITAL ASSETS (Continued)

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

Governmental activities		
General government	\$	2,502,955
Public safety		3,832,255
Physical environment		770,126
Transportation		6,761,159
Economic environment		985,647
Human services		54,120
Culture and recreation		1,459,001
Internal service funds		87,432
Total depreciation expense - governmental activities	\$	16,452,695
Business-type activities		
Wholesale water system	\$	4,187,606
Retail water & wastewater		1,507,114
Solid waste		3,663,729
Building services		42,919
Emergency medical services		429,494
Total depreciation expense - business-type activities	\$	9,830,862

## 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	\$	3,911,126
Equipment		2,113,510
Total		6,024,636
Less: accumulated depreciation		(2,590,896)
Net	\$	3,433,740

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, are as follows:

Year Ending September 30,		
2020	\$	1,194,293
2021		1,059,064
2022		711,182
2023		255,771
2024		233,019
Total minimum lease payments		3,453,329
Less amount representing interest		(163,089)
Present value of minimum lease payments	\$	3,290,240

## NOTE 10 – RETIREMENT PLANS

### *Defined Benefit Plans*

The County participates in two defined benefit pension plans (Plans) that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. That report is available from the Florida Department of Management Services' website at [www.dms.myflorida.com](http://www.dms.myflorida.com).

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. 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.

At September 30, 2019, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liability	\$ 98,405,366	\$ 15,858,882	\$ 114,264,248
Deferred outflows of resources related to pensions	34,728,646	5,916,868	40,645,514
Deferred inflows of resources related to pension	7,710,092	952,663	8,663,615
Pension expense	\$ 21,422,132	\$ 3,291,849	\$ 24,713,981

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

***Benefits Provided***

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

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

***Contributions***

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates as of September 30, 2019, were as follows:

	October 1, 2018 through June 30, 2019		July 1, 2019 through September 30, 2019	
	FRS	HIS	FRS	HIS
Regular class	6.60%	1.66%	6.81%	1.66%
Senior management	22.40%	1.66%	23.75%	1.66%
Special risk employee class	22.84%	1.66%	23.82%	1.66%
Elected officials	47.04%	1.66%	47.16%	1.66%
DROP plan participants	12.37%	1.66%	12.94%	1.66%

The County's contributions for the year ended September 30, 2019, were \$8,511,906 to FRS and \$1,084,094 to HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2019, the County reported a liability for its proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2019 for FRS and July 1, 2018 for HIS. The County's proportions of the net pension liability was based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

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

	FRS	HIS
Net pension liability	\$ 92,628,150	\$ 21,636,098
Proportion at:		
Current measurement date	0.268966017%	0.193369384%
Prior measurement date	0.255670737%	0.184442236%
Pension expense (benefit)	22,810,143	1,903,838

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

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,494,042	\$ 57,485
Changes of assumptions	23,790,895	-
Net difference between projected and actual earnings		
on pension plan investments		5,124,674
Changes in proportion and differences between employer		
contributions and proportionate share of contributions	4,590,260	1,325,434
Employer contributions subsequent to the measurement date	2,146,444	-
<b>Total</b>	<b>\$ 36,021,641</b>	<b>\$ 6,507,593</b>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 262,793	\$ 26,497
Changes of assumptions	2,505,257	1,768,358
Net difference between projected and actual earnings		
on pension plan investments	13,961	-
Changes in proportion and differences between employer		
contributions and proportionate share of contributions	1,574,227	361,167
Employer contributions subsequent to the measurement date	267,635	-
<b>Total</b>	<b>\$ 4,623,873</b>	<b>\$ 2,156,022</b>

## NOTE 10 – RETIREMENT PLANS (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. 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
2020	\$ 9,538,810	\$ 731,138
2021	3,410,504	570,989
2022	6,819,798	373,292
2023	5,294,758	25,274
2024	1,654,269	180,691
Thereafter	649,465	318,832
Total	\$ 27,367,604	\$ 2,200,216

### *Actuarial Assumptions*

The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018 and using standard actuarial roll forward procedures to develop the liability at June 30, 2019. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%
Bond Buyer General Obligation 20-Bond Municipal Bond	N/A	3.50%

Mortality assumptions for the FRS Pension Plan were based on PUB2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB.

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

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.



## NOTE 10 – RETIREMENT PLANS (Continued)

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate (property)	11.0%	6.7%	6.1%	11.7%
Private equity	10.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
	<u>100.0%</u>			

### *Discount Rate*

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. 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 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

### **Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the County's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

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

	FRS		
	1% Decrease	Current Discount Rate	1% Increase
	(5.90%)	(6.90%)	(7.90%)
County's proportionate share of the net pension liability	\$ 160,123,226	\$ 92,628,150	\$ 36,258,345

	HIS		
	1% Decrease	Current Discount Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
County's proportionate share of the net pension liability	\$ 24,698,716	\$ 21,636,098	\$ 19,085,286

***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 and employee contributions made to the plan during the year ended September 30, 2019, totaled \$1,561,899 and \$322,200, respectively.

**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, the Sheriff's employees

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

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 1,233 total active and retired employees eligible to receive these benefits. Two actuarial studies were performed, one for the Sheriff's employees and one for all other County employees.

Unless noted otherwise, the information in both studies has been combined. A separate audited GAAP basis employment benefit plan report is not available for this plan.

**Eligibility**

A participant is eligible to receive benefits from the plan upon retirement under the FRS 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.

**Benefits Provided**

The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

**Total OPEB Liability**

The County's total OPEB liability of \$18,404,522 consists of \$10,025,522 for the County measured as of September 30, 2019 based on an actuarial valuation dated September 30, 2017 and \$8,379,000 for the Sheriff's Office measured as of September 30, 2019 based on an actuarial valuation dated September 30, 2018.

**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 Board. Currently, members receiving benefits pay the full cost (total premium) for medical coverage.

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

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

Coverage	Retirees blended premium
Retiree	\$ 682
Retiree and Spouse	1,076

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

Coverage	Plan 3160/3161 HAS/HDHP
Retiree	\$ 520
Retiree and Spouse	1,265

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 \$564,122 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in the required supplementary information immediately following the notes.

**Total OPEB Liability and Changes in the Total OPEB Plan Liability**

The OPEB liability at September 30, 2019 and changes in the total OPEB plan liability is as follows:

Description	Total
Total OPEB liability	\$ 18,404,522
OPEB plan fiduciary net position	-
County's net OPEB liability	\$ 18,404,522

OPEB plan fiduciary net position as a percentage of total OPEB liability	0%
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The components of the changes in the total OPEB liability are as follows:

Total OPEB liability	
Service cost	\$ 1,485,216
Interest	694,272
Difference between expected and actual experience	96,096
Change in assumptions	(47,426)
Benefit payments	(564,122)
Net change in total OPEB liability	1,664,036
Total OPEB liability, beginning(restated)	16,740,486
Total OPEB liability, ending	\$ 18,404,522

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

**Actuarial Assumptions and OPEB Liability Sensitivity to Health Trend Rate**

The total OPEB liability reported at September 30, 2019 was based on an actuarial valuation dated September 30, 2017 rolled forward to September 30, 2019 for the County and an actuarial valuation dated September 30, 2018 rolled forward to September 30, 2019 for the Sheriff's Office using the following actuarial assumptions:

**County**

Inflation rate	2.50%
Salary increases	3.25%
Discount rate	4.18%

	Prior to age 65	Cost after age 65
Initial healthcare trend rate	5.10%	5.20%
Ultimate healthcare trend rate	4.50%	4.50%
Years to ultimate healthcare trend rate	61	52

Mortality rates	SOA RP-2000 mortality table adjusted using scale AA.
Actuarial cost method	Entry age normal as a level percentage of pay

**Sheriff's Office**

Inflation rate	2.50%
Salary increases	4.00%
Discount rate	3.58%

Initial healthcare trend rate	8.00%
Ultimate healthcare trend rate	4.00%
Years to ultimate healthcare trend rate	54

Mortality rates	All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2016 Florida Retirement System (FRS) valuation report.
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## **NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

### Mortality – Active Lives:

For female lives, 100% of the combined health white-collar table was used. For male (non-special risk) lives, a 50% combined healthy white-collar table, 50% combined healthy blue-collar table blend was used. For male special risk lives, a 10% combined healthy white-collar table, 90% combined healthy blue-collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

### Mortality – Inactive Healthy Lives:

For female lives, 100% of the annuitant white-collar table was used. For male (non-special risk) lives, a 50% annuitant white-collar table, 50% annuitant blue-collar table blend was used. For male special risk lives, a 10% annuitant white-collar table, 90% annuitant blue-collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

### Mortality – Disabled Lives:

For female lives (non-special risk) lives, 100% of the disabled female table was used, set forward two years. For female special risk lives, a 60% disabled female table, 40% annuitant white collar table with no setback blend was used. For male lives (non-special risk) lives, 100% of the disabled male table was used, set back four years. For male special risk lives, a 60% disabled female table, 40% annuitant white collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

### Discount Rate:

The County has no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used is based on the return on the 20 year bond Government Obligation Index as of the measurement date.

Given the Sheriff Office's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.18%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.18%) or 1 percentage point higher (5.18%) than the current rate.



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

	1% Decrease 3.18%	Discount Rate 4.18%	1% Increase 5.18%
Total OPEB liability	\$ 10,986,279	\$ 10,025,522	\$ 9,175,207

The following presents the total OPEB liability of the County, calculated using the current healthcare cost trend rates as well as what the County's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease 3.5%-5.1%	Current Trend Rate 4.5%-6.1%	1% Increase 5.5%-7.1%
Total OPEB liability	\$ 8,708,967	\$ 10,025,522	\$ 11,645,864

The following presents the total OPEB liability of the Sheriff Office, calculated using the discount rate of 4.18%, as well as what the Sheriff Office's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.18%) or 1 percentage point higher (5.18%) than the current rate.

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB liability	\$ 9,218,060	\$ 8,379,000	\$ 7,637,459

The following presents the total OPEB liability of the Sheriff Office, calculated using the current healthcare cost trend rates as well as what the Sheriff Office's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease 3%-7%	Current Trend Rate 4%-8%	1% Increase 5%-9%
Total OPEB liability	\$ 7,579,538	\$ 8,379,000	\$ 9,319,704

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

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

For the year ended September 30, 2019, the County recognized OPEB expense of \$1,055,919. At September 30, 2019, the County had deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 405,181	\$ 1,181,943
Differences between expected and actual differences	87,493	-
Employer contributions subsequent to the measurement date	45,174	-
<b>Total</b>	<b>\$ 537,848</b>	<b>\$ 1,181,943</b>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended September 30:	
2020	\$ (74,435)
2021	(74,435)
2022	(74,435)
2023	(74,435)
2024	(74,435)
Thereafter	(317,094)
<b>Total</b>	<b>\$ (689,269)</b>

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

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

	Balance September 30, 2018 (as restated)	Additions	Deductions	Balance September 30, 2019	Due Within One Year
Bonds payable	\$ 39,877,000	\$ 32,336,736	\$ (7,286,392)	\$ 64,927,344	\$ 2,899,000
Capital leases payable	1,209,207	853,261	(948,120)	1,114,348	556,076
Net OPEB obligation (as restated)	15,490,034	1,102,521	-	16,592,555	-
Notes payable	79,095,000	50,755,191	(2,105,000)	127,745,191	4,257,000
Accrued compensated absences	4,868,115	1,263,110	(1,196,804)	4,934,421	1,121,629
Estimated liability for self-insured losses	4,480,761	1,341,312	(1,341,312)	4,480,761	766,147
Net pension liability	83,053,443	15,351,923	-	98,405,366	-
Governmental activities long-term liabilities	\$ 228,073,560	\$ 103,004,054	\$ (12,877,628)	\$ 318,199,986	\$ 9,599,852

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

Notes payable in the governmental activities at September 30, 2019, 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 3.38%, 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 \$3,883,166.

This pledge remains in effect until extinguishment or maturity of the debt in 2032, whichever occurs first. The remaining principal and interest payments on this note as of September 30, 2019, totaled \$50,481,163. Annual principal and interest payments paid on the bond required 10.9% of local government half-cent sales tax. Principal and interest payments paid for the current year and pledged half-cent sales tax revenue were \$1,682,256 and \$15,467,835, respectively. \$ 38,760,000

**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 3.25%, principal and interest are payable semi-annually, March 1 and September 1, commencing on March 1, 2015. Average remaining annual debt service is \$41,920.

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, 2019, totaled \$209,599. Principal and interest payments paid on the note required 0.03% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$42,101 and \$123,610,051, respectively.

192,000

**Tourist Development Tax Revenue Notes Series 2018**

On March 22, 2018, the County issued \$35,145,000 Tourist Development Tax Revenue Notes - Series 2018 for the purpose of acquiring, constructing, and equipping a publicly owned and operated tourism sports arena and stadium complex, convention center complex, performing arts center auditorium complex, or a combination of those.

The interest rate is 4.08%, principal payable annually on April 1, commencing on April 1, 2019. Interest is payable semi-annually, April 1 and October 1, commencing on October 1, 2018. Average remaining annual debt service is \$3,181,920.

The note is secured by up to four cents of the Tourist Development Tax received by the County within the Panama City Beach Tourist Development Tax Sub-District in accordance with Resolution No. 3420. This pledge remains in effect until extinguishment or maturity of the debt in 2033, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$44,546,880. Principal and interest payments paid on the note required 15.44% of Tourist Development Tax revenue. Principal and interest payments paid for the current year and Tourist Development Tax revenue were \$3,179,764 and \$20,597,672, respectively.

33,435,000

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

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

On July 19, 2018, the County issued \$13,150,000 Non-Ad Valorem Revenue Note, Series 2018 to finance certain costs associated with an 800 MHz radio system.

The interest rate is 3.02%, principal and interest are payable semi-annually, March 1 and September 1, with interest commencing on March 1, 2019 and principal commencing on March 1, 2020. Average remaining annual debt service is \$2,412,552.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3538. This pledge remains in effect until extinguishment or maturity of the debt in 2025, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$14,475,312. No principal payments were paid in the current year. Interest payments paid on the note required 0.14% of non-ad valorem revenue. Interest payments paid for the current year and non-ad valorem revenue were \$172,217 and \$123,610,051, respectively.

13,150,000

**Revenue Note, Series 2019C**

On April 2, 2019, the County issued \$50,117,500 Revenue Note, Series 2019C, to provide funds for Hurricane Michael response, recovery, and mitigation. The note is a non-revolving line of credit under which the County may draw funds as needed, up to an aggregate of \$100,000,000. Of the \$50,117,500 total, \$42,208,191 was allocated to Governmental Activities and \$7,909,309 was allocated to Business-Type Activities. The information detailed here includes only the portion of this note that is allocated to Governmental Activities.

The note bears interest at a variable rate of interest equal to 79% of the one month LIBOR rate, plus 0.57%, adjusted on and as of the first business day of each month and the effective date of any change in the LIBOR Reserve Percentage. Principal is payable annually, commencing on March 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2019. Average remaining annual debt service is \$5,583,273.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3592. This pledge remains in effect until extinguishment or maturity of the debt in 2028, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$50,249,455. No principal payments were paid in the current year. Interest payments paid on the note required 0.14% of non-ad valorem revenue. Interest payments paid for the current year and non-ad valorem revenue were \$171,912 and \$123,610,051, respectively.

42,208,191

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

Total notes payable – governmental activities	127,745,191
Less: current portion	(4,257,000)
Long-term portion of notes payable – governmental activities	\$ 123,488,191

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Year Ending September 30,	Principal	Interest	Total
2020	4,257,000	4,328,218	8,585,218
2021	4,405,000	4,178,482	8,583,482
2022	4,559,000	4,023,462	8,582,462
2023	10,650,191	3,773,860	14,424,051
2024	14,190,050	3,427,011	17,617,061
2025-2029	64,543,950	10,357,918	74,901,868
2030-2034	25,140,000	2,128,267	27,268,267
Total	\$ 127,745,191	\$ 32,217,218	\$ 159,962,409

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Governmental activities' revenue bonds consist of the following at September 30, 2019:

**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.

The refunding bonds interest rate is 3.21%, 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 \$2,068,089.

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, 2019, totaled \$16,544,713. Annual principal and interest payments paid on the bond required 1.71% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$2,111,378 and \$123,610,051, respectively.

\$ 14,402,000



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

**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 3.96%, principal payable annually on September 1, commencing September 1, 2012. Interest is payable semi-annually, March 1 and September 1. Average remaining annual debt service is \$204,765.

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, 2019, totaled \$1,433,357. Principal and interest payments paid on the bond required 0.17% of non-ad valorem revenue. Principal and interest payments paid for the current year and non-ad valorem revenue were \$209,955 and \$123,610,051, respectively.

1,232,000

**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 \$784,533.

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 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, 2019, totaled \$14,906,134. Principal and interest payments paid on the bond required 33.85% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$787,205 and \$2,325,226, respectively.

11,333,000

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

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

On February 22, 2018, the County issued \$11,023,000 Sales Tax Revenue Refunding Bonds, Series 2018A&B. The proceeds of the bonds to be used to refund the County's outstanding Sales Tax Revenue Refunding Bonds, Series 2007. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$393,337. This difference is reported as a deferred amount on the refunding. The County completed the refunding to reduce its debt service payments over fifteen years by \$2,828,875 and obtain an economic gain of \$1,142,956.

The refunding bonds interest rate is 2.90%, principal payable annually on September 1, commencing on September 1, 2018. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2018. Average remaining annual debt service is \$942,684.

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, 2019, totaled \$12,254,894. Principal and interest payments paid on the bond required 6.09% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$941,880 and \$15,467,835, respectively.

10,089,000

**Revenue Bond, Series 2018**

On November 20, 2018, the County issued \$50,000,000 Revenue Bond, Series 2018, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$12,229,923 was allocated to Governmental Activities and \$37,770,077 was allocated to Business-Type Activities. The information detailed here includes only the portion of this bond that is allocated to Governmental Activities.

The interest rate is 3.25%, principal payable annually on September 1, commencing on September 1, 2022. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2019. Average remaining annual debt service is \$860,638.

This bond is secured by non-ad valorem revenue in accordance with Resolution No. 3572. This pledge remains in effect until extinguishment or maturity of the debt in 2030, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$9,467,020. Principal and interest payments paid on the bond required 3.83% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$4,731,775 and \$123,610,051, respectively.

7,764,531

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

**Revenue Bonds, Series 2019 A**

On February 20, 2019, the County issued \$50,000,000 Revenue Bonds, Series 2019A, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$5,756,499 was allocated to Governmental Activities and \$44,243,501 was allocated to Business-Type Activities. The information detailed here includes only the portion of this bond that is allocated to Governmental Activities.

The interest rate is 2.94%, principal payable annually on March 1, commencing on March 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2019. Average remaining annual debt service is \$489,201.

These bonds are secured by non-ad valorem revenue in accordance with Resolution No. 3586. This pledge remains in effect until extinguishment or maturity of the debt in 2034, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$7,338,022. No principal payments were paid in the current year. Interest payments paid on the bond required 0.07% of pledged revenues. Interest payments paid for the current year and pledged revenues were \$84,621 and \$123,610,051, respectively.

5,756,499

**Revenue Bonds, Series 2019 B**

On February 20, 2019, the County issued \$50,000,000 Revenue Bonds, Series 2019B, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$14,350,314 was allocated to Governmental Activities and \$35,649,686 was allocated to Business-Type Activities. The information detailed here includes only the portion of this bond that is allocated to Governmental Activities.

The interest rate is 2.94%, principal payable annually on March 1, commencing on March 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2019. Average remaining annual debt service is \$1,219,525.

These bonds are secured by non-ad valorem revenue in accordance with Resolution No. 3586. This pledge remains in effect until extinguishment or maturity of the debt in 2034, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$18,292,877. No principal payments were paid in the current year. Interest payments paid on the bond required 0.14% of pledged revenues. Interest payments paid for the current year and pledged revenues were \$175,791 and \$123,610,051, respectively.

14,350,314

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

Total bonds payable – governmental activities	64,927,344
Less: current portion	(2,899,000)
Long-term portion governmental activities bonds payable	\$ 62,028,344

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The annual debt service requirements to maturity for the governmental activities' revenue bonds payable at September 30, 2019, are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	2,899,000	1,984,651	4,883,651
2021	2,978,000	1,892,127	4,870,127
2022	3,913,976	1,797,980	5,711,956
2023	5,448,433	1,652,624	7,101,057
2024	5,606,010	1,482,886	7,088,896
2024-2028	25,864,216	4,764,523	30,628,739
2029-2033	15,270,709	1,552,635	16,823,344
2034-2038	2,947,000	182,246	3,129,246
Total	\$ 64,927,344	\$ 15,309,672	\$ 80,237,016

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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, 2019, there was no arbitrage liability for governmental activities.

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

Notes payable in the enterprise funds at September 30, 2019, are summarized below:

**State Revolving Fund Program**

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. The County is liable for the total obligation. \$ 130,344

**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.

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

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 \$295,564.

The remaining principal and interest payments on this debt as of September 30, 2019 totaled \$1,773,385. Annual principal and interest payments on the bond required 0.24% of the total of non-ad valorem revenues. Principal and interest payments paid for the current year and the total of non-ad valorem revenues were \$296,608 and \$123,610,051, respectively. \$ 1,597,000

**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.

Principal is payable annually on September 1, commencing on September 1, 2015. Interest is payable semiannually on March 1 and September 1. The notes are collateralized by the assets and the anticipated net revenues of the joint venture (Military Point Advanced Wastewater Treatment Facility). The County is liable for one half of the total obligation. 3,229,000

**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 \$1,458,515.

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.

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

The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$18,960,690. Annual principal and interest payments paid on the note required 20.75% of the total impact fee revenue and wholesale water system net revenue. Principal and interest payments paid for the current year and impact fee revenue and wholesale water system net revenue were \$1,461,610 and \$7,044,969, respectively. \$ 14,840,000

**Revenue Note, Series 2019C**

On April 2, 2019, the County issued \$50,117,500 Revenue Note, Series 2019C, to provide funds for Hurricane Michael response, recovery, and mitigation. The note is a non-revolving line of credit under which the County may draw funds as needed, up to an aggregate of \$100,000,000. Of the \$50,117,500 total, \$42,208,191 was allocated to Governmental Activities and \$7,909,309 was allocated to Business-Type Activities. The information detailed here includes only the portion of this note that is allocated to Business-Type Activities.

The note bears interest at a variable rate of interest equal to 79% of the one month LIBOR rate, plus 0.57%, adjusted on and as of the first business day of each month and the effective date of any change in the LIBOR Reserve Percentage. Principal is payable annually, commencing on March 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2019. Average remaining annual debt service is \$856,013.

The note is secured by non-ad valorem revenue in accordance with Resolution No. 3592. This pledge remains in effect until extinguishment or maturity of the debt in 2028, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$9,416,145. No principal payments were paid in the current year. Interest payments paid on the note required 0.03% of non-ad valorem revenue. Interest payments paid for the current year and non-ad valorem revenue were \$32,304 and \$123,610,051, respectively. 7,909,309

Total notes payable – enterprise funds	27,705,653
Less: current portion	(1,704,344)
Long-term portion of enterprise funds’ notes payable	\$ 26,001,309



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

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

Year Ending September 30,	Principal	Interest	Total
2020	\$ 1,704,344	\$ 945,918	\$ 2,650,262
2021	1,631,000	888,303	2,519,303
2022	1,687,000	830,591	2,517,591
2023	2,856,809	754,212	3,611,021
2024	2,949,950	658,604	3,608,554
2025-2029	12,806,550	1,864,801	14,671,351
2030-2034	4,070,000	304,695	4,374,695
Total	\$ 27,705,653	\$ 6,247,124	\$ 33,952,777

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Bonds payable in the enterprise funds at September 30, 2019, are summarized below:

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

On August 18, 2010, the County issued \$28,320,000 Capital Improvement Revenue Refunding Bonds – Series 2010. The proceeds of the bonds were used to refund the outstanding Solid Waste Sales Tax Revenue Bonds – Series 1998 (refunded \$30,680,000) and to pay the cost of issuing the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,703,997. This difference is reported as a deferred amount on refunding. The County completed the refunding to reduce its debt service payments over twenty-five years by \$5,314,359 and obtain an economic gain of \$3,435,305. The bonds are special obligation bonds of the County payable solely from and secured by non-ad valorem revenues in accordance with Resolution No. 2997.

The refunding bonds interest rate is 3.43%, principal payable annually on September 1, commencing September 1, 2011. Interest is payable semi-annually, March 1 and September 1. Average remaining annual debt service is \$2,670,941.

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, 2019, totaled \$10,683,762. Annual principal and interest payments on the bond required 2.19% 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 \$2,710,567 and \$123,610,051 respectively.      \$ 9,830,000

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

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

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

The bonds are limited obligation bonds of the County payable solely from and secured by the net revenues derived from the water and sewer system, connection fees in accordance with Resolution No. 3318 and 3319, and moneys deposited into the reserve and rate stabilization funds as allowed per the bond agreement. In addition, the Resolutions allow the County to budget and appropriate, if necessary, Non-Ad Valorem Revenues, sufficient to pay the fiscal year principal and interest on the bond, in the event amounts available from the Pledged Funds are insufficient.

The refunding bonds interest rate varies from 2.0%-5.0%, principal payable annually on September 1, commencing September 1, 2017. Interest is payable semi-annually, March 1 and September 1, commencing March 1, 2016. Average remaining annual debt service is \$1,695,413.

This pledge remains in effect until extinguishment or maturity of the debt in 2045, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$44,080,750. Principal and interest payments on the bond required 36.56% of the total of the net revenues derived from the water system, connection fees, and allowable deposits. Principal and interest payments paid for the current year and the total net revenues derived from the water system, connection fees, and allowable deposits were \$1,696,269 and \$4,640,086 respectively.

