

SANTA ROSA COUNTY, FLORIDA

FINANCIAL STATEMENTS

FOR YEAR ENDED SEPTEMBER 30, 2015

SANTA ROSA COUNTY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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**SANTA ROSA COUNTY, FLORIDA
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2015

**Santa Rosa County, Florida
FINANCIAL STATEMENTS
September 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Honorable Board of County Commissioners
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Rosa County, Florida, (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 fund, and the aggregate remaining fund information of the County as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes K and P, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the County’s net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the budgetary comparison schedules for the general fund and the road and bridge fund, the schedules of proportionate share of the net pension liability, the schedules of the County’s contributions, and the schedules of funding progress and employer contributions for other post-employment benefits, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2016, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

Warren Averett, LLC

May 26, 2016
Pensacola, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis provides an objective and easily readable analysis of Santa Rosa County'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.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements comprise 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 and non-major funds in the aggregate. The *Notes to the financial statements* provide additional information essential to a full understanding of the data provided in the Government-wide and Fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental Activities are primarily supported by property taxes, sales taxes, federal and state grants, and state shared revenues. Business-type Activities are supported by charges to the users of those activities, such as water and sewer service charges.

The **statement of net position** presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the County, with the difference between assets plus deferred outflows and liabilities and deferred inflows reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, deferred outflows, liabilities, deferred inflows and net position are reported for all Governmental Activities separate from the assets, deferred outflows, liabilities, deferred inflows and net position of Business-type Activities.

The **statement of activities** presents information on all revenues and expenses of the County and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the County. To assist in understanding the County's operations, expenses have been reported as governmental activities or business-type activities. Governmental Activities financed by the County include public safety, physical environment, transportation, economic environment, human services, culture and recreation, and general government services. Business-type Activities financed by user charges include water and sewer services, solid waste disposal, and hangar leases.

Fund financial statements present financial information for governmental funds and proprietary funds. These statements provide financial information for the major funds of the County. 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, deferred outflows, liabilities and deferred inflows of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures, and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances - budget and actual**, is provided for the County's General Fund and major governmental funds as required supplemental information. For the proprietary funds, which include an internal service fund 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. *Fund financial statements* provide more detailed information about the County's activities. Individual funds are established by the County to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

The *government-wide financial statements* and the *fund financial statements* provide different *pictures* of the County. The government-wide financial statements provide an overall picture of the County's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the County's overall financial health and how the County paid for the various activities, or functions, provided by the County. All assets of the County, including buildings, tangible property, land, roads, bridges, and similar infrastructure are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds, capital leases, and future employee benefits obligated but not paid by the County, are included. The **statement of activities** includes depreciation on all long lived assets of the County. The *fund financial statements* provide a picture of the major funds of the County and a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities are not included in the fund financial statements. Reconciliations are provided from the *fund financial statements* to the *government-wide financial statements* to facilitate a comparison between governmental funds and governmental activities. *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, long-term debt, and pension plans are some of the items included in the *notes to the financial statements*.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of government's financial position. In the case of the County, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$174 million as of September 30, 2015.

The largest portion of the County's net position (85%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that 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.

At the end of the current fiscal year, the County is able to report both negative and positive balances in all three categories of net position for the County as a whole, as well as for its governmental and business-type activities.

There was a decrease in net position from governmental activities of \$28 million. This consisted of an increase of \$4.6 million to invested in net investment in capital assets, an increase of \$2.2 million to restricted net position and a decrease of \$35.2 million to unrestricted net position. The primary reasons for these changes was a result of the implementation of GASB 68. There was also an approximate \$2 million decrease in property taxes as a result of collecting back taxes in the previous year from the Navarre Beach litigation. Expenditures were decreased in transportation due to fewer road paving projects as a result of funding restraints.

There was an increase in net position from business-type activities of \$1.5 million. This consisted of an increase of \$229,000 to net investment in capital assets, an increase of \$259,000 in restricted net position and an increase of \$1 million to unrestricted net position. The primary reason for the increase to unrestricted net position was the increase in landfill revenues of 1.2 million as a result of increased usage.

Following is a comparative statement of net position (amounts expressed in thousands):

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 81,229	\$ 80,430	\$ 17,518	\$ 14,568	\$ 98,747	\$ 94,998
Capital assets	138,951	135,528	15,508	15,985	154,459	151,513
Total assets	<u>220,180</u>	<u>215,958</u>	<u>33,026</u>	<u>30,553</u>	<u>253,206</u>	<u>246,511</u>
Deferred outflows of resources	8,344	40	294	40	8,638	80
Long-term liabilities						
outstanding	55,751	21,589	14,543	13,259	70,294	34,848
Other liabilities	8,889	10,283	317	563	9,206	10,846
Total liabilities	<u>64,640</u>	<u>31,872</u>	<u>14,860</u>	<u>13,822</u>	<u>79,500</u>	<u>45,694</u>
Deferred inflow of resources	8,124	-	166	-	8,290	-
Net position						
Net investment in						
capital assets	135,371	130,796	12,196	11,967	147,567	142,763
Restricted	25,790	23,548	5,226	4,967	31,016	28,515
Unrestricted	(5,401)	29,782	872	(163)	(4,529)	29,619
Total net position	<u>\$ 155,760</u>	<u>\$ 184,126</u>	<u>\$ 18,294</u>	<u>\$ 16,771</u>	<u>\$ 174,054</u>	<u>\$ 200,897</u>

Financial Analysis of Governmental Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The County's governmental funds reported combined ending fund balances of \$66.5 million (37% is unassigned). This is a \$1.5 million increase from the previous year. The bulk of the increase was from charges for services for housing Escambia County prisoners after their jail was damaged.

Following is a comparative statement of changes in net position (amounts expressed in thousands):

	Governmental		Business-type		Total	
	Activities		Activities		2015	2014
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 33,717	\$ 30,879	\$ 8,246	\$ 6,966	\$ 41,963	\$ 37,845
Operating grants & contributions	2,761	3,881	-	-	2,761	3,881
Capital grants & contributions	2,880	3,884	815	329	3,695	4,213
General revenues						
Property tax	46,335	48,305	-	-	46,335	48,305
Sales, use and fuel tax	6,182	5,522	-	-	6,182	5,522
Communications services	1,363	1,415	-	-	1,363	1,415
Grants and contributions	14,227	13,791	-	11	14,227	13,802
Investment earnings	164	87	58	36	222	123
Other	2,323	3,376	243	133	2,566	3,509
Total revenues	<u>109,952</u>	<u>111,140</u>	<u>9,362</u>	<u>7,475</u>	<u>119,314</u>	<u>118,615</u>
Expenses:						
General government	33,324	32,077	-	-	33,324	32,077
Public safety	43,855	43,539	-	-	43,855	43,539
Physical environment	3,232	2,670	-	-	3,232	2,670
Transportation	6,301	18,932	-	-	6,301	18,932
Economic environment	4,138	3,678	-	-	4,138	3,678
Human services	5,633	5,558	-	-	5,633	5,558
Culture and recreation	4,458	4,053	-	-	4,458	4,053
Interest on long term debt	152	190	-	-	152	190
Water and sewer	-	-	1,840	1,960	1,840	1,960
Airport	-	-	435	449	435	449
Landfill	-	-	4,662	4,241	4,662	4,241
Total expenses	<u>101,093</u>	<u>110,697</u>	<u>6,937</u>	<u>6,650</u>	<u>108,030</u>	<u>117,347</u>
Increase in net position before transfers	8,859	443	2,425	825	11,284	1,268
Transfers	(142)	-	142	-	-	-
Change in net position	<u>8,717</u>	<u>443</u>	<u>2,567</u>	<u>825</u>	<u>11,284</u>	<u>1,268</u>
Net position, beg. of year	184,126	183,683	16,771	15,946	200,897	199,629
Change in accounting principle	(37,083)	-	(1,044)	-	(38,127)	-
Net assets, beg. of year (restated)	<u>147,043</u>	<u>183,683</u>	<u>15,727</u>	<u>15,946</u>	<u>162,770</u>	<u>199,629</u>
Net position, end of year	<u>\$ 155,760</u>	<u>\$ 184,126</u>	<u>\$ 18,294</u>	<u>\$ 16,771</u>	<u>\$ 174,054</u>	<u>\$ 200,897</u>

The General fund is the primary operating fund of the County. Expenditures exceeded revenues by \$55,000. Expenditures were up by \$5.5 million (7.4%) from the prior year, mostly in general government, economic environment and public safety.

The Road and Bridge fund accounts for fuel and other taxes designated for road improvements. During the year, fund balance increased by \$421,000. Transfers in from other funds of \$4.9 million and restricted fund balances of \$3.6 million were used to offset an operating loss resulting from various road repairs.

Financial Analysis of Proprietary Funds

The Navarre Beach fund accounts for the operations of the Navarre Beach water and sewer system. Revenues were up from the prior year due to increased usage and expenses were down \$119,000 from the prior year primarily due to water main repairs in the previous year that weren't incurred in the current year. There was an operating income of \$257,000. Interest income and a capital contribution from federal and state grants led to a net income of \$408,000.

The Landfill fund is used to account for the solid waste disposal operations at the County landfills. Operating revenues were up from the prior year due to increased usage. Expenses were up from the previous year, mostly due to a significant increase in landfill closure costs over the prior year. Operating income was \$1.3 million and the sales of recycled materials helped the fund to end the year with an overall net position increase of \$1.5 million.

Budgetary Analysis

The General fund budget was increased by \$6.9 million from the original budget (an increase of 9.6%). Several departments had increases: Sheriff, \$1.3 million for capital equipment and increased inmate housing costs; Emergency Communications, \$1 million for the 911 system upgrade; Disaster fund, \$992,000 for repairs from the April 2014 flood; and Road & Bridge, \$991,000 for the parking lot in the Industrial Park.

Actual expenditures were less than the final budgeted expenditures by \$3.2 million. The major reasons for this variance are that the County did not spend 1) \$581,000 for the Emergency Communications, 2) \$136,000 for Navarre Beach operations, 3) \$136,000 for Library operations and \$) \$118,000 on Parks.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

As of September 30, 2015 the County had \$154 million invested in a broad range of capital assets, including land, buildings, equipment, park facilities, roads and other infrastructure. (See table below.) This amount represents a net increase (including additions, discoveries and deductions) of \$3 million from last year.

Capital Assets at Year-end (Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 19,605	\$ 19,574	\$ 1,191	\$ 1,191	\$ 20,796	\$ 20,765
Construction in progress	1,167	830	40	525	1,207	1,355
Buildings	21,961	24,672	2,048	1,175	24,009	25,847
Improvements other than buildings	85,675	79,874	10,948	11,381	96,623	91,255
Machinery, furniture and equip.	10,542	10,578	1,280	1,713	11,822	12,291
Totals	<u>\$ 138,950</u>	<u>\$ 135,528</u>	<u>\$ 15,507</u>	<u>\$ 15,985</u>	<u>\$ 154,457</u>	<u>\$ 151,513</u>

This year's major additions included:

Red Oak Drive	\$ 2,306,657
Sheriff's equipment	\$ 1,458,941
Silver Maple Drive	\$ 1,168,000
Majestic Cypress Drive	\$ 1,163,334
Hangers Q & R	\$ 990,106
Red Maple Drive	\$ 838,667
Sidetrack & Overpass Gulf Cable	\$ 832,595

Outstanding Debt at Year-end (in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ 289	\$ 574	\$ 289	\$ 574	\$ 578	\$ 1,148
Notes payable	922	1,007	3,041	3,485	3,963	4,492
Special assessment notes	2,369	3,192	-	-	2,369	3,192
Totals	<u>\$ 3,580</u>	<u>\$ 4,773</u>	<u>\$ 3,330</u>	<u>\$ 4,059</u>	<u>\$ 6,910</u>	<u>\$ 8,832</u>

More detailed information about the County's capital assets and long term liabilities is presented in Notes F & G to the financial statements, respectively.

OTHER CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Subsequent to year end, the Board of County Commissioners voted on downtown Milton as the future location of a new courthouse. The County has not secured all the necessary parcels to construct the facility in this location. The City of Milton has obtained several of the required parcels and is attempting to obtain the other parcels needed. There has been no definitive funding designated for the construction of the courthouse as of yet. A Local Option Sales Tax (LOST) and a Municipal Services Taxing Unit (MSTU) have been discussed as possible funding sources for the proposed courthouse.

BASIC FINANCIAL STATEMENTS

Santa Rosa County, Florida

STATEMENT OF NET POSITION

September 30, 2015

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 66,776,745	\$ 11,356,901	\$ 78,133,646
Investments	5,970,276	5,226,306	11,196,582
Receivables, net	8,073,322	935,311	9,008,633
Inventory	409,598	--	409,598
Capital assets, net			
Nondepreciable	20,772,110	1,227,357	21,999,467
Depreciable	118,178,185	14,280,436	132,458,621
Total assets	<u>220,180,236</u>	<u>33,026,311</u>	<u>253,206,547</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on bond refunding	18,329	18,329	36,658
Deferred outflows on pension	6,797,055	221,124	7,018,179
Deferred outflows on health insurance subsidy	1,528,234	54,584	1,582,818
Total deferred outflows of resources	<u>8,343,618</u>	<u>294,037</u>	<u>8,637,655</u>
LIABILITIES			
Accounts payable	2,009,289	122,659	2,131,948
Contracts payable	128,706	--	128,706
Accrued wages payable	2,442,698	123,139	2,565,837
Interest payable	13,264	--	13,264
Due to other governments	3,609,424	1,583	3,611,007
Deposits	405,542	69,203	474,745
Unearned revenue	280,084	--	280,084
Noncurrent liabilities			
Due within one year	6,384,990	1,013,024	7,398,014
Due in more than one year	49,366,121	13,530,186	62,896,307
Total liabilities	<u>64,640,118</u>	<u>14,859,794</u>	<u>79,499,912</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension	8,046,169	162,363	8,208,532
Deferred inflows on health insurance subsidy	77,973	3,879	81,852
Total deferred inflows of resources	<u>8,124,142</u>	<u>166,242</u>	<u>8,290,384</u>

Continued ...

Santa Rosa County, Florida

STATEMENT OF NET POSITION (Continued)

September 30, 2015

NET POSITION	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	135,370,552	12,195,766	147,566,318
Restricted for:			
Nonexpendable:			
Inventory	409,598		409,598
Expendable:			
Landfill closure	--	5,226,306	5,226,306
Communications	1,309,901	--	1,309,901
Boating improvement	332,027	--	332,027
Domestic violence	148,194	--	148,194
Voter education	8,924	--	8,924
Pollworker recruitment	1,887	--	1,887
Federal elections	11,548	--	11,548
Partners for pets	88,658	--	88,658
Navarre Beach Bridge maintenance	309,691	--	309,691
Law Enforcement Trust Fund	129,404	--	129,404
Crime prevention	368,940	--	368,940
Mosquito control	27,469	--	27,469
Federal and state grants	1,554,946	--	1,554,946
Enhanced 911 system	1,163,201	--	1,163,201
Transportation, recreation and economic development	3,611,767	--	3,611,767
Tourist development	2,355,699	--	2,355,699
Infrastructure development	1,578,493	--	1,578,493
State Housing Improvement Program	894,092	--	894,092
Road and sewer construction	302,099	--	302,099
Canal maintance	223,897	--	223,897
Street lighting	64,991	--	64,991
State court operations	31,751	--	31,751
Court equipment and technology	557,354	--	557,354
Records modernization trust fund	366,211	--	366,211
Law enforcement training	23,145	--	23,145
Inmate welfare purchases	938,247	--	938,247
Gas and oil preservation	3,750,918	--	3,750,918
Capital construction projects	5,095,249	--	5,095,249
Unrestricted	(5,401,187)	872,240	(4,528,947)
Total net position	<u>\$ 155,759,594</u>	<u>\$ 18,294,312</u>	<u>\$ 174,053,906</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
STATEMENT OF ACTIVITIES

Year ended September 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 33,323,950	\$ 20,486,568	\$ 671,246	\$ 21,000	\$ (12,145,136)	\$	\$ (12,145,136)
Public safety	43,855,080	7,228,652	642,306	313,421	(35,670,701)		(35,670,701)
Physical environment	3,232,111	5,431,080	--	137,227	2,336,196		2,336,196
Transportation	6,301,085	146,383	87,532	465,593	(5,601,577)		(5,601,577)
Economic environment	4,138,167	--	843,783	1,942,351	(1,352,033)		(1,352,033)
Human services	5,632,639	33,079	449,447	--	(5,150,113)		(5,150,113)
Culture and recreation	4,458,293	391,097	66,295	--	(4,000,901)		(4,000,901)
Interest on long-term debt	151,820	--	--	--	(151,820)		(151,820)
Total governmental activities	101,093,145	33,716,859	2,760,609	2,879,592	(61,736,085)		(61,736,085)
Business-type activities:							
Navarre Beach water and sewer	1,840,277	2,091,096	--	4,861	\$ 255,680	\$	255,680
Peter Prince Airport	434,803	269,440	--	810,544	645,181		645,181
Landfill	4,661,715	5,886,791	--	--	1,225,076		1,225,076
Total business-type activities	6,936,795	8,247,327	--	815,405	2,125,937		2,125,937
Total	108,029,940	41,964,186	2,760,609	3,694,997	(61,736,085)		(59,610,148)
General revenues:							
Taxes							
Property taxes					46,335,319	--	46,335,319
Sales, use and fuel taxes					6,182,387	--	6,182,387
Communication services taxes					1,363,480	--	1,363,480
Grants and contributions not restricted to specific programs					14,226,746	--	14,226,746
Unrestricted investment earnings					163,795	57,894	221,689
Miscellaneous					2,322,467	6,660	2,329,127
Gain on sale of assets					--	235,101	235,101
T transfers					(142,066)	142,066	--
Total general revenues and transfers					70,452,128	441,721	70,893,849
Change in net position					8,716,043	2,567,658	11,283,701
Net position - beginning					184,126,345	16,770,515	200,896,860
Cummulative change in accounting principle					(37,082,794)	(1,043,861)	(38,126,655)
Net position - beginning, restated					147,043,551	15,726,654	162,770,205
Net position - ending					\$ 155,759,594	\$ 18,294,312	\$ 174,053,906