\$ 26,900,000

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

On October 12, 2016, the County issued \$30,085,000 Water System Revenue Refunding Bonds – Series 2016. The proceeds of the bonds were used to refund the outstanding Water System Revenue Refunding Bonds – Series 2005 (refunded \$36,615,000) and to pay the cost of issuing the bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,233,490. This difference is reported as a deferred amount on

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

the refunding. The County completed the refunding to reduce its annual debt service payments. The refunding decreased total debt service payments over fourteen years by \$9,142,489 and resulted in an economic gain of \$6,886,901.

The bonds are special obligation bonds of the County payable solely from and secured by, a) the net revenues of the wholesale water system, b) impact fees charged by the wholesale water system, c) all cash and investments held in accordance with Ordinance No. 00-04, Resolution No. 2219 and Resolution No. 2625.

The bonds are issued on parity with the County's outstanding Water System Revenue Bonds – Series 2014. Interest varies from 4.0% to 5.0%, principal payable annually on September 1, commencing September 1, 2017, interest payable semi-annually on March 1 and September 1, commencing on March 1, 2017. Average remaining annual debt service is \$3,042,932.

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, 2019, totaled \$33,472,250. Annual principal and interest payments on the bond required 43.18% 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 \$3,042,150 and \$7,044,969, respectively. \$ 25,275,000

**Revenue Bond, Series 2018**

On November 20, 2018, the County issued \$50,000,000 Revenue Bond, Series 2018, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$12,229,923 was allocated to Governmental Activities and \$37,770,077 was allocated to Business-Type Activities. The information detailed here includes only the portion of this bond that is allocated to Business-Type Activities.

The interest rate is 3.25%, principal payable annually on September 1, commencing on September 1, 2022. Interest is payable semi-annually, March 1 and September 1, commencing on March 1, 2019. Average remaining annual debt service is \$2,657,951.

This bond is secured by non-ad valorem revenue in accordance with Resolution No. 3572. This pledge remains in effect until extinguishment or maturity of the debt in 2030, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$29,237,466. Principal and interest payments paid on the bond required 11.82% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues were \$14,613,300 and \$123,610,051, respectively. 23,979,582

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

**Revenue Bonds, Series 2019 A**

On February 20, 2019, the County issued \$50,000,000 Revenue Bonds, Series 2019A, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$5,756,499 was allocated to Governmental Activities and \$44,243,501 was allocated to Business-Type Activities. The information detailed here includes only the portion of this bond that is allocated to Business-Type Activities.

The interest rate is 2.94%, principal payable annually on March 1, commencing on March 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2019. Average remaining annual debt service is \$3,759,922.

These bonds are secured by non-ad valorem revenue in accordance with Resolution No. 3586. This pledge remains in effect until extinguishment or maturity of the debt in 2034, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$56,398,834. No principal payments were paid in the current year. Interest payments paid on the bond required 0.53% of pledged revenues. Interest payments paid for the current year and pledged revenues were \$650,379 and \$123,610,051, respectively.

\$ 44,243,501

**Revenue Bonds, Series 2019 B**

On February 20, 2019, the County issued \$50,000,000 Revenue Bonds, Series 2019B, to provide funds for Hurricane Michael response, recovery, and mitigation. Of the \$50,000,000 total, \$14,350,314 was allocated to Governmental Activities and \$35,649,686 was allocated to Business-Type Activities. The information detailed here includes only the portion of this bond that is allocated to Business-Type Activities.

The interest rate is 2.94%, principal payable annually on March 1, commencing on March 1, 2023. Interest is payable semi-annually, March 1 and September 1, commencing on September 1, 2019. Average remaining annual debt service is \$3,029,599.

These bonds are secured by non-ad valorem revenue in accordance with Resolution No. 3586. This pledge remains in effect until extinguishment or maturity of the debt in 2034, whichever comes first. The remaining principal and interest payments on this debt as of September 30, 2019, totaled \$45,443,979. No principal payments were paid in the current year. Interest payments paid on the bond required 0.35% of pledged revenues. Interest payments paid for the current year and pledged revenues were \$436,709 and \$123,610,051, respectively.

35,649,686

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

Total bonds payable – business-type activities	165,877,769
Less: current portion	(4,790,000)
Long-term portion of business-type activities' bonds payable	<u>\$161,087,769</u>

The annual debt service requirements to maturity for bonds payable at September 30, 2019, are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 4,790,000	\$ 5,775,128	\$ 10,565,128
2021	4,970,000	5,572,741	10,542,741
2022	7,770,024	5,382,699	13,152,723
2023	13,681,567	5,015,372	18,696,939
2024	11,504,990	4,550,588	16,055,578
2025-2029	63,673,784	16,557,425	80,231,209
2030-2034	44,807,404	6,620,368	51,427,772
2035-2039	5,810,000	2,668,100	8,478,100
2040-2044	7,240,000	1,231,650	8,471,650
2045	1,630,000	65,200	1,695,200
Total	\$ 165,877,769	\$ 53,439,271	\$ 219,317,040

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019	Due Within One Year
Bonds payable	\$ 66,635,000	\$ 117,663,264	\$(18,420,495)	\$ 165,877,769	\$4,790,000
Adjusted for deferred amounts on					
Issuance discounts/premiums	5,511,636	-	(456,751)	5,054,885	-
Total bonds payable	72,146,636	117,663,264	(18,877,246)	170,932,654	4,790,000
Notes payable	22,011,712	7,909,309	(2,215,368)	27,705,653	1,704,344
Capital leases payable	1,412,235	1,106,597	(342,940)	2,175,892	583,583
Other postemployment benefits	1,720,912	91,055	-	1,811,967	-
Accrued compensated absences	664,916	334,635	(297,200)	702,351	254,003
Landfill closure and postclosure liability	7,846,859	569,565	-	8,416,424	-
Net pension liability	13,477,484	2,381,398	-	15,858,882	-
Business-type activity long-term liabilities	\$119,280,754	\$ 130,055,823	\$(21,732,754)	\$227,603,823	\$7,331,930

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, 2019, there was no arbitrage liability for business-type activities.

#### NOTE 14 – COMPENSATED ABSENCES

The County's compensated absences at September 30, 2019, are as follows:

	Governmental Activities	Business-type Activities	Total
Current	\$ 1,121,269	\$ 254,003	\$ 1,375,632
Long-term	3,812,792	448,348	4,261,140
Total	\$ 4,934,421	\$ 702,351	\$ 5,636,772

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

The County's routine transfers include transfers, (a) to match for special revenue grant requirements, (b) to other funds based on budgetary requirements, and (c) for revenues from a fund that by statute or budgetary authority must collect them for funds that are required by statute or budgetary authority to expend them. Interfund transfers during the year ended September 30, 2019, were as follows:

Transfer Out	Transfer In	
General Fund	Transportation Fund	\$ 10,185,420
	Other nonmajor governmental funds	141,510
	Emergency medical services fund	<u>2,689,977</u>
		<u>\$ 13,016,907</u>
Internal service funds	General fund	<u>\$ 917,020</u>
		<u>\$ 917,020</u>

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, 2019, interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	
General fund	Internal service funds	\$ 1,595,627
	Emergency medical services fund	652,052
	Solid waste fund	<u>75,879</u>
		<u>\$ 2,323,558</u>
Transportation fund	Internal service funds	\$ 91,536
	Solid waste fund	<u>16,326</u>
		<u>\$ 107,862</u>
Tourist development fund	General fund	<u>\$ 389,004</u>
		<u>\$ 389,004</u>
Wholesale water system fund	Internal service funds	\$ 227,683
	Solid waste fund	<u>713</u>
		<u>\$ 228,396</u>



**NOTE 15 – INTERFUND TRANSFERS, RECEIVABLES, PAYABLES, AND  
ADVANCES (Continued)**

Receivable Fund	Payable Fund		
Retail water & wastewater fund	Internal service funds	\$ 78,882	
	Solid waste fund	57,303	
			\$ 136,185
Solid waste fund	Internal service funds	\$ 447,124	
	General fund	627	
			\$ 447,751
Emergency medical services fund	Internal service funds	\$ 79,840	
			\$ 79,840
Other nonmajor governmental funds	Internal service funds	\$ 103,267	
	Solid waste fund	49	
			\$ 103,316
Internal service funds	General fund	\$ 9,713,059	
	Wholesale water fund	6,855,543	
	Solid waste fund	2,418,205	
	Retail water & wastewater fund	529,588	
	Transportation fund	359,249	
	Other nonmajor governmental funds	268,448	
	Internal service funds	92,515	
	Emergency medical services fund	80,828	
	Building service fund	2,091	
			\$ 20,319,526

An interfund advance was made to the MSTU fire protection fund from the building services fund in 2012 and 2014 to provide funds for operations. This advance is expected to be repaid within five years of September 30, 2019. The balance of this advance as of September 30, 2019, was \$290,874.

An interfund advance was made to the retail water & wastewater fund from the general fund in 2016 to provide funds for operations. This advance is expected to be repaid within five years of September 30, 2019. The balance of this advance as of September 30, 2019, was \$974,910.

**NOTE 16 – FUND BALANCE**

The detail related to fund balance classifications for governmental funds as of September 30, 2019, consists of the following:

	General	Tourist Development	Transportation	Nonmajor Governmental	Total
Nonspendable					
Not in spendable form for advances to other funds	\$ 974,910	\$ -	\$ -	\$ -	\$ 974,910
Not in spendable form for prepaids	274,412	634,387	-	88,489	997,288
Total nonspendable	\$ 1,249,322	\$ 634,387	\$ -	\$ 88,489	\$ 1,972,198

**NOTE 16 – FUND BALANCE (CONTINUED)**

	General	Tourist Development	Transportation	Nonmajor Governmental	Total
<b>Restricted</b>					
Enabling legislation	\$ 2,836,111	\$ 44,462,250	\$ 788,972	\$ 9,017,564	\$ 57,104,897
Debt service	5,101,551	4,759,921	88,317	436,225	20,003,198
Impact fees	1,363,619	-	-	862,893	2,226,512
Contractual	5,702,198	-	-	-	5,702,198
Unspent bond proceeds	-	77,246	-	9,539,938	5,702,198
<b>Total restricted</b>	<b>15,003,479</b>	<b>49,299,417</b>	<b>877,289</b>	<b>19,856,620</b>	<b>85,036,805</b>
<b>Assigned</b>					
For disaster cleanup	1,000,000	-	-	-	1,000,000
For library	1,055,848	-	-	-	1,055,848
For neighborhood infrastructure and improvement	64,384	-	-	-	64,384
For future insurance costs	375,113	346	41,784	-	417,243
For animal control	82,527	-	-	-	82,527
For following year expenditures	2,894,797	-	-	-	2,894,797
For purpose of special revenue fund	-	-	42,806,786	1,411,801	44,218,587
<b>Total assigned</b>	<b>5,472,669</b>	<b>346</b>	<b>42,848,570</b>	<b>1,411,801</b>	<b>49,733,386</b>
<b>Unassigned</b>	<b>8,252,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,252,362</b>
<b>Total fund balances</b>	<b>\$ 29,977,832</b>	<b>\$ 49,934,150</b>	<b>\$ 43,725,859</b>	<b>\$ 21,356,910</b>	<b>\$ 144,994,751</b>

**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, 2019, the Majette Landfill completed the required maintenance and monitoring for financial assurance.

Management currently estimates that the cost to close the Steelfield Landfill will be approximately \$5,503,682 and the postclosure costs to maintain and monitor the Steelfield Landfill will be approximately \$120,981 per year. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Solid Waste Fund has reported a liability for landfill closure and postclosure care at September 30, 2019, in the amount of \$8,416,424, which represents the

**NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)**

cumulative amount reported to date, based on 91% of the estimated capacity of the landfill. See note 13 for disclosure of the changes in this estimated liability.

These amounts are based on what it is estimated to cost to perform all closure and postclosure care in 2019. Actual cost may be higher due to inflation, deflation, changes in technology, or changes in applicable laws and regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County was in compliance with these requirements and at September 30, 2019, \$5,114,564 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, the County is contingently liable for bonds payable and notes payable guaranteed by the City of Callaway.

As of September 30, 2019, the County was contingently liable for the following amounts:

Wastewater System Revenue Refunding Bonds Series 2004 (see note 13)	3,229,000
Related interest expense	441,239
<hr/>	
Total contingent liability – joint venture	\$ 3,670,239

## NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

### Construction Commitments

At September 30, 2019 the County had open construction contract commitments as follows:

Fund	Contract Amount	Expended to Date	Remaining Commitment
General Fund	\$ 21,192,606	\$ 14,862,517	\$ 6,330,089
Transportation Fund	25,928,692	10,660,310	15,268,382
Tourist Development Fund	42,091,837	40,532,628	1,559,209
Other nonmajor governmental funds	15,941,587	3,953,745	11,987,842
Wholesale Water Fund	10,434,467	171,697	10,262,770
Solid Waste Fund	20,398,050	1,654,974	18,743,076
<b>Total contract commitments</b>	<b>\$ 135,987,239</b>	<b>\$ 71,835,871</b>	<b>\$ 64,151,368</b>

## NOTE 18 – CONDUIT DEBT OBLIGATIONS

During the course of normal operations, the County has entered into various conduit debt obligations. Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The County has no responsibility for the payment of these debt issues except for the payments received on the underlying lease or loan agreement. The County's conduit debt obligations at September 30, 2019, are summarized as follows:

Issue	Date of Issue	Amount Outstanding September 30, 2019
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy) Series 2010 A & B	September 14, 2010	\$ 9,895,000
Bay County, Florida Industrial Development Revenue Refunding Bonds (Goodwill Industries - Big Bend, Inc.) Series 2017	April 1, 2017	\$ 9,410,252
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy Project) Series 2013 A & B	April 17, 2013	\$ 19,980,000
Bay County, Florida Educational Facilities Revenue Bonds (Bay Haven Charter Academy Project) Series 2016	October 1, 2016	\$ 4,750,000

## **NOTE 19 – WORKERS’ COMPENSATION – SELF INSURANCE**

During fiscal year 1990, the County established a workers' compensation fund (internal service fund) to account for and finance its uninsured risks of loss relating to workers' compensation claims. Under this program, the workers' compensation fund provides coverage for up to a maximum of \$350,000 for each workers' compensation claim through September 30, 2019. 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 reported in the workers' compensation fund at September 30, 2019, 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 2018 and 2019 were as follows:

Year Ending September 30,	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018	\$ 4,480,761	\$ 659,278	\$ (659,278)	\$ 4,480,761
2019	\$ 4,480,761	\$ 1,341,312	\$ (1,341,312)	\$ 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.

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**NOTE 20 – INSURANCE (CONTINUED)**

Changes in the self insurers' fund's claims liability amount in fiscal years 2018 and 2019 were as follows:

Year Ending September 30,	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018	\$ 250,000	\$ 2,289,819	\$ (2,289,819)	\$ 250,000
2018	\$ 250,000	\$ 2,631,409	\$ (2,631,409)	\$ 250,000

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

**NOTE 21 – JOINT VENTURE**

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

The joint venture is owned and governed by the County; and the cities of Callaway, Parker, and Springfield. One owner is selected by the others to be responsible for operating the System. The owner designated to be the Operator is the County. The Operator of the System, in accordance with the interlocal agreement, prepares the system's annual budget, sets treatment rates and collects funds sufficient to pay debt service, cost of operations and maintenance, renewal and replacement, and any enhancements to reserves. The results of operations and cash flows are accounted for in total within the financial statements of the joint venture. The County's interest in equity is reported within the County's Retail Water and Wastewater Fund. As of September 30, 2019, the County's investment in the joint venture was \$5,807,469. Complete financial statements for the joint venture may be obtained from the Operator at P.O. Box 2269, Panama City, Florida 32402.



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**NOTE 21 – JOINT VENTURE (Continued)**

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

Statement of Net Position September 30, 2019	
Assets	\$ 27,433,398
Deferred outflows	574,976
Liabilities	9,567,366
Net position	
Net investment in capital assets	12,266,087
Restricted for owners' rate reserve	2,277,983
Restricted for debt service	125,086
Unrestricted	3,771,852
Total net position	\$ 18,441,008

Statement of Activities Year Ended September 30, 2019	
Operating revenues	\$ 6,065,320
Operating expenses	(4,835,997)
Operating income	1,229,323
Nonoperating revenues (expenses), net	(165,609)
Income before distributions	1,063,714
Distributions to owners	(843,242)
Change in net position	220,472
Net position, beginning of year,	18,220,536
Net position, end of year	\$ 18,441,008

As of September 30, 2019, the County's portion of contributions and net position in the joint venture is as follows:

County investment, at September 30, 2018	\$ 4,598,149
Add: 2019 County share of net income	1,425,784
Less: 2019 distributions payable	(216,464)
County investment in joint venture at September 30, 2019	\$ 5,807,469

## **NOTE 22 – RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2019, the MPAWTF provided services to the County's retail water & wastewater fund. For the year ended September 30, 2019, the billings for these services totaled \$2,277,982.

As described in note 21, the County is an owner of the Military Point Advanced Wastewater Treatment Facility. The County incurs operational expenses on behalf of the joint venture. Reimbursement for these expenses amounted to \$2,307,912 for the year ended September 30, 2019.

Receivables/payables arising from all non-billing transactions with MPAWTF are recorded as "due from or "due to" amounts. MPAWTF has recorded \$1,168,695 in "due from" the County and \$849,559 in "due to" the County.

In addition, during the current year the County recognized \$133,178 in interest income from the joint venture, which was subsequently used to satisfy interest expense of \$133,178, related to the State Revolving Fund Loan Program as discussed in note 13.

## **NOTE 23 – SUBSEQUENT EVENTS**

On May 21, 2019, the County approved Resolution 3599. That resolution authorized the County to execute Clean Water State Revolving Fund Construction Loan Agreement WW0302E0 for disaster assistance in the amount of \$1,000,000, of which \$750,000 will be forgiven and the remaining \$250,000 will be payable over a 20 year term at 1.25% interest. Although it was approved before fiscal year end, the County did not receive any reimbursements until May 15, 2020, in the amount of \$532,776.

On October 9, 2019, the County received the remaining \$49,882,500 of the Revenue Note, Series 2019C that was approved by Resolution 3592 on April 2, 2019 to cover Hurricane Michael response, recovery, and mitigation costs in anticipation of FEMA and State reimbursements.

On October 31, 2019, the County paid off the outstanding principal amounts of \$31,744,115 for Hurricane Michael Revenue Bond, Series 2018 and \$50,000,000 for Hurricane Michael Revenue Bond, Series 2019A with proceeds received from FEMA for Hurricane Michael response, recovery, and mitigation costs.

On February 4, 2020, the County approved Resolution 3687. That resolution authorized the County to issue a \$39,000,000 Sales Tax Revenue Refunding Note, Series 2020 in order to refund the County's outstanding Sales Tax Revenue Refunding Note, Series 2015. The interest rate on the Sales Tax Revenue Refunding Note, Series 2020 is 2.06%. The refunding will provide the County with approximately \$3.8 million in savings on future debt service.

On February 4, 2020, the County approved Resolution 3688. That resolution authorized the County to issue a \$33,100,000 Tourist Development Tax Revenue Refunding Note, Series 2020 in order to refund the County's outstanding Tourist Development Tax Revenue Refunding Note, Series 2018.

#### **NOTE 23 – SUBSEQUENT EVENTS (Continued)**

The interest rate on the Tourist Development Tax Revenue Refunding Note, Series 2020 is 2.16%. The refunding will provide the County with approximately \$4 million in savings on future debt service.

On March 3, 2020, the County approved Resolution 3696. That resolution authorized the County to issue \$50,000,000 Industrial Development Revenue Bonds, Series 2020 (Gulf Power Company Project) for the acquisition, construction, installation, and equipping of wastewater and solid waste improvements. This is a conduit debt obligation with Gulf Power.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

#### **NOTE 24 – COUNTY TAX ABATEMENTS**

County property tax revenues were reduced by \$50,767 under an agreement entered into by the County through the Economic Development Program allowable under Florida Statute 196.012, for the purposes of increasing business activity and employment in the state. The County, through ordinance, provides abatements to new businesses or expansions of existing businesses that commit to creating jobs. These abatements temporarily reduce the assessed value of the real or personal property involved. The County program specifies a percentage reduction in property taxes for the recipients, up to 100 percent. As of September 30, 2019, eight County abatement agreements were with County businesses, of which one was entered into during the fiscal year.

#### **NOTE 25 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED**

The following standards have been issued that may have an effect on the City but management has not yet determined the effect these statements will have on the City's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement were originally effective for reporting periods beginning after June 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

**NOTE 25 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

GASB Statement No. 84, *Fiduciary Activities*, was issued with the objective of improving guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for 18 months.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, was issued with the objective to improvement the information that is disclosed in the notes to government financial statements related to debt. The requirements of this statement were originally effective for reporting periods beginning after June 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simply accounting for interest cost incurred before the end of a construction period. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, was issued to improvement to consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

#### **NOTE 26 – PRIOR PERIOD ADJUSTMENT**

Subsequent to the issuance of the prior year audited financial statements, the County determined that the liability, deferred outflows and deferred inflows related post-employment benefits for component units Panama City Beach Convention and Visitors Bureau, Inc. and Mexico Beach Community Development Council, Inc. should be recorded on the financial statements of those units. The effect of this error was an overstatement at September 30, 2018 of other post-employment benefits liability, deferred outflows of resources – other post-employment benefits and deferred inflows of resources – other post-employment benefits of \$232,944, \$8,237 and \$12,809 respectively. As a result a decrease in the County's beginning net position of the governmental activities of \$237,516 as of September 30, 2018 has been reflected in these financial statements.

Subsequent to the issuance of the prior year audited financial statements, the County determined that the County's revenue in the transportation fund was improperly recorded in those financial statements. The effect of this error was an overstatement in the County's revenue, due from other governments, unrestricted net assets for the governmental activities, and fund balance of the transportation fund, respectively in the prior year in the amount of \$209,816. As a result, a decrease in the County's beginning net position of the governmental activities and fund balance of the transportation fund, as of September 30, 2018, has been reflected in these financial statements.

Subsequent to the issuance of the prior year audited financial statements, the County determined that the County's capital assets in the tourist development fund were improperly recorded in those financial statements. The effect of this error was an understatement in the County's revenue, capital assets, unrestricted net assets for the governmental activities, and fund balance of the tourist development fund, respectively in the prior year in the amount of \$3,596,583. As a result, an increase in the County's beginning net position of the governmental activities and fund balance of the transportation fund, as of September 30, 2018, has been reflected in these financial statements.

#### **NOTE 27 – EXTRAORDINARY ITEM – HURRICANE MICHAEL**

The County was impacted by Hurricane Michael when it made landfall in October 2018. The County suffered an impairment loss of \$17,376,498 as a result of the hurricane related damage to its capital assets. These losses are recorded as an extraordinary item in the statement of activities and in the statement of revenues, expenses and changes in net position.

The County also received \$20,000,001 for insurance recoveries as of September 30, 2019. These recoveries were maintained in the Insurance internal service fund as of September 30, 2019. These recoveries will be allocated to the individual impacted funds as additional information is provided by the insurance company to determine the proper allocation. The insurance recoveries are included as an extraordinary item in the insurance internal service fund in statement of revenues, expenses and changes in net position and in the statement of activities column.

**NOTE 27 – EXTRAORDINARY ITEM – HURRICANE MICHAEL (Continued)**

The total amount of damages related to Hurricane Michael has not been determined as of the report date. Thus, the actual costs for hurricane repairs could be higher than estimated at this time. The County is working on submitting projects to the Federal Emergency Management Agency (FEMA) to help offset the costs associated with Hurricane Michael that were not covered by insurance. At the date of issuance, the County has approximately 120 projects started in various stages of the approval process with FEMA. In addition the County is working on submitting support for additional potential insurance recoveries from their insurance carriers. At the time of issuance of these financial statements the full impact of the damages and their effects on the County's financial statements have not been determined.



## REQUIRED SUPPLEMENTARY INFORMATION

Bay County, Florida  
Schedule of the County's Proportionate Share of the Net Pension Liability -  
Florida Retirement System  
September 30, 2019

<b>June 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability (asset)	0.2689660%	0.2556707%	0.2529244%	0.2550759%	0.2425663%
County's proportionate share of the net pension liability (asset)	\$ 92,628,150	\$ 77,009,353	\$ 74,839,008	\$ 64,406,863	\$ 31,330,693
County's covered payroll	\$ 64,712,266	\$ 60,273,701	\$ 58,101,593	\$ 56,321,792	\$ 54,944,720
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	143.14%	127.77%	128.81%	114.36%	57.02%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

Disclosures for 2010 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, 2019

<b>September 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 8,511,906	\$ 7,416,042	\$ 6,712,153	\$ 6,485,810	\$ 5,913,973	\$ 5,192,563
Contributions in relation to the contractually required contribution	(8,511,906)	(7,416,042)	(6,712,153)	(6,485,810)	(5,913,973)	(5,192,563)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	65,324,533	60,485,168	\$ 50,114,760	\$ 49,207,939	\$ 47,022,239	\$ 45,615,661
Contributions as a percentage of covered payroll	13.03%	12.26%	13.39%	13.18%	12.58%	11.38%

Disclosures for 2010 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 - Health Insurance Subsidy  
September 30, 2019

<b>June 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability (asset)	0.1933694%	0.1844422%	0.1821278%	0.1822235%	0.1808524%
County's proportionate share of the net pension liability (asset)	\$ 21,636,098	\$ 19,521,574	\$ 19,473,943	\$ 21,237,389	\$ 18,444,101
County's covered payroll	\$ 64,712,266	\$ 60,273,701	\$ 58,101,593	\$ 56,321,792	\$ 54,944,720
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.43%	32.39%	33.52%	37.71%	33.57%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

Disclosures for 2010 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 - Health Insurance Subsidy  
Year Ended September 30, 2019

<b>September 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,084,094	\$ 1,003,122	\$ 975,599	\$ 959,484	\$ 691,330	\$ 608,663
Contributions in relation to the contractually required contribution	(1,084,094)	(1,003,122)	(975,599)	(959,484)	(691,330)	(608,663)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
County's covered payroll	65,324,533	60,485,168	\$50,114,760	\$49,207,939	\$47,022,239	\$ 45,615,661
Contributions as a percentage of covered payroll	1.66%	1.66%	1.95%	1.95%	1.47%	1.33%

Disclosures for 2010 through 2013 are N/A because comparable information is not available at this time.

Bay County, Florida

Schedule of Changes in the County's Total Other Postemployment Benefits Liability and related ratios  
Year Ended September 30, 2019

Year Ended September 30,	2019	2018
<b>Total OPEB liability</b>		
Service cost	\$ 1,485,216	\$ 1,592,740
Interest	694,272	581,292
Differences between expected and actual experiences	96,096	-
Changes of assumptions	(47,426)	(915,074)
Benefit payments	(564,122)	(593,463)
<b>Net change in total OPEB liability</b>	1,664,036	665,495
<b>Total OPEB liability - beginning (as originally reported)</b>	16,973,430	16,307,935
<b>Prior period adjustment - see note</b>	(232,944)	-
<b>Total OPEB liability - beginning (restated)</b>	16,740,486	16,307,935
<b>Total OPEB liability - ending</b>	\$18,404,522	\$16,973,430
<b>Covered payroll</b>	52,657,577	51,896,540
<b>Net OPEB liability as a percentage of covered payroll</b>	34.95%	32.71%

**Notes to Schedule:**

Note 1: GASB 75 requires information for 10 years. However, until a full 10 year trend is compiled, the County is presenting information for only those years for which information is available.

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.



Bay County, Florida  
Schedule of Employer Contributions for Retirees' Health  
Insurance Other Postemployment Benefit Plans  
Year Ended September 30, 2019

<b>Year Ended September 30,</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency/(excess)	\$ -	\$ -
County's covered payroll	\$ 65,324,533	\$ 60,485,168
Contributions as a percentage of covered payroll	0%	0%

Note 1: GASB 75 requires information for 10 years. However, until a full 10 year trend is compiled, the County is presenting information for only those years for which information is available.

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# 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
<b>ASSETS</b>			
Cash and cash equivalents	\$ 662,153	\$ 307,491	\$ 246,120
Accounts receivable, net	-	188	-
Accrued interest receivable	7,886	10,351	2,589
Investments	2,852,042	1,324,433	1,060,096
Prepays	-	-	-
Due from other funds	-	-	-
Due from other governments	340,918	21,454	5,196
Restricted assets			
Cash and cash equivalents	18	1,836,016	396
Investments	77	7,908,140	1,700
Total assets	\$ 3,863,094	\$ 11,408,073	\$ 1,316,097
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ 17,316	\$ 161,328	\$ 18,047
Unearned revenues	-	-	10
Due to other funds	-	112,559	103,821
Advance from other funds	-	-	-
Total liabilities	17,316	273,887	121,878
Fund balance			
Nonspendable	-	-	-
Restricted	3,845,012	9,743,888	1,189,895
Assigned	766	1,390,298	4,324
Total fund balance	3,845,778	11,134,186	1,194,219
Total liabilities and fund balance	\$ 3,863,094	\$ 11,408,073	\$ 1,316,097

Bay County, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2019

Special Revenue					
MSTU Fire Protection	Court	Family Mediation	Records Modernization - Records	Records Modernization - Court	
\$ 227,514	\$ 693,130	\$ 21,329	\$ 336,803	\$ 486,139	
126,606	37,269	-	-	90,215	
8,968	-	-	-	-	
979,957	-	-	-	-	
-	16,308	-	16,040	56,141	
103,316	-	-	-	-	
939,206	-	-	-	-	
171,032	-	-	-	-	
736,672	-	-	-	-	
<u>\$ 3,293,271</u>	<u>\$ 746,707</u>	<u>\$ 21,329</u>	<u>\$ 352,843</u>	<u>\$ 632,495</u>	
\$ 204,987	\$ 242,173	\$ 1,675	\$ -	\$ 12,975	
-	9,098	-	-	-	
52,068	-	-	-	-	
290,874	-	-	-	-	
<u>547,929</u>	<u>251,271</u>	<u>1,675</u>	<u>-</u>	<u>12,975</u>	
-	16,308	-	16,040	56,141	
2,728,929	479,128	19,654	336,803	563,379	
16,413	-	-	-	-	
<u>2,745,342</u>	<u>495,436</u>	<u>19,654</u>	<u>352,843</u>	<u>619,520</u>	
<u>\$ 3,293,271</u>	<u>\$ 746,707</u>	<u>\$ 21,329</u>	<u>\$ 352,843</u>	<u>\$ 632,495</u>	

Continued



	10% Fine Records Modernization	Law Enforcement Training	Special Law Enforcement Trust	Special Contribution
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,807	\$ 47,575	\$ 48,008	\$ 12,022
Accounts receivable, net	-	-	-	-
Accrued interest receivable	-	-	-	-
Investments	-	-	-	-
Prepays	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total assets	\$ 4,807	\$ 47,575	\$ 48,008	\$ 12,022
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 4,807	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	4,807	-	-	-
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	47,575	48,008	12,022
Assigned	-	-	-	-
Total fund balance	-	47,575	48,008	12,022
Total liabilities and fund balance	\$ 4,807	\$ 47,575	\$ 48,008	\$ 12,022

Bay County, Florida  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
September 30, 2019

Special Revenue					
Crime Prevention	Federal Seizure Account	Seizure Trust	Inmate Welfare	Total Nonmajor Governmental Funds	
\$ 199,196	\$ 726	\$ 81,102	\$ 484,244	\$	3,858,359
-	-	-	116,104		370,382
-	-	-	-		29,794
-	-	-	-		6,216,528
-	-	-	-		88,489
-	-	-	-		103,316
-	-	-	-		1,306,774
-	-	-	-		2,007,462
-	-	-	-		8,646,589
<u>\$ 199,196</u>	<u>\$ 726</u>	<u>\$ 81,102</u>	<u>\$ 600,348</u>	<u>\$</u>	<u>22,627,693</u>
\$ -	\$ -	\$ -	\$ 39,045	\$	702,353
-	-	-	-		9,108
-	-	-	-		268,448
-	-	-	-		290,874
-	-	-	39,045		1,270,783
-	-	-	-		88,489
199,196	726	81,102	561,303		19,856,620
-	-	-	-		1,411,801
<u>199,196</u>	<u>726</u>	<u>81,102</u>	<u>561,303</u>		<u>21,356,910</u>
<u>\$ 199,196</u>	<u>\$ 726</u>	<u>\$ 81,102</u>	<u>\$ 600,348</u>	<u>\$</u>	<u>22,627,693</u>

	Public Safety	Intergovernmental Radio Communications	District Mosquito Control
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,421,207
Intergovernmental	53,814	8,987	46,153
Charges for services	848,958	426,999	-
Investment earnings	99,680	115,033	35,902
Miscellaneous	-	-	-
Total revenues	1,002,452	551,019	1,503,262
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	596,598	1,405,369	-
Human services	-	-	1,385,862
Capital outlay			
General government	-	-	-
Public safety	25,346	-	-
Human services	-	-	247,826
Debt service			
Principal	20,166	12,779	123,101
Interest	1,220	182,301	12,928
Bond issuance costs	92	2,056	1,613
Total expenditures	643,422	1,602,505	1,771,330
Excess (deficit) of revenues over (under) expenditures	359,030	(1,051,486)	(268,068)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	78,967	62,543
Issuance of debt	58,549	9,245,083	951,200
Proceeds from sale of capital assets	-	-	25,226
Total other financing sources	58,549	9,324,050	1,038,969
Net change in fund balance	417,579	8,272,564	770,901
Fund balance - beginning	3,428,199	2,861,622	423,318
Fund balance - ending	\$ 3,845,778	\$ 11,134,186	\$ 1,194,219

Bay County, Florida  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2019

Special Revenue					
MSTU Fire Protection	Court	Family Mediation	Records Modernization - Records	Records Modernization - Court	
\$ 8,801,961	\$ -	\$ -	\$ -	\$ -	
1,015,651	-	-	-	-	
378,755	5,090,628	23,000	157,640	436,630	
127,421	-	-	-	-	
780,572	-	-	-	-	
11,104,360	5,090,628	23,000	157,640	436,630	
-	5,062,854	19,450	48,362	234,992	
8,895,706	-	-	-	-	
-	-	-	-	-	
-	-	-	43,022	167,421	
552,922	-	-	-	-	
-	-	-	-	-	
769,098	-	-	-	-	
186,682	-	-	-	-	
1,915	-	-	-	-	
10,406,323	5,062,854	19,450	91,384	402,413	
698,037	27,774	3,550	66,256	34,217	
-	-	-	-	-	
1,244,976	-	-	-	-	
-	-	-	-	-	
1,244,976	-	-	-	-	
1,943,013	27,774	3,550	66,256	34,217	
802,329	467,662	16,104	286,587	585,303	
\$ 2,745,342	\$ 495,436	\$ 19,654	\$ 352,843	\$ 619,520	

Continued

	10% Fine Records Modernization	Law Enforcement Training	Special Law Enforcement Trust	Special Contribution
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	86,388	96,998	5,270
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	59,425	-
Total revenues	-	86,388	156,423	5,270
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	89,739	94,392	2,327
Human services	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	24,337	-
Human services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	-	89,739	118,729	2,327
Excess (deficit) of revenues over (under) expenditures	-	(3,351)	37,694	2,943
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	(3,351)	37,694	2,943
Fund balance - beginning	-	50,926	10,314	9,079
Fund balance - ending	\$ -	\$ 47,575	\$ 48,008	\$ 12,022

Bay County, Florida  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance (Continued)  
Nonmajor Governmental Funds  
Year Ended September 30, 2019

Special Revenue				
Crime Prevention	Federal Seizure Account	Seizure Trust	Inmate Welfare	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 10,223,168
-	-	95,951	-	1,409,212
-	-	-	1,012,860	8,375,470
1,260	-	-	-	379,296
-	-	-	-	839,997
1,260	-	95,951	1,012,860	21,227,143
-	-	-	-	5,365,658
31,344	3,836	89,073	704,123	11,912,507
-	-	-	-	1,385,862
-	-	-	-	210,443
-	-	-	33,532	636,137
-	-	-	-	247,826
-	-	-	-	925,144
-	-	-	-	383,131
-	-	-	-	5,676
31,344	3,836	89,073	737,655	21,072,384
(30,084)	(3,836)	6,878	275,205	154,759
-	-	-	-	141,510
-	-	-	-	11,499,808
-	-	-	-	25,226
-	-	-	-	11,666,544
(30,084)	(3,836)	6,878	275,205	11,821,303
229,280	4,562	74,224	286,098	9,535,607
\$ 199,196	\$ 726	\$ 81,102	\$ 561,303	\$ 21,356,910

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Public Safety  
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 53,814	\$ 53,814
Charges for services	806,665	806,665	848,958	42,293
Investment earnings	20,000	20,000	99,680	79,680
Total revenues	826,665	826,665	1,002,452	175,787
<b>EXPENDITURES</b>				
Current				
Public safety	939,580	1,004,142	596,598	407,544
Capital outlay				
Public safety	125,000	125,000	25,346	99,654
Debt service				
Principal	-	-	20,166	(20,166)
Interest	-	-	1,220	(1,220)
Bond issuance costs	-	-	92	(92)
Total expenditures	1,064,580	1,129,142	643,422	485,720
Excess (deficit) of revenues over (under) expenditures	(237,915)	(302,477)	359,030	661,507
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	34,314	58,549	24,235
Total other financing sources	-	34,314	58,549	24,235
Net change in fund balance	\$ (237,915)	\$ (268,163)	417,579	\$ 685,742
Fund balance - beginning			3,428,199	
Fund balance - ending			\$ 3,845,778	



Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Intergovernmental Radio Communications  
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 8,987	\$ 8,987
Charges for services	447,978	427,000	426,999	(1)
Investment earnings	-	66,897	115,033	48,136
Total revenues	447,978	493,897	551,019	57,122
<b>EXPENDITURES</b>				
Current				
Public safety	739,594	1,491,178	1,405,369	85,809
Capital outlay				
Public safety	108,000	8,505,000	-	8,505,000
Debt service				
Principal	-	-	12,779	(12,779)
Interest	-	178,296	182,301	(4,005)
Bond issuance costs	-	-	2,056	(2,056)
Total expenditures	847,594	10,174,474	1,602,505	8,571,969
Excess (deficit) of revenues over (under) expenditures	(399,616)	(9,680,577)	(1,051,486)	8,629,091
<b>OTHER FINANCING SOURCES</b>				
Transfers in	78,967	78,967	78,967	-
Issuance of debt	-	9,255,961	9,245,083	(10,878)
Total other financing sources	78,967	9,334,928	9,324,050	(10,878)
Net change in fund balance	\$ (320,649)	\$ (345,649)	8,272,564	\$ 8,618,213
Fund balance - beginning			2,861,622	
Fund balance - ending			\$ 11,134,186	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
District Mosquito Control  
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,250,249	\$ 1,255,173	\$ 1,421,207	\$ 166,034
Intergovernmental	41,645	41,645	46,153	4,508
Investment earnings	2,500	2,500	35,902	33,402
Total revenues	1,294,394	1,299,318	1,503,262	203,944
<b>EXPENDITURES</b>				
Current				
Human services	1,393,975	1,715,718	1,385,862	329,856
Capital outlay				
Human services	125,000	127,718	247,826	(120,108)
Debt service				
Principal	-	-	123,101	(123,101)
Interest	-	-	12,928	(12,928)
Bond issuance costs	-	-	1,613	(1,613)
Total expenditures	1,518,975	1,843,436	1,771,330	72,106
Excess (deficit) of revenues over (under) expenditures	(224,581)	(544,118)	(268,068)	276,050
<b>OTHER FINANCING SOURCES</b>				
Transfers in	62,543	62,543	62,543	-
Issuance of debt	-	319,537	951,200	631,663
Proceeds from sale of capital assets	-	-	25,226	25,226
Total other financing sources	62,543	382,080	1,038,969	656,889
Net change in fund balance	\$ (162,038)	\$ (162,038)	\$ 770,901	\$ 932,939
Fund balance - beginning			423,318	
Fund balance - ending			\$ 1,194,219	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
MSTU Fire Protection  
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 8,434,566	\$ 8,434,566	\$ 8,801,961	\$ 367,395
Intergovernmental	242,027	242,027	1,015,651	773,624
Charges for services	290,000	290,000	378,755	88,755
Investment earnings	22,000	22,000	127,421	105,421
Contributions and donations	-	312,446	-	(312,446)
Miscellaneous	-	-	780,572	780,572
Total revenues	8,988,593	9,301,039	11,104,360	1,803,321
<b>EXPENDITURES</b>				
Current				
Public safety	8,267,593	9,350,913	8,895,706	455,207
Capital outlay				
Public safety	285,900	2,598,346	552,922	2,045,424
Debt service				
Principal	404,346	404,346	769,098	(364,752)
Interest	150,334	150,334	186,682	(36,348)
Bond issuance costs	-	-	1,915	(1,915)
Total expenditures	9,108,173	12,503,939	10,406,323	2,097,616
Excess (deficit) of revenues over (under) expenditures	(119,580)	(3,202,900)	698,037	3,900,937
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	2,770,874	1,244,976	(1,525,898)
Total other financing sources	-	2,770,874	1,244,976	(1,525,898)
Net change in fund balance	\$ (119,580)	\$ (432,026)	1,943,013	\$ 2,375,039
Fund balance - beginning			802,329	
Fund balance - ending			\$ 2,745,342	

Bay County, Florida  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Court  
Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 4,148,147	\$ 5,090,628	\$ 5,090,628	\$ -
Total revenues	4,148,147	5,090,628	5,090,628	-
<b>EXPENDITURES</b>				
Current				
General government	4,148,147	5,090,628	5,062,854	27,774
Total expenditures	4,148,147	5,090,628	5,062,854	27,774
Excess (deficit) of revenues over (under) expenditures	\$ -	\$ -	27,774	\$ 27,774
Fund balance - beginning			467,662	
Fund balance - ending			\$ 495,436	

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

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

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

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

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

Bay County, Florida  
Combining Statement of Net Position  
Internal Service Funds  
September 30, 2019

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 256,545	\$ 1,076,712	\$ 103,891	\$ 161,016	\$ 1,598,164
Accounts receivable, net	144,977	5,193	30,617	114,088	294,875
Accrued interest	2,482	12,970	1,601	1,581	18,634
Prepaid expenses	-	50,000	1,689,413	-	1,739,413
Investments	1,101,770	4,637,643	447,481	693,530	6,880,424
Due from other governments	1,624,996	-	9,000	-	1,633,996
Due from other funds	65,896	249,487	20,000,001	4,142	20,319,526
Total current assets	3,196,666	6,032,005	22,282,004	974,357	32,485,032
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	798	26	18	37	879
Investments	3,436	113	76	163	3,788
Capital assets					
Buildings	181,542	-	-	618,642	800,184
Improvements	146,173	-	-	-	146,173
Furniture and equipment	350,967	11,497	67,027	529,330	958,821
Less: accumulated depreciation	(544,616)	(6,593)	(66,562)	(664,748)	(1,282,519)
Total noncurrent assets	138,300	5,043	559	483,424	627,326
Total assets	3,334,966	6,037,048	22,282,563	1,457,781	33,112,358
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to OPEB	3,518	464	53	2,205	6,240
Deferred outflows related to pension	343,934	49,771	43,212	298,353	735,270
Total deferred outflows of resources	347,452	50,235	43,265	300,558	741,510
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	329,618	15,440	279,982	106,923	731,963
Accrued interest payable	4,317	138	94	200	4,749
Accrued compensated absences	38,128	8,065	5,301	29,101	80,595
Due to other funds	753,758	-	1,848,742	113,974	2,716,474
Capital leases payable	4,936	1,025	684	4,783	11,428
Estimated liability for self insured losses, current	-	766,147	-	-	766,147
Total current liabilities	1,130,757	790,815	2,134,803	254,981	4,311,356
Noncurrent liabilities					
Capital leases payable	9,581	158	105	10,128	19,972
Estimated liability for self insured losses	-	3,714,614	-	-	3,714,614
Accrued compensated absences	66,050	14,283	9,032	47,271	136,636
Net OPEB obligation	283,077	22,998	10,786	156,885	473,746
Net pension liability	972,266	155,492	132,948	844,771	2,105,477
Note payable	59,933	6,912	5,667	377	72,889
Bonds payable	1,583,977	46,585	28,845	74,216	1,733,623
Total noncurrent liabilities	2,974,884	3,961,042	187,383	1,133,648	8,256,957
Total liabilities	4,105,641	4,751,857	2,322,186	1,388,629	12,568,313
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension	68,535	13,816	12,405	62,291	157,047
Deferred inflows related to OPEB	23,776	3,136	356	14,899	42,167
Total deferred inflows of resources	92,311	16,952	12,761	77,190	199,214
<b>NET POSITION</b>					
Net investment in capital assets	119,549	3,721	(324)	468,513	591,459
Unrestricted	(635,083)	1,314,753	19,991,205	(175,993)	20,494,882
Total net position	\$ (515,534)	\$ 1,318,474	\$ 19,990,881	\$ 292,520	\$ 21,086,341

Bay County, Florida  
Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Internal Service Funds  
Year Ended September 30, 2019

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,276,326	\$ 1,810,186	\$ 2,811,268	\$ 1,711,110	\$ 10,608,890
Intergovernmental revenues-grants	1,625,619	-	9,000	-	1,634,619
Insurance proceeds	-	-	20,000,001	-	20,000,001
Miscellaneous	-	82,716	-	15,925	98,641
Total operating revenues	5,901,945	1,892,902	22,820,269	1,727,035	32,342,151
<b>OPERATING EXPENSES</b>					
Personal services	1,518,167	277,961	165,988	1,201,367	3,163,483
Contracted services	93,043	40,037	10,969	196,824	340,873
Repairs and maintenance	549,227	2,781	-	12,506	564,514
Utilities	394,983	-	-	19,596	414,579
Depreciation	44,480	2,085	929	39,938	87,432
Materials	1,602,510	-	-	-	1,602,510
Insurance claims	-	1,485,262	-	-	1,485,262
Other operating expenses	2,035,818	42,923	2,664,939	302,251	5,045,931
Total operating expenses	6,238,228	1,851,049	2,842,825	1,772,482	12,704,584
Operating income (loss)	(336,283)	41,853	19,977,444	(45,447)	19,637,567
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income					
Interest and fiscal charges	(41,199)	(1,625)	-	(2,940)	(45,764)
Investment earnings (loss)	35,310	162,703	20,871	20,119	239,003
Total nonoperation revenues (expenses)	(5,889)	161,078	20,871	17,179	193,239
Net income (loss)	(342,172)	202,931	19,998,315	(28,268)	19,830,806
<b>TRANSFERS</b>					
Transfers out	-	-	(917,020)	-	(917,020)
Change in net position before Extraordinary item	(342,172)	202,931	19,081,295	(28,268)	18,913,786
Extraordinary item	(24,760)	-	-	-	(24,760)
Change in net position	(366,932)	202,931	19,081,295	(28,268)	18,889,026
Total net position (deficit) - beginning	(148,602)	1,115,543	909,586	320,788	2,197,315
Total net position (deficit) - ending	\$ (515,534)	\$ 1,318,474	\$ 19,990,881	\$ 292,520	\$ 21,086,341



Bay County, Florida  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended September 30, 2019

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and others	\$ 2,650,709	\$ 1,568,498	\$ 2,771,783	\$ 1,607,810	\$ 8,598,800
Cash received from miscellaneous operating activities	1,625,619	82,716	9,000	15,925	1,733,260
Cash paid to suppliers for goods and services	(3,965,184)	(1,613,734)	(2,385,716)	(492,129)	(8,456,763)
Cash paid to employees for services	(1,317,161)	(233,860)	(136,933)	(1,046,013)	(2,733,967)
Net cash provided by (used in) operating activities	(1,006,017)	(196,380)	258,134	85,593	(858,670)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out		-	(917,020)	-	(917,020)
Net cash provided by (used in) noncapital financing activities	-	-	(917,020)	-	(917,020)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	23,606	-	-	-	23,606
Principal paid on long-term debt	(2,336)	(981)	(654)	(4,719)	(8,690)
Interest paid on long-term debt	(36,882)	(1,625)	-	(2,940)	(41,447)
Purchase of capital assets	(29,588)	(4,898)	-	(63,838)	(98,324)
Proceeds from debt issuance	1,643,310	53,497	34,512	74,593	1,805,912
Net cash provided by (used in) capital and related financing activities	1,598,110	45,993	33,858	3,096	1,681,057
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale and maturities of investment securities	90,119	3,298,122	1,028,909	367,258	4,784,408
Purchase of investments	(583,941)	(2,621,666)	(401,424)	(365,996)	(3,973,027)
Interest and dividends on investments	31,873	145,783	19,361	18,117	215,134
Net cash provided by (used in) investing activities	(461,949)	822,239	646,846	19,379	1,026,515
Net increase (decrease) in cash and cash equivalents	130,144	671,852	21,818	108,068	931,882
Cash and cash equivalents - beginning	127,199	404,886	82,091	52,985	667,161
Cash and cash equivalents - ending	\$ 257,343	\$ 1,076,738	\$ 103,909	\$ 161,053	\$ 1,599,043
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Assets acquired via capital lease	\$ 11,301	\$ -	\$ -	\$ 7,432	\$ 18,733

Continued

Bay County, Florida  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds  
Year Ended September 30, 2019

	Other Internal Services	Workers' Compensation	Insurance	Utilities Administration	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income	\$ (336,283)	\$ 41,853	\$ 19,977,444	\$ (45,447)	\$ 19,637,567
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	44,480	2,085	929	39,938	87,432
(Increase) decrease in assets					
Accounts receivable, net	(15,041)	7,799	(30,485)	(104,882)	(142,609)
Prepaid expenses	-	151,395	(582,811)	-	(431,416)
Due from other funds	13,082	(249,487)	(20,000,001)	1,582	(20,234,824)
Due from other governments	(1,623,658)	-	(9,000)	-	(1,632,658)
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	208,429	4,360	(17,128)	68,089	263,750
Accrued compensated absences	8,576	3,748	1,078	2,090	15,492
Due to other funds	501,968	(198,486)	890,131	(29,041)	1,164,572
Net OPEB obligation	11,632	1,535	173	7,291	20,631
Net pension liability	180,566	40,186	30,145	148,879	399,776
Decrease (increase) in deferred outflows:					
related to net pension	(4,063)	(904)	(678)	(3,348)	(8,993)
related to OPEB	4,771	630	71	2,990	8,462
Decrease (increase) in deferred inflows					
related to OPEB	10,886	1,435	163	6,821	19,305
related to net pension	(11,362)	(2,529)	(1,897)	(9,369)	(25,157)
Total adjustments	(669,734)	(238,233)	(19,719,310)	131,040	(20,496,237)
Net cash provided by (used in) operating activities	\$ (1,006,017)	\$ (196,380)	\$ 258,134	\$ 85,593	\$ (858,670)

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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.