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2015

ASSETS	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 34,634,299	\$ 6,940,673	\$ 20,170,549	\$ 61,745,521
Investments	5,337,752	--	--	5,337,752
Receivables, net of uncollectibles				
Accounts	432,101	--	643,831	1,075,932
Leases - current	--	3,630	--	3,630
Notes	436,375	--	--	436,375
Due from other governments	4,426,129	724,680	1,393,241	6,544,050
Due from other funds	1,665,567	47,260	1,027,577	2,740,404
Inventory	90,672	318,926	--	409,598
Total assets	<u>\$ 47,022,895</u>	<u>\$ 8,035,169</u>	<u>\$ 23,235,198</u>	<u>\$ 78,293,262</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 852,538	\$ 682,066	\$ 233,110	\$ 1,767,714
Contracts payable	6,826	89,975	31,905	128,706
Accrued wages payable	1,953,698	315,109	160,249	2,429,056
Deposits	405,542	--	--	405,542
Unearned revenue	164,269	--	115,815	280,084
Due to other funds	992,000	--	1,748,404	2,740,404
Due to other governments	3,114,945	--	494,479	3,609,424
Total liabilities	7,489,818	1,087,150	2,783,962	11,360,930
Deferred inflows of resources:				
Deferred inflows of resources related to note receivable	436,375	--	--	436,375
Combined liabilities and deferred inflows of resources	7,926,193	1,087,150	2,783,962	11,797,305
Fund balances:				
Nonspendable	90,672	318,926	--	409,598
Restricted	1,901,139	309,691	10,711,867	12,922,697
Committed	3,599,211	--	9,008,363	12,607,574
Assigned	8,805,007	6,319,402	939,084	16,063,493
Unassigned	24,700,673	--	(208,078)	24,492,595
Total fund balances	<u>39,096,702</u>	<u>6,948,019</u>	<u>20,451,236</u>	<u>66,495,957</u>
Total liabilities and fund balances	<u>\$ 47,022,895</u>	<u>\$ 8,035,169</u>	<u>\$ 23,235,198</u>	<u>\$ 78,293,262</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION

September 30, 2015

Total Governmental Funds Balances	\$ 66,495,957
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Prior periods' investment in capital assets	257,120,286
Less accumulated depreciation	(121,599,510)
Current period investment in capital assets	13,666,013
Current period depreciation	(9,932,870)
Current period loss on disposal of capital assets, net of proceeds	(308,952)
Deferred inflows of resources are not financial resources and therefore not reported in the funds	
Deferred charges on bond refunding	40,325
Deferred outflow of resources for pension	6,767,135
Deferred outflow of resources for health insurance subsidy	1,520,848
Deferred inflow of resources for pension	(8,024,200)
Deferred inflow of resources for health insurance subsidy	(77,448)
Current period amortization/writeoff of deferred refunding costs	(21,996)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Revenue bonds	(573,637)
Notes payable	(1,007,069)
Compensated absences	(8,090,286)
Special assessment notes payable	(3,192,184)
Interest payable	(13,264)
Pension liability	(22,160,110)
Health insurance subsidy liability	(12,704,004)
Other post employment benefits liability	(6,376,886)
Current period revenue bond payments	284,342
Current period note payments	85,456
Current period change in compensated absences	145,907
Current period special assessment note payments	823,396
Current period increase in other post employment benefits liability	(491,701)
Long term receivable are not available to pay for current period expenditures and, therefore are deferred on the modified accrual basis in governmental funds	436,375
Internal service funds are used by management to charge the costs of providing insurance coverage to individual funds and therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	
Assets	5,682,411
Deferred outflows of resources	37,306
Liabilities	(2,749,552)
Deferred inflows of resources	(22,494)
Net Position of Governmental Activities	\$ 155,759,594

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year ended September 30, 2015

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 48,082,107	\$ 4,071,511	\$ 1,727,568	\$ 53,881,186
Permits, fees and special assessments	1,926,198	--	11,287,357	13,213,555
Intergovernmental	12,428,577	3,857,474	3,877,520	20,163,571
Charges for services	10,665,751	100,147	4,569,318	15,335,216
Fines and forfeits	338,372	--	1,125,251	1,463,623
Miscellaneous	2,226,824	366,433	782,962	3,376,219
Total revenues	<u>75,667,829</u>	<u>8,395,565</u>	<u>23,369,976</u>	<u>107,433,370</u>
Expenditures				
Current				
General government	23,604,157	--	5,228,806	28,832,963
Public safety	39,511,885	--	5,839,250	45,351,135
Physical environment	1,240,944	1,122,582	893,599	3,257,125
Transportation	994,357	11,704,409	186,292	12,885,058
Economic environment	1,371,744	--	2,697,093	4,068,837
Human services	5,794,708	--	150,163	5,944,871
Culture and recreation	3,205,069	--	30,625	3,235,694
Capital outlay	--	--	349,049	349,049
Debt service	--	--	1,327,926	1,327,926
Total expenditures	<u>75,722,864</u>	<u>12,826,991</u>	<u>16,702,803</u>	<u>105,252,658</u>
Excess (deficiency) of revenues over expenditures	(55,035)	(4,431,426)	6,667,173	2,180,712
Other financing sources (uses)				
Transfers in	3,553,293	4,902,237	3,968,007	12,423,537
Transfers out	(2,024,698)	(63,964)	(10,976,941)	(13,065,603)
Total other financing sources (uses)	<u>1,528,595</u>	<u>4,838,273</u>	<u>(7,008,934)</u>	<u>(642,066)</u>
Net change in fund balances	1,473,560	406,847	(341,761)	1,538,646
Fund balances, beginning of year	37,632,216	6,527,131	20,792,997	64,952,344
Change in reserve for inventory	(9,074)	14,041	--	4,967
Fund balances, end of year	<u>\$ 39,096,702</u>	<u>\$ 6,948,019</u>	<u>\$ 20,451,236</u>	<u>\$ 66,495,957</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	1,538,646
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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 as depreciation expense. In the current period these amounts are:		
Current period investment in capital assets		13,666,013
Current period depreciation		(9,932,870)
Current period loss on disposal of capital assets, net of proceeds		(308,952)
 In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.		
Change in interest payable		4,908
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also debt proceeds are an other financing source in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		
Current period change in compensated absences		145,907
Current period note payments		85,456
Current period revenue bond payments		284,342
Current period special assessment note payments		823,396
Current period bond refunding costs		(21,996)
Current period change in pension liability		(12,101,411)
Current period change in health insurance subsidy		(1,410,156)
Current period increase in other post employment benefits liability		(491,701)
Current period change in deferred outflow of resources on pensions		5,467,238
Current period change in deferred inflow of resources on pensions		9,377,857
Current period change in deferred outflow of resources on health insurance subsidy		997,493
Current period change in deferred inflow of resources on health insurance subsidy		(67,249)
 Internal service funds are used by management to charge the costs of providing insurance coverage and therefore, the change in net assets of the internal service fund is included in governmental activities in the Statement of Activities.		
		654,155
 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 the funds		
Change in reserve for inventory		4,967
 Change in Net Position of Governmental Activities	 \$	 8,716,043

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2015

ASSETS	Business-type Activities				Governmental
	Major Funds			Total Enterprise Funds	Internal
	Navarre Beach	Landfill	Peter Prince Field		Service Fund
Current assets:					
Cash and cash equivalents	\$ 2,950,179	\$ 7,513,691	\$ 893,031	\$ 11,356,901	\$ 5,031,224
Investments	--	--	--	--	632,524
Accounts receivable	187,238	689,856	7,358	884,452	13,335
Due from other governments	--	--	50,859	50,859	--
Total current assets	3,137,417	8,203,547	951,248	12,292,212	5,677,083
Noncurrent assets					
Restricted investments	--	5,226,306	--	5,226,306	--
Capital assets, net of accumulated depreciation	5,720,016	5,295,163	4,492,614	15,507,793	5,328
Total noncurrent assets	5,720,016	10,521,469	4,492,614	20,734,099	5,328
Total assets	8,857,433	18,725,016	5,443,862	33,026,311	5,682,411
 DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on bond refunding	--	18,329	--	18,329	--
Deferred outflow on pension	54,327	163,278	3,519	221,124	29,920
Deferred outflow on health insurance subsidy	13,410	40,305	869	54,584	7,386
Total deferred outflows of resources	67,737	221,912	4,388	294,037	37,306
 LIABILITIES					
Current liabilities					
Accounts payable	56,586	62,112	3,961	122,659	241,575
Current portion of claims payable	--	--	--	--	1,526,239
Accrued wages payable	25,142	96,080	1,917	123,139	13,642
Due to other governments	--	--	1,583	1,583	--
Compensated absences - current portion	51,304	195,000	--	246,304	40,000
Revenue bonds - current	--	289,294	--	289,294	--
Note payable - current	460,321	--	--	460,321	--
Deposits	11,600	56,753	850	69,203	--
Current portion of landfill closure costs	--	17,105	--	17,105	--
Total current liabilities	604,953	716,344	8,311	1,329,608	1,821,456
Noncurrent liabilities					
Long term portion of compensated absences	--	92,273	--	92,273	1,747
Long term portion of claims payable	--	--	--	--	745,349
Long term portion of landfill closure costs	--	9,498,760	--	9,498,760	--
Note payable - noncurrent	2,580,741	--	--	2,580,741	--
Net pension liability	151,961	456,713	9,845	618,519	83,691
Net health insurance subsidy liability	123,059	369,848	7,972	500,879	67,773
OPEB liability	58,660	178,158	2,196	239,014	29,536
Total noncurrent liabilities	2,914,421	10,595,752	20,013	13,530,186	928,096
Total liabilities	3,519,374	11,312,096	28,324	14,859,794	2,749,552
 DEFERRED INFLOWS OF RESOURCES					
Deferred inflow pension experience	39,890	119,888	2,585	162,363	21,969
Deferred inflow health insurance subsidy	953	2,864	62	3,879	525
Total deferred inflows of resources	40,843	122,752	2,647	166,242	22,494
 NET POSITION					
Net investment in capital assets	2,678,954	5,024,198	4,492,614	12,195,766	5,328
Restricted for landfill closure	--	5,226,306	--	5,226,306	--
Unrestricted	2,685,999	(2,738,424)	924,665	872,240	2,942,343
Total net position	\$ 5,364,953	\$ 7,512,080	\$ 5,417,279	\$ 18,294,312	\$ 2,947,671

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year ended September 30, 2015

	Business-type Activities				Governmental Activities
	Major Funds				
	Navarre Beach	Landfill	Peter Prince Field	Total Enterprise Funds	
Operating revenues					
Permits, fees and special assessments	\$ --	\$ 76,650	\$ --	\$ 76,650	\$ --
Charges for services	2,091,096	5,810,141	269,440	8,170,677	869,941
Insurance proceeds	--	--	--	--	1,634,768
Miscellaneous	6,020	389	251	6,660	203
Total operating revenues	<u>2,097,116</u>	<u>5,887,180</u>	<u>269,691</u>	<u>8,253,987</u>	<u>2,504,912</u>
Operating expenses					
Personal services	563,651	1,824,653	35,594	2,423,898	299,942
Contract services	115,477	292,443	40,383	448,303	142,912
Supplies	75,230	39,025	27	114,282	18,652
Repairs and maintenance	255,276	437,992	47,742	741,010	1,782
Utilities	249,847	57,712	19,766	327,325	--
Depreciation	543,152	616,823	291,016	1,450,991	2,162
Travel and per diem	71	6,425	--	6,496	7,310
Insurance	8,050	9,280	--	17,330	79,342
Communications	10,941	16,003	216	27,160	694
Advertising	144	1,087	--	1,231	--
Fuel and oil	12,830	249,482	--	262,312	--
Rentals	236	133,600	--	133,836	--
Landfill closure and maintenance	--	871,422	--	871,422	--
Claims	--	--	--	--	1,796,377
State assessment	--	--	--	--	11,511
Miscellaneous	5,372	18,223	59	23,654	3,045
Total operating expenses	<u>1,840,277</u>	<u>4,574,170</u>	<u>434,803</u>	<u>6,849,250</u>	<u>2,363,729</u>
Operating income (loss)	256,839	1,313,010	(165,112)	1,404,737	141,183
Non-operating revenues (expenses)					
Investment income	4,320	53,379	195	57,894	12,972
Interest expense	--	(5,549)	--	(5,549)	--
Sale of recycled materials	--	69,414	--	69,414	--
Gain (loss) on disposal of assets	--	165,687	--	165,687	--
Aid to private organizations	--	(60,000)	--	(60,000)	--
Amortization & other bond costs	--	(21,996)	--	(21,996)	--
Total non-operating revenues (expenses)	<u>4,320</u>	<u>200,935</u>	<u>195</u>	<u>205,450</u>	<u>12,972</u>
Income (loss) before contributions and transfers	261,159	1,513,945	(164,917)	1,610,187	154,155
Transfers in	142,066	--	--	142,066	500,000
Transfers out	--	--	--	--	--
Capital contribution	4,861	--	810,544	815,405	--
Change in net position	408,086	1,513,945	645,627	2,567,658	654,155
Net position, beginning of year	5,213,328	6,768,920	4,788,267	16,770,515	2,434,759
Adjustment for change in accounting principle	(256,461)	(770,785)	(16,615)	(1,043,861)	(141,243)
Net assets, beginning of year restated	<u>4,956,867</u>	<u>5,998,135</u>	<u>4,771,652</u>	<u>15,726,654</u>	<u>2,293,516</u>
Net position, end of year	<u>\$ 5,364,953</u>	<u>\$ 7,512,080</u>	<u>\$ 5,417,279</u>	<u>\$ 18,294,312</u>	<u>\$ 2,947,671</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2015

	Business-type Activities				Governmental
	Major Funds				Activities
	Navarre Beach	Landfill	Peter Prince Field	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 2,118,494	\$ 5,879,316	\$ 569,178	\$ 8,566,988	\$ 203
Cash paid to suppliers	(710,098)	(1,298,144)	(362,458)	(2,370,700)	(253,737)
Cash paid to employees	(591,414)	(1,798,413)	(35,698)	(2,425,525)	(312,153)
Cash received from interfund services provided	--	--	--	--	2,545,222
Cash paid for internal services provided	--	--	--	--	(2,581,529)
Net cash provided (used) by operating activities	816,982	2,782,759	171,022	3,770,763	(601,994)
Cash flows from noncapital financing activities					
Transfers in	142,066	--	--	142,066	500,000
Sale of recycled materials	--	69,414	--	69,414	--
Aid to private organizations	--	(60,000)	--	(60,000)	--
Net cash provided (used) by noncapital financing activities	142,066	9,414	--	151,480	500,000
Cash flows from capital and related financing activities					
Proceeds from sale of assets	--	322,430	--	322,430	--
Capital contribution	4,861	--	810,544	815,405	--
Purchases of capital assets	(15,985)	(114,515)	(999,664)	(1,130,164)	--
Principal paid on capital debt	(443,693)	(284,343)	--	(728,036)	--
Interest paid on capital debt	--	(8,085)	--	(8,085)	--
Net cash provided (used) by capital and related financing activities	(454,817)	(84,513)	(189,120)	(728,450)	--
Cash flows from investing activities					
Interest and dividends	4,320	53,379	195	57,894	12,972
Net sale (purchase) of investments	--	(259,972)	--	(259,972)	(5,533)
Net cash provided (used) by investing activities	4,320	(206,593)	195	(202,078)	7,439
Net increase (decrease) in cash and cash equivalents	508,551	2,501,067	(17,903)	2,991,715	(94,555)
Cash and cash equivalents at beginning of year	2,441,628	5,012,624	910,934	8,365,186	5,125,779
Cash and cash equivalents at end of year	<u>\$ 2,950,179</u>	<u>\$ 7,513,691</u>	<u>\$ 893,031</u>	<u>\$ 11,356,901</u>	<u>\$ 5,031,224</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 256,839	\$ 1,313,010	\$ (165,112)	\$ 1,404,737	\$ 141,183
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	543,152	616,823	291,016	1,450,991	2,162
Landfill closure costs	--	871,422	--	871,422	--
Changes in assets and liabilities:					
Accounts receivable	10,967	(20,625)	3,325	(6,333)	40,513
Due to other governments	--	--	215	215	--
Accounts payable	42,179	(36,871)	(214,931)	(209,623)	(777,283)
Contracts payable	(18,803)	--	(39,549)	(58,352)	--
Accrued compensation	(1,683)	12,355	174	10,846	1,776
Compensated absences	(21,776)	26,824	--	5,048	(11,616)
Due from other governments	10,611	--	296,062	306,673	--
OPEB liability	4,031	12,116	261	16,408	2,220
Claims payable	--	--	--	--	3,642
Deposits	(200)	12,760	100	12,660	--
Net pension liability	96,053	288,679	6,223	390,955	52,899
Deferred outflows of resources	(24,992)	(75,110)	(1,619)	(101,721)	(13,763)
Deferred inflows of resources	(79,396)	(238,624)	(5,143)	(323,163)	(43,727)
Net cash provided (used) by operating activities	<u>\$ 816,982</u>	<u>\$ 2,782,759</u>	<u>\$ 171,022</u>	<u>\$ 3,770,763</u>	<u>\$ (601,994)</u>
Noncash Investing, Capital and Financing Activities:					
Amortized deferred charges	<u>\$ --</u>	<u>\$ 21,995</u>	<u>\$ --</u>	<u>\$ 21,995</u>	<u>\$ --</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 4,714,522
Accounts receivable	105,086
Due from other governments	25,593
Total assets	<u>\$ 4,845,201</u>
LIABILITIES	
Accounts payable	\$ 176,521
Deposits	2,417,880
Due to other governments	2,234,009
Miscellaneous	16,791
Total liabilities	<u>\$ 4,845,201</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

GUIDE TO NOTES

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Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied consistently in the preparation of the financial statements follows:

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations. As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Santa Rosa County, Florida (the County) is a political subdivision of the State of Florida created pursuant to Article 8, Section 1(e), of the Constitution of the State of Florida and Chapter 7 of the Florida Statutes. It is governed by a five member Board of County Commissioners (the Board) elected from single-member districts. The Board has no powers other than those expressly vested in it by the Florida Statutes and its governmental powers cannot be delegated. The Board appoints an administrator to administer all policies emanating from its statutory powers and authority. In addition to the Board, there are five elected Constitutional Officers, pursuant to Article 8, Section 1(d) of the Constitution of the State of Florida: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

These financial statements include the operating activities of the Board, Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

Dependent Special Districts

Blackwater Soil & Water Conservation District - The Blackwater Soil & Water Conservation District (Blackwater) was created by the Florida Legislature in 1942 pursuant to Florida Statute Section 582. Santa Rosa County was established as the local governing authority and is Blackwater's only source of funding. Blackwater does not meet the criteria as a legally separate entity in that it cannot buy, sell, own, lease and mortgage property in its own name. The activities of Blackwater are included in these financial statements as a department of the Board within the General Fund.

Pace Property Finance Authority - The Pace Property Finance Authority (Authority) was created in 1990 by County Resolution No. 90-12 pursuant to Chapter 617 of the Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the County. However, the Authority meets the criteria for inclusion in more than one reporting entity - Pace Water System as well as the County. In these cases, judgment must be exercised by management of the reporting entities as to which reporting entity the organization should be included. The Authority has the same elected governing body as the Pace Water System. Additionally, both

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

the Authority and Pace Water System own portions of a single water/sewer system; thus, their capital assets are part of an interconnected system. Finally, the Authority's debt was issued solely to finance the Pace water/sewer system improvements. Based on these facts, management has decided to include the Authority in the combined financial statements of Pace Water System rather than as a component unit of the County.