Bay County, Florida  
Combining Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2019

	Fines, Forfeitures and Other Fees	Jury and Witness	Tax Deed Assets	Support
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,740,883	\$ 53,416	\$ 385,468	\$ 27,313
Accounts receivable, net	-	-	-	-
<b>Total assets</b>	<b>\$ 2,740,883</b>	<b>\$ 53,416</b>	<b>\$ 385,468</b>	<b>\$ 27,313</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 385,468	\$ 27,313
Due to others	-	-	-	-
Due to other governments	2,740,883	53,416	-	-
<b>Total liabilities</b>	<b>\$ 2,740,883</b>	<b>\$ 53,416</b>	<b>\$ 385,468</b>	<b>\$ 27,313</b>

Continued

Bay County, Florida  
Combining Statement of Fiduciary Net Position (Continued)  
Agency Funds  
September 30, 2019

	Court Registry	Cash Bond	Restitution
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,137,103	\$ 869,283	\$ 59,558
Accounts receivable, net	-	-	-
<b>Total assets</b>	<b>\$ 1,137,103</b>	<b>\$ 869,283</b>	<b>\$ 59,558</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 1,137,103	\$ -	\$ 59,558
Due to others	-	-	-
Due to other governments	-	869,283	-
<b>Total liabilities</b>	<b>\$ 1,137,103</b>	<b>\$ 869,283</b>	<b>\$ 59,558</b>

Continued

Bay County, Florida  
Combining Statement of Fiduciary Net Position (Continued)  
Agency Funds  
September 30, 2019

	Property Tax	Tag	Other Suspense
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,430,529	\$ 570,588	\$ 14,039
Accounts receivable, net	-	60	-
<b>Total assets</b>	<b>\$ 2,430,529</b>	<b>\$ 570,648</b>	<b>\$ 14,039</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to others	-	-	-
Due to other governments	\$ 2,430,529	\$ 570,648	\$ 14,039
<b>Total liabilities</b>	<b>\$ 2,430,529</b>	<b>\$ 570,648</b>	<b>\$ 14,039</b>

Continued



Bay County, Florida  
Combining Statement of Fiduciary Net Position (Continued)  
Agency Funds  
September 30, 2019

	Sheriff's Fees	Individual Depositors	Forfeitures	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 51,610	\$ 63,714	\$ 178,811	\$ 8,582,315
Accounts receivable, net	-	-	-	60
<b>Total assets</b>	<b>\$ 51,610</b>	<b>\$ 63,714</b>	<b>\$ 178,811</b>	<b>\$ 8,582,375</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 63,714	\$ -	\$ 1,673,156
Due to others	-	-	178,811	178,811
Due to other governments	51,610	-	-	6,730,408
<b>Total liabilities</b>	<b>\$ 51,610</b>	<b>\$ 63,714</b>	<b>\$ 178,811</b>	<b>\$ 8,582,375</b>

Bay County, Florida  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>FINES, FORFEITURES, AND OTHER FEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
Total assets	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
<b>LIABILITIES</b>				
Due to other governments	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
Total liabilities	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
<b>JURY AND WITNESS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
Total assets	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
<b>LIABILITIES</b>				
Due to other governments	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
Total liabilities	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
<b>TAX DEED ASSETS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
Total assets	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
Total liabilities	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468

Continued

Bay County, Florida  
Combining Statement of Changes in Assets and Liabilities (Continued)  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>SUPPORT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
Total assets	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
Total liabilities	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
<b>COURT REGISTRY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
Total assets	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
Total liabilities	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
<b>CASH BOND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
Total assets	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
<b>LIABILITIES</b>				
Due to other governments	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
Total liabilities	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283

Continued

Bay County, Florida  
Combining Statement of Changes in Assets and Liabilities (Continued)  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
Total assets	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
Total liabilities	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
<b>PROPERTY TAX</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,962,941	\$ 237,076,917	\$ 236,609,329	\$ 2,430,529
Accounts receivable, net	1,083	7,465	8,548	-
Total assets	\$ 1,964,024	\$ 237,084,382	\$ 236,617,877	\$ 2,430,529
<b>LIABILITIES</b>				
Due to other governments	\$ 1,964,024	\$ 237,084,382	\$ 236,617,877	\$ 2,430,529
Total liabilities	\$ 1,964,024	\$ 237,084,382	\$ 236,617,877	\$ 2,430,529
<b>TAG</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 892,196	\$ 29,008,297	\$ 29,329,905	\$ 570,588
Accounts receivable, net	181	73	194	60
Total assets	\$ 892,377	\$ 29,008,370	\$ 29,330,099	\$ 570,648
<b>LIABILITIES</b>				
Due to other governments	\$ 892,377	\$ 29,008,370	\$ 29,330,099	\$ 570,648
Total liabilities	\$ 892,377	\$ 29,008,370	\$ 29,330,099	\$ 570,648
<b>OTHER SUSPENSE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
Total assets	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
<b>LIABILITIES</b>				
Due to other governments	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
Total liabilities	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039

Continued

Bay County, Florida  
Combining Statement of Changes in Assets and Liabilities (Continued)  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>INDIVIDUAL DEPOSITORS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
Total assets	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
Total liabilities	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
<b>FORFEITURES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
Total assets	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
<b>LIABILITIES</b>				
Due to others	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
Total liabilities	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
<b>SHERIFF'S FEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
Total assets	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
<b>LIABILITIES</b>				
Due to other governments	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
Total liabilities	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
<b>COMBINED TOTALS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,266,691	\$ 323,955,328	\$ 323,639,704	\$ 8,582,315
Accounts receivable, net	1,264	7,538	8,742	60
Total assets	\$ 8,267,955	\$ 323,962,866	\$ 323,648,446	\$ 8,582,375
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,702,069	\$ 21,501,175	\$ 22,530,088	\$ 1,673,156
Due to others	24,023	326,715	171,927	178,811
Due to other governments	5,541,863	302,134,976	300,946,431	6,730,408
Total liabilities	\$ 8,267,955	\$ 323,962,866	\$ 323,648,446	\$ 8,582,375

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

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



	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 167,184,260	\$ 175,784,958	\$ 176,901,127	\$ 159,938,052
Restricted	12,510,353	43,752,095	49,440,926	65,276,675
Unrestricted	<u>59,778,907</u>	<u>18,817,801</u>	<u>7,666,565</u>	<u>10,127,270</u>
<b>Total governmental activities net position</b>	<b><u>\$ 239,473,520</u></b>	<b><u>\$ 238,354,854</u></b>	<b><u>\$ 234,008,618</u></b>	<b><u>\$ 235,341,997</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 81,158,497	\$ 76,176,290	\$ 76,152,474	\$ 69,321,153
Restricted	6,566,100	12,291,303	11,142,041	11,160,273
Unrestricted	<u>24,019,080</u>	<u>23,529,091</u>	<u>21,719,503</u>	<u>34,693,980</u>
<b>Total business-type activities net position</b>	<b><u>\$ 111,743,677</u></b>	<b><u>\$ 111,996,684</u></b>	<b><u>\$ 109,014,018</u></b>	<b><u>\$ 115,175,406</u></b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 248,342,757	\$ 251,961,248	\$ 253,053,601	\$ 229,259,205
Restricted	19,076,453	56,043,398	60,647,493	76,436,948
Unrestricted	<u>83,797,987</u>	<u>42,346,892</u>	<u>29,321,542</u>	<u>44,821,250</u>
<b>Total primary government net position</b>	<b><u>\$ 351,217,197</u></b>	<b><u>\$ 350,351,538</u></b>	<b><u>\$ 343,022,636</u></b>	<b><u>\$ 350,517,403</u></b>

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

Schedule 1

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 171,575,742	\$ 170,031,683	\$ 174,625,157	\$ 185,942,825	\$ 197,386,933	\$ 193,766,314
68,225,355	64,930,455	62,482,780	52,028,548	89,936,688	75,496,876
<u>(11,964,402)</u>	<u>(48,500,836)</u>	<u>(39,893,820)</u>	<u>(37,426,236)</u>	<u>(69,050,293)</u>	<u>(63,690,229)</u>
<b><u>\$ 227,836,695</u></b>	<b><u>\$ 186,461,302</u></b>	<b><u>\$ 197,214,117</u></b>	<b><u>\$ 200,545,137</u></b>	<b><u>\$ 218,273,328</u></b>	<b><u>\$ 205,572,961</u></b>
\$ 77,905,570	\$ 85,630,990	\$ 77,098,606	\$ 76,389,185	\$ 76,550,659	\$ 70,196,300
12,794,516	14,775,326	16,126,502	14,690,995	16,031,428	18,132,682
<u>35,598,707</u>	<u>25,641,282</u>	<u>28,101,073</u>	<u>30,278,469</u>	<u>27,227,589</u>	<u>22,925,271</u>
<b><u>\$ 126,298,793</u></b>	<b><u>\$ 126,047,598</u></b>	<b><u>\$ 121,326,181</u></b>	<b><u>\$ 121,358,649</u></b>	<b><u>\$ 119,809,676</u></b>	<b><u>\$ 111,254,253</u></b>
\$ 249,481,312	\$ 255,662,673	\$ 251,723,763	\$ 262,332,010	\$ 273,937,592	\$ 263,962,614
81,019,871	79,705,781	78,609,282	66,719,543	105,968,116	93,629,558
<u>23,634,305</u>	<u>(22,859,554)</u>	<u>(11,792,747)</u>	<u>(7,147,767)</u>	<u>(41,822,704)</u>	<u>(40,764,958)</u>
<b><u>\$ 354,135,488</u></b>	<b><u>\$ 312,508,900</u></b>	<b><u>\$ 318,540,298</u></b>	<b><u>\$ 321,903,786</u></b>	<b><u>\$ 338,083,004</u></b>	<b><u>\$ 316,827,214</u></b>

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government	\$ 44,216,781	\$ 39,434,666	\$ 37,957,601	\$ 40,761,101
Public safety	38,220,126	36,413,991	36,745,373	36,924,438
Physical environment	4,343,675	4,968,431	1,304,081	337,498
Transportation	20,903,717	19,604,133	19,844,229	21,028,210
Economic environment	18,601,704	19,839,456	20,951,183	26,608,771
Human services	5,552,240	5,443,839	5,321,884	5,045,532
Culture/recreation	5,098,294	5,806,043	5,856,186	5,523,037
Interest on long-term debt	3,956,673	3,909,979	3,292,291	3,593,361
Total governmental activities expenses	<u>140,893,210</u>	<u>135,420,538</u>	<u>131,272,828</u>	<u>139,821,948</u>
<b>Business-type activities:</b>				
Wholesale water system	12,230,344	12,237,921	11,271,371	11,412,183
Retail water and wastewater	9,774,380	11,009,770	11,164,990	11,013,285
Industrial wastewater	5,768,403	3,951,644	3,602,863	1,611,176
Solid waste fund	14,737,174	15,274,326	17,622,969	15,225,489
Building services	1,699,893	1,598,831	1,215,319	1,118,630
Emergency medical services	-	-	-	116,886
Total business-type activities expenses	<u>44,210,194</u>	<u>44,072,492</u>	<u>44,877,512</u>	<u>40,497,649</u>
<b>Total primary government expenses</b>	<b><u>\$ 185,103,404</u></b>	<b><u>\$ 179,493,030</u></b>	<b><u>\$ 176,150,340</u></b>	<b><u>\$ 180,319,597</u></b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General government	\$ 13,748,179	\$ 13,769,684	\$ 14,100,604	\$ 14,846,161
Public safety	1,419,092	1,308,519	1,377,953	1,153,326
Physical environment	1,832,155	1,805,016	44,533	36,980
Transportation	464,965	320,562	2,094,221	2,037,167
Economic Environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	593,340	556,136	618,455	669,447
Operating grants and contributions	16,953,017	13,486,584	6,756,304	6,094,392
Capital grants and contributions	7,040,323	4,790,164	5,073,251	3,067,383
Total governmental activities program revenue	<u>42,051,071</u>	<u>36,036,665</u>	<u>30,065,321</u>	<u>27,904,856</u>
<b>Business-type activities:</b>				
Charges for services:				
Water system revenue	13,772,277	16,293,620	15,652,776	16,038,992
Retail water and wastewater	6,421,773	6,681,917	6,665,219	7,187,654
Industrial wastewater	5,873,324	3,855,587	3,535,687	959,148
Solid waste fund	13,336,670	14,197,632	10,181,513	11,816,503
Building services	693,361	800,789	968,947	909,443
Emergency medical services	-	-	-	-
Operating grants and contributions	315,000	315,000	315,000	-
Capital grants and contributions	871,811	235,134	706,041	988,605
Total business-type activities program revenue	<u>41,284,216</u>	<u>42,379,679</u>	<u>38,025,183</u>	<u>37,900,345</u>
<b>Total primary government program revenues</b>	<b><u>\$ 83,335,287</u></b>	<b><u>\$ 78,416,344</u></b>	<b><u>\$ 68,090,504</u></b>	<b><u>\$ 65,805,201</u></b>

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

Schedule 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 39,201,075	\$ 39,149,936	\$ 47,032,293	\$ 52,467,733	\$ 48,503,172	\$ 78,986,762
38,289,031	40,034,847	41,041,309	43,679,953	48,589,600	60,835,929
1,659,241	859,398	734,092	894,857	1,321,473	55,390,912
24,938,922	28,918,058	25,079,518	34,898,777	37,826,331	39,136,958
22,137,297	31,517,039	25,070,779	22,692,937	25,346,097	30,229,959
5,272,176	5,774,723	6,280,176	6,506,744	6,795,314	10,701,839
5,608,860	5,944,644	6,428,430	8,242,201	7,721,631	8,029,123
3,593,220	3,315,923	3,096,600	3,001,553	3,883,725	5,169,215
<u>140,699,822</u>	<u>155,514,568</u>	<u>154,763,197</u>	<u>172,384,755</u>	<u>179,987,343</u>	<u>288,480,697</u>
11,942,948	12,258,486	18,861,132	15,169,886	17,679,973	17,259,688
11,153,219	10,572,655	11,834,678	11,965,300	12,362,477	12,398,623
-	-	-	-	-	-
16,283,995	21,281,558	18,820,367	17,118,847	18,611,836	161,271,639
1,283,093	1,388,854	1,418,602	1,729,303	1,721,266	2,542,238
6,936,224	6,605,406	7,534,405	8,341,115	7,503,778	8,985,778
<u>47,599,479</u>	<u>52,106,959</u>	<u>58,469,184</u>	<u>54,324,451</u>	<u>57,879,330</u>	<u>202,457,966</u>
<b><u>\$ 188,299,301</u></b>	<b><u>\$ 207,621,527</u></b>	<b><u>\$ 213,232,381</u></b>	<b><u>\$ 226,709,206</u></b>	<b><u>\$ 237,866,673</u></b>	<b><u>\$ 490,938,663</u></b>
\$ 15,126,991	\$ 14,937,260	\$ 15,185,508	\$ 15,874,222	\$ 16,862,500	\$ 17,658,780
1,121,128	1,118,265	1,105,411	1,131,986	1,111,888	2,385,314
44,827	204,132	52,747	54,853	53,480	51,765
2,346,351	2,769,342	3,961,322	3,838,239	4,416,377	3,718,393
-	-	-	-	-	174,509
500	670	740	34,055	885	780
682,133	644,267	681,635	732,517	790,868	748,323
6,337,973	7,955,071	7,067,621	8,241,334	6,549,827	64,469,343
9,439,100	10,653,053	12,615,670	6,904,530	18,508,077	14,473,955
<u>35,099,003</u>	<u>38,282,060</u>	<u>40,670,654</u>	<u>36,811,736</u>	<u>48,293,902</u>	<u>103,681,162</u>
15,816,100	16,456,994	16,541,878	16,175,074	16,368,156	16,590,875
8,620,964	10,521,926	11,439,766	12,516,809	12,325,470	11,851,146
-	-	-	-	-	-
13,203,200	11,127,783	12,329,777	13,305,785	13,748,203	26,744,257
1,231,381	1,009,679	996,913	1,122,403	1,577,734	3,392,383
6,822,477	6,869,420	6,545,020	6,585,072	6,391,539	4,830,323
1,759,674	4,052,543	476,979	150,000	203,482	126,015,464
738,232	1,004,435	1,204,633	2,351,683	1,761,121	2,372,524
<u>48,192,028</u>	<u>51,042,780</u>	<u>49,534,966</u>	<u>52,206,826</u>	<u>52,375,705</u>	<u>191,796,972</u>
<b><u>\$ 83,291,031</u></b>	<b><u>\$ 89,324,840</u></b>	<b><u>\$ 90,205,620</u></b>	<b><u>\$ 89,018,562</u></b>	<b><u>\$ 100,669,607</u></b>	<b><u>\$ 295,478,134</u></b>

Continued

	Fiscal Year			
	2010	2011	2012	2013
<b>Net (Expense) Revenue</b>				
Governmental activities	(98,842,139)	(99,383,873)	(101,207,507)	\$ (111,917,092)
Business-type activities	(2,925,978)	(1,692,813)	(6,852,329)	(2,597,304)
Total primary government net expenses	<u>(101,768,117)</u>	<u>(101,076,686)</u>	<u>(108,059,836)</u>	<u>(114,514,396)</u>
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	63,269,038	59,025,047	56,937,944	54,779,271
Sales taxes	29,006,207	31,551,527	33,318,347	35,163,910
State shared revenues	2,954,621	3,080,852	3,211,349	3,413,917
Investment earnings	654,378	430,320	454,346	501,906
Miscellaneous	997,087	3,934,362	2,989,285	17,279,394
Transfers	-	243,099	(50,000)	2,112,073
Total governmental activities	<u>96,881,331</u>	<u>98,265,207</u>	<u>96,861,271</u>	<u>113,250,471</u>
Business-type activities:				
Sales tax	2,500	2,000	1,400	2,100
State shared revenues	-	-	-	-
Investment earnings	1,257,174	1,238,259	1,320,560	1,673,405
Miscellaneous	30,662,597	948,660	2,497,703	9,195,260
Transfers	-	(243,099)	50,000	(2,112,073)
Total business-type activities	<u>31,922,271</u>	<u>1,945,820</u>	<u>3,869,663</u>	<u>8,758,692</u>
<b>Total primary government</b>	<u><b>\$ 128,803,602</b></u>	<u><b>\$ 100,211,027</b></u>	<u><b>\$ 100,730,934</b></u>	<u><b>\$ 122,009,163</b></u>
<b>Change in Net Position, before extraordinary item</b>				
Governmental activities	(1,960,808)	(1,118,666)	(4,346,236)	\$ 1,333,379
Business-type activities	28,996,293	253,007	(2,982,666)	6,161,388
<b>Total primary government, before extraordinary item</b>	<u><b>\$ 27,035,485</b></u>	<u><b>\$ (865,659)</b></u>	<u><b>\$ (7,328,902)</b></u>	<u><b>\$ 7,494,767</b></u>
<b>Extraordinary item</b>				
Governmental activities	-	-	-	\$ -
Business-type activities	-	-	-	-
<b>Total extraordinary item</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>
<b>Change in Net Position, after extraordinary item</b>				
Governmental activities	(1,960,808)	(1,118,666)	(4,346,236)	1,333,379
Business-type activities	28,996,293	253,007	(2,982,666)	6,161,388
<b>Total primary government, after extraordinary item</b>	<u><b>\$ 27,035,485</b></u>	<u><b>\$ (865,659)</b></u>	<u><b>\$ (7,328,902)</b></u>	<u><b>\$ 7,494,767</b></u>

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

Schedule 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (105,600,819)	\$ (117,232,508)	\$ (114,092,543)	\$ (135,573,019)	\$ (131,693,441)	\$ (184,799,535)
592,549	(1,064,179)	(8,934,218)	(2,117,625)	(5,503,625)	(10,660,994)
(105,008,270)	(118,296,687)	(123,026,761)	(137,690,644)	(137,197,066)	(195,460,529)
55,438,164	72,337,961	74,587,688	77,143,203	76,315,124	83,829,900
37,248,717	41,461,764	42,572,741	54,634,864	60,723,275	66,131,285
3,607,298	3,916,783	4,034,294	4,234,003	4,446,400	4,650,451
142,401	843,450	716,243	907,602	1,708,726	3,894,275
2,816,892	2,157,506	2,934,392	1,984,367	2,185,037	24,196,176
-	27,680	-	-	(2,143,650)	(2,689,977)
99,253,472		124,845,358	138,904,039	143,234,912	180,012,110
3,000	2,500	2,000	1,700	1,700	1,200
-	-	-	-	-	-
1,613,968	1,556,455	1,416,516	-	1,668,127	4,299,425
9,920,373	5,415,800	3,327,188	1,687,573	697,981	954,242
-	(27,680)	-	460,820	2,143,650	2,689,977
11,537,341	6,947,075	4,745,704	2,150,093	4,511,458	7,944,844
<b>\$ 110,790,813</b>	<b>\$ 6,947,075</b>	<b>\$ 129,591,062</b>	<b>\$ 141,054,132</b>	<b>\$ 147,746,370</b>	<b>\$ 187,956,954</b>
\$ (6,347,347)	\$ (117,232,508)	\$ 10,752,815	\$ 3,331,020	\$ 11,541,471	\$ (4,787,425)
12,129,890	5,882,896	(4,188,514)	32,468	(992,167)	(2,716,150)
<b>\$ 5,782,543</b>	<b>\$ (111,349,612)</b>	<b>\$ 6,564,301</b>	<b>\$ 3,363,488</b>	<b>\$ 10,549,304</b>	<b>\$ (7,503,575)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,537,225)
-	-	-	-	-	(5,839,273)
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,376,498)</b>
(6,347,347)	(117,232,508)	10,752,815	3,331,020	11,541,471	(16,324,650)
12,129,890	5,882,896	(4,188,514)	32,468	(992,167)	(8,555,423)
<b>\$ 5,782,543</b>	<b>\$ (111,349,612)</b>	<b>\$ 6,564,301</b>	<b>\$ 3,363,488</b>	<b>\$ 10,549,304</b>	<b>\$ (24,880,073)</b>

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Fund</b>				
Reserved	\$ 12,134,054	\$ -	\$ -	\$ -
Unreserved	24,211,397	-	-	-
Nonspendable	-	136,529	265,846	334,272
Restricted	-	9,997,588	12,074,604	26,443,120
Assigned	-	14,201,000	7,782,034	8,064,058
Unassigned	-	3,572,736	2,715,250	9,241,995
<b>Total general fund</b>	<b>\$ 36,345,451</b>	<b>\$ 27,907,853</b>	<b>\$ 22,837,734</b>	<b>\$ 44,083,445</b>
<b>All Other Governmental Funds</b>				
Reserved	\$ 20,293,685	\$ -	\$ -	\$ -
Unreserved:				
Special revenue funds	23,018,439	-	-	-
Nonspendable	-	584,816	599,664	672,881
Restricted	-	33,754,507	37,366,322	39,364,522
Assigned	-	10,178,764	8,476,899	6,589,298
Unassigned	-	(27,514)	(13,772)	-
<b>Total all other governmental funds</b>	<b>\$ 43,312,124</b>	<b>\$ 44,490,573</b>	<b>\$ 46,429,113</b>	<b>\$ 46,626,701</b>

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



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

Schedule 3

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
202,696	225,262	1,611,560	1,451,579	1,311,571	1,249,322
25,007,377	21,698,079	11,788,083	11,861,948	11,414,198	15,003,479
2,333,790	3,890,036	3,586,221	3,383,981	2,030,176	5,472,669
10,653,467	10,538,830	13,084,012	13,969,729	11,823,770	8,252,362
<u>\$ 38,197,330</u>	<u>\$ 36,352,207</u>	<u>\$ 30,069,876</u>	<u>\$ 30,667,237</u>	<u>\$ 26,579,715</u>	<u>\$ 29,977,832</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
125,156	112,387	712,143	860,173	616,207	722,876
42,671,978	43,259,246	50,694,697	40,166,602	78,522,490	70,033,326
5,448,333	6,893,278	8,435,005	17,303,832	20,029,225	44,260,717
-	(20,587)	(581,660)	-	-	-
<u>\$ 48,245,467</u>	<u>\$ 50,244,324</u>	<u>\$ 59,260,185</u>	<u>\$ 58,330,607</u>	<u>\$ 99,167,922</u>	<u>\$ 115,016,919</u>

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>				
Taxes	\$ 81,578,570	\$ 77,593,739	\$ 77,083,648	\$ 76,104,051
Licenses and permits	1,705	3,215	3,565	1,875
Intergovernmental revenue	35,852,434	35,584,199	29,076,699	26,324,579
Charges for services	15,528,324	17,389,066	17,597,517	18,561,382
Fines and forfeitures	281,047	79,356	179,329	67,026
Special assessments	313,167	108,702	44,481	75,164
Investment earnings	952,199	488,067	640,684	508,724
Contributions and donations	4,081,268	244,501	252,085	544,633
Miscellaneous	554,748	2,581,324	1,394,864	16,369,418
Total revenues	<u>139,143,462</u>	<u>134,072,169</u>	<u>126,272,872</u>	<u>138,556,852</u>
<b>Expenditures</b>				
General government	21,734,774	18,970,994	18,423,773	19,409,615
Public safety	51,029,913	49,007,090	49,133,878	49,291,837
Physical environment	3,896,101	4,421,240	703,832	767,718
Transportation	15,766,696	14,424,369	14,414,376	13,875,623
Economic environment	19,931,304	19,041,168	20,158,270	25,780,421
Human services	5,473,781	5,329,318	5,202,919	4,911,590
Culture and recreation	4,070,360	4,438,777	4,232,151	4,179,973
Capital Outlay	23,353,424	22,179,959	11,492,329	9,977,603
Debt service				
Principal retirement	3,684,931	3,689,461	3,057,073	2,437,123
Interest and fiscal charges	3,915,039	3,873,904	3,269,241	3,571,506
Bond issuance costs	-	118,864	-	83,306
Payment to refunded bond escrow agent	350	350	612	458
Total expenditures	<u>152,856,673</u>	<u>145,495,494</u>	<u>130,088,454</u>	<u>134,286,773</u>
Excess of revenues over (under) expenditures	<u>(13,713,211)</u>	<u>(11,423,325)</u>	<u>(3,815,582)</u>	<u>4,270,079</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	7,240,834	7,102,725	3,752,030	3,706,362
Operating transfers out	(7,450,840)	(5,921,456)	(3,815,602)	(1,644,186)
Debt issuance	165,950	28,487,973	-	13,753,519
Premium on bonds issued	-	(25,960,948)	-	-
Proceeds from sale of capital assets	205,086	455,882	747,575	1,357,525
Total other financing sources (uses)	<u>161,030</u>	<u>4,164,176</u>	<u>684,003</u>	<u>17,173,220</u>
<b>Net change in fund balance</b>	<b><u>\$ (13,552,181)</u></b>	<b><u>\$ (7,259,149)</u></b>	<b><u>\$ (3,131,579)</u></b>	<b><u>\$ 21,443,299</u></b>
<b>Debt service as a percentage of noncapital expenditures</b>				
	5.87%	6.13%	5.33%	4.83%