Santa Rosa County Health Facilities Authority - The Santa Rosa County Health Facilities Authority (Authority) was created in 1982 by County Ordinance No. 82-02 pursuant to Section 154, Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the Board. The Board appoints the five (5) members of the Authority. Additionally, the Board may abolish the Authority at any time by ordinance or resolution as long as all bonded indebtedness incurred by the Authority has been paid. The Authority exists solely to assist health facilities within the County with the acquisition, construction, financing, and refinancing of projects through issuance of conduit debt. All bonds issued by the Authority were subsequently defeased through issuance of new debt culminating with the issuance of \$58 million in new bonds in 2003. The debt outstanding is a limited obligation of the Authority and not a general obligation of the Authority or the Board. The Authority is not obligated to pay the principal and interest on the bonds except from the revenues of the Authority pursuant to its loan agreement with Gulf Breeze Hospital. The Authority has no financial activity and the bonds issued under the Authority's name are recorded in the books of the hospital.

Santa Rosa County Housing Finance Authority - The Santa Rosa County Housing Finance Authority (Authority) was created in 1984 by County Resolution No. 84-18 pursuant to Chapter 78-89, Laws of Florida codified as Chapter 159, Part IV, Section 159.601 through 159.623. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of Santa Rosa County. The Board, through various resolutions and interlocal agreements with the Escambia County Housing Finance Authority (ECHFA), has authorized ECHFA to allow qualified residents of the County to apply for and obtain preferential mortgages from proceeds generated by bonds issued by ECHFA. Accordingly, there is no financial activity related to the Authority to be reflected in these financial statements.

2. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The County groups its funds into two broad fund categories as either governmental or proprietary in nature. Governmental funds include the general, special revenue, debt service, and capital project funds. Proprietary funds include enterprise funds and an internal service fund.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

3. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary funds are excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the County and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the County.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their use. In a fund with both restricted and unrestricted positions, qualified expenses are considered to be paid first from restricted net position then from unrestricted net position. The government-wide statement of net position reports \$31,016,535 of restricted net position, of which \$30,606,937 is restricted by enabling legislation.

FUND FINANCIAL STATEMENTS

The Fund financial statements, as presented herein, focus primarily on the major funds of the governmental and proprietary categories. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Road and Bridge Fund – Accounts for that portion of state fuel taxes and fees designated for road improvement projects.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period – except for certain grant revenues which are recognized as revenues in the same period the grant expenditures occurred). This includes investment earnings, property taxes, special assessments, fines and forfeitures. Certain state-levied locally shared taxes including motor vehicle license tax and fuel taxes are considered derived non-exchange transactions. These types of transactions are subject to income recognition when the underlying transaction occurs. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on governmental long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

PROPRIETARY FUNDS

All proprietary funds use the accrual basis of accounting and the economic resources measurement focus. These funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the County's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major proprietary funds are:

- Navarre Beach Fund – Accounts for the operation and maintenance of the water and sewer system of Navarre Beach.
- Landfill Fund – Accounts for the operation of the solid waste disposal facilities of the County.
- Peter Prince Fund – Accounts for the operation of Peter Prince airport.

The County's only internal service fund is the Self Insurance Fund. This fund accounts for the risk management activities of the County and the other elected officials. Costs are billed to the departments and other elected officials at the actual and estimated costs of providing insurance coverage. At year-end, uncovered costs are billed to the departments, if necessary. Billings in excess of costs are credited to the departments. The policy of the County is not to eliminate interfund activity, i.e. the estimated insurance costs billed to the departments, in the government-wide statement of activities, so as to better reflect the true operating costs of those departments.

FIDUCIARY FUNDS

The County has fifteen agency fiduciary funds. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. Budgets and Budgetary Accounting

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the County's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The Board may, at any time within a fiscal year, amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes. The budget officer may authorize certain inter-departmental and intra-departmental budget amendments, provided that the total appropriation of the fund is not changed. All annual appropriations lapse at fiscal year end.

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

6. Investments

Investments in U.S. Treasury bills, government backed securities and the Florida Local Government Investment Trust Fund are recorded at fair value. As permitted by GASB Statement No. 31, short term money market investments are reported at amortized cost rather than fair value.

7. Inventory

Inventory consists of gas, oil, automotive parts, road signs, culverts, and various other items used by the road department and insecticides used by mosquito control operations. Inventory is valued at cost (first in, first out). The cost is recorded as an expenditure at the time the inventory is purchased.

In the fund level statements, reported inventories are equally offset by a nonspendable fund balance since such amounts will not convert to cash even though they are a component of net current assets.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

8. Accounting for Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extends an asset's life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The County does not capitalize interest expense on borrowings used to finance construction of capital assets, as the capitalizable interest, after netting of interest earnings, is normally insignificant.

Property, plant and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 - 50 years
Water Distribution System	20 years
Improvements	10 - 20 years
Equipment	3 - 10 years
Infrastructure	40 years
Intangibles	3 - 5 years

9. Compensated Absences

It is the policy of the County to permit employees to accumulate a limited amount of earned but unused leave benefits which will be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the government-wide and proprietary fund financial statements. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16. The majority of the compensated absences liability has been paid out of the General (75%) and the Road and Bridge (25%) funds.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

10. Property Taxes

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser's office. Florida Statutes require that all property be assessed at 100 percent of just value.

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4, 3, 2 and 1 percent are allowed for early payment in November through February, respectively. The Tax Collector advertises as required by statute and sells tax certificates for unpaid taxes on real property. Certificates not sold are considered "County Held Certificates." Persons owning land upon which a tax certificate has been sold may redeem the land by paying the face amount of the tax certificate, plus interest and other costs.

Property taxes levied on property valuations as of January 1, 2015 and expected to be collected during the period November 2015 through March 2016 are as follows:

General Fund	\$ 48,889,600
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These taxes, although measurable, are not recognized as revenue at September 30, 2015, since they are not considered to be collectible within the current period or soon enough thereafter to be used to pay current period liabilities.

11. Landfill Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. 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.

12. Allowance for Uncollectible Amounts

Accounts receivable for the County are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

13. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of the County. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or a County official delegated that authority by County resolution or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE B - CASH AND INVESTMENTS

At September 30, 2015, the bank held deposits of \$84,852,065 (before outstanding checks and deposits in transit) consisting of amounts held in checking, savings, money market or time deposit accounts. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida.

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

Pursuant to Florida Statutes Section 218.415, the County adopted an investment policy which outlines the County's investment responsibilities, objectives, and policies. The County's investment policy authorizes the County to invest in the following:

- a. The Local Government Surplus Funds Trust Fund (SBA) (Maximum of 75%)*;
- b. Florida Local Government Investment Trust (FLGIT) (State Investment Trust) (100% allowed)*;
- c. Qualified money market mutual funds (Maximum of 50%)*;
- d. U.S. Treasury bills, notes and bonds (100% allowed);
- e. Obligations guaranteed by the U.S. Government as to principal and interest such as obligations of the Government National Mortgage Association (GNMA) (Maximum of 5%)*;
- f. Non-callable Government Agency securities (Maximum of 25%)*:
 - (i) Federal Farm Credit Bank (FFCB),
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC),
 - (iii) Federal Home Loan Bank (FHLB),
 - (iv) Federal National Mortgage Association (FNMA).This classification of government agency securities does not include any mortgage debt of any government agency;
- g. Time deposits and savings accounts in banks or savings and loan associations doing business in Florida (Maximum of 50%)*;
- h. Repurchase agreements for investments authorized in categories d, e, or f above. (Maximum of 40%)*

*To limit the County's concentration of credit risk these are the maximum percentages of the County's total portfolio that can be in each type of investment.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE B - CASH AND INVESTMENTS - Continued

Interest rate risk is limited by no security having a maturity exceeding 2 years. The weighted average to maturity for the portfolio shall be less than 365 days. Investments placed with the FLGIT, which typically invests in instruments with maturities of less than 5 years, are exempt from this limitation.

The FLGIT, also known as Florida Trust, is a local government investment pool created by the Florida Association of Court Clerks and Comptroller, and the Florida Association of Counties for the purpose of providing public entities with an investment program by providing investment vehicles for funds that can be invested in short- to intermediate-term securities and have returns generally greater than the national average for money market instruments. The fair values of the County's positions in the pool are the same as the value of the pool shares. The Florida Trust offers two open-ended, professionally managed funds available only to public entities in Florida.

The Investment Trust:

A short term bond fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. As of September 30, 2015 the Investment Trust managed \$949.53 million and had a price per share of \$24.30. This short term bond fund invests in U.S. Treasuries and Agency Securities, Mortgages, Commercial Paper, Asset-Backed Securities, and "A" rated Corporate Securities.

The Day to Day Fund:

The Florida Trust Day to Day Fund is a money market product created in response to demand to provide a fiscally conservative diversification option for Florida local governments. Fund features include same day transactions and online account management. The fund is AAAM-rated by Standard and Poor's and is governed by the same board and advisory committee that oversees the Investment Trust.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE B - CASH AND INVESTMENTS - Continued

Schedule of Cash and Investments at September 30, 2015

	<u>Carrying Amount</u>
Investments:	
FLGIT Investment Trust Fund	\$ 11,196,582
Total Investments	<u>11,196,582</u>
 Cash:	
Cash in Bank	27,192,429
Day to Day Trust	50,939,892
Petty Cash	<u>1,325</u>
Total Cash	<u>78,133,646</u>
Total Cash and Investments	<u><u>\$ 89,330,228</u></u>

Restricted cash and investments typically consist of funds set aside for the payment of debt and funds set aside to ensure assets producing the pledged revenues are repaired and replaced as needed. These assets are restricted since their use is limited by the applicable bond indentures. Other restricted assets consist of funds restricted to the payment of future landfill closure costs.

Restricted investments by category and by fund are as follows:

	<u>Landfill Fund</u>
Landfill escrow	<u><u>\$ 5,226,306</u></u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE C – DUE FROM OTHER GOVERNMENTAL UNITS

At September 30, 2015, amounts due from other governmental units were as follows:

Federal Government - Grants	\$ 173,370
State of Florida - Grants	3,705,341
State of Florida - Taxes	1,856,826
Local taxes	773,671
Other	85,701
	<u>\$ 6,594,909</u>

NOTE D – INTERFUND TRANSACTIONS

Interfund transactions for the year ended September 30, 2015 were as follows:

	Interfund Receivable	Interfund Payable	Interfund Transfers in	Interfund Transfers out
General fund	\$ 1,665,567	\$ 992,000	\$ 3,553,293	\$ 2,024,698
Road & Bridge fund	47,260	-	4,902,237	63,964
Nonmajor Governmental funds	1,027,577	1,748,404	3,968,007	10,976,941
Navarre Beach fund	-	-	142,066	-
Self Insurance fund	-	-	500,000	-
Total	<u>\$ 2,740,404</u>	<u>\$ 2,740,404</u>	<u>\$ 13,065,603</u>	<u>\$ 13,065,603</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move unrestricted revenues collected in the general fund to finance various programs in accordance with budgetary authorizations.

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE E – RECEIVABLES

<u>Governmental</u>	<u>Accounts</u>	<u>Leases</u>	<u>Notes</u>	<u>Intergov- ernmental</u>	<u>Total</u>
General	\$ 432,101	\$ -	\$ 436,375	\$ 4,426,129	\$ 5,294,605
Road & Bridge	-	3,630	-	724,680	728,310
NonMajor Govt.	643,831	-	-	1,393,241	2,037,072
Self Insurance	13,335	-	-	-	13,335
Subtotal	<u>1,089,267</u>	<u>3,630</u>	<u>436,375</u>	<u>6,544,050</u>	<u>8,073,322</u>
 <u>Business-Type</u>					
Navarre Beach	187,238	-	-	-	187,238
Landfill	689,856	-	-	-	689,856
Peter Prince	7,358	-	-	50,859	58,217
Subtotal	<u>884,452</u>	<u>-</u>	<u>-</u>	<u>50,859</u>	<u>935,311</u>
 Total	 <u>\$ 1,973,719</u>	 <u>\$ 3,630</u>	 <u>\$ 436,375</u>	 <u>\$ 6,594,909</u>	 <u>\$ 9,008,633</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows (in thousands):

Governmental activities	Beginning		Deletions	Ending
	Balance	Additions		Balance
Capital assets not being depreciated:				
Land	\$ 19,574	\$ 31	\$ -	\$ 19,605
Construction in progress	830	727	390	1,167
Total capital assets not being depreciated	20,404	758	390	20,772
Other capital assets:				
Buildings	64,545	113	-	64,658
Improvements other than buildings	130,116	10,348	575	139,889
Machinery and equipment	42,062	3,213	1,010	44,265
Total capital assets being depreciated	236,723	13,674	1,585	248,812
Less accumulated depreciation for:				
Buildings	39,873	2,824	-	42,697
Improvements other than buildings	50,242	3,972	-	54,214
Machinery and equipment	31,488	3,139	904	33,723
Total accumulated depreciation	121,603	9,935	904	130,634
Total capital assets being depreciated, net	115,120	3,739	681	118,178
Governmental activities capital assets, net	<u>\$ 135,524</u>	<u>\$ 4,497</u>	<u>\$ 1,071</u>	<u>\$ 138,950</u>
Business like activities	Beginning		Deletions	Ending
	Balance	Additions		Balance
Capital assets not being depreciated:				
Land	\$ 1,191	\$ -	\$ -	\$ 1,191
Construction in progress	525	9	494	40
Total capital assets not being depreciated	1,716	9	494	1,231
Other capital assets:				
Buildings	2,941	990	-	3,931
Improvements other than buildings	26,778	502	-	27,280
Furniture and fixtures	6,103	147	2,029	4,221
Total capital assets being depreciated	35,822	1,639	2,029	35,432
Less accumulated depreciation for:				
Buildings	1,766	117	-	1,883
Improvements other than buildings	15,397	935	-	16,332
Furniture and fixtures	4,390	399	1,848	2,941
Total accumulated depreciation	21,553	1,451	1,848	21,156
Total capital assets being depreciated, net	14,269	188	181	14,276
Business like activities capital assets, net	<u>\$ 15,985</u>	<u>\$ 197</u>	<u>\$ 675</u>	<u>\$ 15,507</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE F – CAPITAL ASSETS – Continued

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 3,614,944
Public safety	746,582
Physical environment	128,927
Transportation	3,485,521
Economic environment	80,112
Human services	135,858
Culture and recreation	<u>1,743,087</u>
Total governmental activities depreciation expense	<u><u>\$ 9,935,031</u></u>

Business-type activities:

Water and sewer	\$ 543,152
Landfill	616,823
Hanger rental	<u>291,016</u>
Total business-type activities depreciation expense	<u><u>\$ 1,450,991</u></u>

Additions to accumulated depreciation do not agree with depreciation expense due to transfers of capital assets between departments or asset classes.

NOTE G- LONG-TERM DEBT

1. Changes in Long-Term Debt

Deferred charges on refunding of bonds totaling \$36,658 are reported as deferred outflow of resources in the governmental activities and proprietary funds.

Special assessment notes are fully secured by annual assessments made against property owners of the specific area that benefited from the proceeds of the notes. The County has no legal obligation to levy ad valorem taxes or cover the notes in case of default by the property owners. The County does, however, maintain a moral commitment to cover the debt payments until such time as the property owners can make the payments.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT – Continued

The following is a summary of changes in long-term debt for the year.

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Amount Due within One Year
Governmental activities:					
Compensated absences	\$ 8,143,648	\$ 4,268,247	\$ 4,425,769	\$ 7,986,126	\$ 3,800,000
Claims payable	2,267,946	1,768,614	1,764,972	2,271,588	1,526,239
Revenue bonds	573,637	-	284,342	289,295	289,295
Notes payable	1,007,069	-	85,456	921,613	88,723
Special assessment notes	3,192,184	-	823,396	2,368,788	680,733
OPEB liability	6,404,202	1,155,609	661,688	6,898,123	-
Net pension liability	10,096,614	12,147,187	-	22,243,801	-
Net health insurance subsidy	11,354,468	1,417,309	-	12,771,777	-
	<u>\$ 43,039,768</u>	<u>\$ 20,756,966</u>	<u>\$ 8,045,623</u>	<u>\$ 55,751,111</u>	<u>\$ 6,384,990</u>
Business-type activities:					
Compensated absences	\$ 333,529	\$ 203,505	\$ 198,457	\$ 338,577	\$ 246,304
Landfill closure costs	8,644,443	871,422	-	9,515,865	17,105
Revenue bonds	573,637	-	284,343	289,294	289,294
Notes payable	3,484,755	-	443,693	3,041,062	460,321
OPEB liability	222,606	38,391	21,983	239,014	-
Net pension liability	280,211	338,308	-	618,519	-
Net health insurance subsidy	448,233	52,647	-	500,880	-
	<u>\$ 13,987,414</u>	<u>\$ 1,504,273</u>	<u>\$ 948,476</u>	<u>\$ 14,543,211</u>	<u>\$ 1,013,024</u>

2. Descriptions of Bonds and Notes

Bonds and notes payable at September 30, 2015 are comprised of the following:

General government - notes payable

\$999,380 Third Cent Tourist Development Tax Refunding Revenue Note, Series 2011, payable to bank to refinance the \$1,200,000 Third Cent Tourist Development Tax Refunding Revenue Note, Series 2007 payable for the construction of a tourist information center in Navarre. The note is due in 60 quarterly payments of \$12,445 to \$21,708, plus interest at 3.79%, with final payment due in 2026 secured by Third Cent tourist development tax revenues.