**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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 77,988,344	\$ 98,305,773	\$ 100,785,637	\$ 115,035,942	\$ 120,024,081	\$ 130,750,695
1,190	2,130	460	1,095	2,815	2,770
34,376,446	38,527,525	37,529,977	36,791,038	46,171,944	87,368,951
19,031,979	19,219,347	19,562,691	20,742,328	21,586,101	22,551,494
223,463	170,018	331,800	225,728	313,645	279,904
57,233	281,876	52,747	54,853	55,182	51,765
160,594	830,159	747,971	926,264	1,670,988	3,739,452
214,295	443,476	1,407,714	567,619	1,687,661	11,548,389
1,477,872	900,547	1,364,082	607,936	909,244	5,791,674
<u>133,531,416</u>	<u>158,680,851</u>	<u>161,783,079</u>	<u>174,952,803</u>	<u>192,421,661</u>	<u>262,085,094</u>
18,945,602	20,932,005	21,162,373	22,295,589	23,258,808	46,193,805
56,483,530	59,748,975	61,838,320	63,049,920	65,883,500	78,295,705
1,338,866	466,235	375,620	523,899	813,413	54,532,108
14,272,182	14,006,805	12,949,706	24,007,106	25,649,626	26,832,825
21,333,649	33,353,190	24,411,239	22,020,464	24,377,905	29,224,121
5,138,392	5,639,354	6,151,154	6,427,087	6,728,281	10,605,163
4,294,971	4,532,509	4,957,231	5,740,804	5,897,373	6,049,738
10,796,658	15,395,555	21,074,039	27,821,652	33,364,368	55,975,171
2,596,381	2,762,184	4,178,784	3,504,228	3,745,186	9,812,355
3,574,117	2,967,116	3,190,413	2,706,371	2,847,826	4,916,810
-	-	-	-	193,200	127,288
-	<u>40,125,166</u>	<u>-</u>	<u>-</u>	<u>12,416,559</u>	<u>-</u>
<u>138,774,348</u>	<u>199,929,094</u>	<u>160,288,879</u>	<u>178,097,120</u>	<u>205,176,045</u>	<u>322,565,089</u>
<u>(5,242,932)</u>	<u>(41,248,243)</u>	<u>1,494,200</u>	<u>(3,144,317)</u>	<u>(12,754,384)</u>	<u>(60,479,995)</u>
2,712,974	3,770,224	3,253,337	13,927,938	9,653,749	11,243,950
(2,712,974)	(3,742,544)	(3,253,337)	(13,961,758)	(11,797,399)	(13,016,907)
832,077	41,254,325	791,395	969,986	51,840,840	81,601,475
-	-	-	-	-	-
143,506	119,972	447,935	1,875,934	4,097	108,407
<u>975,583</u>	<u>41,401,977</u>	<u>1,239,330</u>	<u>2,812,100</u>	<u>49,701,287</u>	<u>79,936,925</u>
<u>\$ (4,267,349)</u>	<u>\$ 153,734</u>	<u>\$ 2,733,530</u>	<u>\$ (332,217)</u>	<u>\$ 36,946,903</u>	<u>\$ 19,456,930</u>
4.82%	3.10%	5.29%	4.13%	3.84%	5.53%

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

Schedule 5

Fiscal Year	Residential Property	Commercial Property	Personal Property	Industrial Property	Agricultural Property	Centrally Assessed Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	
												Value	Actual Taxable Value
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%	
2016	13,164,847	2,261,411	2,133,814	300,358	73,613	35,981	2,510,448	(5,350,906)	15,129,566	6.0162	21,100,218	71.70%	
2017	13,636,538	2,314,981	2,033,207	311,657	73,419	40,068	2,525,566	(5,355,141)	15,580,295	6.0162	21,614,021	72.08%	
2018	14,417,141	2,438,053	2,065,234	330,364	77,103	33,174	2,514,408	(5,442,458)	16,433,019	6.0162	22,559,006	72.84%	
2019	13,966,283	2,308,862	2,133,588	302,229	73,396	30,723	2,349,302	(5,113,394)	16,050,989	6.0162	21,901,531	73.29%	

**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

	<b>Fiscal Year</b>									
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>County Direct Rates:</b>										
General	3.6500	3.6500	3.6500	3.6500	4.6500	4.6500	4.6500	4.4362	4.4362	4.4362
Mosquito Control	0.1525	0.1525	0.1525	0.1525	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
MSTU	<u>0.7815</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>	<u>1.3800</u>
<b>Total Direct Rate</b>	<b>4.5840</b>	<b>4.8025</b>	<b>4.8025</b>	<b>4.8025</b>	<b>6.2300</b>	<b>6.2300</b>	<b>6.2300</b>	<b>6.0162</b>	<b>6.0162</b>	<b>6.0162</b>
<b>Municipalities:</b>										
City of Panama City	3.8152	3.8152	3.8723	3.8723	3.8570	3.9740	3.9740	3.9740	4.3500	5.5469
Panama City Downtown Improvement Board	2.7180	2.7180	2.7578	2.8918	2.8918	3.0000	3.0000	3.0000	3.0000	3.0000
City of Lynn Haven	3.0887	3.0887	3.0887	3.0887	3.9000	3.9000	3.9000	3.9000	3.9000	3.9000
City of Mexico Beach	4.1060	4.6160	5.0290	5.0290	5.0290	4.9270	5.1840	5.3510	5.3270	8.0000
City of Callaway	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	1.9900	2.7500
City of Springfield	--	--	--	--	3.3950	3.4650	3.4650	3.4650	3.4650	3.4650
<b>School Districts</b>	7.4030	7.1180	6.8580	6.7610	6.8890	6.9070	6.4750	6.3410	6.1220	5.9476
<b>Northwest Florida Water Management District</b>	0.0450	0.0400	0.0400	0.0400	0.0390	0.0378	0.0366	0.0353	0.0338	0.0327
<b>Special District:</b>										
Beach Mosquito Control	0.1438	0.1438	0.1438	0.2270	0.2230	0.2230	0.2955	0.4100	0.5450	0.5240

*Source: Bay County Property Appraiser*

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

Schedule 7

	Fiscal Year 2019			Fiscal Year 2010		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Gulf Power Company	\$ 534,605,327	1	3.33%	\$ 206,842,582	1	1.37%
St. Joe Land & Development	119,408,669	2	0.74%	90,479,862	3	0.60%
Westrock-Stone Container	99,707,214	3	0.62%	-	-	0.00%
Hospital Corp of America	74,218,166	4	0.46%	-	-	-
Pier Park LLC	71,954,279	5	0.45%	-	-	-
Hilton Companies	68,591,800	6	0.43%	-	-	-
Gulfview Holdings	60,894,631	7	0.38%	-	-	-
Wyndham Vacation	54,446,567	8	0.34%	-	-	-
Bay Medical - Ascension Sacred Heart	49,499,966	9	0.31%	-	-	-
Wal-Mart Stores	48,671,177	10	0.30%	-	-	-
Laketown Wharf Marketing Corp	-	-	-	106,076,878	2	0.70%
Shores of Panama Collateral	-	-	-	70,847,357	4	0.47%
Simon Property Group	-	-	-	57,301,644	5	0.38%
Marriott Ownership Resorts	-	-	-	44,472,694	6	0.30%
BellSouth Telecommunications	-	-	-	43,339,655	7	0.29%
Arizona Chemical Company	-	-	-	38,429,075	8	0.25%
RockTenn (Smurfit-Stone Container)	-	-	-	36,009,849	9	0.24%
Gulf Coast Electric Co-op	-	-	-	34,938,206	10	0.23%
<b>Total</b>	<b>\$ 1,181,997,796</b>		<b>7.36%</b>	<b>\$ 728,737,802</b>		<b>4.84%</b>

Total Taxable Assessed Value 2019      16,050,988,505  
Total Taxable Assessed Value 2010      15,070,375,927

*Source: Bay County Property Appraiser*

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
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%
2016	77,098,474	99,925	77,198,399	74,313,038	96%	274,648	74,587,686	97%
2017	79,638,490	105,969	79,744,459	76,887,098	97%	224,673	77,111,771	97%
2018	78,894,148	110,651	79,004,799	76,161,529	97%	123,930	76,285,459	97%
2019	83,051,734	121,991	83,173,725	80,192,782	97%	120,932	80,313,714	97%

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

State of Florida and Bay County  
Total Historical Half-Cent Sales Tax Distributions  
For Ten Year Period 2010-2019  
(Unaudited)

Schedule 9

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

<b>Fiscal Year Ending</b>	<b>Total Distributions To Cities and Counties</b>	<b>Percentage Change</b>	<b>Total Distributions Bay County</b>	<b>Percentage Change</b>
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%
2016	\$ 1,894,340,933	5.82%	\$ 12,302,015	5.41%
2017	\$ 1,961,298,703	3.53%	\$ 13,102,752	6.51%
2018	\$ 2,062,325,900	5.15%	\$ 13,274,001	1.31%
2019	\$ 2,149,374,051	4.22%	\$ 14,594,506	9.95%

**Source:** Florida Department of Revenue



Distribution of Half-Cent  
Sales Tax in Bay County, Florida  
For Ten Year Period 2010-2019  
(Unaudited)

Schedule 10

Fiscal Year 2010- 2019 distribution of Sales Tax Revenues is represented in the following chart.

<b>Fiscal Year Ending</b>	<b>Distributions To The County</b>	<b>Percentage Of County to Total</b>	<b>Distributions To The Cities</b>	<b>Percentage Of Cities to Total</b>
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%
2016	\$ 12,302,015	59%	\$ 8,568,946	41%
2017	\$ 13,102,752	59%	\$ 9,088,369	41%
2018	\$ 13,274,001	59%	\$ 9,327,080	41%
2019	\$ 14,594,506	59%	\$ 10,303,125	41%

**Source:** Florida Department of Revenue

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities</b>				
Revenue bonds	\$ 84,179,842	\$ 83,029,898	\$ 80,010,219	\$ 91,312,541
Capital leases	188,553	134,544	87,472	91,869
Notes payable	-	-	-	-
<b>Total Governmental Activities</b>	<u>84,368,395</u>	<u>83,164,442</u>	<u>80,097,691</u>	<u>91,404,410</u>
<b>Business-type Activities</b>				
Revenue bonds	\$ 85,976,295	\$ 107,394,775	\$ 103,722,170	\$ 99,934,584
Capital leases	-	-	-	-
Notes payable	<u>29,975,354</u>	<u>7,943,518</u>	<u>7,011,219</u>	<u>8,051,989</u>
<b>Total Business-type Activities</b>	<u>115,951,649</u>	<u>115,338,293</u>	<u>110,733,389</u>	<u>107,986,573</u>
<b>Total Primary Government</b>	<b><u>\$ 200,320,044</u></b>	<b><u>\$ 198,502,735</u></b>	<b><u>\$ 190,831,080</u></b>	<b><u>\$ 199,390,983</u></b>
<b>Debt as a Percentage of Personal Income</b>	3.2%	3.1%	3.0%	3.1%
<b>Amount of Debt per Capita</b>	\$ 1,184	\$ 1,170	\$ 1,109	\$ 1,139

\*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 16 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)

Schedule 11

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 89,194,188	\$ 48,849,178	\$ 45,864,991	\$ 43,625,804	\$ 39,877,000	\$ 64,927,344
232,427	765,740	983,547	1,066,501	1,209,207	1,114,348
<u>635,000</u>	<u>40,715,000</u>	<u>40,099,000</u>	<u>39,726,000</u>	<u>79,095,000</u>	<u>127,745,191</u>
<u>90,061,615</u>	<u>90,329,918</u>	<u>86,947,538</u>	<u>84,418,305</u>	<u>120,181,207</u>	<u>193,786,883</u>
\$ 90,552,459	\$ 85,461,023	\$ 83,298,094	\$ 77,083,388	\$ 72,146,636	\$ 170,932,654
27,564	29,812	26,772	14,962	1,412,235	2,175,892
<u>31,115,546</u>	<u>29,485,087</u>	<u>27,075,284</u>	<u>24,584,285</u>	<u>22,011,712</u>	<u>27,705,653</u>
<u>121,695,569</u>	<u>114,975,922</u>	<u>110,400,150</u>	<u>101,682,635</u>	<u>95,570,583</u>	<u>200,814,199</u>
<b><u>\$ 211,757,184</u></b>	<b><u>\$ 205,305,840</u></b>	<b><u>\$ 197,347,688</u></b>	<b><u>\$ 186,100,940</u></b>	<b><u>\$ 215,751,790</u></b>	<b><u>\$ 394,601,082</u></b>
3.1%	2.8%	2.6%	2.4%	2.7%	*
\$ 1,184	\$ 1,128	\$ 1,073	\$ 1,041	\$ 1,191	\$ 2,359

	Fiscal Year					Fiscal Year				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Water System Revenue Bonds</b>										
<b>Series 2005</b>										
Revenue - sale of goods and services	\$ 14,137,828	\$ 16,597,930	\$ 16,216,643	\$ 16,811,167	\$ 16,441,561	\$ 17,293,612	\$ 17,342,106	\$ -	\$ -	\$ -
Less: Operating expenses	(6,274,367)	(6,377,920)	(6,184,222)	(6,433,186)	(6,889,538)	(7,270,249)	(12,137,362)	-	-	-
<b>Net available revenue</b>	<b>\$ 7,863,461</b>	<b>\$ 10,220,010</b>	<b>\$ 10,032,421</b>	<b>\$ 10,377,981</b>	<b>\$ 9,552,023</b>	<b>\$ 10,023,363</b>	<b>\$ 5,204,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Debt service										
Principal	\$ 470,000	\$ 1,145,000	\$ 1,515,000	\$ 1,565,000	\$ 1,615,000	\$ 1,700,000	\$ 1,780,000	\$ -	\$ -	\$ -
Interest	\$ 2,212,860	\$ 2,198,290	\$ 2,161,078	\$ 2,110,325	\$ 2,055,550	\$ 1,974,800	\$ 1,889,800	\$ -	\$ -	\$ -
Coverage*	2.9	3.1	2.7	2.8	2.6	2.7	1.4	N/A	N/A	N/A
<b>Sales Tax Revenue Refunding Bonds</b>										
<b>Series 2007</b>										
Revenue - proceeds of the Local Government	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619	\$ 11,325,809	\$ 12,039,862	\$ 12,775,077	\$ 13,090,888	\$ -	\$ -
Less: Operating expenses	-	-	-	-	-	-	-	-	-	-
<b>Net available revenue</b>	<b>\$ 9,003,710</b>	<b>\$ 9,691,564</b>	<b>\$ 9,916,743</b>	<b>\$ 10,594,619</b>	<b>\$ 11,325,809</b>	<b>\$ 12,039,862</b>	<b>\$ 12,775,077</b>	<b>\$ 13,090,888</b>	<b>\$ -</b>	<b>\$ -</b>
Debt service										
Principal	\$ 50,000	\$ 50,000	\$ 55,000	\$ 500,000	\$ 515,000	\$ 540,000	\$ 560,000	\$ 580,000	\$ -	\$ -
Interest	\$ 645,644	\$ 643,844	\$ 642,044	\$ 640,050	\$ 620,050	\$ 599,450	\$ 577,850	\$ 555,450	\$ -	\$ -
Coverage*	12.9	14.0	14.2	9.3	10.0	10.6	11.2	11.5	N/A	N/A
<b>Water and Sewer System Revenue Bonds</b>										
<b>Series 2015</b>										
Revenue - sales of goods and services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,603,844	\$ 12,712,062	\$ 12,484,423	\$ 14,307,758
Plus: Allowable deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Operating expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,731,126)	\$ (8,912,053)	\$ (9,473,050)	\$ (9,667,672)
<b>Net available revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,872,718</b>	<b>\$ 3,800,009</b>	<b>\$ 3,011,373</b>	<b>\$ 4,640,086</b>
Debt service										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585,000	\$ 600,000	\$ 625,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 918,075	\$ 1,112,819	\$ 1,095,268	\$ 1,071,268
Coverage*	N/A	N/A	N/A	N/A	N/A	N/A	3.1	2.2	1.8	2.7
<b>Capital Improvement Revenue Bond</b>										
<b>Series 2012</b>										
Revenue - County Revenue Sharing Funds (50%)	\$ -	\$ -	\$ -	\$ 1,706,958	\$ 1,803,649	\$ 1,958,391	\$ 2,017,147	\$ 2,117,002	\$ 2,223,200	\$ 2,325,226
<b>Net available revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,706,958</b>	<b>\$ 1,803,649</b>	<b>\$ 1,958,391</b>	<b>\$ 2,017,147</b>	<b>\$ 2,117,002</b>	<b>\$ 2,223,200</b>	<b>\$ 2,325,226</b>
Debt service										
Principal	\$ -	\$ -	\$ -	\$ 309,000	\$ 388,000	\$ 399,000	\$ 809,000	\$ 410,000	\$ 424,000	\$ 437,000
Interest	\$ -	\$ -	\$ -	\$ 339,083	\$ 405,591	\$ 394,190	\$ 580,775	\$ 383,141	\$ 363,256	\$ 350,205
Coverage*	N/A	N/A	N/A	2.6	2.3	2.5	1.5	2.7	2.8	3.0

Continued

# **Water System Revenue Note**

## **Series 2014**

Revenue - sale of goods and services	\$	-	\$	-	\$	-	\$	-	\$	17,293,612	\$	17,342,106	\$	16,186,689	\$	16,702,256	\$	18,690,490
Less: Operating expenses		-	-	-	-	-	-	-	-	(7,270,249)		(12,137,362)		(8,948,101)		(11,857,100)		(11,645,521)
<b>Net available revenue</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>10,023,363</b>	<b>\$</b>	<b>5,204,744</b>	<b>\$</b>	<b>7,238,588</b>	<b>\$</b>	<b>4,845,156</b>	<b>\$</b>	<b>7,044,969</b>
Debt service																		
Principal	\$	-	\$	-	\$	-	\$	-	\$	760,000	\$	785,000	\$	815,000	\$	845,000	\$	880,000
Interest	\$	-	\$	-	\$	-	\$	-	\$	700,225	\$	672,105	\$	643,060	\$	612,906	\$	581,640
Coverage*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.9	3.6	3.3	5.0	3.3	4.8			

## **Sales Tax Refunding Revenue Note**

### **Series 2015**

Revenue - proceeds of the Local Government	\$	-	\$	-	\$	-	\$	-	\$	12,039,862	\$	12,775,077	\$	13,090,888	\$	13,320,982	\$	15,467,835
Half-cent Sales Tax		-	-	-	-	-	-	-	-	-		-		-		-		-
Less: Operating expenses		-	-	-	-	-	-	-	-	-		-		-		-		-
<b>Net available revenue</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>12,039,862</b>	<b>\$</b>	<b>12,775,077</b>	<b>\$</b>	<b>13,090,888</b>	<b>\$</b>	<b>13,320,982</b>	<b>\$</b>	<b>15,467,835</b>
Debt service																		
Principal	\$	-	\$	-	\$	-	\$	-	\$	195,000	\$	330,000	\$	340,000	\$	345,000	\$	360,000
Interest	\$	-	\$	-	\$	-	\$	-	\$	514,969	\$	1,356,563	\$	1,345,409	\$	1,333,886	\$	1,322,256
Coverage*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17.0	7.6	7.9	7.8	7.9	9.2			

## **Water System Revenue Bonds**

### **Series 2016**

Revenue - sale of goods and services	\$	-	\$	-	\$	-	\$	-	\$	16,186,689	\$	16,702,256	\$	16,186,689	\$	16,702,256	\$	18,690,490
Less: Operating expenses		-	-	-	-	-	-	-	-	(8,948,101)		(11,857,100)		(8,948,101)		(11,857,100)		(11,645,521)
<b>Net available revenue</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>7,238,588</b>	<b>\$</b>	<b>4,845,156</b>	<b>\$</b>	<b>7,238,588</b>	<b>\$</b>	<b>4,845,156</b>	<b>\$</b>	<b>7,044,969</b>
Debt service																		
Principal	\$	-	\$	-	\$	-	\$	-	\$	1,450,000	\$	1,650,000	\$	1,450,000	\$	1,650,000	\$	1,710,000
Interest	\$	-	\$	-	\$	-	\$	-	\$	1,290,311	\$	1,398,150	\$	1,290,311	\$	1,398,150	\$	1,332,150
Coverage*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.6	1.6	2.3	2.6	1.6	2.3			

## **Sales Tax Revenue Refunding Bonds**

### **Series 2018 A&B**

Revenue - proceeds of the Local Government	\$	-	\$	-	\$	-	\$	-	\$	13,320,982	\$	13,320,982	\$	13,320,982	\$	13,320,982	\$	15,467,835
Half-cent Sales Tax		-	-	-	-	-	-	-	-	-		-		-		-		-
Less: Operating expenses		-	-	-	-	-	-	-	-	-		-		-		-		-
<b>Net available revenue</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>13,320,982</b>	<b>\$</b>	<b>13,320,982</b>	<b>\$</b>	<b>13,320,982</b>	<b>\$</b>	<b>13,320,982</b>	<b>\$</b>	<b>15,467,835</b>
Debt service																		
Principal	\$	-	\$	-	\$	-	\$	-	\$	303,000	\$	303,000	\$	303,000	\$	303,000	\$	631,000
Interest	\$	-	\$	-	\$	-	\$	-	\$	167,825	\$	167,825	\$	167,825	\$	167,825	\$	310,880
Coverage*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	28.3	16.4							

## **Tourist Development Tax Revenue Note**

### **Series 2018**

Revenue -proceeds of up to four cents of the	\$	-	\$	-	\$	-	\$	-	\$	20,890,847	\$	20,890,847	\$	20,890,847	\$	20,890,847	\$	20,597,672
Tourist Development Tax ***		-	-	-	-	-	-	-	-	-		-		-		-		-
Less: Operating expenses		-	-	-	-	-	-	-	-	-		-		-		-		-
<b>Net available revenue</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>20,890,847</b>	<b>\$</b>	<b>20,890,847</b>	<b>\$</b>	<b>20,890,847</b>	<b>\$</b>	<b>20,890,847</b>	<b>\$</b>	<b>20,597,672</b>
Debt service																		
Principal	\$	-	\$	-	\$	-	\$	-	\$	-		-		-		-		-
Interest	\$	-	\$	-	\$	-	\$	-	\$	-		-		-		-		-
Coverage*, **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.5

\*Coverage equals net available revenue divided by debt service.

\*\* Coverage not applicable due to no debt service payment in current year; first debt service payment due 10/1/2018

\*\*\* Revenue calculated in 2018 was calculated at 6 cents in 2018 financial statements. This was corrected in 2019 financial statements

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating Revenues	\$ 13,800,335	\$ 16,324,937	\$ 15,679,760	\$ 16,130,582
Interest	88,721	99,464	163,407	185,336
Other Revenue	-	-	-	-
<b>Gross Revenues</b>	<b>\$ 13,889,056</b>	<b>\$ 16,424,401</b>	<b>\$ 15,843,167</b>	<b>\$ 16,315,918</b>
Operating Expenses	\$ 6,274,367	\$ 6,377,920	\$ 6,184,216	\$ 6,424,037
<b>Net Revenue</b>	<b>\$ 7,614,689</b>	<b>\$ 10,046,481</b>	<b>\$ 9,658,951</b>	<b>\$ 9,891,881</b>
Debt Service 1997 Issue	\$ 131,125	\$ -	\$ -	\$ -
Debt Service 2000 Issue	861,718	331,065	-	-
Debt Service 2005 Issue	2,682,860	3,343,290	3,676,078	3,675,325
Debt Service 2014 Issue	-	-	-	-
Debt Service 2016 Issue	-	-	-	-
Advance from Other Funds	526,400	526,400	526,400	2,168,406
<b>Total Debt Service</b>	<b>\$ 4,202,103</b>	<b>\$ 4,200,755</b>	<b>\$ 4,202,478</b>	<b>\$ 5,843,731</b>
<b>Coverage Factor</b>	<b>1.812</b>	<b>2.392</b>	<b>2.298</b>	<b>1.693</b>

**Note:** Advance from other funds was paid out in 2013.

Bay County, Florida  
Wholesale Water System  
Historical Revenues, Expenses and Debt Service Coverage  
Last Ten Fiscal Years  
(Unaudited)

Schedule 13

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 15,875,773	\$ 16,486,712	\$ 16,543,379	\$ 16,186,689	\$ 16,702,256	\$ 17,592,185
104,892	340,622	249,936	419,970	502,426	1,098,305
-	-	-	-	-	-
<u>\$ 15,980,665</u>	<u>\$ 16,827,334</u>	<u>\$ 16,793,315</u>	<u>\$ 16,606,659</u>	<u>\$ 17,204,682</u>	<u>\$ 18,690,490</u>
\$ 6,889,538	\$ 7,270,244	\$ 12,137,362	\$ 8,948,101	\$ 11,857,100	\$ 11,645,521
<u>\$ 9,091,127</u>	<u>\$ 9,557,090</u>	<u>\$ 4,655,953</u>	<u>\$ 7,658,558</u>	<u>\$ 5,347,582</u>	<u>\$ 7,044,969</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,633,529	3,674,800	3,669,800	-	-	-
285,525	1,460,225	1,457,105	1,458,060	1,457,906	1,461,640
-	-	-	2,740,311	3,048,150	3,042,150
-	-	-	-	-	-
<u>\$ 3,919,054</u>	<u>\$ 5,135,025</u>	<u>\$ 5,126,905</u>	<u>\$ 4,198,371</u>	<u>\$ 4,506,056</u>	<u>\$ 4,503,790</u>
<u>2.320</u>	<u>1.861</u>	<u>0.908</u>	<u>1.824</u>	<u>1.187</u>	<u>1.564</u>

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Half-Cent Sales Tax Receipts (1)	\$ 9,003,710	\$ 9,691,564	\$ 9,916,743	\$ 10,594,619
Series 1998 Bond (2)	\$ -	\$ -	\$ -	\$ -
Series 2002 Bond (3)	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	1,141,450
Series 2015 Note (6)	-	-	-	-
Series 2018 A&B Note (7)	-	-	-	-
<b>Total Maximum Annual Debt Service</b>	<b>\$ 6,721,433</b>	<b>\$ 6,721,433</b>	<b>\$ 6,275,938</b>	<b>\$ 6,275,938</b>
<b>Coverage of Maximum Annual</b>				
<b>Debt Service by Sales Tax Revenues</b>	<b>1.34</b>	<b>1.44</b>	<b>1.58</b>	<b>1.69</b>

(1) **Source:** Bay County Finance Department.

(2) Bond refunded in FY2010 by Solid Waste Capital Improvement Revenue Refunding Bonds-Series 2010

(3) Maximum debt service is in year 2011 - Partially refunded by Series 2007 Bond

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

(5) Maximum debt service is in year 2018-Refunded by the Series 2018 A&B Note

(6) Maximum debt service is in year 2030

(7) Maximum debt service is in year 2028



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

Schedule 14

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 11,325,809	\$ 12,039,862	\$ 12,775,077	\$ 13,090,888	\$ 13,320,982	\$ 15,467,835
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,134,488	-	-	-	-	-
1,141,450	1,141,450	1,141,450	1,141,450	-	-
-	4,875,187	4,875,187	4,875,187	4,875,187	4,875,187
-	-	-	-	944,657	944,657
<b>\$ 6,275,938</b>	<b>\$ 6,016,637</b>	<b>\$ 6,016,637</b>	<b>\$ 6,016,637</b>	<b>\$ 5,819,844</b>	<b>\$ 5,819,844</b>
<b>1.80</b>	<b>2.00</b>	<b>2.12</b>	<b>2.18</b>	<b>2.29</b>	<b>2.66</b>

Bay County, Florida  
Direct and Overlapping Governmental Activities Debt  
(In Thousands of Dollars)  
(Unaudited)

Schedule 15

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Bay County School Board:			
State School Bonds	\$ 81	100.00%	\$ 81
Sales Tax Revenue Anticipation Note	6,364	100.00%	6,364
Revenue Anticipation Note	4,052	100.00%	4,052
Certificates of Participation	62,854	100.00%	62,854
	<u>73,351</u>		<u>73,351</u>
Bay County direct debt	<u>193,787</u>		<u>193,787</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 267,138</u></u>

Sources: Bay County Finance Office and Bay County School Board

Note: Overlapping governments are those that lie within the geographic boundaries of the County. This schedule represents the portion of outstanding debt of the overlapping governments that is beared by residents and businesses of Bay County. This does not imply that every taxpayer is a resident and responsible for repaying the debt of the over-lapping governments. However, the entire debt burden beared by the residents and businesses should be taken into account when considering the County's ability to issue and repay long-term debt.

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

Schedule 16

<b>Year</b>	<b>Estimated Population</b>	<b>Personal Income in '000's</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2010	169,257	6,202,484	36,645	10.3%
2011	169,647	6,396,792	37,706	9.9%
2012	172,029	6,393,201	37,164	8.0%
2013	174,994	6,485,093	37,059	7.8%
2014	178,860	6,858,599	38,346	5.7%
2015	181,947	7,310,340	40,178	5.0%
2016	183,974	7,529,278	40,926	4.8%
2017	178,820	7,796,975	42,476	3.3%
2018	181,199	8,010,201	43,231	4.0%
2019	167,283	*	*	3.9%

\* Information not yet available

*Note:* Information updated annually based on most current data.

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

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

Schedule 17

<u>Employer</u>	<b>2019</b>			<b>2010</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Naval Support Activity	5,200	1	5.75%	3,908	2	4.36%
Tyndall Air Force Base	3,888	2	4.30%	7,352	1	8.19%
Bay District Schools	3,000	3	3.31%	3,062	3	3.41%
General Dynamics IT	2,000	4	2.21%	-	-	-
Eastern Shipbuilding	1,800	5	1.99%	823	5	0.92%
Wal-Mart/Sam's	1,500	6	1.66%	-	-	-
Bay County Constitutional Officers	1,214	7	1.34%	-	-	-
Bay Medical Center	1,000	8	1.10%	2,000	4	2.23%
Trane	800	9	0.88%	-	-	-
Gulf Coast Medical Center	631	10	0.70%	651	6	0.73%
Gulf Coast State College	-	-	-	600	7	0.67%
City of Panama City	-	-	-	537	8	0.60%
Bay County Board	-	-	-	533	9	0.59%
Bay County Sheriff	-	-	-	516	10	0.58%
	<u>21,033</u>		<u>23.24%</u>	<u>19,982</u>		<u>22.27%</u>
<b>Total Bay County Labor Force</b>	<u><b>90,503</b></u>			<u><b>89,720</b></u>		

*Source: Bay County Economic Development Alliance*

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

Schedule 18

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
General Government	63	60	59	55	59	60	61	89	73	73
Public Safety	115	101	102	176	189	200	203	202	238	201
Physical Environment	129	129	128	122	129	125	131	138	138	130
Transportation	118	119	118	111	114	112	112	118	121	119
Economic Environment	2	2	2	2	2	2	2	2	2	1
Human Services	14	14	14	14	14	14	13	14	13	13
Culture/Recreation	82	75	73	72	74	74	79	90	90	83
Judicial System	10	8	10	8	8	9	10	11	12	9
<b>Total</b>	<b><u>533</u></b>	<b><u>508</u></b>	<b><u>506</u></b>	<b><u>560</u></b>	<b><u>589</u></b>	<b><u>596</u></b>	<b><u>611</u></b>	<b><u>664</u></b>	<b><u>687</u></b>	<b><u>629</u></b>

*Source:* County personnel department

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

Schedule 19

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>General Government</b>										
Assessed properties	112,934	113,163	113,260	113,364	113,640	114,147	114,556	114,810	116,155	117,208
Court cases:										
Circuit Criminal	4,366	4,384	4,600	4,384	4,764	5,529	5,716	5,739	6,017	6,074
County Criminal	8,490	10,066	9,840	9,225	9,336	8,629	8,056	7,856	7,792	7,964
<b>Public Safety</b>										
E-911 calls	146,603	132,790	153,129	144,567	151,850	227,484	240,482	213,008	216,511	207,119
Building permits issued*										
Commercial	160	207	214	163	172	128	78	85	87	125
Residential	652	634	613	825	992	853	899	951	960	3,646
<b>Physical Environment</b>										
Landfill and Incinerator Collections	223,550	217,027	213,402	237,779	266,930	251,260	258,758	290,493	233,025	596,176
<b>Transportation</b>										
Roads miles maintained	741.07	741.07	741.07	728.53	728.53	721.31	724.85	724.20	725.76	726.84
<b>Economic Environment</b>										
Tourist Development Tax Registered Units**	16,926	17,090	17,356	16,787	16,907	19,231	19,324	19,717	19,747	19,839
<b>Human Services</b>										
Baker Act admissions	547	483	574	470	376	430	377	457	394	359

\* Permits include new construction, additions, renovations and alterations

Beginning FY16, Bay County no longer issues commercial permits for the cities.

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

Beginning FY15, Panama City CDC was established.

**Sources:** County finance office and individual county departments

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

Schedule 20

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Public Safety</b>										
Correction facility capacities	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098
Emergency responder facilities*	13	13	13	13	17	19	19	19	19	16
<b>Culture &amp; Recreation</b>										
Parks	30	30	30	31	31	31	31	32	32	32
Park acreage	318	318	318	331.5	331.5	331.5	331.5	731.41	731.41	731.41
Boat ramps	19	19	19	20	20	20	20	21	21	21
<b>Transportation</b>										
Road miles	741.07	741.07	741.07	728.53	728.53	721.31	724.85	724.20	725.76	726.84
Bridges	53	53	53	51	51	51	51	51	51	50
Traffic signals	16	16	16	16	17	17	17	17	17	17
<b>Physical Environment</b>										
Water mains (miles)**	282	292	293	293	293	299	299	300	317	324.22

\*2014 & 2015 Includes fire and EMS facilities

\*\*In fiscal year 2016, there was a restatement of the previous year in order to report actual miles.

*Sources:* County finance office and individual county departments

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable County Commissioners  
Bay County, Florida

### Report on the Financial Statements

We have audited the financial statements of Bay County, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 26, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2017-18 FY Finding #	2016-17 FY Finding #
2019-001	2018-001	N/A
2019-002	2018-002	N/A

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Bay County, Florida 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, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

### **Additional Matters**

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

### **Purpose of This Letter**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable County Commissioners  
Bay County, Florida

We have examined Bay County, Florida's (County) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*; Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*; and Section 288.8018, Florida Statutes, *Gulf Coast audits*; for the year ended September 30, 2019. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*; Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*; and Section 288.8018, Florida Statutes, *Gulf Coast audits*; for the year ended September 30, 2019

This report is intended solely for the information and use of County management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, LLC*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

The Honorable County Commissioners  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major discretely presented component unit, each major fund, and the aggregate remaining fund information of Bay County, Florida, as of and for the year ended September 30, 2019, and the related notes to basic financial statements, which collectively comprise Bay County, Florida's basic financial statements and have issued our report thereon dated June 26, 2020.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bay County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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. As a result of our tests, we noted one compliance matter, described in the accompanying schedule of findings and questioned costs as item 2019-002.

### **Bay County, Florida's Response to Findings**

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

### **Purpose of This Report**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

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 (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2019. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *State of Florida Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *State of Florida Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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

### **Opinion on Each Major Federal Program and State Project**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2019.

### **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 the Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance  
Year Ended September 30, 2019

***Section I - Summary of Auditors' Results***

***Financial Statements***

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☒ Yes ☐ No

Significant deficiencies identified? ☒ Yes ☐ None noted

Noncompliance material to financial statements noted? ☒ Yes ☐ No

***Federal Awards and State Financial Assistance***

Internal control over major programs

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) or Section 10.557, Rules of the Auditor General? ☐ Yes ☒ None reported

Identification of major federal programs and state projects:

<u>CFDA Number</u>	<u>Major Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance

<u>CFSA Number</u>	<u>Major State Projects</u>
55.005	Seaport Grant Programs

Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2019

Dollar threshold used to distinguish between Type A and Type B programs:	<u>Federal</u> \$ 3,000,000	<u>State</u> \$ 300,000
Auditee qualified as a low-risk auditee for federal purposes?	<u>    </u> Yes	<u>  √  </u> No

***Section II - Financial Statement Findings***

**Finding**

**Bay County 2019-001**

Condition: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. Subsequent to the prior fiscal year end corrections to beginning balances were identified that required adjustments.

Criteria: Internal controls should prevent, or detect and correct adjustment timely to provide materially correct financial information.

Cause: The County's controls did not identify the adjustments timely.

Effect: Adjustments were required for prior year balances.

Recommendation: We recommend that the County staff continue to strive toward identifying proposed audit adjustments more timely.

Views of Responsible Officials and Planned Corrective Action: Management agrees with auditors' recommendation.

**Bay County 2019-002**

Condition/Criteria: The County violated provisions of Section 129.06 (2)(a-f) of the Florida Statutes by amending the fiscal year 2019 budget after the first 60 days of the current year end.

Cause: As a result of significant activity related to recording entries related to Hurricane Michael, the Board was not able to finalize budgets timely.

Effect: The County was not in compliance with State laws.

Recommendation: We recommend that the County staff continue to strive for timely amendments to the budgets in accordance with the State laws.

Views of Responsible Officials and Planned Corrective Action: Management agrees with auditors' recommendation.

Bay County, Florida  
Schedule of Findings and Questioned Costs  
Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2019

**Bay County 2019-003**

Condition: The County's inventory counts were not always accurate and complete

Criteria: Inventory counts are required to properly record inventory financial statement balances.

Cause: The County's inventory counting process is not properly designed and implemented.

Effect: Although no significant errors were identified, the current process leaves the possibility that a significant error could be recorded.

Recommendation: We recommend that the County staff implement procedures to improve the accuracy of their inventory counting process.

Views of Responsible Officials and Planned Corrective Action: Management agrees with auditors' recommendation.

***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, 2019

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

Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
Year Ended September 30, 2019

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
<b>FEDERAL AWARDS</b>				
<b>Federal Transit Cluster-Cluster</b>				
Department of Transportation				
Federal Transit Formula Grants				
Federal Transit Formula Grants	20.507	X066--FL-2018-066-00	\$ -	\$ 538,850
Federal Transit Formula Grants	20.507	X096--FL-2017-096-00	-	61,671
Federal Transit Formula Grants	20.507	X086--FL-2018-086-00	-	854,983
Federal Transit Formula Grants	20.507	X897--FL-90-X897-00	-	57,507
Federal Transit Formula Grants	20.507	X086--FL-2019-070-00	-	608,135
Total Federal Transit Formula Grants			-	2,121,146
Bus and Bus Facilities Formula Grants				
Bus and Bus Facilities Formula Grants	20.526	X030--FL-2018-030-00	-	33,707
Bus and Bus Facilities Formula Grants	20.526	Non-Urban--'1001-2017-15	-	138,402
Total Bus and Bus Facilities Formula Grants			-	172,109
Total Department of Transportation			-	2,293,255
<b>Total Federal Transit Cluster-Cluster</b>				<b>2,293,255</b>
<b>Highway Planning and Construction Cluster-Cluster</b>				
Department of Transportation				
Passed through Florida Department of Transportation				
Highway Planning and Construction				
Highway Planning and Construction	20.205	G1639	-	334,549
Highway Planning and Construction	20.205	GOT86	-	132,998
Highway Planning and Construction	20.205	G0A42	-	2,158,206
Total Highway Planning and Construction			-	2,625,753
Total passed through Florida Department of Transportation			-	2,625,753
Total Department of Transportation			-	2,625,753
<b>Total Highway Planning and Construction Cluster-Cluster</b>			-	<b>2,625,753</b>
<b>Highway Safety Cluster-Cluster</b>				
Department of Transportation				
Passed through Florida Department of Transportation				
State and Community Highway Safety				
State and Community Highway Safety	20.600	SC-19-13-01	-	30,047
Total State and Community Highway Safety			-	30,047
National Priority Safety Programs				
National Priority Safety Programs	20.616	M5HVE-19-06-01	-	2,668
Total National Priority Safety Programs			-	2,668
Total passed through Florida Department of Transportation			-	32,715
Total Department of Transportation			-	32,715
<b>Total Highway Safety Cluster-Cluster</b>			-	<b>32,715</b>
<b>Other Programs</b>				
Department of Homeland Security				
Passed through State of Florida Division of Emergency Management				
Flood Mitigation Assistance				
Flood Mitigation Assistance	97.029	FMA-PJ-04-FL-2017-010	-	445
Flood Mitigation Assistance	97.029	FMA-PJ-04-FL-2017-012	-	177,609
Total Flood Mitigation Assistance			-	178,054
Disaster Grants - Public Assistance				
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 103	-	18,585,398
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 671	-	74,898,827
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 628	-	36,368,676
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 382	-	7,257,858
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 385	-	938,741
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 406	-	18,560
Disaster Grants - Public Assistance	97.036	DR4399 Hurricane Michael - 499	-	217,432
Disaster Grants - Public Assistance	97.036	DR4138	-	541,332
Disaster Grants - Public Assistance	97.036	ZO631	-	40,802
Disaster Grants - Public Assistance	97.036	DR4177	-	367,998
Total Disaster Grants - Public Assistance			-	139,235,624
Emergency Management Performance Grants				
Emergency Management Performance Grants	97.042	G0016	-	17,585
Emergency Management Performance Grants	97.042	19-FG-AF-01-13-01-061	-	51,711
Total Emergency Management Performance Grants			-	69,296

(Continued)

Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance (Continued)  
Year Ended September 30, 2019

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
Homeland Security Grant				
Homeland Security Grant	97.067	18-DS-X1-01-13-23-340	\$ -	\$ 286,793
Homeland Security Grant	97.067	19-DS-01-01-03-01-323	-	12,236
Homeland Security Grant	97.067	18-DS-X1-01-13-01-341	-	12,584
Total Homeland Security Grant			-	311,613
Staffing for Adequate Fire and Emergency Response (SAFER)				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2015-FH-00818	-	64,028
Total Staffing for Adequate Fire and Emergency Response (SAFER)			-	64,028
Total Passed through State of Florida Division of Emergency Management			-	139,858,615
Total Department of Homeland Security			-	139,858,615
Department of Defense				
Passed through State of Florida Office of Economic Adjustment				
Community Economic Adjustment Assistance for Compatible Use				
Community Economic Adjustment Assistance for Compatible Use	12.610	EN1514-17-01	-	63,261
Total Community Economic Adjustment Assistance			-	63,261
Total Passed through State of Florida Office of Economic Adjustment			-	63,261
Total Department of Defense			-	63,261
United States Department of Justice				
Passed through State of Florida Department of Legal Affairs				
Crime Victim Assistance				
Crime Victim Assistance	16.575	VOCA-2018	-	71,020
Total Crime Victim Assistance			-	71,020
Total Passed through State of Florida Department of Legal Affairs			-	71,020
Passed through State of Florida Department of Children and Families				
Passed through the Florida Coalition Against Domestic Violence				
Violence Against Women Formula Grants				
Violence Against Women Formula Grants	16.588	20-8045-LE-INV	-	31,155
Violence Against Women Formula Grants	16.588	19-8045-LE-INV	-	42,818
Violence Against Women Formula Grants	16.588	20-8045-LE-ENH	-	26,778
Violence Against Women Formula Grants	16.588	19-8045-LE-ENH	-	88,441
Total Violence Against Women Formula Grants			-	189,192
Total Passed through the Florida Coalition Against Domestic Violence			-	189,192
Total Passed through State of Florida Department of Children and Families			-	189,192
Passed through the Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Program				
Edward Byrne Memorial Justice Assistance Program	16.738	2017-DJ-BX-0678	-	23,949
Edward Byrne Memorial Justice Assistance Program	16.738	2018-DJ-BX-0463	-	25,320
Edward Byrne Memorial Justice Assistance Program	16.738	FY2017	-	8,000
Edward Byrne Memorial Justice Assistance Program	16.738	2019-JACG-3541	-	16,370
Total Edward Byrne Memorial Justice Assistance Program			-	73,639
Total Passed through the Florida Department of Law Enforcement			-	73,639
Paul Coverdell Forensic Sciences Improvement Grant Program				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2018	-	1,925
Total Paul Coverdell Forensic Sciences Improvement Grant Program			-	1,925
Total United States Department of Justice			-	335,776
Department of Transportation				
Passed through the Florida Department of Transportation				
Formula Grants for Rural Areas				
Formula Grants for Rural Areas	20.509	G0Z40	-	155,922
Total Formula Grants for Rural Areas			-	155,922
Total Passed through the Florida Department of Transportation			-	155,922
Total Department of Transportation			-	155,922
National Endowment for the Humanities				
Passed through the Florida Humanities Council, Inc.				
Promotion of the Humanities Federal/State Partnership				
Promotion of the Humanities Federal/State Partnership	45.129	CC MOMS PORT 1730	-	2,628
Promotion of the Humanities Federal/State Partnership	45.129	GR 0918 4551 2501	-	4,600
Total Promotion of the Humanities Federal/State Partnership			-	7,228
Total Passed through the Florida Humanities Council, Inc.			-	7,228
Grants to States				
Passed through the Florida Department of State				
Grants to States	45.310	18-LSTA-D-24	-	4,000
Grants to States	45.310	19-LSTA-B06	-	148,782
Total Grants to States			-	152,782
Total Passed through the Florida Department of State			-	152,782
Total National Endowment for the Humanities			-	160,010
Department of the Treasury				
Resources and Ecosystems Sustainability				
Resources and Ecosystems Sustainability	21.015	RDCGR 03000040-01-0	-	7,775
Total Resources and Ecosystems Sustainability			-	7,775
Total Department of the Treasury			-	7,775
Various Agencies				
Passed through Florida Department of State Division of Elections				
Help America Vote Act Requirements Payments				
Help America Vote Act Requirements Payments	90.401	MOA2018-2019-003-BAY	-	808
Help America Vote Act Requirements Payments	90.401	MOA2016-2017-001-BAY	-	14,833
Total Help America Vote Act Requirements Payments			-	15,641
Total Passed through Florida Department of State Division of Elections			-	15,641
Total Various Agencies			-	15,641
Total Other Programs			-	140,597,000
Total Expenditures of Federal Awards			-	145,548,723

(Continued)



Bay County, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance (Continued)  
Year Ended September 30, 2019

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Passed through to Subrecipients	Expenditures
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>Division of Emergency Management</b>				
Emergency Management Preparedness	31.063	A0012	\$ -	\$ 25,008
Emergency Management Preparedness	31.063	18-BG-21-01-13-01-057	-	68,235
<b>Total Division of Emergency Management</b>			-	93,243
<b>Department of Environmental Protection</b>				
Beach Management Funding Assistance Program	37.003	19BA1	-	986,367
Beach Management Funding Assistance Program	37.003	19BA2	-	128,665
Beach Management Funding Assistance Program	37.003	19BA3	-	265,749
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP13045	-	284,630
<b>Total Department of Environmental Protection</b>			-	1,665,411
<b>Department of Agriculture and Consumer Services</b>				
Mosquito Control	42.003	25516	-	41,645
<b>Total Department of Agriculture and Consumer Services</b>			-	41,645
<b>Department of State, Division of Library and Information Services</b>				
State Aid to Libraries	45.030	18-ST-41	-	52,728
State Aid to Libraries	45.030	18-ST-42	-	1,108
State Aid to Libraries	45.030	18-ST-43	-	3,849
State Aid to Libraries	45.030	18-ST-44	-	17,214
State Aid to Libraries	45.030	19-ST-41	-	291,874
State Aid to Libraries	45.030	19-ST-42	-	38,870
State Aid to Libraries	45.030	19-ST-43	-	48,837
State Aid to Libraries	45.030	19-ST-44	-	15,314
<b>Total Department of State, Division of Library and Information Services</b>			-	469,794
<b>Department of Economic Opportunity</b>				
Passed through Florida Housing Finance Corporation				
State Housing Initiatives Partnership Program	40.901	----	323,820	323,820
Division of Community Development	40.038	DL009	-	365,828
<b>Total Department of Economic Opportunity</b>			323,820	689,648
<b>Department of Transportation</b>				
The Transportation Disadvantaged Trip & Equipment	55.001	G0X07	-	272,672
The Transportation Disadvantaged Trip & Equipment	55.001	G0X88	-	23,271
The Transportation Disadvantaged Trip & Equipment	55.001	G1A08	-	115,964
Seaport Grant	55.005	G0U31	-	4,980,379
Public Transit Block Grant	55.010	G0Z41	-	453,231
Transit Corridor Development Program	55.013	G1304	-	225,845
Transportation Regional Incentive Program (Trip)	55.026	G0R85	-	34,233
Transportation Regional Incentive Program (Trip)	55.026	G0R34	-	425,543
<b>Total Department of Transportation</b>			-	6,531,138
<b>Department of Health</b>				
County Grant Awards	64.005	C7003	-	25,623
<b>Total Department of Health</b>			-	25,623
<b>Department of Highway Safety and Motor Vehicles</b>				
Florida Arts License Plates Project	76.041	2018Tags	-	80
<b>Total Department of Highway Safety and Motor Vehicles</b>			-	80
<b>Fish and Wildlife Conservation Commission</b>				
Artificial Reef Grants Program	77.007	FWC-15157	-	120,000
<b>Total Fish and Wildlife Conservation Commission</b>			-	120,000
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			\$ 323,820	\$ 9,636,582

**Notes to Schedule**

1. The County follows the modified accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the County's financial statements.
2. The County has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
3. State shared matching costs for federal award programs totaled \$6,362,461 for the year ending September 30, 2019.

Bay County, Florida

Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill  
Year Ended September 30, 2019

Source	Amount Received in the 2018-19 Fiscal Year	Amount Expended in the 2018-19 Fiscal Year
<b>Triumph Gulf Coast, Inc.:</b>		
Agreement No: Bay County/Project #189	\$ 10,728,765	\$ 7,245,579

Note: This does not include funds related to the Deepwater Horizon oil spill that are considered federal awards or state financial assistance. No such funds were received in the 2018-19 year.



Board of County  
Commissioners

www.baycountyfl.gov

840 WEST 11<sup>TH</sup> STREET  
PANAMA CITY, FL 32401

COMMISSIONERS:

Tommy Hamm  
DISTRICT I

Robert Carroll  
DISTRICT II

WILLIAM T. DOZIER  
DISTRICT III

Keith Baker  
DISTRICT IV

PHILIP "GRIFF" GRIFFITTS  
DISTRICT V

ROBERT J. MAJKA JR.  
COUNTY MANAGER

June 26, 2020

**Bay County, Florida  
Management's Corrective Action Plan  
For the Fiscal Year Ended September 30, 2019**

**Finding Number: 2019-001**

**Planned Corrective Action:**

In preparing future Annual Financial Reports, the County will strive towards identifying and recording all proposed audit adjustments more timely. This will include coordinating with all County departments to ensure that the finance department is made aware of all adjustments.