\$ 770,999

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT - Continued

<p>\$495,570 special assessment note payable to bank for the construction of certain road improvements in the Blackwater River and Smuggler's Cove subdivisions. The note is due in 36 quarterly payments of \$13,777 plus interest at 4.28%, secured by non-ad valorem revenues. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	13,777
<p>\$341,000 special assessment note payable to bank for the construction of infrastructure improvements for Duke Drive MSBU. The note is due in 32 quarterly payments of \$9,243 to \$12,225 plus interest at 3.74% with final payment due in 2016. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	24,374
<p>\$169,100 special assessment note payable to bank for the construction of infrastructure improvements for Joseph Circle MSBU. The note is due in 36 quarterly payments of \$3,636 to \$5,941 plus interest at 5.65% with final payment due in 2016. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	28,888
<p>\$324,500 special assessment note payable to bank for the construction of infrastructure improvements for Central Parkway MSBU. The note is due in 36 quarterly payments of \$7,112 to \$11,146 plus interest at 5.14% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	96,281
<p>\$1,872,038 special assessment note payable to bank to refinance the \$1,582,132 and \$770,000 special assessment notes payable for the acquisition and installation of fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 32 quarterly payments of \$53,061 to \$64,128 plus interest at 2.44% with final payment due in 2018. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	804,615
<p>\$287,870 note payable to bank for the acquisition and construction of improvements for the Bagdad Heritage Trail Project. The note is due in 40 quarterly payments of \$5,888 to 9,370 plus interest at 3.98% with final payment due in 2020, secured by North Santa Rosa tourist development tax revenues.</p>	150,614

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT - Continued

<p>\$500,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Bernath Place MSBU. The note is due in 36 quarterly payments of \$11,686 to \$16,363 plus interest at 3.98% with final payment due in 2018. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	186,766
<p>\$600,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Santa Rosa Shores MSBU. The note is due in 40 quarterly payments of \$12,432 to \$17,890 payments plus interest at 3.75% with final payment due in 2019. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	252,080
<p>\$120,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Ski Watch Estates MSBU. The note is due in 36 quarterly payments of \$2,829 to \$3,883 including interest at 3.55% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	30,101
<p>\$412,000 special assessment note payable to bank for the acquisition and installation fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 28 quarterly payments of \$13,565 to \$15,891 plus interest at 2.34% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	139,820
<p>\$700,000 special assessment note payable to bank for the acquisition and installation fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 60 quarterly payments of \$9,134 to \$14,526 plus interest at 3.14% with final payment due in 2025. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	512,671
<p>\$395,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Longhorn Trail MSBU. The note is due in 24 quarterly payments of \$15,423 to \$17,537 plus interest at 2.24% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	103,767
<p>\$268,350 special assessment note payable to bank for the construction of certain infrastructure improvements in the Skiwatch Estates MSBU. The note is due in 40 quarterly payments of \$7,625 including interest at 2.56% with final payment due in 2021. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	175,648

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT - Continued

General government - bonds payable

\$3,057,579 Capital Improvement Refunding Revenue Bonds, Series 2010 bonds due in quarterly installments of \$128,435 to \$145,585 plus interest at 1.73% with final payment due in 2016; Bonds are allocated 50% to governmental long-term debt and 50% to Landfill Fund. Secured by Sales Tax revenues. 289,295

Total general government bonds and notes payable \$ 3,579,696

Proprietary fund type - note payable

Navarre Beach

\$6,500,000 Utility System Revenue Note, Series 2006 payable to bank for the construction of certain improvements and additions to the Navarre Beach Utility System. The note is due in 15 annual payments of \$335,333 to \$555,568 plus interest at 0.0%, adjusted every 3 years, secured by non-ad valorem revenues. 3,041,062

Proprietary fund type - bonds payable

Landfill

\$3,057,579 Capital Improvement Refunding Revenue Bonds, Series 2010 bonds due in quarterly installments of \$128,435 to \$145,585 plus interest at 1.73% with final payment due in 2016; Bonds are allocated 50% to governmental long-term debt and 50% to Landfill Fund. Secured by Sales Tax revenues. 289,294

Total proprietary fund type bonds and note payable \$ 3,330,356

3. Pledged Revenues

The Santa Rosa County Board of County Commissioners has pledged certain revenues to repay certain bonds and notes outstanding at September 30, 2015. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2015.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT - Continued

3. Pledged Revenues

Governmental Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Special Assessment Notes						
Central Parkway II (Plus) Road Paving MSBU Revenue Note, Series 2008	Special assessments	\$ 43,438	\$ 102,528	96%	\$ 45,261	2018
Bernath Place MSBU Revenue Note, Series 2009	Special assessments	74,725	199,060	112%	66,498	2018
Longhorn Trail Road Paving MSBU Revenue Note, Series 2011	Special assessments	83,262	105,810	118%	70,540	2017
Polynesian Isles Canal Maintenance MSBU Revenue Note, Series 2008	Special assessments	169,706	-	171%	99,260	2015
Fire Protection MSBU Revenue Note, Series 2010-A	Special assessments	64,034	143,941	100%	64,034	2018
Fire Protection MSBU Revenue Note, Series 2010-B	Special assessments	58,926	601,581	100%	58,926	2016
Fire Protection MSBU Revenue Note, Series 2010-C	Special assessments	258,600	839,390	100%	258,600	2019
Santa Rosa Shores Canal Maintenance MSBU Refunding Revenue Note, Series 2009	Special assessments	77,419	273,864	107%	72,229	2019
Skiwatch Estates Subdivision Underground Utilities MSBU Revenue Note, Series 2008	Special assessments	47,977	31,320	306%	15,671	2017

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT - Continued	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Governmental Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Special Assessment Notes continued						
Skiwatch Estates Canal Maintenance Dredging MSBU Revenue Note, Series 2011	Special assessments	See below	\$ 190,634	0%	\$ 30,501	2022
Joseph Circle Road Paving MSBU Revenue Note, Series 2007	Special assessments	24,773	30,146	103%	24,131	2017
Duke Drive Paving, Water and Sewer MSBU Revenue Note, Series 2008	Special assessments	24,773	24,724	50%	49,506	2016
Blackwater River and Smuggler's Cove Road Paving MSBU Revenue Note, Series 2006	Special assessments	63,719	13,925	111%	57,198	2016
Notes Payable						
Third Cent Tourist Development Tax Revenue Note, Series 2007	3rd Cent Tourist Development Tax	1,059,745	942,295	1203%	88,064	2026
Bagdad Heritage Trail Project Capital Improvement Revenue Note, Series 2010	North SRC Tourist Development Tax	234,642	166,155	669%	35,075	2020
Revenue Bonds						
Sales Tax Refunding Revenue Bond, Series 2010	1/2 Cent Sales Tax	6,780,568	292,432	2319%	292,429	2016
Total Revenue Bonds and Notes - Governmental Activities		\$ 9,066,307	\$ 3,957,805		\$ 1,327,923	
Business-type Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Revenue Bonds						
Utility Service Revenue Note, Series 2007	Navarre Beach operations	\$ 800,837	\$ 3,402,489	180%	\$ 443,693	2021
Sales Tax Refunding Revenue Bond, Series 2010	1/2 Cent Sales Tax	6,780,568	292,432	2339%	289,893	2016
Total Revenue Bonds and Notes - Business-type Activities		\$ 7,581,405	\$ 3,694,921		\$ 733,586	

Note on Skiwatch Estates Canal Maintenance Dredging - Sufficient funds have already been assessed and collected to cover debt service.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE G - LONG-TERM DEBT - Continued

4. Debt Service Requirements

The annual requirements to amortize all bonds and notes outstanding at September 30, 2015 are as follows:

Governmental activities:

Year ended September 30,	Principal	Interest	Total
2016	\$ 1,058,751	\$ 101,243	\$ 1,159,994
2017	700,967	74,667	775,634
2018	583,243	54,116	637,359
2019	293,038	38,714	331,752
2020	171,831	30,526	202,357
2021-2025	692,374	77,503	769,877
2026-2030	79,492	1,340	80,832
	<u>\$ 3,579,696</u>	<u>\$ 378,109</u>	<u>\$ 3,957,805</u>

Business-type activities:

Year ended September 30,	Principal	Interest	Total
2016	\$ 749,615	\$ 110,518	\$ 860,133
2017	478,220	89,459	567,679
2018	496,485	70,847	567,332
2019	515,447	51,637	567,084
2020	535,020	31,464	566,484
2021-2025	555,569	10,639	566,208
	<u>\$ 3,330,356</u>	<u>\$ 364,564</u>	<u>\$ 3,694,920</u>

5. Defeased Debt Outstanding

In prior years the County defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2015, \$650,000 of bonds are considered defeased.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE H - CONDUIT DEBT OBLIGATIONS

The County has issued certain limited-obligation debt instruments, including: 1) industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest; and 2) certain municipal service benefit unit revenue notes to finance the acquisition, construction, reconstruction and equipping of capital improvements within the municipal service benefit unit. The debt instruments are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Board, the State nor any political subdivision thereof is obligated in any manner for repayment of the debt instruments. Accordingly, the debt instruments are not reported as liabilities in the accompanying financial statements.

Debt issues related to conduit financings outstanding at September 30, 2015 are as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 9/30/2015
Baptist Hospital, 2003	8/21/2003	10/1/2021	\$ 57,905,000	\$ 57,905,000
Holley Navarre Water System, 2004	6/2/2004	5/1/2024	4,145,000	2,205,000
Pace Volunteer Fire Department	4/16/2007	3/8/2017	1,169,000	226,256
Navarre Beach Volunteer Fire Department	4/25/2007	4/25/2017	300,000	62,146
Total			<u>\$ 63,519,000</u>	<u>\$ 60,398,402</u>

NOTE I - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Board to place a final cover on its landfill sites when the landfill stops accepting waste and to perform certain maintenance and monitoring functions at sites for thirty years after closure. Although closure and postclosure care costs are paid only near or after the date that a landfill stops accepting waste, the Board 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 \$9.5 million reported as landfill closure and postclosure care liability (current and noncurrent) at September 30, 2015, represents the cumulative amount reported to date based on the following percentage usage of the estimated capacity of each of the Board's landfills:

Central Class I Landfill	90%
Central Class III Landfill (New)	39%
Central Class III Landfill (Old)	Closed 10/98

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE I - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - Continued

The estimated cost of postclosure care for the Central Class III and Holley landfills has been recognized in prior years with any changes in estimates being recorded in the current year. The Board will recognize the remaining estimated cost of closure and postclosure care for the Central Class I and Class III landfills in the amount of \$4.8 million as its remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2015.

The estimated remaining lives of the Central Class I and Class III landfills are 15 and 30 years, respectively. Cost of closure and life estimates are based on the areas currently in use, and not on potential areas of expansion. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. At September 30, 2015, the Board held investments of \$5,226,306 to cover the escrow requirement of \$5,226,306. These investments are reported as restricted assets in these financial statements. The Board expects that future inflation costs will be paid from interest earnings on these restricted investments and from charges to future landfill users or future tax revenue.

NOTE J - COMMITMENTS AND CONTINGENCIES

1. Retirement Plan

Participation - Employees of the County participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

Benefit Provisions – The Florida retirement system offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011, are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Normal retirement benefits are available to employees who retire at age 62 or 65 (depending on hire date) with 6 or 8 (depending on hire date) or more years of service, or to those employees who have at least 30 or 33 (depending on hire date) years of creditable service, regardless of age. Retirement age and years of service requirements may vary depending on membership class. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five (if enrolled prior to July 1, 2011) or eight (if enrolled on or after July 1, 2011) highest years of earnings.

The FRS Investment Plan is a defined contribution plan in which participants are vested after one year of service. The employer makes contributions each month based on a percentage of the employee's gross salary and membership class. The contribution percentage is the same whether participating in the Pension Plan or

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

Investment Plan. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the funds are portable upon termination if the participant is vested. Members in the investment plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. Employees contribute 3% of their salary. During 2015, the County contributed an average of 7.34% of each qualified regular employee's gross salary, 43% percent of the elected officials' salary, 20.38% of each special risk employee's salary, and 12.43% for each DROP participant. The County's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for the year. The County's contributions to the Investment Plan were equal to the legislatively mandated contribution rates, which are equal to a percentage of the members' gross monthly salary based on membership class. Contributions to the Investment plan totaled \$501,568, \$383,609 and \$266,161 for the years ended September 30, 2015, 2014, and 2013, respectively. Contributions to the Pension plan totaled \$4,641,074, \$4,042,235 and \$3,181,343 for the years ended September 30, 2015, 2014, and 2013, respectively.

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

2. Litigation

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

3. Federal and State Grants

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

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY

1. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$22,862,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At September 30, 2015, the County's proportion was 0.18%, which was an increase of 4.08% from its proportion measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$1,543,288 related to the Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,413,584	\$ 542,228
Change of assumptions	1,517,448	-
Net difference between projected and actual earnings on pension plan investments	-	5,459,138
Changes in proportion and differences between County contributions and proportionate share of contributions	1,986,507	2,207,166
County contributions subsequent to the measurement date	<u>1,100,640</u>	
Total	<u>\$ 7,018,179</u>	<u>\$ 8,208,532</u>

The deferred outflows of resources related to pensions, totaling \$1,100,640, resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2016	\$ (1,899,822)
2017	(1,899,822)
2018	(1,899,822)
2019	2,604,138
2020	616,221
Thereafter	<u>188,114</u>
	<u>\$ (2,290,993)</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.2%	3.1%	1.7%
Fixed income	18%	4.8%	4.7%	4.7%
Global equity	53%	8.5%	7.2%	17.7%
Real estate (property)	10%	6.8%	6.2%	12.0%
Private equity	6%	11.9%	8.2%	30.0%
Strategic investments	12%	6.7%	6.1%	11.4%
Total	100%			
Assumed inflation - mean		2.6%		1.9%

* As outlined in the Plan's investment policy

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

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY - Continued

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65%) or 1-percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
County's proportionate share of the net pension liability	\$ 59,241,434	\$ 22,862,320	\$ (7,411,084)

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2015, the County reported no payables for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2015.

2. Health Insurance Subsidy Pension Plan

Plan Description. The Health Insurance Subsidy Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the contribution rate was 1.26% of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY - Continued

The County's contributions to the HIS Plan totaled \$658,527 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the County reported a net pension liability of \$13,272,657 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the County's proportionate share of benefit payments expected to be paid within one year, net of the County's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The County's proportionate share of the net pension liability was based on the County's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At September 30, 2015, the County's proportion was 0.13%, which was an increase of 3.10% from its proportion measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$1,035,332 related to the HIS Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 1,044,212	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	7,216	-
Changes in proportion and differences between County contributions and proportionate share of contributions	372,773	81,852
County contributions subsequent to the measurement date	158,617	-
Total	\$ 1,582,818	\$ 81,852

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY - Continued

The deferred outflows of resources related to pensions, totaling \$158,617, resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2016	\$ 228,368
2017	228,368
2018	228,368
2019	226,908
2020	226,207
Thereafter	204,130
	\$ 1,342,349

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.8%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount Rate – The discount rate used to measure the total pension liability was 3.8%. The HIS Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 3.8%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.8%) or 1-percentage point higher (4.8%) than the current rate:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
County's proportionate share of the net pension liability	\$ 15,123,575	\$ 13,272,657	\$ 11,729,269

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY - Continued

HIS Plan Fiduciary Net Position – Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan – At September 30, 2015, the County reported no payables for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

NOTE L - FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE L – FUND BALANCES – Continued

Fund balances	Major Funds			Total
	General Fund	Road and Bridge Fund	Other Funds	
Nonspendable				
Inventory	\$ 90,672	\$ 318,926	\$ -	\$ 409,598
Restricted for:				
Communications	1,309,901	-	-	1,309,901
Boating improvement	332,027	-	-	332,027
Domestic violence	148,194	-	-	148,194
Voter education	8,924	-	-	8,924
Pollworker recruitment	1,887	-	-	1,887
Federal elections	11,548	-	-	11,548
Partners for pets	88,658	-	-	88,658
Navarre Beach Bridge maintenance	-	309,691	-	309,691
Law Enforcement Trust Fund	-	-	129,404	129,404
Crime prevention	-	-	368,940	368,940
Mosquito control	-	-	27,469	27,469
Federal and state grants	-	-	1,554,946	1,554,946
Enhanced 911 system	-	-	1,163,201	1,163,201
Tourist development	-	-	2,355,699	2,355,699
Infrastructure development	-	-	1,578,493	1,578,493
State Housing Improvement Program	-	-	894,092	894,092
Flood mitigation	-	-	131,928	131,928
Road and sewer construction	-	-	302,099	302,099
Canal maintance	-	-	223,897	223,897
Street lighting	-	-	64,991	64,991
State court operations	-	-	31,751	31,751
Court equipment and technology	-	-	557,354	557,354
Records modernization trust fund	-	-	366,211	366,211
Law enforcement training	-	-	23,145	23,145
Inmate welfare purchases	-	-	938,247	938,247
Committed to:				
Animal service education	47,544	-	-	47,544
Court innovations	-	-	301,347	301,347
Transportation, recreation and economic development	-	-	3,611,767	3,611,767
Gas and oil preservation	3,551,667	-	-	3,551,667
Capital construction projects	-	-	5,095,249	5,095,249
Assigned to:				
Road and bridge construction and maintenance	-	6,319,402	-	6,319,402
Debt service	-	-	82,920	82,920
Berm restoration	8,200,000	-	-	8,200,000
Law library	-	-	28,788	28,788
Court operations	-	-	827,376	827,376
Gas and oil preservation	199,251	-	-	199,251
Beach berm restoration	190,756	-	-	190,756
Navarre Beach Community Center	215,000	-	-	215,000
Unassigned	24,700,673	-	(208,078)	24,492,595
	<u>\$ 39,096,702</u>	<u>\$ 6,948,019</u>	<u>\$ 20,451,236</u>	<u>\$ 66,495,957</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE M - RISK MANAGEMENT

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. In 1986 the County established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Boats
- Employee Fidelity
- Buildings and Contents, \$5,000 deductible
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings, contents and Sheriff's general, automobile and professional liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Board of County Commissioners and other County elected officials participate in the program and make payments to the Self Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$2,271,588 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Liabilities for incurred losses to be settled by fixed or reasonably determined payments over a long period of time are reported at their present value using an expected future investment yield assumption of 3.9 - 7 percent. These liabilities are reported at their present value of \$825,976 at September 30, 2015.

Changes in the Fund's claims liability amount in fiscal years 2014 and 2015 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2013 - 2014	\$ 2,231,939	\$ 1,610,755	\$ 1,574,748	\$ 2,267,946
2014 - 2015	\$ 2,267,946	\$ 1,768,614	\$ 1,764,972	\$ 2,271,588

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE M - RISK MANAGEMENT - Continued

The following table presents a summary of the claims payable liability at year end:

Current claims payable	\$ 1,445,612
Current claims-structured settlements	80,627
Total claims payable, current	<u>1,526,239</u>
Long-term claims-structured settlements	745,349
Total claims payable	<u>\$ 2,271,588</u>

The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage, excluding the Sheriff. The County pays an annual premium as a participant of the pooled liability program. During 1994, the first year of participation, the County paid an extraordinary loss fund payment of \$249,886. The liability coverage is not designed to be assessable; however, should the pool fail to meet its obligations, the County may be required to contribute additional funds or cover its own obligations. No accrual for future assessments has been recorded in the financial statements as such assessments do not appear probable based on past experience of the pool, and experience of the pool subsequent to the County's fiscal year end through the date of these financial statements. In the event the County elected to terminate its participation in the pool, the extraordinary loss fund payment would be refunded to the County, given adequate funding of the pool.

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS

The County implemented, in 2009, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the County.