**Anticipated Completion Date: 11/30/2020**

**Finding Number: 2019-002**

**Planned Corrective Action:**

The County is aware of the requirement of Section 129.06(2)(a-f) of the Florida Statutes. County staff will strive towards identifying and recording amendments to the budgets more timely in accordance with these state laws.

**Anticipated Completion Date: 11/30/2020**

**Finding Number 2019-003**

**Planned Corrective Action:**

The County is in the process of implementing a new inventory system which will assist in improving the accuracy of the inventory counting process. As part of the new system, procedures will also be established to ensure complete inventory counts.

**Anticipated Completion Date: 10/1/2020**

**Responsible Contact Person: Katy Nail**

A handwritten signature in black ink that reads "Katy Nail". The signature is written over a horizontal line.

Katy Nail

Finance Officer

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BAY COUNTY, FLORIDA  
CONSTITUTIONAL OFFICERS  
FOR THE FISCAL YEAR-ENDED SEPTEMBER 30, 2019

SUPERVISOR OF ELECTIONS

Mark Andersen

TAX COLLECTOR

Chuck Perdue

CLERK OF COURT AND COMPTROLLER

Bill Kinsaul

SHERIFF

Tommy Ford

PROPERTY APPRAISER

Dan Sowell

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Bay County, Florida  
Constitutional Officers  
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For the Fiscal Year ended September 30, 2019

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund of the Bay County Supervisor of Elections, as of and for the fiscal year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Supervisor of Elections' financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express 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 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Bay County Supervisor of Elections as of September 30, 2019, the respective changes in financial position thereof and the budgetary comparison for the general fund 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, Florida that is attributable to the Bay County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Bay County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion 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 our report dated June 26, 2020, on our consideration of the Bay County Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Supervisor of Elections' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay County Supervisor of Elections' internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

Bay County Supervisor of Elections  
Special-Purpose Balance Sheet  
Governmental Fund  
September 30, 2019

	General Fund
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 236,138
Cash and cash equivalents - restricted	24,303
Accounts receivable, net	153
<hr/>	
Total assets	\$ 260,594
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 64,020
Due to other governments	159,213
Unearned revenue	37,361
<hr/>	
Total liabilities	260,594
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 260,594
<hr/>	

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

Bay County Supervisor of Elections  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2019

	General Fund
<b>REVENUES</b>	
Intergovernmental	\$ 15,641
Charges for services	9,984
Total revenues	25,625
<b>EXPENDITURES</b>	
Current	
General government	1,607,270
Capital outlay	
General government	92,208
Total expenditures	1,699,478
Excess (deficit) of revenues over (under) expenditures	(1,673,853)
<b>OTHER FINANCING SOURCES (USES)</b>	
Budget appropriations from Board of County Commissioners	1,727,381
Transfer out/return of excess fees	(53,528)
Total other financing sources (uses)	1,673,853
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

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

Bay County Supervisor of Elections  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 33,176	\$ 15,641	\$ (17,535)
Charges for services	-	-	9,984	9,984
Total revenues	-	33,176	25,625	(7,551)
<b>EXPENDITURES</b>				
Current				
General government	1,644,153	1,753,557	1,607,270	146,287
Capital outlay				
General government	7,000	7,000	92,208	(85,208)
Total expenditures	1,651,153	1,760,557	1,699,478	61,079
Excess (deficit) of revenues over (under) expenditures	(1,651,153)	(1,727,381)	(1,673,853)	53,528
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	1,651,153	1,727,381	1,727,381	-
Transfer out/return of excess fees	-	-	(53,528)	(53,528)
Total other financing sources (uses)	1,651,153	1,727,381	1,673,853	(53,528)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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

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

*Reporting Entity* – The Office of the Bay County Supervisor of Elections (Supervisor of Elections) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Supervisor of Elections are included in the County's basic financial statements. The Supervisor of Elections operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners (Board) and any unexpended appropriations are remitted to the Board after the end of the fiscal year.

The Supervisor of Elections' financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements required by generally accepted accounting principles (GAAP). However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Supervisor of Elections has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, only for that portion of the major fund of Bay County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Bay County, Florida, as of September 30, 2019, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

*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. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund type is used by the Supervisor of Elections:

### **Governmental Fund Type**

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

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



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

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

### **Categories and Classification of Fund Equity**

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

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

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

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There is no nonspendable fund balance at September 30, 2019.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. There is no restricted fund balance at September 30, 2019.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Supervisor of Elections' highest level of decision-making authority. The Board is the highest level of decision-making authority for the Supervisor of Elections that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in

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

place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There is no committed fund balance at September 30, 2019.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Supervisor of Elections for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There is no assigned fund balance at September 30, 2019.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund. There is no unassigned fund balance at September 30, 2019.

*Budgets* – The preparation, adoption, and amendment of the Supervisor of Elections' budget is governed by Chapter 129, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represent the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data. All budget appropriations lapse after the end of the fiscal year.

*Employee Leave Benefits* – It is the Supervisor of Elections' policy to grant employees who resign or retire payment of paid time off hours earned up to 480 hours based on a payout service schedule and the availability of the budget. The paid time off policy allows for full-time employees to accumulate 13 to 21 hours a month depending on the length of service. Part-time and temporary employees are not eligible for paid time off.

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

*Cash and Cash Equivalents* – The Supervisor of Elections' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Estimates* – The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

*Subsequent Events* – Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2020. See note 4 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **NOTE 2 – DEPOSITS**

*Deposits and Investments* – As of September 30, 2019, the Supervisor of Elections' bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Supervisor of Elections pursuant to Section 280.08, Florida Statutes.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Supervisor of Elections places its deposits are certified as qualified public depositories, as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Supervisor of Elections will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## **NOTE 3 – RETIREMENT PLANS**

### **Defined Benefit Pension Plan**

*Plan Description* – The Supervisor of Elections contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, 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 FRS. 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 Supervisor of Elections is required to contribute at an actuarially determined rate. Rates effective for October 1, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 14.03% for October 1, 2018 through June 30, 2019 and 14.60% for July 1, 2019 through September 30, 2019, with no employee contribution required.

The contribution requirements of plan members and the Supervisor of Elections are established and may be amended by the Florida Legislature. The Supervisor of Elections' contributions to the plan for the years ended September 30, 2019, 2018, and 2017 were \$110,032, \$97,694, and

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

\$87,870, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2019, were \$17,715.

**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, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 \$4,267 and \$1,540, respectively.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County’s financial statements.

**NOTE 4 – SUBSEQUENT EVENT**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Bay County Supervisor of Elections as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Supervisor of Elections has no component units.

The Honorable Mark Andersen  
Bay County Supervisor of Elections  
Page Two

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Bay County Supervisor of Elections' compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Bay County Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Supervisor of Elections complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Bay County Supervisor of Elections complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Bay County Supervisor of Elections' compliance with specified requirements.

In our opinion, the Bay County Supervisor of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019.

This report is intended solely for the information and use of the Bay County Supervisor of Elections, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Bay County Supervisor of Elections as of and for the year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Supervisor of Elections' basic special-purpose financial statements, and have issued our report thereon dated June 26, 2020, which contains an emphasis of matter referring to a basis of accounting required for compliance with state filing requirements. However, our report was not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County 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 the Bay County Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay County Supervisor of Elections' internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

## INDEPENDENT AUDITORS' 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 special-purpose financial statements of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller, as of and for the fiscal year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Clerk of Court and Comptroller's financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller as of September 30, 2019, the respective changes in financial position thereof and the budgetary comparisons for the general and court funds 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 these 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, Florida that is attributable to the Bay County Clerk of Court and Comptroller. They do not purport to, and do not, present fairly the financial position of Bay County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay County Clerk of Court and Comptroller's special-purpose financial statements. The combining statement of changes in assets and liabilities—agency funds, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The combining statement of changes in assets and liabilities—agency funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of changes in assets and liabilities—agency funds is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, 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

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

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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Bay County Clerk of Court and Comptroller  
Special-Purpose Balance Sheet  
Governmental Funds  
September 30, 2019

	General Fund	Court	Records Modernization - Records	10% Fine Records Modernization	Records Modernization - Court	Family Mediation	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 805,921	\$ 693,130	\$ 336,803	\$ 4,807	\$ 486,139	\$ 21,329	\$ 2,348,129
Accounts receivable, net	175,208	37,269	-	-	90,215	-	302,692
Due from other governments	21,677	-	-	-	-	-	21,677
Prepays	66,950	16,308	16,040	-	56,141	-	155,439
Total assets	\$ 1,069,756	\$ 746,707	\$ 352,843	\$ 4,807	\$ 632,495	\$ 21,329	\$ 2,827,937
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities							
Accounts payable and accrued liabilities	\$ 130,698	\$ 242,173	\$ -	\$ 4,807	\$ 12,975	\$ 1,675	\$ 392,328
Unearned revenue	405,838	9,098	-	-	-	-	414,936
Due to other governments	533,220	-	-	-	-	-	533,220
Total liabilities	1,069,756	251,271	-	4,807	12,975	1,675	1,340,484
Fund balance							
Nonspendable	66,950	16,308	16,040	-	56,141	-	155,439
Restricted	-	479,128	336,803	-	563,379	19,654	1,398,964
Unassigned	(66,950)	-	-	-	-	-	(66,950)
Total fund balance	-	495,436	352,843	-	619,520	19,654	1,487,453
Total liabilities and fund balance	\$ 1,069,756	\$ 746,707	\$ 352,843	\$ 4,807	\$ 632,495	\$ 21,329	\$ 2,827,937

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds  
Year Ended September 30, 2019

	General Fund	Court	Records Modernization - Records	10% Fine Records Modernization	Records Modernization - Court	Family Mediation	Total Governmental Funds
<b>REVENUES</b>							
Intergovernmental revenue	\$ 158,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,747
Charges for services	2,261,602	5,090,628	157,640	-	436,630	23,000	7,969,500
Miscellaneous	43,143	-	-	-	-	-	43,143
Total revenues	2,463,492	5,090,628	157,640	-	436,630	23,000	8,171,390
<b>EXPENDITURES</b>							
Current							
General government	3,583,120	5,062,854	48,362	-	234,992	19,450	8,948,778
Capital outlay							
General government	244,874	-	43,022	-	167,421	-	455,317
Total expenditures	3,827,994	5,062,854	91,384	-	402,413	19,450	9,404,095
Excess (deficit) of revenues over (under) expenditures	(1,364,502)	27,774	66,256	-	34,217	3,550	(1,232,705)
<b>OTHER FINANCING SOURCES (USES)</b>							
Budget appropriations from Board of County Commissioners	1,508,718	-	-	-	-	-	1,508,718
Transfer out/return of excess fees	(144,216)	-	-	-	-	-	(144,216)
Total other financing sources (uses)	1,364,502	-	-	-	-	-	1,364,502
Net change in fund balance	-	27,774	66,256	-	34,217	3,550	131,797
Fund balance - beginning	-	467,662	286,587	-	585,303	16,104	1,355,656
Fund balance - ending	\$ -	\$ 495,436	\$ 352,843	\$ -	\$ 619,520	\$ 19,654	\$ 1,487,453

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



Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental revenue	\$ 120,000	\$ 158,747	\$ 158,747	\$ -
Charges for services	1,974,591	2,126,007	2,261,602	135,595
Miscellaneous	40,600	43,143	43,143	-
Total revenues	2,135,191	2,327,897	2,463,492	135,595
<b>EXPENDITURES</b>				
Current				
General government	3,638,909	3,808,702	3,583,120	225,582
Capital outlay				
General government	5,000	27,913	244,874	(216,961)
Total expenditures	3,643,909	3,836,615	3,827,994	8,621
Excess (deficit) of revenues over (under) expenditures	(1,508,718)	(1,508,718)	(1,364,502)	144,216
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	1,508,718	1,508,718	1,508,718	-
Transfer out/return of excess fees	-	-	(144,216)	(144,216)
Total other financing sources (uses)	1,508,718	1,508,718	1,364,502	(144,216)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Court  
Year Ended September 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
<b>REVENUES</b>				
Charges for services	\$ 4,148,147	\$ 5,090,628	\$ 5,090,628	\$ -
Total revenues	4,148,147	5,090,628	5,090,628	-
<b>EXPENDITURES</b>				
Current				
General government	4,148,147	5,090,628	5,062,854	27,774
Total expenditures	4,148,147	5,090,628	5,062,854	27,774
Net change in fund balance	\$ -	\$ -	27,774	\$ 27,774
Fund balance - beginning			467,662	
Fund balance - ending			\$ 495,436	

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

Bay County Clerk of Court and Comptroller  
Special-Purpose Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2019

**ASSETS**

Cash and cash equivalents	\$ 5,273,024
<hr/>	
Total assets	\$ 5,273,024
<hr/>	

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 1,609,442
Due to other governments	3,663,582
<hr/>	
Total liabilities	\$ 5,273,024
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The accompanying notes are an integral part of these special-purpose financial statements

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

*Reporting Entity* – The Office of the Bay County Clerk of Court and Comptroller (Clerk) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Clerk are included in the County's basic financial statements. The Clerk operates on a budgetary system. Appropriated funds for the general fund are received from the Board of County Commissioners (Board) and any unexpended appropriations are remitted to the Board after the end of the fiscal year. Appropriated funds for the court fund are received from the Clerk of Court Operations Corporation of the State of Florida (CCOC).

The Clerk's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements required by generally accepted accounting principles (GAAP). However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Clerk has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of each major fund, and the aggregate remaining fund information of Bay County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Bay County, Florida, as of September 30, 2019, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

*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. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the Clerk:

### **Governmental Fund Types**

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

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

### **Fiduciary Fund Type**

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

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

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

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

The agency funds have no measurement focus but utilize the *modified accrual basis of accounting* for reporting their assets and liabilities.

### Categories and Classification of Fund Equity

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

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

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

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance at September 30, 2019, is \$155,439.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or

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

regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The restricted fund balance at September 30, 2019, is \$1,398,964, all restricted by enabling legislation.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Clerk’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the Clerk that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There is no committed fund balance at September 30, 2019.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Clerk for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There is no assigned fund balance at September 30, 2019.

*Unassigned* – Unassigned fund balance is the residual classification for the Clerk’s fund balances. The unassigned fund balance at September 30, 2019, is a deficit of \$66,950.

*Budgets* – The preparation, adoption, and amendment of the Clerk’s budget is governed by Chapter 28.36, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data. All budget appropriations lapse at the end of the fiscal year. The records modernization-records, records modernization-court, family mediation, and 10% fine records modernization funds are not budgeted.

*Cash and Cash Equivalents* – The Clerk’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*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.

*Prepays* – Payments made to vendors for services that will benefit periods beyond September 30, 2019, 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, showing this amount is not in spendable form.

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

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

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

*Estimates* – The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

*Subsequent Events* – Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2020. See note 5 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

*Recently Issued Accounting Pronouncements* – The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

## **NOTE 2 – DEPOSITS**

*Deposits and Investments* – As of September 30, 2019, the Clerk’s bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Clerk pursuant to Section 280.08, Florida Statutes.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Clerk places its deposits are certified as qualified public depositories, as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the



**NOTE 2 – DEPOSITS (Continued)**

counterparty, the Clerk will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**NOTE 3 – ACCOUNTS RECEIVABLE, NET**

At September 30, 2019, accounts receivable, net is summarized as follows:

	Governmental Funds		Total Accounts Receivable
Accounts receivable	\$ 302,692	\$	302,692
Less: allowance for doubtful accounts	-		-
Accounts receivable, net	\$ 302,692	\$	302,692

The Clerk considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2019.

**NOTE 4 – RETIREMENT PLANS**

**Defined Benefit Pension Plan**

*Plan Description* – The Clerk contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. FRS issues financial statements and required supplementary information for FRS. 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 Clerk is required to contribute at an actuarially determined rate. Rates effective for October 1, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 14.03% for October 1, 2018 through June 30, 2019 and 14.60% for July 1, 2019 through September 30, 2019, with no employee contribution required.

The contribution requirements of plan members and the Clerk are established and may be amended by the Florida Legislature. The Clerk's contributions to FRS for the years ended September 30, 2019, 2018, and 2017 were \$460,139, \$433,028, and \$396,768, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2019, were \$102,121.



#### **NOTE 4 – RETIREMENT PLANS (Continued)**

##### **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. FRS Investment Plan is administered by the SBA. 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, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 \$37,407 and \$10,565, respectively.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County’s financial statements.

#### **NOTE 5 – SUBSEQUENT EVENT**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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## AGENCY FUNDS

Bay County Clerk of Court and Comptroller  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>FINES AND FORFEITURES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
Total assets	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
<b>LIABILITIES</b>				
Due to other governments	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
Total liabilities	\$ 2,065,865	\$ 34,685,120	\$ 34,010,102	\$ 2,740,883
<b>JURY AND WITNESS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
Total assets	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
<b>LIABILITIES</b>				
Due to other governments	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
Total liabilities	\$ 25,153	\$ 73,764	\$ 45,501	\$ 53,416
<b>TAX DEED</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
Total assets	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
Total liabilities	\$ 523,164	\$ 716,260	\$ 853,956	\$ 385,468
<b>SUPPORT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
Total assets	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313
Total liabilities	\$ 30,636	\$ 1,061,546	\$ 1,064,869	\$ 27,313

Continued

Bay County Clerk of Court and Comptroller  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds (Continued)  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>COURT REGISTRY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
Total assets	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
Total liabilities	\$ 2,043,382	\$ 19,270,728	\$ 20,177,007	\$ 1,137,103
<b>CASH BOND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
Total assets	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
<b>LIABILITIES</b>				
Due to other governments	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
Total liabilities	\$ 520,428	\$ 980,748	\$ 631,893	\$ 869,283
<b>RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
Total assets	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
Total liabilities	\$ 51,064	\$ 412,139	\$ 403,645	\$ 59,558
<b>TOTAL - AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,259,692	\$ 57,200,305	\$ 57,186,973	\$ 5,273,024
Total assets	\$ 5,259,692	\$ 57,200,305	\$ 57,186,973	\$ 5,273,024
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,648,246	\$ 21,460,673	\$ 22,499,477	\$ 1,609,442
Due to other governments	2,611,446	35,739,632	34,687,496	3,663,582
Total liabilities	\$ 5,259,692	\$ 57,200,305	\$ 57,186,973	\$ 5,273,024

See independent auditors' report

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Bay County Clerk of Court and Comptroller as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County 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

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Bay County Clerk of Court and Comptroller's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support, Payments; Fees*; Sections 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*; and 28.36, Florida Statutes, *Budget Procedure*; during the year ended September 30, 2019. Management is responsible for the Bay County Clerk of Court and Comptroller's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Clerk of Court and Comptroller's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Clerk of Court and Comptroller complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Bay County Clerk of Court and Comptroller complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Bay County Clerk of Court and Comptroller's compliance with specified requirements.

In our opinion, the Bay County Clerk of Court and Comptroller complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support, Payments; Fees*; Sections 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*; and 28.36, Florida Statutes, *Budget Procedure*; during the year ended September 30, 2019.

This report is intended solely for the information and use of the Bay County Clerk of Court and Comptroller, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, LLC*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Bay County Clerk of Court and Comptroller as of and for the year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Clerk of Court and Comptroller's basic special-purpose financial statements, and have issued our report thereon dated June 26, 2020, which contains an emphasis of matter referring to a basis of accounting required for compliance with state filing requirements. However, our report was not modified with respect to this matter.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund of the Bay County Property Appraiser, as of and for the fiscal year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Property Appraiser's financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express 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 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Bay County Property Appraiser as of September 30, 2019, the respective changes in financial position thereof and the budgetary comparison for the general fund 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 these Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund only for that portion of the major fund of Bay County, Florida that is attributable to the Bay County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Bay County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion 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 our report dated June 26, 2020, 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Property Appraiser's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay County Property Appraiser's internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

Bay County Property Appraiser  
Special-Purpose Balance Sheet  
Governmental Fund  
September 30, 2019

	General Fund
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 309,695
Accounts receivable, net	6,703
<hr/>	
Total assets	\$ 316,398
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 187,225
Due to other governments	129,173
<hr/>	
Total liabilities	316,398
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 316,398
<hr/>	

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

Bay County Property Appraiser  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2019

	General Fund
<b>REVENUES</b>	
Charges for services	\$ 2,374
Interest income	2,585
Total revenues	4,959
<b>EXPENDITURES</b>	
Current	
General government	3,176,610
Capital outlay	
General government	88,403
Debt service	
Principal retirement	18,942
Interest and fiscal charges	2,906
Total expenditures	3,286,861
Excess (deficit) of revenues over (under) expenditures	(3,281,902)
<b>OTHER FINANCING SOURCES (USES)</b>	
Budget appropriations from Board of County Commissioners	3,319,321
Budget appropriations from other taxing districts	63,254
Transfer out/return of excess fees from Board of County Commissioners	(126,757)
Transfer out/return of excess fees from other taxing districts	(2,416)
Debt issuance	28,500
Total other financing sources (uses)	3,281,902
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

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



Bay County Property Appraiser  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 2,374	\$ 2,374
Interest income	-	-	2,585	2,585
Total revenues	-	-	4,959	4,959
<b>EXPENDITURES</b>				
Current				
General government	3,158,281	3,304,056	3,176,610	127,446
Capital outlay				
General government	56,671	56,671	88,403	(31,732)
Debt service				
Principal retirement	18,942	18,942	18,942	-
Interest and fiscal charges	2,906	2,906	2,906	-
Total expenditures	3,236,800	3,382,575	3,286,861	95,714
Excess (deficit) of revenues over (under) expenditures	(3,236,800)	(3,382,575)	(3,281,902)	100,673
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	28,500	28,500
Budget appropriations from Board of County Commissioners	3,176,272	3,319,321	3,319,321	-
Budget appropriations from other taxing districts	60,528	63,254	63,254	-
Transfer out/return of excess fees from Board of County Commissioners	-	-	(126,757)	(126,757)
Transfer out/return of excess fees from other taxing districts	-	-	(2,416)	(2,416)
Total other financing sources (uses)	3,236,800	3,382,575	3,281,902	(100,673)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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

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

*Reporting Entity* – The Office of the Bay County Property Appraiser (Property Appraiser) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Property Appraiser are included in the County's basic financial statements. The Property Appraiser operates on a budgetary system, whereby appropriated funds are received from the Board of County Commissioners (Board) and any unexpended appropriations are remitted to the Board after the end of the fiscal year.

The Property Appraiser's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements required by generally accepted accounting principles (GAAP). However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Property Appraiser has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, only for that portion of the major fund of Bay County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Bay County, Florida, as of September 30, 2019, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

*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. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund type is used by the Property Appraiser:

### **Governmental Fund Type**

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60

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

days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**Categories and Classification of Fund Equity**

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

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

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

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There is no nonspendable fund balance at September 30, 2019.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. There is no restricted fund balance at September 30, 2019.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Property Appraiser's highest level of decision-making authority. The Board is the highest level of decision-making authority for the Property Appraiser that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There is no committed fund balance at September 30, 2019.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Property Appraiser for specific purposes but do not meet the criteria to be classified as

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

committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There is no assigned fund balance at September 30, 2019.

*Unassigned* – Unassigned fund balance is the residual classification for the Property Appraiser's fund balances. There is no unassigned fund balance at September 30, 2019.

*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 GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data. All budget appropriations lapse at the end of the fiscal year.

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

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

*Cash and Cash Equivalents* – The Property Appraiser's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Accounts Receivable* – All receivables are reported at their gross value and, where appropriate, are reduced by the allowance for doubtful accounts. As of September 30, 2019, there was no allowance for doubtful accounts because the Property Appraiser considers all receivables to be collectible.

*Estimates* – The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

*Subsequent Events* – Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2020. See Note 4 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## NOTE 2 – DEPOSITS

*Deposits and Investments* – As of September 30, 2019, the Property Appraiser's bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Property Appraiser pursuant to Section 280.08, Florida Statutes.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Property Appraiser places its deposits are certified as qualified public depositories, as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Property Appraiser will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## NOTE 3 – RETIREMENT PLANS

### Defined Benefit Pension Plan

*Plan Description* – The Property Appraiser contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. FRS issues financial statements and required supplementary information for FRS. 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 Property Appraiser is required to contribute at an actuarially determined rate. Rates effective for October 1, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 14.03% for October 1, 2018 through June 30, 2019 and 14.60% for July 1, 2019 through September 30, 2019, with no employee contribution required.

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

The contribution requirements of plan members and the Property Appraiser are established and may be amended by the Florida Legislature. The Property Appraiser's contributions to FRS for the years ended September 30, 2019, 2018, and 2017 were \$294,328, \$267,849, and \$235,513 respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2019, were \$47,764.

#### **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. 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* – Investment Plan is funded through employee and employer contributions. Rates for October 1, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 \$6,771 and \$2,443, respectively.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County's financial statements.

### **NOTE 4 – SUBSEQUENT EVENT**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



## INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Bay County Property Appraiser as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Property Appraiser has no component units.

The Honorable Dan Sowell  
Bay County Property Appraiser  
Page Two

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Bay County Property Appraiser's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Bay County Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Bay County Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Bay County Property Appraiser's compliance with specified requirements.

In our opinion, the Bay County Property Appraiser complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019.