Plan Description – Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the County and eligible dependents, may continue to participate in the County's purchased health and hospitalization insurance coverage (the Plan)) at the same group rate as for active employees and participating retirees are required to reimburse the County 100% of the health insurance premium a month in advance.. The Plan is a single-employer plan. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or 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. The County also provides an insurance subsidy for employees with at least 10 years (8 years elected) creditable service. The subsidy pays \$3 per year of service limited to the individual's premium payment up to a maximum of \$90 per year. No stand-alone financial report is issued.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS – Continued

Funding Policy – The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2015 fiscal year, 234 retirees and eligible dependents received postemployment health care benefits. The County provided required contributions of \$270,670 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees insurance net of retiree contributions totaling \$347,369. Required contributions are based on projected pay-as-you-go financing which differ from the Annual Required Contribution.

Annual OPEB Cost and Net OPEB Obligation – The following table shows the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

Description	Health Insurance
Normal Cost (Service cost for one year)	\$ 447,000
Amortization of Unfunded Actuarial Accrued Liability	515,000
Annual Required Contribution	962,000
Amortization of Net OPEB Obligation	(413,000)
Interest on Net OPEB Obligation	232,000
Annual OPEB Cost (expense)	781,000
Contribution Towards the OPEB Cost	(270,670)
Increase in Net OPEB Obligation	510,330
Net OPEB Obligation, Beginning of Year	6,626,808
Net OPEB Obligation, End of Year	\$ 7,137,138

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015, was as follows:

Fiscal Year	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-2013	\$ 991,000	27%	\$ 5,878,137
2013-2014	\$ 1,040,000	28%	\$ 6,626,808
2014-2015	\$ 781,000	35%	\$ 7,137,138

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS – Continued

Funded Status and Funding Progress – As of September 30, 2015, the date of the actuarial valuation, the actuarial accrued liability was \$8,276,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,276,000. Amortization of the accrued liability for the year ended September 30, 2015 was \$515,000. The annual covered payroll (annual payroll of active participating employees) was \$49,439,596 for the 2014-2015 fiscal year. The ratio of the unfunded actuarial liability to annual covered payroll is 17%.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The County's OPEB actuarial valuation as of September 30, 2015, used the projected unit credit actuarial cost method to estimate both the unfunded actuarial liability as of September 30, 2015 and to estimate the County's 2014-2015 fiscal year annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 3.5% rate of return on invested assets assuming the benefits will continue to be funded on a pay-as-you-go basis and that the County's investments will earn 3.5% over the long term. The actuarial assumptions also include an annual healthcare cost trend rate of 8.5% initially for the 09-10 fiscal year, decreasing gradually per year to an ultimate rate of 4.3% in 2070. The inflation rate assumption is 2.4%. The unfunded actuarial accrued liability is being amortized using the level dollar method. The remaining, closed, amortization period at September 30, 2015 is 25 years.

The required schedule of funding progress, immediately following the notes, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE O – COMMITMENT

In 2015, the County entered into an agreement for the purchase and installation of equipment for a new 911 system with a total contract price of \$7,279,240. The terms of the agreement required a \$1,000,000 payment upon installation and an additional \$1,000,000 payment upon system acceptance. The remaining \$5,279,240 will be financed over 7 years at an interest rate of 1.786%, requiring annual payments of \$809,011. During the year ended September 30, 2015, \$500,000 was paid toward the initial payment. The installation of the system was completed subsequent to year end and the first payment on the financing will begin in fiscal year 2016.

NOTE P – RESTATEMENTS

The October 1, 2014 net positions of the County's Governmental Activities and Business-type Activities have been adjusted downward by \$37,082,794 and \$1,043,861, respectively, to provide for the beginning balances of net pension liability and related deferred outflows and deferred inflows recorded in accordance with GASB Statements No. 68 and 71.

REQUIRED SUPPLEMENTAL INFORMATION

Santa Rosa County, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

Year ended September 30, 2015

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 46,006,350	\$ 46,006,350	\$ 48,082,107
Permits, fees and special assessments	1,520,000	1,520,000	1,926,198
Intergovernmental	10,430,930	10,460,326	12,428,577
Charges for services	7,967,694	8,016,449	10,665,751
Fines and forfeits	243,060	283,910	338,372
Miscellaneous	2,706,900	2,688,645	2,226,824
Total revenues	<u>68,874,934</u>	<u>68,975,680</u>	<u>75,667,829</u>
Expenditures			
Current			
General government	23,774,850	24,655,155	23,604,157
Public safety	37,277,832	41,091,393	39,511,885
Physical environment	1,407,648	1,484,411	1,240,944
Transportation	961,559	1,024,219	994,357
Economic environment	160,679	1,425,938	1,371,744
Human services	5,506,578	5,771,984	5,794,708
Culture and recreation	2,961,654	3,460,076	3,205,069
Reserve for contingencies	--	35,858	--
Total expenditures	<u>72,050,800</u>	<u>78,949,034</u>	<u>75,722,864</u>
Excess (deficiency) of revenues over expenditures	(3,175,866)	(9,973,354)	(55,035)
Other financing sources (uses)			
Transfers in	2,220,727	3,553,293	3,553,293
Transfers out	(791,996)	(2,024,698)	(2,024,698)
Total other financing sources (uses)	<u>1,428,731</u>	<u>1,528,595</u>	<u>1,528,595</u>
Net change in fund balances	(1,747,135)	(8,444,759)	1,473,560
Fund balance, beginning of year	2,185,885	8,943,420	37,632,216
Change in reserve for inventory	--	--	(9,074)
Fund balance, end of year	<u>\$ 438,750</u>	<u>\$ 498,661</u>	<u>\$ 39,096,702</u>

See accompanying notes to required supplementary information.

Santa Rosa County, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND**

Year ended September 30, 2015

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 3,689,940	\$ 3,689,940	\$ 4,071,511
Permits, fees and special assessments	--	--	--
Intergovernmental	3,036,160	3,605,143	3,857,474
Charges for services	--	--	100,147
Miscellaneous	254,130	254,130	366,433
Total revenues	<u>6,980,230</u>	<u>7,549,213</u>	<u>8,395,565</u>
Expenditures			
Current			
Physical environment	--	1,912,474	1,122,582
Transportation	10,609,250	14,109,940	11,704,409
Reserve for contingencies	10,045	524,745	--
Total expenditures	<u>10,619,295</u>	<u>16,547,159</u>	<u>12,826,991</u>
Excess (deficiency) of revenues over expenditures	(3,639,065)	(8,997,946)	(4,431,426)
Other financing sources (uses)			
Transfers in	2,362,925	4,902,237	4,902,237
Transfers out	--	--	(63,964)
Total other financing sources (uses)	<u>2,362,925</u>	<u>4,902,237</u>	<u>4,838,273</u>
Net change in fund balances	(1,276,140)	(4,095,709)	406,847
Fund balance, beginning of year	1,322,224	4,159,673	6,527,131
Change in reserve for inventory	<u>--</u>	<u>--</u>	<u>14,041</u>
Fund balance, end of year	<u>\$ 46,084</u>	<u>\$ 63,964</u>	<u>\$ 6,948,019</u>

See accompanying notes to required supplementary information.

Santa Rosa County, Florida

**SCHEDULE OF SANTA ROSA COUNTY'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
Florida Retirement System
Last 10 Fiscal Years***

	2015	2014
Santa Rosa County's proportion of the net pension liability (asset)	0.177003043%	0.170070967%
Santa Rosa County's proportionate share of the net pension liability (asset)	\$ 22,862,317	10,376,830
Santa Rosa County's covered-employee payroll	\$ 49,817,504	46,775,917
Santa Rosa County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.89%	22.18%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULE OF SANTA ROSA COUNTY'S CONTRIBUTIONS
Florida Retirement System
Last 10 Fiscal Years***

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,315,479	\$ 3,725,277
Contributions in relation to the contractually required contribution	<u>(4,315,479)</u>	<u>(3,725,277)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Santa Rosa County's covered-employee payroll	\$ 49,817,504	\$ 46,775,917
Contributions as a percentage of covered-employee payroll	8.66%	7.96%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULE OF SANTA ROSA COUNTY'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	2015	2014
Santa Rosa County's proportion of the net pension liability (asset)	0.130144159%	0.126228791%
Santa Rosa County's proportionate share of the net pension liability (asset)	\$ 13,272,657	11,802,700
Santa Rosa County's covered-employee payroll	\$ 49,817,504	46,775,917
Santa Rosa County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.64%	25.23%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULE OF SANTA ROSA COUNTY'S CONTRIBUTIONS
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	2015	2014
Contractually required contribution	\$ 497,492	\$ 432,418
Contributions in relation to the contractually required contribution	(497,492)	(432,418)
Contribution deficiency (excess)	\$ -	\$ -
Santa Rosa County's covered-employee payroll	\$ 49,817,504	\$ 46,775,917
Contributions as a percentage of covered-employee payroll	1.00%	0.92%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULES OF FUNDING PROGRESS
AND EMPLOYER CONTRIBUTIONS FOR
OTHER POST EMPLOYMENT BENEFITS**

Year ended September 30, 2015

<u>Schedule of Funding Progress</u>	<u>Actuarial Valuation Date</u>		
	<u>9/30/13</u>	<u>9/30/14</u>	<u>9/30/15</u>
1. Current retirees liability	\$ 2,414,000	\$ 2,574,000	\$ 2,445,000
2. Active employees	<u>6,897,000</u>	<u>7,356,000</u>	<u>5,831,000</u>
3. Actuarial Accrued Liability	9,311,000	9,930,000	8,276,000
4. Actuarial Value of Assets	--	--	--
5. Unfunded Actuarial Accrued Liability	9,311,000	9,930,000	8,276,000
6. Funded Ratio (4. divided by 3.)	0%	0%	0%
7. Annual Covered Payroll	<u>\$ 44,527,946</u>	<u>\$ 46,609,103</u>	<u>\$ 49,439,596</u>
8. Ratio of Unfunded Actuarial Accrued Liability to Covered Payroll	21%	21%	17%
	<u>Fiscal Year Ended</u>		
<u>Schedule of Employer Contributions</u>	<u>9/30/13</u>	<u>9/30/14</u>	<u>9/30/15</u>
Annual OPEB Cost	\$ 991,000	\$ 1,040,000	\$ 781,000
Actual Contribution	<u>267,636</u>	<u>291,329</u>	<u>270,670</u>
Percentage Contributed	27%	28%	35%
Net OPEB Obligation	<u>\$ 5,878,137</u>	<u>\$ 6,626,808</u>	<u>\$ 7,137,138</u>

See accompanying notes to required supplementary information.

Santa Rosa County, Florida
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
September 30, 2015

BUDGETARY INFORMATION

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the County's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The Board may, at any time within a fiscal year, amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes. The budget officer may authorize certain inter-departmental and intra-departmental budget amendments, provided that the total appropriation of the fund is not changed. All annual appropriations lapse at fiscal year end.

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

Honorable Board of County Commissioners
Santa Rosa County, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Rosa County, Florida, (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 26, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 County's basic 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.

Warren Averett, LLC

May 26, 2016
Pensacola, Florida

MANAGEMENT LETTER

Honorable Board of County Commissioners
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements (“financial statements”) of Santa Rosa County, Florida, (hereinafter referred to as “County”), as of and for the year ended September 30, 2015, and have issued our report thereon dated May 26, 2016.

Auditors’ Responsibility

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

Other Reports

We have also issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 26, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

Financial Condition

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the County provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the County in accordance with Section 218.39(3)(b), Florida Statutes. The County's financial statements do not include any special district component units.

Other Matters

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

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

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, the Board of County Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

May 26, 2016
Pensacola, Florida

BOARD OF COUNTY COMMISSIONERS

**SANTA ROSA COUNTY, FLORIDA
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2015



BOARD OF COUNTY COMMISSIONERS
Santa Rosa County, Florida
FINANCIAL STATEMENTS
September 30, 2015

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BOARD OF COUNTY COMMISSIONERS
Santa Rosa County, Florida
FINANCIAL STATEMENTS
September 30, 2015

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MANAGEMENT LETTER55

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements (hereinafter referred to as "financial statements") of each major fund and the aggregate remaining fund information of the Board of County Commissioners of Santa Rosa County, Florida (hereinafter referred to as "Board"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 financial position of each major fund and the aggregate remaining fund information of the Board, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Santa Rosa County, Florida that is attributable to the Board. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 44 through 46, and the schedules of funding progress and employer contributions for other post-employment benefits on page 47 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill is presented for purposes of additional analysis as required by the *Rules of the Auditor General*, State of Florida, and is not a required part of the basic financial statements. The schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2016, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Warren Averett, LLC

May 26, 2016
Pensacola, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**Board of County Commissioners
Santa Rosa County, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2015

ASSETS	General	Road and Bridge	Disaster	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 31,228,454	\$ 6,940,673	\$ 171,833	\$ 17,322,175	\$ 55,663,135
Investments	5,337,752	--	--	--	5,337,752
Receivables, net of uncollectibles					
Notes	436,375	--	--	--	436,375
Accounts	407,936	3,630	--	613,716	1,025,282
Due from other governments	3,434,693	724,680	--	1,341,472	5,500,845
Due from other funds	1,596,700	47,260	992,000	--	2,635,960
Inventory	58,546	318,926	--	--	377,472
Total assets	<u>\$ 42,500,456</u>	<u>\$ 8,035,169</u>	<u>\$1,163,833</u>	<u>\$ 19,277,363</u>	<u>\$ 70,976,821</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 615,290	\$ 682,066	\$ --	\$ 189,208	\$ 1,486,564
Contracts payable	6,826	89,975	31,905	--	128,706
Accrued wages payable	753,462	315,109	--	41,595	1,110,166
Deposits	355,747	--	--	--	355,747
Unearned revenue	98,931	--	--	--	98,931
Due to other funds	992,000	--	1,000,000	643,960	2,635,960
Due to other governments	177,249	--	--	--	177,249
Total liabilities	<u>2,999,505</u>	<u>1,087,150</u>	<u>1,031,905</u>	<u>874,763</u>	<u>5,993,323</u>
Deferred inflows of resources:					
Deferred inflows of resources related to note receivable	436,375	--	--	--	436,375
Combined liabilities and deferred inflows of resources	3,435,880	1,087,150	1,031,905	874,763	6,429,698
Fund balances:					
Nonspendable	58,546	318,926	--	--	377,472
Restricted	1,901,139	309,691	131,928	8,663,231	11,005,989
Committed	3,599,211	--	--	9,008,363	12,607,574
Assigned	8,805,007	6,319,402	--	939,084	16,063,493
Unassigned	24,700,673	--	--	(208,078)	24,492,595
Total fund balances	<u>39,064,576</u>	<u>6,948,019</u>	<u>131,928</u>	<u>18,402,600</u>	<u>64,547,123</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,500,456</u>	<u>\$ 8,035,169</u>	<u>\$1,163,833</u>	<u>\$ 19,277,363</u>	<u>\$ 70,976,821</u>

The accompanying notes are an integral part of these financial statements.

**Board of County Commissioners
Santa Rosa County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year ended September 30, 2015

	General	Road and Bridge	Disaster	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 48,082,107	\$ 4,071,511	\$ --	\$ 1,727,568	\$ 53,881,186
Permits, fees and special assessments	1,926,198	--	--	11,287,357	13,213,555
Intergovernmental	12,428,577	3,857,474	1,109,826	1,801,744	19,197,621
Charges for services	7,507,853	100,147	--	2,028,470	9,636,470
Fines and forfeits	338,372	--	--	95,822	434,194
Miscellaneous	2,199,481	366,433	48	251,118	2,817,080
Total revenues	72,482,588	8,395,565	1,109,874	17,192,079	99,180,106
Expenditures					
Current					
General government	19,504,129	--	--	946,233	20,450,362
Public safety	40,419,225	--	991,990	4,070,073	45,481,288
Physical environment	1,240,944	1,122,582	--	893,599	3,257,125
Transportation	994,357	11,704,409	--	186,292	12,885,058
Economic environment	1,371,744	--	--	2,697,093	4,068,837
Human services	5,794,708	--	--	150,163	5,944,871
Culture and recreation	3,205,069	--	--	30,625	3,235,694
Capital outlay	--	--	--	349,049	349,049
Debt service	--	--	--	1,327,926	1,327,926
Total expenditures	72,530,176	12,826,991	991,990	10,651,053	97,000,210
Excess (deficiency) of revenues over expenditures	(47,588)	(4,431,426)	117,884	6,541,026	2,179,896
Other financing sources (uses)					
Transfer in	3,553,293	4,902,237	992,000	2,976,007	12,423,537
Transfer out	(2,024,698)	(63,964)	--	(10,976,941)	(13,065,603)
Total other financing sources (uses)	1,528,595	4,838,273	992,000	(8,000,934)	(642,066)
Net change in fund balances	1,481,007	406,847	1,109,884	(1,459,908)	1,537,830
Fund balances, beginning of year	37,592,643	6,527,131	(977,956)	19,862,508	63,004,326
Change in reserve for inventory	(9,074)	14,041	--	--	4,967
Fund balances, end of year	\$ 39,064,576	\$ 6,948,019	\$ 131,928	\$ 18,402,600	\$ 64,547,123

The accompanying notes are an integral part of these financial statements.

**Board of County Commissioners
Santa Rosa County, Florida
STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2015

	Business-type Activities				Governmental
	Major Funds			Total Enterprise Funds	Internal Service Fund
	Navarre Beach	Landfill	Peter Prince Field		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,950,179	\$ 7,513,691	\$ 893,031	\$ 11,356,901	\$ 5,031,224
Investments	--	--	--	--	632,524
Accounts receivable	187,238	689,856	7,358	884,452	13,335
Due from other governments	--	--	50,859	50,859	--
Total current assets	<u>3,137,417</u>	<u>8,203,547</u>	<u>951,248</u>	<u>12,292,212</u>	<u>5,677,083</u>
Noncurrent assets					
Restricted investments	--	5,226,306	--	5,226,306	--
Capital assets, net of accumulated depreciation	5,720,016	5,295,163	4,492,614	15,507,793	5,328
Total noncurrent assets	<u>5,720,016</u>	<u>10,521,469</u>	<u>4,492,614</u>	<u>20,734,099</u>	<u>5,328</u>
Total assets	<u>8,857,433</u>	<u>18,725,016</u>	<u>5,443,862</u>	<u>33,026,311</u>	<u>5,682,411</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on bond refunding	--	18,329	--	18,329	--
Deferred outflow on pension	54,327	163,278	3,519	221,124	29,920
Deferred outflow on health insurance	13,410	40,305	869	54,584	7,386
Total deferred outflows of resources	<u>67,737</u>	<u>221,912</u>	<u>4,388</u>	<u>294,037</u>	<u>37,306</u>
LIABILITIES					
Current liabilities					
Accounts payable	56,586	62,112	3,961	122,659	241,575
Current portion of claims payable	--	--	--	--	1,526,239
Accrued wages payable	25,142	96,080	1,917	123,139	13,642
Due to other governments	--	--	1,583	1,583	--
Compensated absences - current	51,304	195,000	--	246,304	40,000
Revenue bonds - current	--	289,294	--	289,294	--
Note payable - current	460,321	--	--	460,321	--
Deposits	11,600	56,753	850	69,203	--
Current portion of landfill closure costs	--	17,105	--	17,105	--
Total current liabilities	<u>604,953</u>	<u>716,344</u>	<u>8,311</u>	<u>1,329,608</u>	<u>1,821,456</u>
Noncurrent liabilities					
Long term portion of compensated absences	--	92,273	--	92,273	1,747
Long term portion of claims payable	--	--	--	--	745,349
Long term portion of landfill closure costs	--	9,498,760	--	9,498,760	--
Note payable - noncurrent	2,580,741	--	--	2,580,741	--
Net pension liability	151,961	456,713	9,845	618,519	83,691
Net health insurance subsidy liability	123,059	369,848	7,972	500,879	67,773
OPEB liability	58,660	178,158	2,196	239,014	29,536
Total noncurrent liabilities	<u>2,914,421</u>	<u>10,595,752</u>	<u>20,013</u>	<u>13,530,186</u>	<u>928,096</u>
Total liabilities	<u>3,519,374</u>	<u>11,312,096</u>	<u>28,324</u>	<u>14,859,794</u>	<u>2,749,552</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow on pension	39,890	119,888	2,585	162,363	21,969
Deferred inflow on health insurance subsidy	953	2,864	62	3,879	525
Total deferred inflows of resources	<u>40,843</u>	<u>122,752</u>	<u>2,647</u>	<u>166,242</u>	<u>22,494</u>
NET POSITION					
Invested in capital assets, net of related debt	2,678,954	5,005,869	4,492,614	12,177,437	5,328
Restricted for landfill closure	--	5,226,306	--	5,226,306	--
Unrestricted	2,685,999	(2,720,095)	924,665	890,569	2,942,343
Total net position	<u>\$ 5,364,953</u>	<u>\$ 7,512,080</u>	<u>\$ 5,417,279</u>	<u>\$ 18,294,312</u>	<u>\$ 2,947,671</u>

**Board of County Commissioners
Santa Rosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS**

Year ended September 30, 2015

	Business-type Activities				Governmental
	Major Funds			Total Enterprise Funds	Activities
	Navarre Beach	Landfill	Peter Prince Field		Internal Service Fund
Operating revenues					
Licenses and permits	\$ --	\$ 76,650	\$ --	\$ 76,650	\$ --
Charges for services	2,091,096	5,810,141	269,440	8,170,677	869,941
Insurance proceeds	--	--	--	--	1,634,768
Miscellaneous	6,020	389	251	6,660	203
Total operating revenues	<u>2,097,116</u>	<u>5,887,180</u>	<u>269,691</u>	<u>8,253,987</u>	<u>2,504,912</u>
Operating expenses					
Personal services	563,651	1,824,653	35,594	2,423,898	299,942
Contract services	115,477	292,443	40,383	448,303	142,912
Supplies	75,230	39,025	27	114,282	18,652
Repairs and maintenance	255,276	437,992	47,742	741,010	1,782
Utilities	249,847	57,712	19,766	327,325	--
Depreciation	543,152	616,823	291,016	1,450,991	2,162
Travel and per diem	71	6,425	--	6,496	7,310
Insurance	8,050	9,280	--	17,330	79,342
Communications	10,941	16,003	216	27,160	694
Advertising	144	1,087	--	1,231	--
Fuel and oil	12,830	249,482	--	262,312	--
Rentals	236	133,600	--	133,836	--
Landfill closure and maintenance	--	871,422	--	871,422	--
Claims	--	--	--	--	1,796,377
State assessment	--	--	--	--	11,511
Miscellaneous	5,372	18,223	59	23,654	3,045
Total operating expenses	<u>1,840,277</u>	<u>4,574,170</u>	<u>434,803</u>	<u>6,849,250</u>	<u>2,363,729</u>
Operating income (loss)	256,839	1,313,010	(165,112)	1,404,737	141,183
Non-operating revenues (expenses)					
Investment income	4,320	53,379	195	57,894	12,972
Interest expense	--	(5,549)	--	(5,549)	--
Sale of recycled materials	--	69,414	--	69,414	--
Gain (loss) on disposal of assets	--	165,687	--	165,687	--
Aid to private organizations	--	(60,000)	--	(60,000)	--
Amortization & other bond costs	--	(21,996)	--	(21,996)	--
Total non-operating revenues (expenses)	<u>4,320</u>	<u>200,935</u>	<u>195</u>	<u>205,450</u>	<u>12,972</u>
Income (loss) before contributions and transfers	261,159	1,513,945	(164,917)	1,610,187	154,155
Transfer in	142,066	--	--	142,066	500,000
Capital contribution	4,861	--	810,544	815,405	--
Change in net position	408,086	1,513,945	645,627	2,567,658	654,155
Net position, beginning of year	5,213,328	6,768,920	4,788,267	16,770,515	2,434,759
Adjustment for change in accounting principle	(256,461)	(770,785)	(16,615)	(1,043,861)	(141,243)
Net assets, beginning of year restated	<u>4,956,867</u>	<u>5,998,135</u>	<u>4,771,652</u>	<u>15,726,654</u>	<u>2,293,516</u>
Net position, end of year	<u>\$ 5,364,953</u>	<u>\$ 7,512,080</u>	<u>\$ 5,417,279</u>	<u>\$ 18,294,312</u>	<u>\$ 2,947,671</u>

**Board of County Commissioners
Santa Rosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended September 30, 2015

	Business-type Activities				Governmental
	Major Funds				Activities
	Navarre Beach	Landfill	Peter Prince Field	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 2,118,494	\$ 5,879,316	\$ 569,178	\$ 8,566,988	\$ 203
Cash paid to suppliers	(710,098)	(1,298,144)	(362,458)	(2,370,700)	(253,737)
Cash paid to employees	(591,414)	(1,798,413)	(35,698)	(2,425,525)	(312,153)
Cash received from interfund services provided	--	--	--	--	2,545,222
Cash paid for internal services provided	--	--	--	--	(2,581,529)
Net cash provided (used) by operating activities	816,982	2,782,759	171,022	3,770,763	(601,994)
Cash flows from non capital financing activities					
Transfers in	142,066	--	--	142,066	500,000
Transfers out	--	--	--	--	--
Sale of recycled materials	--	69,414	--	69,414	--
Lease on recycling building	--	--	--	--	--
Aid to private organizations	--	(60,000)	--	(60,000)	--
Net cash provided (used) by non capital financing activities	142,066	9,414	--	151,480	500,000
Cash flows from capital and related financing activities					
Proceeds from sale of assets	--	322,430	--	322,430	--
Capital contributions	4,861	--	810,544	815,405	--
Purchases of capital assets	(15,985)	(114,515)	(999,664)	(1,130,164)	--
Principal paid on capital debt	(443,693)	(284,343)	--	(728,036)	--
Interest paid on capital debt	--	(8,085)	--	(8,085)	--
Net cash provided (used) by capital and related financing activities	(454,817)	(84,513)	(189,120)	(728,450)	--
Cash flows from investing activities					
Interest and dividends	4,320	53,379	195	57,894	12,972
Net sale (purchase) of investments	--	(259,972)	--	(259,972)	(5,533)
Net cash provided (used) by investing activities	4,320	(206,593)	195	(202,078)	7,439
Net increase (decrease) in cash and cash equivalents	508,551	2,501,067	(17,903)	2,991,715	(94,555)
Cash and cash equivalents at beginning of year	2,441,628	5,012,624	910,934	8,365,186	5,125,779
Cash and cash equivalents at end of year	\$ 2,950,179	\$ 7,513,691	\$ 893,031	\$ 11,356,901	\$ 5,031,224
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 256,839	\$ 1,313,010	\$ (165,112)	\$ 1,404,737	\$ 141,183
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	543,152	616,823	291,016	1,450,991	2,162
Landfill closure costs	--	871,422	--	871,422	--
Changes in assets and liabilities:					
Accounts receivable	10,967	(20,625)	3,325	(6,333)	40,513
Due to other governments	--	--	215	215	--
Accounts payable	42,179	(36,871)	(214,931)	(209,623)	(777,283)
Contracts payable	(18,803)	--	(39,549)	(58,352)	--
Accrued compensation	(1,683)	12,355	174	10,846	1,776
Compensated absences	(21,776)	26,824	--	5,048	(11,616)
Due from other governments	10,611	--	296,062	306,673	--
OPEB liability	4,031	12,116	261	16,408	2,220
Claims payable	--	--	--	--	3,642
Deposits	(200)	12,760	100	12,660	--
Change in net pension liability	96,053	288,679	6,223	390,955	52,899
Change in deferred outflows of resources	(24,992)	(75,110)	(1,619)	(101,721)	(13,763)
Change in deferred inflows of resources	(79,396)	(238,624)	(5,143)	(323,163)	(43,727)
Net cash provided (used) by operating activities	\$ 816,982	\$ 2,782,759	\$ 171,022	\$ 3,770,763	\$ (601,994)
Noncash Investing, Capital and Financing Activities:					
Amortized deferred charges	\$ --	\$ 21,996	\$ --	\$ 21,996	\$ --

**BOARD OF COUNTY COMMISSIONERS
SANTA ROSA COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

GUIDE TO NOTES

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**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied consistently in the preparation of the financial statements follows:

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations. As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of County Commissioners of Santa Rosa County, Florida (the Board) is the principal legislative and governing body of Santa Rosa County (the County), as provided by the Florida Constitution, Article 8, Section 1(e), and Chapter 125, Florida Statutes. The Board consists of five Commissioners elected by the voters of the County for terms of four years each.

The Board is considered part of the County's primary government for purposes of GASB. These special purpose financial statements of the Board are issued separately to comply with Section 10.557(3), Rules of the Auditor General for Local Governmental Entity Audits, pursuant to Section 11.45(8), Florida Statutes and do not include the Clerk of Courts, Sheriff, Tax Collector, Property Appraiser or Supervisor of Elections (collectively known as County officers), or other independent authorities and boards. The Board's financial statements do not purport to reflect the financial position or the results of operations of the County taken as a whole.

Dependent Special Districts

Blackwater Soil & Water Conservation District - The Blackwater Soil & Water Conservation District (Blackwater) was created by the Florida Legislature in 1942 pursuant to Florida Statute Section 582. Santa Rosa County was established as the local governing authority and is Blackwater's only source of funding. Blackwater does not meet the criteria as a legally separate entity in that it cannot buy, sell, own, lease and mortgage property in its own name. The activities of Blackwater are included in these financial statements as a department of the Board within the General Fund.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

Pace Property Finance Authority - The Pace Property Finance Authority (Authority) was created in 1990 by County Resolution No. 90-12 pursuant to Chapter 617 of the Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the Board. However, the Authority meets the criteria for inclusion in more than one reporting entity - Pace Water System as well as the Board. In these cases, judgment must be exercised by management of the reporting entities as to which reporting entity the organization should be included. The Authority has the same elected governing body as the Pace Water System. Additionally, both the Authority and Pace Water System own portions of a single water/sewer system; thus, their capital assets are part of an interconnected system. Finally, the Authority's debt was issued solely to finance the Pace water/sewer system improvements. Based on these facts, management has decided to include the Authority in the combined financial statements of Pace Water System rather than as a component unit of the Board.

Santa Rosa County Health Facilities Authority - The Santa Rosa County Health Facilities Authority (Authority) was created in 1982 by County Ordinance No. 82-02 pursuant to Section 154, Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the Board. The Board appoints the five (5) members of the Authority. Additionally, the Board may abolish the Authority at any time by ordinance or resolution as long as all bonded indebtedness incurred by the Authority has been paid. The Authority exists solely to assist health facilities within the County with the acquisition, construction, financing, and refinancing of projects through issuance of conduit debt. All bonds issued by the Authority were subsequently defeased through issuance of new debt culminating with the issuance of \$58 million in new bonds in 2003. The debt outstanding is a limited obligation of the Authority and not a general obligation of the Authority or the Board. The Authority is not obligated to pay the principal and interest on the bonds except from the revenues of the Authority pursuant to its loan agreement with Gulf Breeze Hospital. The Authority has no financial activity and the bonds issued under the Authority's name are recorded in the books of the hospital.

Santa Rosa County Housing Finance Authority - The Santa Rosa County Housing Finance Authority (Authority) was created in 1984 by County Resolution No. 84-18 pursuant to Chapter 78-89, Laws of Florida codified as Chapter 159, Part IV, Section 159.601 through 159.623. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the Board. The Board, through various resolutions and interlocal agreements with the Escambia County Housing Finance Authority (ECHFA), has authorized ECHFA to allow qualified residents of the County to apply for and obtain preferential mortgages from proceeds generated by bonds issued by ECHFA. Accordingly, there is no financial activity related to the Authority to be reflected in these financial statements.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Board groups its funds into two broad fund categories as either governmental or proprietary in nature. Governmental funds include the general, special revenue, debt service, permanent and capital projects funds. Proprietary funds include enterprise funds and an internal service fund.

3. Basis of Accounting

FUND FINANCIAL STATEMENTS

The Fund financial statements, as presented herein, focus primarily on the major funds of the governmental and proprietary categories. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the Board’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Road and Bridge Fund – Accounts for that portion of state fuel taxes and fees designated for road improvement projects.
- Disaster Fund – Accounts for revenues and expenditures related to significant events such as hurricanes.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period – except for certain grant revenues which are recognized as revenues in the same period the grant expenditures occurred). This includes investment earnings, property taxes, special assessments, and fines and forfeitures. Certain state-levied locally shared taxes including motor vehicle license tax and fuel taxes are subject to income recognition when the underlying transaction occurs. Reimbursements due for grant funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on governmental long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

PROPRIETARY FUNDS

All proprietary funds use the accrual basis of accounting and the economic resources measurement focus. These funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Board's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services,

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net positions should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net positions then from unrestricted net positions.

The major proprietary funds are:

- Navarre Beach Fund – Accounts for the operation and maintenance of the water and sewer system of Navarre Beach.
- Landfill Fund – Accounts for the operation of the solid waste disposal facilities of the county.
- Peter Prince Field Fund – Accounts for the operations of the Peter Prince airport.

The Board's only internal service fund is the Self Insurance Fund. This fund accounts for the risk management activities of the Board and the other elected officials. Costs are billed to the departments and other elected officials at the actual and estimated costs of providing insurance coverage.

4. Budgets and Budgetary Accounting

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the Board's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The Board may, at any time within a fiscal year, amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes. The budget officer may authorize certain inter-departmental and intra-departmental budget amendments, provided that the total appropriation of the fund is not changed. All annual appropriations lapse at fiscal year end.

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

6. Investments

Investments in U.S. Treasury bills, government backed securities and the Florida Local Government Investment Trust Fund are recorded at fair value. As permitted by GASB Statement No. 31 short term money market investments are reported at amortized cost rather than fair value.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

7. Inventory

Inventory consists of gas, oil, automotive parts, road signs, culverts, and various other items used by the road department and insecticides used by mosquito control operations. Inventory is valued at cost (first in, first out). The cost is recorded as an expenditure at the time the inventory is purchased. Reported inventories are equally offset by a nonspendable fund balance since such amounts will not convert to cash even though they are a component of net current assets.

8. Accounting for Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Constructed or purchased capital assets are recorded at historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000 and a useful life of one year or more.

Capital assets in governmental funds, including infrastructure such as streets, drainage systems, culverts, traffic signals, and signs are recorded as expenditures in the governmental funds.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 - 50 years
Water Distribution System	20 years
Improvements	10 - 20 years
Equipment	3 - 10 years
Infrastructure	40 years
Intangibles	3 - 5 years

The Board does not capitalize interest expense on borrowings used to finance construction of capital assets, as the capitalizable interest, after netting of interest earnings, is normally insignificant.

9. Compensated Absences

Employees may accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, which will be paid upon separation from service. For the governmental fund statements, expenditures are not recognized until payments are made to employees.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

Proprietary fund types accrue benefits in the period they are earned. The majority of the compensated absences liability has been paid out of the General (75%) and the Road and Bridge (25%) funds.

10. Property Taxes

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser's office. Florida Statutes require that all property be assessed at 100 percent of just value.

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4, 3, 2 and 1 percent are allowed for early payment in November through February, respectively. The Tax Collector advertises as required by statute and sells tax certificates for unpaid taxes on real property. Certificates not sold are considered "County Held Certificates." Persons owning land upon which a tax certificate has been sold may redeem the land by paying the face amount of the tax certificate, plus interest and other costs.

Property taxes levied on property valuations as of January 1, 2015 and expected to be collected during the period November 2015 through March 2016 are as follows:

General Fund	\$ 48,889,600
--------------	---------------

These taxes, although measurable, are not recognized as revenue at September 30, 2015, since they are not considered to be collectible within the current period or soon enough thereafter to be used to pay current period liabilities.

11. Landfill Closure Costs

Under the terms of current state and federal regulations, the Board is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The Board 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.

12. Allowance for Uncollectible Amounts

Accounts receivable for the Board are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

13. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Board can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or a County official delegated that authority by Board resolution or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS

At September 30, 2015, the bank held deposits of \$73,501,286 (before outstanding checks and deposits in transit) consisting of amounts held in checking, savings, money market or time deposit accounts. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida.

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

Pursuant to Florida Statutes Section 218.415, the Board adopted an investment policy which outlines the Board's investment responsibilities, objectives, and policies. The Board's investment policy authorizes the Board to invest in the following:

- a. The Local Government Surplus Funds Trust Fund (SBA) (Maximum of 75%)*;
- b. Florida Local Government Investment Trust (FLGIT) (State Investment Trust) (100% allowed)*;
- c. Qualified money market mutual funds (Maximum of 50%)*;
- d. U.S. Treasury bills, notes and bonds (100% allowed);
- e. Obligations guaranteed by the U.S. Government as to principal and interest such as obligations of the Government National Mortgage Association (GNMA) (Maximum of 5%)*;
- f. Non-callable Government Agency securities (Maximum of 25%)*:
 - (i) Federal Farm Credit Bank (FFCB),
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC),
 - (iii) Federal Home Loan Bank (FHLB),
 - (iv) Federal National Mortgage Association (FNMA).This classification of government agency securities does not include any mortgage debt of any government agency;
- g. Time deposits and savings accounts in banks or savings and loan associations doing business in Florida (Maximum of 50%)*;
- h. Repurchase agreements for investments authorized in categories d, e, or f above. (Maximum of 40%)*

*To limit the County's concentration of credit risk these are the maximum percentages of the County's total portfolio that can be in each type of investment.