This report is intended solely for the information and use of the Bay County Property Appraiser, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Bay County Property Appraiser as of and for the year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Property Appraiser's basic special-purpose financial statements, and have issued our report thereon dated June 26, 2020, which contains an emphasis of matter referring to a basis of accounting required for compliance with state filing requirements. However, our report was not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County 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 the Bay County Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay County Property Appraiser's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, LLC*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

## INDEPENDENT AUDITORS' REPORT

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

### Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Bay County Tax Collector, as of and for the fiscal year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Tax Collector's financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information of the Bay County Tax Collector as of September 30, 2019, the respective changes in financial position thereof and the budgetary comparison for the general fund 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 these 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, Florida that is attributable to the Bay County Tax Collector. They do not purport to, and do not, present fairly the financial position of Bay County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay County Tax Collector's special-purpose financial statements. The combining statement of changes in assets and liabilities—agency funds, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The combining statement of changes in assets and liabilities—agency funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of changes in assets and liabilities—agency funds is fairly stated in all material respects in relation to the financial statements as a whole.

The Honorable Chuck Perdue  
Bay County Tax Collector  
Page Three

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay County Tax Collector's internal control over financial reporting and compliance.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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Bay County Tax Collector  
Special-Purpose Balance Sheet  
Governmental Fund  
September 30, 2019

	General Fund
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,725,692
Accounts receivable, net	12,845
Prepays	13,732
<hr/>	
Total assets	\$ 1,752,269
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 302,516
Due to other governments	1,449,753
<hr/>	
Total liabilities	1,752,269
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 1,752,269
<hr/>	

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

Bay County Tax Collector  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2019

	General Fund
<b>REVENUES</b>	
Commissions	
Bay County, Florida Board of County Commissioners	\$ 3,746,078
Other governmental units	265,374
Charges for services	2,079,452
Miscellaneous	56,120
Total revenues	6,147,024
<b>EXPENDITURES</b>	
Current	
General government	4,694,989
Capital outlay	
General government	6,624
Debt service	
Principal retirement	8,595
Interest and fiscal charges	1,645
Total expenditures	4,711,853
Excess of revenues over expenditures	1,435,171
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	
Distribution of excess commissions to the Bay County, Florida Board of County Commissioners	(1,339,973)
Distribution of excess commissions to other governmental units	(95,198)
Total other financing sources (uses)	(1,435,171)
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

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

Bay County Tax Collector  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Commissions				
Bay County, Florida Board of County Commissioners	\$ 3,898,961	\$ 3,898,961	\$ 3,746,078	\$ (152,883)
Other governmental units	-	-	265,374	265,374
Charges for services	1,938,846	1,938,846	2,079,452	140,606
Miscellaneous	65,000	65,000	56,120	(8,880)
Total revenues	5,902,807	5,902,807	6,147,024	244,217
<b>EXPENDITURES</b>				
Current				
General government	5,087,788	5,083,774	4,694,989	388,785
Capital outlay				
General government	12,851	16,865	6,624	10,241
Debt service				
Principal retirement	-	-	8,595	(8,595)
Interest and fiscal charges	-	-	1,645	(1,645)
Total expenditures	5,100,639	5,100,639	4,711,853	388,786
Excess of revenues over expenditures	802,168	802,168	1,435,171	633,003
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out				
Distribution of excess commissions to the Bay County, Florida Board of County of County Commissioners	(802,168)	(802,168)	(1,339,973)	(537,805)
Distribution of excess commissions to other governmental units	-	-	(95,198)	(95,198)
Total other financing sources (uses)	(802,168)	(802,168)	(1,435,171)	(633,003)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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

Bay County Tax Collector  
Special-Purpose Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2019

**ASSETS**

Cash and cash equivalents	\$ 3,001,117
Accounts receivable, net	60
<hr/>	
Total assets	\$ 3,001,177
<hr/>	

**LIABILITIES**

Due to other governments	\$ 3,001,177
<hr/>	
Total liabilities	\$ 3,001,177
<hr/>	

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

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

*Reporting Entity* – The Office of the Bay County Tax Collector (Tax Collector) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Tax Collector are included in Bay County, Florida's basic financial statements. The Tax Collector operates on a fee system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Any excess funds after the end of the fiscal year are distributed to each governmental unit in the same proportion as the fees paid by that governmental unit to the total fee income.

The Tax Collector's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements required by generally accepted accounting principles (GAAP). However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Tax Collector has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major fund, and the aggregate remaining fund information of Bay County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Bay County, Florida, as of September 30, 2019, and the changes in its financial position, for the fiscal year then ended in accordance with GAAP.

*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. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the Tax Collector:

### **Governmental Fund Type**

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

### **Fiduciary Fund Type**

*Agency Funds* – Agency funds are used to account for assets held by the 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.

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

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

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

The agency funds have no measurement focus but utilize the *modified accrual basis of accounting* for reporting their assets and liabilities.

### **Categories and Classification of Fund Equity**

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

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

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

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There is no nonspendable fund balance at September 30, 2019.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or

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

regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. There is no restricted fund balance at September 30, 2019.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Tax Collector’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the Tax Collector that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There is no committed fund balance at September 30, 2019.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Tax Collector for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There is no assigned fund balance at September 30, 2019.

*Unassigned* – Unassigned fund balance is the residual classification for the Tax Collector’s fund balance. There is no unassigned fund balance at September 30, 2019.

*Budgets* – The preparation, adoption, and amendment of the Tax Collector’s budget is governed by Chapter 195.087, Florida Statutes. The budget is prepared and adopted on a basis of accounting consistent with GAAP. Budgetary data presented in the accompanying special-purpose financial statements represent the original and final budgetary data. All budget appropriations lapse at the end of the fiscal year.

*Employee Leave Benefits* – It is the Tax Collector’s policy to grant employees who leave in good standing payment for up to 240 hours of earned, unused paid time off. The paid time off policy allows for full-time employees to accumulate 6 to 10 hours per pay period, depending on the length of service.

*Capital Assets* – Capital assets used by the Tax Collector are accounted for by the County and are included in the County’s basic financial statements. Under Florida law, the County holds legal title and is accountable for these assets.

*Cash and Cash Equivalents* – The Tax Collector’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

*Prepays* – Payments made to vendors for services that will benefit periods beyond September 30, 2019, 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, showing this amount is not in spendable form.

*Estimates* – The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

*Subsequent Events* – Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2020. See note 6 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

*Recently Issued Accounting Pronouncements* – The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for 18 months.

## **NOTE 2 – DEPOSITS**

*Deposits and Investments* – As of September 30, 2019, the Tax Collector's bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement



## NOTE 2 – DEPOSITS (Continued)

procedures for payment of losses according to the validated claims of the Tax Collector pursuant to Section 280.08, Florida Statutes.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Tax Collector places its deposits are certified as qualified public depositories, as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Tax Collector will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## NOTE 3 – ACCOUNTS RECEIVABLE, NET

At September 30, 2019, accounts receivable, net is summarized as follows:

	Governmental Funds	Agency Funds
Accounts receivable	\$ 12,845	\$ 60
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 12,845	\$ 60

The Tax Collector considers all amounts collectible; therefore, there is no provision for doubtful accounts at September 30, 2019.

## NOTE 4 – PROPERTY TAXES

Property tax revenue is recognized when levied to the extent that it results in current receivables. The Bay County property tax calendar is as follows:

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

## NOTE 5 – RETIREMENT PLANS

### Defined Benefit Pension Plan

*Plan Description* – The Tax Collector contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida

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

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 FRS. 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 Tax Collector is required to contribute at an actuarially determined rate. Rates effective for October 1, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 14.03% for October 1, 2018 through June 30, 2019 and 14.60% for July 1, 2019 through September 30, 2019, with no employee contribution required.

The contribution requirements of plan members and the Tax Collector are established and may be amended by the Florida Legislature. The Tax Collector's contributions to FRS for the years ended September 30, 2019, 2018, and 2017 were \$246,503, \$235,350, and \$214,114, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2019, were \$56,265.

### **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. FRS Investment Plan is administered by the SBA. 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, 2018 through June 30, 2019, were 8.26%, 24.06%, and 48.70% for regular employees, senior management, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, and 48.82% 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 \$126,555 and \$18,185, respectively.

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County's financial statements.

**NOTE 6 – SUBSEQUENT EVENT**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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## AGENCY FUNDS

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Bay County Tax Collector  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>PROPERTY TAX FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,962,941	\$ 237,076,917	\$ 236,609,329	\$ 2,430,529
Accounts receivable, net	1,083	7,465	8,548	-
Total assets	\$ 1,964,024	\$ 237,084,382	\$ 236,617,877	\$ 2,430,529
<b>LIABILITIES</b>				
Due to other governments	\$ 1,964,024	\$ 237,084,382	\$ 236,617,877	\$ 2,430,529
Total liabilities	\$ 1,964,024	\$ 237,084,382	\$ 236,617,877	\$ 2,430,529
<b>TAG FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 892,196	\$ 29,008,297	\$ 29,329,905	\$ 570,588
Accounts receivable, net	181	73	194	60
Total assets	\$ 892,377	\$ 29,008,370	\$ 29,330,099	\$ 570,648
<b>LIABILITIES</b>				
Due to other governments	\$ 892,377	\$ 29,008,370	\$ 29,330,099	\$ 570,648
Total liabilities	\$ 892,377	\$ 29,008,370	\$ 29,330,099	\$ 570,648
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,855,137	\$ 266,085,214	\$ 265,939,234	\$ 3,001,117
Accounts receivable, net	1,264	7,538	8,742	60
Total assets	\$ 2,856,401	\$ 266,092,752	\$ 265,947,976	\$ 3,001,177
<b>LIABILITIES</b>				
Due to other governments	\$ 2,856,401	\$ 266,092,752	\$ 265,947,976	\$ 3,001,177
Total liabilities	\$ 2,856,401	\$ 266,092,752	\$ 265,947,976	\$ 3,001,177

See independent auditors' report

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Bay County Tax Collector as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 26, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Tax Collector has no component units.

The Honorable Chuck Perdue  
Bay County Tax Collector  
Page Two

### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

We have examined the Bay County Tax Collector's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Bay County Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Bay County Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Bay County Tax Collector's compliance with specified requirements.

In our opinion, the Bay County Tax Collector complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019.

This report is intended solely for the information and use of the Bay County Tax Collector, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, LLC*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

The Honorable Chuck Perdue  
Bay County Tax Collector  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and aggregate remaining fund information of the Bay County Tax Collector as of and for the year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Tax Collector's basic special-purpose financial statements, and have issued our report thereon dated June 26, 2020, which contains an emphasis of matter referring to a basis of accounting required for compliance with state filing requirements. However, our report was not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay County Tax Collector's internal control over financial reporting (internal control) 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 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 Chuck Perdue  
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 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.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

## INDEPENDENT AUDITORS' REPORT

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

### Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Bay County Sheriff, as of and for the fiscal year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Sheriff's financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information for the Bay County Sheriff as of September 30, 2019, the respective changes in financial position thereof and the budgetary comparison for the general fund 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 these 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, Florida that is attributable to the Bay County Sheriff. They do not purport to, and do not, present fairly the financial position of Bay County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay County Sheriff's special-purpose financial statements. The combining balance sheet-nonmajor governmental funds; combining statement of revenues, expenditures and changes in fund balance-nonmajor governmental funds; and combining statement of changes in assets and liabilities-agency funds, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining balance sheet-nonmajor governmental funds; combining statement of revenues, expenditures and changes in fund balance-nonmajor governmental funds; and combining statement of changes in assets and liabilities-agency funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet-nonmajor governmental funds; combining statement of revenues, expenditures and changes



The Honorable Tommy Ford  
Bay County Sheriff  
Page Three

in fund balance—nonmajor governmental funds; and combining statement of changes in assets and liabilities—agency funds are fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bay County Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay County Sheriff's internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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Bay County Sheriff  
Special-Purpose Balance Sheet  
Governmental Funds  
September 30, 2019

	General Fund	Inmate Welfare	Crime Prevention	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 716,757	\$ 484,244	\$ 199,196	\$ 189,433	\$ 1,589,630
Accounts receivable, net	615,422	116,104	-	-	731,526
<b>Total assets</b>	<b>\$ 1,332,179</b>	<b>\$ 600,348</b>	<b>\$ 199,196</b>	<b>\$ 189,433</b>	<b>\$ 2,321,156</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable and accrued liabilities	\$ 490,818	\$ 39,045	\$ -	\$ -	\$ 529,863
Due to other governments	539,408	-	-	-	539,408
Unearned revenue	301,953	-	-	-	301,953
<b>Total liabilities</b>	<b>1,332,179</b>	<b>39,045</b>	<b>-</b>	<b>-</b>	<b>1,371,224</b>
Fund balance					
Restricted	-	561,303	199,196	189,433	949,932
<b>Total liabilities and fund balance</b>	<b>\$ 1,332,179</b>	<b>\$ 600,348</b>	<b>\$ 199,196</b>	<b>\$ 189,433</b>	<b>\$ 2,321,156</b>

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

Bay County Sheriff  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds  
Year Ended September 30, 2019

	General Fund	Inmate Welfare	Crime Prevention	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenue	\$ 3,436,712	\$ -	\$ -	\$ 284,607	\$ 3,721,319
Interest income	42,196	-	1,260	1	43,457
Charges for services	-	1,012,860	-	-	1,012,860
Miscellaneous	510,631	-	-	-	510,631
Total revenues	3,989,539	1,012,860	1,260	284,608	5,288,267
<b>EXPENDITURES</b>					
Current					
Public safety	42,652,924	704,123	31,344	279,368	43,667,759
Capital outlay					
Public safety	1,750,790	33,532	-	24,337	1,808,659
Debt service					
Principal retirement	807,832	-	-	-	807,832
Interest and fiscal charges	34,180	-	-	-	34,180
Total expenditures	45,245,726	737,655	31,344	303,705	46,318,430
Excess (deficit) of revenues over (under) expenditures	(41,256,187)	275,205	(30,084)	(19,097)	(41,030,163)
<b>OTHER FINANCING SOURCES (USES)</b>					
Budget appropriations from					
Board of County Commissioners	40,958,755	-	-	-	40,958,755
Debt issuance	779,842	-	-	-	779,842
Proceeds from the sale of surplus assets	56,998	-	-	59,425	116,423
Transfer out/return of excess fees	(539,408)	-	-	-	(539,408)
Total other financing sources (uses)	41,256,187	-	-	59,425	41,315,612
Net change in fund balance	-	275,205	(30,084)	40,328	285,449
Fund balance - beginning	-	286,098	229,280	149,105	664,483
Fund balance - ending	\$ -	\$ 561,303	\$ 199,196	\$ 189,433	\$ 949,932

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

Bay County Sheriff  
Special-Purpose Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental revenue	\$ 2,967,178	\$ 3,346,055	\$ 3,436,712	\$ 90,657
Interest income	-	-	42,196	42,196
Miscellaneous	-	-	510,631	510,631
Total revenues	2,967,178	3,346,055	3,989,539	643,484
<b>EXPENDITURES</b>				
Current				
Public safety	42,107,900	42,486,777	42,652,924	(166,147)
Capital outlay				
Public safety	976,021	976,021	1,750,790	(774,769)
Debt service				
Principal retirement	807,832	807,832	807,832	-
Interest and fiscal charges	34,180	34,180	34,180	-
Total expenditures	43,925,933	44,304,810	45,245,726	(940,916)
Excess (deficit) of revenues over (under) expenditures	(40,958,755)	(40,958,755)	(41,256,187)	(297,432)
<b>OTHER FINANCING SOURCES (USES)</b>				
Budget appropriations from Board of County Commissioners	40,958,755	40,958,755	40,958,755	-
Debt issuance	-	-	779,842	779,842
Proceeds from the sale of surplus assets	-	-	56,998	56,998
Transfer out/return of excess fees	-	-	(539,408)	(539,408)
Total other financing sources (uses)	40,958,755	40,958,755	41,256,187	297,432
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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

Bay County Sheriff  
Special-Purpose Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2019

**ASSETS**

Cash and cash equivalents	\$ 308,174
<hr/>	
Total assets	\$ 308,174
<hr/>	

**LIABILITIES**

Accounts payable	\$ 63,714
Due to other governments	65,649
Due to others	178,811
<hr/>	
Total liabilities	\$ 308,174
<hr/>	

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

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

*Reporting Entity* – The Office of the Bay County Sheriff (Sheriff) is an integral part of Bay County, Florida (County) and is an elected Constitutional Office that is governed by state statutes and regulations. The financial statements of the Sheriff are included in the County's basic financial statements. The office of the Sheriff operates on a budgetary system, whereby appropriated funds of the general fund are received from the Board of County Commissioners (Board) and unexpended appropriations are remitted to the Board after the end of the fiscal year.

The Sheriff's financial statements have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). These financial statements are the fund financial statements required by generally accepted accounting principles (GAAP). However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Sheriff has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, management's discussion and analysis, or the pension or the other postemployment benefit related required supplementary information. Also, certain notes to special-purpose financial statements may supplement rather than duplicate the notes included in the County's financial statements. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position, where applicable, of each major fund, and the aggregate remaining fund information, only for that portion of each major fund, and the aggregate remaining fund information of Bay County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Bay County, Florida, as of September 30, 2019, and the changes in its financial position, for the fiscal year then ended in accordance GAAP.

*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. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the Sheriff:

### **Governmental Fund Types**

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

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

### **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.

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

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

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

The agency funds have no measurement focus but utilize the *modified accrual basis of accounting* for reporting their assets and liabilities.

### **Categories and Classification of Fund Equity**

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

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

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

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There is no nonspendable fund balance at September 30, 2019.



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

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The restricted funds balance at September 30, 2019, is \$949,932, all restricted by enabling legislation.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Sheriff's highest level of decision-making authority. The Board is the highest level of decision-making authority for the Sheriff that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There is no committed fund balance at September 30, 2019.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Sheriff for specific purposes but do not meet the criteria to be classified as committed. The Board may by resolution authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There is no assigned fund balance at September 30, 2019.

*Unassigned* – Unassigned fund balance is the residual classification for the Sheriff's fund balances. There is no unassigned fund balance at September 30, 2019.

*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 GAAP. Budgetary data presented in the accompanying special-purpose financial statements in the final budgeted amounts column represent the final budgetary data. In this column the effects of budget amendments have been applied to original budgetary data. Any excess expenditures over budgeted amounts are a result of unbudgeted revenues with offsetting related unbudgeted expenses or reimbursements. All budget appropriations lapse at the end of the fiscal year. The Sheriff is not legally required to prepare a budget for any funds other than the general fund; therefore comparative budget and actual results are not presented for these other funds.

*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.

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

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 used by the Sheriff in governmental fund type operations are reported in the governmental activities column in the County's financial statements. Capital assets are defined as all firearms, regardless of cost, and assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value on the date received.

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

*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 GAAP requires management to make various estimates. Actual results could differ from those estimates.

*Subsequent Events* – Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2020. See note 6 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

*Recently Issued Accounting Pronouncements* – The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for one year.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this

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

statement were originally effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective date for 18 months.

**NOTE 2 – DEPOSITS**

*Deposits and Investments* – As of September 30, 2019, the Sheriff's bank balances are covered by federal depository insurance. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Sheriff pursuant to Section 280.08, Florida Statutes.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Sheriff places its deposits are certified as qualified public depositories, as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Sheriff will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**NOTE 3 – ACCOUNTS RECEIVABLE, NET**

At September 30, 2019, accounts receivable, net is summarized as follows:

	General Fund	Inmate Welfare Fund	Total
Total accounts receivable	\$ 615,422	\$ 116,104	\$ 731,526
Less: allowance for doubtful accounts	-	-	-
Accounts receivable, net	\$ 615,422	\$ 116,104	\$ 731,526

The Sheriff considers all amounts collectible; therefore there is no provision for doubtful accounts at September 30, 2019.

**NOTE 4 – RETIREMENT PLANS**

**Defined Benefit Pension Plan**

*Plan Description* – The Sheriff contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement,

**NOTE 4 – RETIREMENT PLANS (Continued)**

disability, and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. FRS issues financial statements and required supplementary information for FRS. 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 Sheriff is required to contribute at an actuarially determined rate. Rates effective for October 1, 2018 through June 30, 2019, were 8.26%, 24.06%, 24.50%, and 48.70% for regular employees, senior management, special risk, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, 25.48%, and 48.82% for regular employees, senior management, special risk, 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 14.03% for October 1, 2018 through June 30, 2019, and 14.60% for July 1, 2019 through September 30, 2019, with no employee contribution required.

The contribution requirements of plan members and the Sheriff are established and may be amended by the Florida Legislature. The Sheriff's contributions to FRS for the years ended September 30, 2019, 2018, and 2017 were \$4,040,553, \$3,564,811, and \$3,403,392, respectively, and were equal to the required contributions for each year. The required employee contributions made to the plan for the year ended September 30, 2019, were \$570,072.

**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. FRS Investment Plan is administered by the SBA. 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, 2018 through June 30, 2019, were 8.26%, 24.06%, 24.50%, and 48.70% for regular employees, senior management, special risk, and elected county officials, respectively. Rates effective for July 1, 2019 through September 30, 2019, were 8.47%, 25.41%, 25.48%, and 48.82% 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 \$615,703 and \$102,602, respectively.

**NOTE 4 – RETIREMENT PLANS (Continued)**

The obligations and disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, are accounted for and disclosed in the County’s financial statements.

**NOTE 5 – GENERAL FUND EXPENDITURES**

For the year ended September 30, 2019, the expenditures of the General Fund exceeded the final budgeted amount by \$940,916. This was a result of a debt issuance that was used for the purchase of capital assets that increased capital outlay by the same amount; and an increase of unbudgeted revenues with offsetting related unbudgeted expenditures or reimbursements.

**NOTE 6 – SUBSEQUENT EVENT**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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## NONMAJOR GOVERNMENTAL FUNDS

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Bay County Sheriff  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2019

	Special Contribution	Special Law Enforcement	Federal Seizure Account	Seizure Trust	Law Enforcement Training	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,022	\$ 48,008	\$ 726	\$ 81,102	\$ 47,575	\$ 189,433
Total assets	\$ 12,022	\$ 48,008	\$ 726	\$ 81,102	\$ 47,575	\$ 189,433
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance						
Restricted	12,022	48,008	726	81,102	47,575	189,433
Total liabilities and fund balance	\$ 12,022	\$ 48,008	\$ 726	\$ 81,102	\$ 47,575	\$ 189,433

Bay County Sheriff  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2019

	Special Contribution	Special Law Enforcement	Federal Seizure Account	Seizure Trust	Law Enforcement Training	Total
<b>REVENUES</b>						
Intergovernmental revenue	\$ 5,270	\$ 96,998	\$ -	\$ 95,951	\$ 86,388	\$ 284,607
Interest income	-	-	1	-	-	1
Total revenues	5,270	96,998	1	95,951	86,388	284,608
<b>EXPENDITURES</b>						
Current						
Public safety	2,327	94,392	3,837	89,073	89,739	279,368
Capital outlay						
Public safety	-	24,337	-	-	-	24,337
Total expenditures	2,327	118,729	3,837	89,073	89,739	303,705
Excess (deficit) of revenues over (under) expenditures	2,943	(21,731)	(3,836)	6,878	(3,351)	(19,097)
<b>OTHER FINANCING SOURCES</b>						
Proceeds from the sale of surplus assets	-	59,425	-	-	-	59,425
Total other financing sources	-	59,425	-	-	-	59,425
Net change in fund balance	2,943	37,694	(3,836)	6,878	(3,351)	40,328
Fund balance - beginning	9,079	10,314	4,562	74,224	50,926	149,105
Fund balance - ending	\$ 12,022	\$ 48,008	\$ 726	\$ 81,102	\$ 47,575	\$ 189,433

See independent auditors' report

## AGENCY FUNDS

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Bay County Sheriff  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019
<b>OTHER SUSPENSE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
Total assets	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
<b>LIABILITIES</b>				
Due to other governments	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
Total liabilities	\$ 13,291	\$ 102,609	\$ 101,861	\$ 14,039
<b>INDIVIDUAL DEPOSITORS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
Total assets	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
<b>LIABILITIES</b>				
Accounts payable	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
Total liabilities	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
<b>FORFEITURE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
Total assets	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
<b>LIABILITIES</b>				
Due to others	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
Total liabilities	\$ 24,023	\$ 326,715	\$ 171,927	\$ 178,811
<b>SHERIFF'S FEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
Total assets	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
<b>LIABILITIES</b>				
Due to other governments	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
Total liabilities	\$ 60,725	\$ 199,983	\$ 209,098	\$ 51,610
<b>TOTAL - AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 151,862	\$ 669,809	\$ 513,497	\$ 308,174
Total assets	\$ 151,862	\$ 669,809	\$ 513,497	\$ 308,174
<b>LIABILITIES</b>				
Accounts payable	\$ 53,823	\$ 40,502	\$ 30,611	\$ 63,714
Due to other governments	74,016	302,592	310,959	65,649
Due to others	24,023	326,715	171,927	178,811
Total liabilities	\$ 151,862	\$ 669,809	\$ 513,497	\$ 308,174

See independent auditors' report

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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Tommy Ford  
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, 2019, and have issued our report thereon dated June 26, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to special-purpose financial statements. The Bay County Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Bay County Sheriff has no component units.

The Honorable Tommy Ford  
Bay County Sheriff  
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### **Financial Management**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020



## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

We have examined the Bay County Sheriff's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Bay County Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Bay County Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Bay County Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Bay County Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Bay County Sheriff's compliance with specified requirements.

In our opinion, the Bay County Sheriff complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019.

This report is intended solely for the information and use of the Bay County Sheriff, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020

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

The Honorable Tommy Ford  
Bay County Sheriff  
Bay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Bay County Sheriff as of and for the year ended September 30, 2019, and the related notes to special-purpose financial statements, which collectively comprise the Bay County Sheriff's basic special-purpose financial statements, and have issued our report thereon dated June 26, 2020, which contains an emphasis of matter referring to a basis of accounting required for compliance with state filing requirements. However, our report was not modified with respect to this matter.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Tommy Ford  
Bay County Sheriff  
Page Two

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
June 26, 2020



# BAY COUNTY Strong