Interest rate risk is limited by no security having a maturity exceeding 2 years. The weighted average to maturity for the portfolio shall be less than 365 days. Investments placed with the FLGIT, which typically invests in instruments with maturities of less than 5 years, are exempt from this limitation.

The FLGIT, also known as Florida Trust, is a local government investment pool created by the Florida Association of Court Clerks and Comptroller, and the Florida Association of Counties for the purpose of providing public entities with an investment program by providing investment vehicles for funds that can be invested in short- to intermediate-term securities and have returns generally greater than the national average for money market instruments. The Florida Trust offers two open-ended, professionally managed funds available only to public entities in Florida.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS - Continued

The Investment Trust:

A short term bond fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. As of September 30, 2015 the Investment Trust managed \$949.53 million and had a price per share of \$24.30. This short term bond fund invests in U.S. Treasuries and Agency Securities, Mortgages, Commercial Paper, Asset-Backed Securities, and "A" rated Corporate Securities.

The Day to Day Fund:

The Florida Trust Day to Day Fund is a money market product created in response to demand to provide a fiscally conservative diversification option for Florida local governments. Fund features include same day transactions and online account management. The fund is AAAM-rated by Standard and Poor's and is governed by the same board and advisory committee that oversees the Investment Trust.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Schedule of Cash and Investments at September 30, 2015

	<u>Carrying Amount</u>
<u>Investments</u>	
FLGIT Investment Trust Fund	\$ 11,196,582
Total Investments	11,196,582
<u>Cash</u>	
Cash in Bank	11,043,700
Day to Day Trust	61,006,235
Petty Cash	1,325
Total Cash	<u>72,051,260</u>
Total Cash and Investments	<u>\$ 83,247,842</u>
<u>Financial Statement Presentation</u>	
Cash and Cash Equivalents:	
Governmental	\$ 55,663,135
Enterprise	11,356,901
Internal Service	5,031,224
Investments	
Governmental	5,337,752
Enterprise	5,226,306
Internal Service	632,524
Total Cash and Investments	<u>\$ 83,247,842</u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS - Continued

Restricted cash and investments typically consist of funds set aside for the payment of debt or to ensure assets producing pledged revenues are repaired and replaced as needed. These assets are restricted since their use is limited by the applicable bond indentures. Other restricted assets consist of funds restricted to the payment of future landfill closure costs.

Restricted investments by category and by fund are as follows:

	Landfill
	<u>Fund</u>
Landfill escrow	<u>\$ 5,226,306</u>

NOTE C – DUE FROM OTHER GOVERNMENTAL UNITS

At September 30, 2015, amounts due from other governmental units were as follows:

Federal Government - Grants	\$ 975
State of Florida - Grants	1,184,843
State of Florida - Taxes	1,856,826
Local taxes	773,671
Other Elected Officials	1,649,688
Other	85,701
Total	<u>\$ 5,551,704</u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE D – INTERFUND TRANSACTIONS

Interfund transactions for the year ended September 30, 2015 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Transfers in</u>	<u>Interfund Transfers out</u>
General fund	\$ 1,596,700	\$ 992,000	\$ 3,553,293	\$ 2,024,698
Road & Bridge fund	47,260	-	4,902,237	63,964
Disaster fund	992,000	1,000,000	992,000	-
Nonmajor Governmental funds	-	643,960	2,976,007	10,976,941
Navarre Beach fund	-	-	142,066	-
Self Insurance fund	-	-	500,000	-
Total	<u>\$ 2,635,960</u>	<u>\$ 2,635,960</u>	<u>\$ 13,065,603</u>	<u>\$ 13,065,603</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move unrestricted revenues collected in the general fund to finance various programs in accordance with budgetary authorizations.

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows (in thousands):

Governmental activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 19,574	\$ 31	\$ -	\$ 19,605
Construction in progress	830	727	390	1,167
Total capital assets not being depreciated	<u>20,404</u>	<u>758</u>	<u>390</u>	<u>20,772</u>
Other capital assets:				
Buildings	64,545	113	-	64,658
Improvements other than buildings	130,116	10,348	575	139,889
Machinery and equipment	29,516	1,803	267	31,052
Total capital assets being depreciated	<u>224,177</u>	<u>12,264</u>	<u>842</u>	<u>235,599</u>
Less accumulated depreciation for:				
Buildings	39,873	2,824	-	42,697
Improvements other than buildings	50,242	3,972	-	54,214
Machinery and equipment	21,826	2,161	184	23,803
Total accumulated depreciation	<u>111,941</u>	<u>8,957</u>	<u>184</u>	<u>120,714</u>
Total capital assets being depreciated, net	<u>112,236</u>	<u>3,307</u>	<u>658</u>	<u>114,885</u>
Governmental activities capital assets, net	<u>\$ 132,640</u>	<u>\$ 4,065</u>	<u>\$ 1,048</u>	<u>\$ 135,657</u>
Business like activities	Ending Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,191	\$ -	\$ -	\$ 1,191
Construction in progress	525	9	494	40
Total capital assets not being depreciated	<u>1,716</u>	<u>9</u>	<u>494</u>	<u>1,231</u>
Other capital assets:				
Buildings	2,941	990	-	3,931
Improvements other than buildings	26,778	502	-	27,280
Furniture and fixtures	6,103	147	2,029	4,221
Total capital assets being depreciated	<u>35,822</u>	<u>1,639</u>	<u>2,029</u>	<u>35,432</u>
Less accumulated depreciation for:				
Buildings	1,766	117	-	1,883
Improvements other than buildings	15,397	935	-	16,332
Furniture and fixtures	4,390	399	1,848	2,941
Total accumulated depreciation	<u>21,553</u>	<u>1,451</u>	<u>1,848</u>	<u>21,156</u>
Total capital assets being depreciated, net	<u>14,269</u>	<u>188</u>	<u>181</u>	<u>14,276</u>
Business like activities capital assets, net	<u>\$ 15,985</u>	<u>\$ 197</u>	<u>\$ 675</u>	<u>\$ 15,507</u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE E – CAPITAL ASSETS - Continued

Additions to accumulated depreciation do not agree with depreciation expense due to transfers of capital assets between funds.

Depreciation expense was charged to functions as follows:

Government activities:

General government	\$2,636,903
Public Safety	746,582
Physical environment	128,927
Transportation	3,485,521
Economic environment	80,112
Human services	135,858
Culture and recreation	<u>1,743,087</u>
Total governmental activities depreciation expense	<u><u>\$8,956,990</u></u>

Business type activities

Water and sewer	\$ 543,152
Landfill	616,823
Hanger rental	<u>291,016</u>
Total business-type activities depreciation expense	<u><u>\$1,450,991</u></u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - LONG-TERM DEBT

1. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year.

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Amount Due within One Year
Governmental activities:					
Compensated absences	\$ 2,991,977	\$ 1,847,336	\$ 1,895,265	\$ 2,944,048	\$ 1,800,000
Claims payable	2,267,946	1,768,614	1,764,972	2,271,588	1,526,239
Revenue bonds	573,637	-	284,342	289,295	289,295
Notes payable	1,007,069	-	85,456	921,613	88,723
Special assessment notes	3,192,184	-	823,396	2,368,788	680,733
Net pension liability	37,915	45,776	-	83,691	-
Net health insurance liability	60,650	7,123	-	67,773	-
Total	<u>\$ 10,131,378</u>	<u>\$ 3,668,849</u>	<u>\$ 4,853,431</u>	<u>\$ 8,946,796</u>	<u>\$ 4,384,990</u>
Business type activities:					
Compensated absences	\$ 333,529	\$ 203,505	\$ 198,457	\$ 338,577	\$ 246,304
Landfill closure costs	8,644,443	871,422	-	9,515,865	17,105
Revenue bonds	573,637	-	284,343	289,294	289,294
Notes payable	3,484,755	-	443,693	3,041,062	460,321
OPEB Liability	222,606	38,391	21,983	239,014	-
Net pension liability	280,211	338,308	-	618,519	-
Net health insurance liability	448,233	52,647	-	500,880	-
Total	<u>\$ 13,987,414</u>	<u>\$ 1,504,273</u>	<u>\$ 948,476</u>	<u>\$ 14,543,211</u>	<u>\$ 1,013,024</u>

Deferred charges on refunding of bonds totaling \$18,329 are reported as deferred outflow of resources in the proprietary funds.

Special assessment notes are fully secured by annual assessments made against property owners of the specific area that benefited from the proceeds of the notes. The County has no legal obligation to levy ad valorem taxes or cover the notes in case of default by the property owners. The County does, however, maintain a moral commitment to cover the debt payments until such time as the property owners can make the payments.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - LONG-TERM DEBT - Continued

2. Descriptions of Bonds and Notes

Bonds and notes payable at September 30, 2015 are comprised of the following:

General government - notes payable

\$999,380 Third Cent Tourist Development Tax Refunding Revenue Note, Series 2011, payable to bank to refinance the \$1,200,000 Third Cent Tourist Development Tax Refunding Revenue Note, Series 2007 payable for the construction of a tourist information center in Navarre. The note is due in 60 quarterly payments of \$12,445 to \$21,708, plus interest at 3.79%, with final payment due in 2026 secured by Third Cent tourist development tax revenues.	\$ 770,999
\$495,570 special assessment note payable to bank for the construction of certain road improvements in the Blackwater River and Smuggler's Cove subdivisions. The note is due in 36 quarterly payments of \$13,777 plus interest at 4.28%, secured by non-ad valorem revenues. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.	13,777
\$341,000 special assessment note payable to bank for the construction of infrastructure improvements for Duke Drive MSBU. The note is due in 32 quarterly payments of \$9,243 to \$12,225 plus interest at 3.74% with final payment due in 2016. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.	24,374
\$169,100 special assessment note payable to bank for the construction of infrastructure improvements for Joseph Circle MSBU. The note is due in 36 quarterly payments of \$3,636 to \$5,941 plus interest at 5.65% with final payment due in 2016. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.	28,888
\$324,500 special assessment note payable to bank for the construction of infrastructure improvements for Central Parkway MSBU. The note is due in 36 quarterly payments of \$7,112 to \$11,146 plus interest at 5.14% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.	96,281

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - LONG-TERM DEBT - Continued

<p>\$1,872,038 special assessment note payable to bank to refinance the \$1,582,132 and \$770,000 special assessment notes payable for the acquisition and installation of fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 32 quarterly payments of \$53,061 to \$64,128 plus interest at 2.44% with final payment due in 2018. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	804,615
<p>\$287,870 note payable to bank for the acquisition and construction of improvements for the Bagdad Heritage Trail Project. The note is due in 40 quarterly payments of \$5,888 to 9,370 plus interest at 3.98% with final payment due in 2020, secured by North Santa Rosa tourist development tax revenues.</p>	150,614
<p>\$500,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Bernath Place MSBU. The note is due in 36 quarterly payments of \$11,686 to \$16,363 plus interest at 3.98% with final payment due in 2018. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	186,766
<p>\$600,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Santa Rosa Shores MSBU. The note is due in 40 quarterly payments of \$12,432 to \$17,890 payments plus interest at 3.75% with final payment due in 2019. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	252,080
<p>\$120,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Ski Watch Estates MSBU. The note is due in 36 quarterly payments of \$2,829 to \$3,883 including interest at 3.55% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	30,101
<p>\$412,000 special assessment note payable to bank for the acquisition and installation fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 28 quarterly payments of \$13,565 to \$15,891 plus interest at 2.34% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	139,820
<p>\$700,000 special assessment note payable to bank for the acquisition and installation fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 60 quarterly payments of \$9,134 to \$14,526 plus interest at 3.14% with final payment due in 2025. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.</p>	512,671

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - LONG-TERM DEBT - Continued

\$395,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Longhorn Trail MSBU. The note is due in 24 quarterly payments of \$15,423 to \$17,537 plus interest at 2.24% with final payment due in 2017. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.	103,767
\$268,350 special assessment note payable to bank for the construction of certain infrastructure improvements in the Skiwatch Estates MSBU. The note is due in 40 quarterly payments of \$7,625 including interest at 2.56% with final payment due in 2021. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.	175,648

General government - bonds payable

\$3,057,579 Capital Improvement Refunding Revenue Bonds, Series 2010 bonds due in quarterly installments of \$128,435 to \$145,585 plus interest at 1.73% with final payment due in 2016; Bonds are allocated 50% to governmental long-term debt and 50% to Landfill Fund. Secured by Sales Tax revenues.	<u>289,295</u>
Total general government bonds and notes payable	<u>\$ 3,579,696</u>

Proprietary fund type - note payable

Navarre Beach

\$6,500,000 Utility System Revenue Note, Series 2006 payable to bank for the construction of certain improvements and additions to the Navarre Beach Utility System. The note is due in 15 annual payments of \$335,333 to \$555,568 plus interest at 0.0%, adjusted every 3 years, secured by non-ad valorem revenues.	3,041,062
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Proprietary fund type - bonds payable

Landfill

\$3,057,579 Capital Improvement Refunding Revenue Bonds, Series 2010 bonds due in quarterly installments of \$128,435 to \$145,585 plus interest at 1.73% with final payment due in 2016; Bonds are allocated 50% to governmental long-term debt and 50% to Landfill Fund. Secured by Sales Tax revenues.	<u>289,294</u>
Total proprietary fund type bonds and note payable	<u>\$ 3,330,356</u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - LONG-TERM DEBT - Continued

3. Pledged Revenues

The Santa Rosa County Board of County Commissioners has pledged certain revenues to repay certain bonds and notes outstanding at September 30, 2015. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2015.

Governmental Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Special Assessment Notes						
Central Parkway II (Plus) Road Paving MSBU Revenue Note, Series 2008	Special assessments	\$ 43,438	\$ 102,528	96%	\$ 45,261	2018
Bernath Place MSBU Revenue Note, Series 2009	Special assessments	74,725	199,060	112%	66,498	2018
Longhorn Trail Road Paving MSBU Revenue Note, Series 2011	Special assessments	83,262	105,810	118%	70,540	2017
Polynesian Isles Canal Maintenance MSBU Revenue Note, Series 2008	Special assessments	169,706	-	171%	99,260	2015
Fire Protection MSBU Revenue Note, Series 2010-A	Special assessments	64,034	143,941	100%	64,034	2018
Fire Protection MSBU Revenue Note, Series 2010-B	Special assessments	58,926	601,581	100%	58,926	2016
Fire Protection MSBU Revenue Note, Series 2010-C	Special assessments	258,600	839,390	100%	258,600	2019
Santa Rosa Shores Canal Maintenance MSBU Refunding Revenue Note, Series 2009	Special assessments	77,419	273,864	107%	72,229	2019
Skiwatch Estates Subdivision Underground Utilities MSBU Revenue Note, Series 2008	Special assessments	47,977	31,320	306%	15,671	2017

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Governmental Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Special Assessment Notes continued						
Skiwatch Estates Canal Maintenance						
Dredging MSBU Revenue Note, Series 2011	Special assessments	See below	\$ 190,634	0%	\$ 30,501	2022
Joseph Circle Road Paving MSBU Revenue Note, Series 2007	Special assessments	24,773	30,146	103%	24,131	2017
Duke Drive Paving, Water and Sewer MSBU Revenue Note, Series 2008	Special assessments	24,773	24,724	50%	49,506	2016
Blackwater River and Smuggler's Cove Road Paving MSBU Revenue Note, Series 2006	Special assessments	63,719	13,925	111%	57,198	2016
Notes Payable						
Third Cent Tourist Development Tax Revenue Note, Series 2007	3rd Cent Tourist Development Tax	1,059,745	942,295	1203%	88,064	2026
Bagdad Heritage Trail Project Capital Improvement Revenue Note, Series 2010	North SRC Tourist Development Tax	234,642	166,155	669%	35,075	2020
Revenue Bonds						
Sales Tax Refunding Revenue Bond, Series 2010	1/2 Cent Sales Tax	<u>6,780,568</u>	<u>292,432</u>	2319%	<u>292,429</u>	2016
Total Revenue Bonds and Notes - Governmental Activities		<u>\$ 9,066,307</u>	<u>\$ 3,957,805</u>		<u>\$ 1,327,923</u>	

Business-type Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Revenue Bonds						
Utility Service Revenue Note, Series 2007	Navarre Beach operations	\$ 800,837	\$ 3,402,489	180%	\$ 443,693	2021
Sales Tax Refunding Revenue Bond, Series 2010	1/2 Cent Sales Tax	<u>6,780,568</u>	<u>292,432</u>	2339%	<u>289,893</u>	2016
Total Revenue Bonds and Notes - Business-type Activities		<u>\$ 7,581,405</u>	<u>\$ 3,694,921</u>		<u>\$ 733,586</u>	

Note on Skiwatch Estates Canal Maintenance Dredging - Sufficient funds have already been assessed and collected to cover debt service.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

4. Debt Service Requirements

The annual requirements to amortize all bonds and notes outstanding at September 30, 2015 are as follows:

Governmental activities:

Year ended			
<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,058,751	\$ 101,243	\$ 1,159,994
2017	700,967	74,667	775,634
2018	583,243	54,116	637,359
2019	293,038	38,714	331,752
2020	171,831	30,526	202,357
2021-2025	692,374	77,503	769,877
2026-2030	79,492	1,340	80,832
	<u>\$ 3,579,696</u>	<u>\$ 378,109</u>	<u>\$ 3,957,805</u>

Business-type activities:

Year ended			
<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 749,615	\$ 110,518	\$ 860,133
2017	478,220	89,459	567,679
2018	496,485	70,847	567,332
2019	515,447	51,637	567,084
2020	535,020	31,464	566,484
2021-2025	555,569	10,639	566,208
	<u>\$ 3,330,356</u>	<u>\$ 364,564</u>	<u>\$ 3,694,920</u>

5. Defeased Debt Outstanding

In prior years the Board defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the Board's financial statements. At September 30, 2015, \$650,000 of bonds are considered defeased.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G - CONDUIT DEBT OBLIGATIONS

The County has issued certain limited-obligation debt instruments, including: 1) industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest; and 2) certain municipal service benefit unit revenue notes to finance the acquisition, construction, reconstruction and equipping of capital improvements within the municipal service benefit unit. The debt instruments are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Board, the State nor any political subdivision thereof is obligated in any manner for repayment of the debt instruments. Accordingly, the debt instruments are not reported as liabilities in the accompanying financial statements.

Debt issues related to conduit financings outstanding at September 30, 2015 are as follows:

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding 9/30/2015</u>
Baptist Hospital, 2003	8/21/2003	10/1/2021	\$ 57,905,000	\$ 57,905,000
Holley Navarre Water System, 2004	6/2/2004	5/1/2024	4,145,000	2,205,000
Pace Volunteer Fire Department	4/16/2007	3/8/2017	1,169,000	226,256
Navarre Beach Volunteer Fire Department	4/25/2007	4/25/2017	<u>300,000</u>	<u>62,146</u>
Total			<u>\$ 63,519,000</u>	<u>\$ 60,398,402</u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Board to place a final cover on its landfill sites when the landfill stops accepting waste and to perform certain maintenance and monitoring functions at sites for thirty years after closure. Although closure and postclosure care costs are paid only near or after the date that a landfill stops accepting waste, the Board 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 \$9.5 million reported as landfill closure and postclosure care liability (current and noncurrent) at September 30, 2015, represents the cumulative amount reported to date based on the following percentage usage of the estimated capacity of each of the Board's landfills:

Central Class I Landfill	90%
Central Class III Landfill (New)	39%
Central Class III Landfill (Old)	Closed 10/98

The estimated cost of postclosure care for the Central Class III and Holley landfills has been recognized in prior years with any changes in estimates being recorded in the current year. The Board will recognize the remaining estimated cost of closure and postclosure care for the Central Class I and Class III landfills in the amount of \$4.8 million as its remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. The estimated remaining lives of the Central Class I and Class III landfills are 15 and 30 years, respectively. Cost of closure and life estimates are based on the areas currently in use, and not on potential areas of expansion. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. At September 30, 2015, the Board held investments of \$5,226,306 to cover the escrow requirement of \$5,226,306. These investments are reported as restricted assets in these financial statements. The Board expects that future inflation costs will be paid from interest earnings on these restricted investments and from charges to future landfill users or future tax revenue.

NOTE I - COMMITMENTS AND CONTINGENCIES

1. Retirement Plan

Participation - Employees of the Board participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - COMMITMENTS AND CONTINGENCIES - Continued

Benefit Provisions – The Florida retirement system offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011, are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Normal retirement benefits are available to employees who retire at age 62 or 65 (depending on hire date) with 6 or 8 (depending on hire date) or more years of service, or to those employees who have at least 30 or 33 (depending on hire date) years of creditable service, regardless of age. Retirement age and years of service requirements may vary depending on membership class. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five (if enrolled prior to July 1, 2011) or eight (if enrolled on or after July 1, 2011) highest years of earnings.

The FRS Investment Plan is a defined contribution plan in which participants are vested after one year of service. The employer makes contributions each month based on a percentage of the employee's gross salary and membership class. The contribution percentage is the same whether participating in the Pension Plan or Investment Plan. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the funds are portable upon termination if the participant is vested. Members in the investment plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

Contributions - Chapter 121 requires the employer to pay contributions based upon state-wide rates established by the State of Florida. Employees contribute 3% of their salary. During 2015, the Board contributed an average of 7.34% of each qualified regular employee's gross salary, 42.27% percent of the elected official's salary and 12.43% for each DROP participant. The Board's contributions to the pension plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for the year. The Board's contributions to the Investment Plan were equal to the legislatively mandated contribution rates, which are equal to a percentage of the members' gross monthly salary based on membership class. Contributions to the Investment plan totaled \$239,269, \$153,341 and \$84,557 for the years ended September 30, 2015, 2014, and 2013, respectively. Contributions to the Pension plan totaled \$1,256,567, \$1,212,284 and \$838,980 for the years ended September 30, 2015, 2014, and 2013, respectively.

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - COMMITMENTS AND CONTINGENCIES - Continued

2. Litigation

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

3. Federal and State Grants

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

NOTE J – NET PENSION LIABILITY – PROPORTIONATE SHARE

During the year ended September 30, 2015, the Board implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Under GASB 68, the Board has a net pension liability that is only applicable in the government wide financial statements and in the proprietary fund financial statements.

These optional separately issued financial statements of the Board are not required to present government wide financial statements. The net pension liabilities allocable to the proprietary funds are appropriately recorded in these financial statements. The overall county-wide net pension liability and required disclosures and schedules may be found in the separately issued county-wide financial statements.

NOTE K - RISK MANAGEMENT

The Board 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. In 1986 the Board established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the Board is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE K - RISK MANAGEMENT - Continued

The Board is covered by outside insurance for the following exposures:

- Boats
- Employee Fidelity
- Buildings and Contents, \$5,000 deductible
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings, contents and Sheriff's general, automobile and professional liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Board of County Commissioners and other County elected officials participate in the program and make payments to the Self Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$2,252,112 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities for incurred losses to be settled by fixed or reasonably determined payments over a long period of time are reported at their present value using an expected future investment yield assumption of 3.9 - 7 percent. These liabilities are reported at their present value of \$825,976 at September 30, 2015.

Changes in the Fund's claims liability amount in fiscal years 2014 and 2015 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2013 - 2014	\$ 2,231,939	\$ 1,610,755	\$ 1,574,748	\$ 2,267,946
2014 - 2015	\$ 2,267,946	\$ 1,768,614	\$ 1,764,972	\$ 2,271,588

The following table presents a summary of the claims payable liability at year end:

Current claims payable	\$ 1,445,612
Current claims-structured settlements	80,627
Total claims payable, current	1,526,239
Long-term claims-structured settlements	745,349
Total claims payable	\$ 2,271,588

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE K - RISK MANAGEMENT - Continued

The Board is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage, excluding the Sheriff. The Board pays an annual premium as a participant of the pooled liability program. During 1994, the first year of participation, the Board paid an extraordinary loss fund payment of \$249,886. The liability coverage is not designed to be assessable; however, should the pool fail to meet its obligations, the Board may be required to contribute additional funds or cover its own obligations. No accrual for future assessments has been recorded in the balance sheet as such assessments do not appear probable based on past experience of the pool, and experience of the pool subsequent to the Board's fiscal year end through the date of these financial statements. In the event the Board elected to terminate its participation in the pool, the extraordinary loss fund payment would be refunded to the Board, given adequate funding of the pool.

NOTE L - FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE L - FUND BALANCES – Continued

Fund balances	Major Funds				Total
	General Fund	Road and Bridge Fund	Disaster	Other Funds	
Nonspendable					
Inventory	\$ 58,546	\$ 318,926	\$ -	\$ -	\$ 377,472
Restricted for:					
Communications	1,309,901	-	-	-	1,309,901
Boating improvement	332,027	-	-	-	332,027
Domestic violence	148,194	-	-	-	148,194
Voter education	8,924	-	-	-	8,924
Pollworker recruitment	1,887	-	-	-	1,887
Federal elections	11,548	-	-	-	11,548
Partners for pets	88,658	-	-	-	88,658
Navarre Beach Bridge maintenance	-	309,691	-	-	309,691
Law Enforcement Trust Fund	-	-	-	129,404	129,404
Crime prevention	-	-	-	368,940	368,940
Mosquito control	-	-	-	27,469	27,469
Federal and state grants	-	-	-	1,554,946	1,554,946
Enhanced 911 system	-	-	-	1,163,201	1,163,201
Tourist development	-	-	-	2,355,699	2,355,699
Infrastructure development	-	-	-	1,578,493	1,578,493
State Housing Improvement Program	-	-	-	894,092	894,092
Flood mitigation	-	-	131,928	-	131,928
Road and sewer construction	-	-	-	302,099	302,099
Canal maintenance	-	-	-	223,897	223,897
Street lighting	-	-	-	64,991	64,991
Committed to:					
Animal service education	47,544	-	-	-	47,544
Court innovations	-	-	-	301,347	301,347
Transportation, recreation and economic development	-	-	-	3,611,767	3,611,767
Gas and oil preservation	3,551,667	-	-	-	3,551,667
Capital construction projects	-	-	-	5,095,249	5,095,249
Assigned to:					
Road and bridge construction and maintenance	-	6,319,402	-	-	6,319,402
Debt service	-	-	-	82,920	82,920
Berm restoration	8,200,000	-	-	-	8,200,000
Law library	-	-	-	28,788	28,788
Court operations	-	-	-	827,376	827,376
Gas and oil preservation	199,251	-	-	-	199,251
Berm restoration	190,756	-	-	-	190,756
Navarre Beach Community Center	215,000	-	-	-	215,000
Unassigned	24,700,673	-	-	(208,078)	24,492,595
	<u>\$ 39,064,576</u>	<u>\$ 6,948,019</u>	<u>\$ 131,928</u>	<u>\$ 18,402,600</u>	<u>\$ 64,547,123</u>

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE M – POST EMPLOYMENT HEALTH CARE BENEFITS

The County implemented, in 2009, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the County.

Plan Description – Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the County and eligible dependents, may continue to participate in the County’s purchased health and hospitalization insurance coverage (the Plan) at the same group rate as for active employees and participating retirees are required to reimburse the Board 100% of the health insurance premium a month in advance. The Plan is a single-employer plan. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or 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. The County also provides an insurance subsidy for employees with at least 10 years (8 years elected) creditable service. The subsidy pays \$3 per year of service limited to the individual’s premium payment up to a maximum of \$90 per year. No stand-alone financial report is issued.

Funding Policy – The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2015 fiscal year, 234 retirees and eligible dependents received postemployment health care benefits. The County provided required contributions of \$170,670 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees insurance net of retiree contributions totaling \$347,369. Required contributions are based on projected pay-as-you-go financing which differ from the Annual Required Contribution.

Annual OPEB Cost and Net OPEB Obligation – The following table shows the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

Description	Health Insurance
Normal Cost (Service cost for one year)	\$ 447,000
Amortization of Unfunded Actuarial Accrued Liability	515,000
Annual Required Contribution	962,000
Amortization of Net OPEB Obligation	(413,000)
Interest on Net OPEB Obligation	232,000
Annual OPEB Cost (expense)	781,000
Contribution Towards the OPEB Cost	(270,670)
Increase in Net OPEB Obligation	510,330
Net OPEB Obligation, Beginning of Year	6,626,808
Net OPEB Obligation, End of Year	\$ 7,137,138

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE M – POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015, was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012-2013	\$ 991,000	27%	\$ 5,878,137
2013-2014	\$ 1,040,000	28%	\$ 6,626,808
2014-2015	\$ 781,000	35%	\$ 7,137,138

Funded Status and Funding Progress – As of September 30, 2015, the date of the actuarial valuation, the actuarial accrued liability was \$8,276,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,276,000. Amortization of the accrued liability for the year ended September 30, 2015 was \$515,000. The annual covered payroll (annual payroll of active participating employees) was \$49,439,596 for the 2014-2015 fiscal year. The ratio of the unfunded actuarial liability to annual covered payroll is 17%.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE M – POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The County's OPEB actuarial valuation as of September 30, 2015, used the projected unit credit actuarial cost method to estimate both the unfunded actuarial liability as of September 30, 2015 and to estimate the County's 2014-2015 fiscal year annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 3.5% rate of return on invested assets assuming the benefits will continue to be funded on a pay-as-you-go basis and that the County's investments will earn 3.5% over the long term. The actuarial assumptions also include an annual healthcare cost trend rate of 8.5% initially for the 09-10 fiscal year, decreasing gradually per year to an ultimate rate of 4.3% in 2070. The inflation rate assumption is 2.4%. The unfunded actuarial accrued liability is being amortized using the level dollar method. The remaining, closed, amortization period at September 30, 2015 is 24 years.

The required schedule of funding progress, immediately following the notes, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE M – COMMITMENT

In 2015, the Board entered into an agreement for the purchase and installation of equipment for a new 911 system with a total contract price of \$7,279,240. The terms of the agreement required a \$1,000,000 payment upon installation and an additional \$1,000,000 payment upon system acceptance. The remaining \$5,279,240 will be financed over 7 years at an interest rate of 1.786%, requiring annual payments of \$809,011. During the year ended September 30, 2015, \$500,000 was paid toward the initial payment. The installation of the system was completed subsequent to year end and the first payment on the financing will begin in fiscal year 2016.

REQUIRED SUPPLEMENTAL INFORMATION

**Board of County Commissioners
Santa Rosa County, Florida
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

Year ended September 30, 2015

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 46,006,350	\$ 46,006,350	\$ 48,082,107
Permits, fees and special assessments	1,520,000	1,520,000	1,926,198
Intergovernmental	10,430,930	10,460,326	12,428,577
Charges for services	3,519,100	3,519,100	7,507,853
Fines and forfeits	243,060	283,910	338,372
Miscellaneous	2,644,950	2,644,950	2,199,481
Total revenues	64,364,390	64,434,636	72,482,588
Expenditures			
Current			
General government	19,264,306	20,114,111	19,504,129
Public safety	37,277,832	41,091,393	40,419,225
Physical environment	1,407,648	1,484,411	1,240,944
Transportation	961,559	1,024,219	994,357
Economic environment	160,679	1,425,938	1,371,744
Human services	5,506,578	5,771,984	5,794,708
Culture and recreation	2,961,654	3,460,076	3,205,069
Reserve for contingencies	--	35,858	--
Total expenditures	67,540,256	74,407,990	72,530,176
Excess (deficiency) of revenues over expenditures	(3,175,866)	(9,973,354)	(47,588)
Other financing sources (uses)			
Transfers in	2,220,727	3,553,293	3,553,293
Transfers out	(791,996)	(2,024,698)	(2,024,698)
Total other financing sources (uses)	1,428,731	1,528,595	1,528,595
Net change in fund balances	(1,747,135)	(8,444,759)	1,481,007
Fund balance, beginning of year	2,185,885	8,943,420	37,592,643
Change in reserve for inventory	--	--	(9,074)
Fund balance, end of year	\$ 438,750	\$ 498,661	\$ 39,064,576

See accompanying notes to required supplementary information.

**Board of County Commissioners
Santa Rosa County, Florida
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND**

Year ended September 30, 2015

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 3,689,940	\$ 3,689,940	\$ 4,071,511
Intergovernmental	3,036,160	3,605,143	3,857,474
Charges for services	--	--	100,147
Miscellaneous	254,130	254,130	366,433
Total revenues	6,980,230	7,549,213	8,395,565
Expenditures			
Current			
Physical environment	--	1,912,474	1,122,582
Transportation	10,609,250	14,109,940	11,704,409
Reserve for contingencies	10,045	524,745	--
Total expenditures	10,619,295	16,547,159	12,826,991
Excess (deficiency) of revenues over expenditures	(3,639,065)	(8,997,946)	(4,431,426)
Other financing sources (uses)			
Transfers in	2,362,925	4,902,237	4,902,237
Transfers out	(46,084)	(63,964)	(63,964)
Total other financing sources (uses)	2,316,841	4,838,273	4,838,273
Net change in fund balances	(1,322,224)	(4,159,673)	406,847
Fund balance, beginning of year	1,322,224	4,159,673	6,527,131
Change in reserve for inventory	--	--	14,041
Fund balance, end of year	\$ --	\$ --	\$ 6,948,019

See accompanying notes to required supplementary information.

**Board of County Commissioners
Santa Rosa County, Florida
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISASTER FUND**

Year ended September 30, 2015

	Original Budget	Final Budget	Actual
Revenues			
Intergovernmental	\$ --	\$ --	\$ 1,109,826
Miscellaneous	--	--	48
Total revenues	--	--	1,109,874
Expenditures			
Current			
Public safety	--	992,000	991,990
Total expenditures	--	992,000	991,990
Excess (deficiency) of revenues over expenditures	--	(992,000)	117,884
Other financing sources (uses)			
Transfers in	--	992,000	992,000
Total other financing sources (uses)	--	992,000	992,000
Net change in fund balances	--	--	1,109,884
Fund balance, beginning of year	--	--	(977,956)
Fund balance, end of year	\$ --	\$ --	\$ 131,928

See accompanying notes to required supplementary information.

**Board of County Commissioners
Santa Rosa County, Florida**

**SCHEDULES OF FUNDING PROGRESS
AND EMPLOYER CONTRIBUTIONS FOR
OTHER POST EMPLOYMENT BENEFITS**

Year ended September 30, 2015

<u>Schedule of Funding Progress</u>	Actuarial Valuation Date		
	9/30/13	9/30/14	9/30/15
1. Current retirees liability	\$ 2,414,000	\$ 2,574,000	\$ 2,445,000
2. Active employees	6,897,000	7,356,000	5,831,000
3. Actuarial Accrued Liability	9,311,000	9,930,000	8,276,000
4. Actuarial Value of Assets	--	--	--
5. Unfunded Actuarial Accrued Liability	9,311,000	9,930,000	8,276,000
6. Funded Ratio (4. divided by 3.)	0%	0%	0%
7. Annual Covered Payroll	\$ 44,527,946	\$ 46,609,103	\$ 49,439,596
8. Ratio of Unfunded Actuarial Accrued Liability to Covered Payroll	21%	21%	17%
<u>Schedule of Employer Contributions</u>	Fiscal Year Ended		
	9/30/13	9/30/14	9/30/15
Annual OPEB Cost	\$ 991,000	\$ 1,040,000	\$ 781,000
Actual Contribution	267,636	291,329	270,670
Percentage Contributed	27%	28%	35%
Net OPEB Obligation	\$ 5,878,137	\$ 6,626,808	\$ 7,137,138

See accompanying notes to required supplementary information.

**Board of County Commissioners
Santa Rosa County, Florida**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2015

BUDGETARY INFORMATION

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the County's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The Board may, at any time within a fiscal year, amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes. The budget officer may authorize certain inter-departmental and intra-departmental budget amendments, provided that the total appropriation of the fund is not changed. All annual appropriations lapse at fiscal year end.

OTHER SUPPLEMENTAL INFORMATION

Santa Rosa County, Florida

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF
FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL
For the Fiscal Year Ended September 30, 2015**

<u>Source</u>	<u>Amount Received in the 2014-2015 Fiscal Year</u>	<u>Amount Expended in the 2014-2015 Fiscal Year</u>
BP Economic and Property Damages Promotional Fund:		
Agreement No. <u>2013-2014</u>	\$ -	\$ 251,213
Litigation Settlement	\$733,810	\$ -

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance does not include any expenditures that are related to the Deepwater Horizon Oil Spill.

**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**

Honorable Board of County Commissioners
Santa Rosa County, Florida

We have audited, 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, the financial statements of each major fund and the aggregate remaining fund information of the Board of County Commissioners of Santa Rosa County, Florida, (hereinafter referred to as "Board"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's financial statements, and have issued our report thereon dated May 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 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 Board's financial statements are free of 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.

Warren Averett, LLC

May 26, 2016
Pensacola, Florida

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

Honorable Board of County Commissioners
Santa Rosa County, Florida

We have examined the Board of County Commissioners of Santa Rosa County, Florida's, (hereinafter referred to as "Board"), compliance with Florida Statute 218.415 in regards to investments, Florida Statutes 365.172 and 365.173 in regards to use of E-911 revenues and expenditures, and Florida Statute 288.8018 in regards to the Deepwater Horizon Oil Spill receipts and expenditures for the year ended September 30, 2015.

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

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

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

Pensacola, Florida
May 26, 2016

MANAGEMENT LETTER

Honorable Board of County Commissioners
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements (“financial statements”) of each major fund and the aggregate remaining fund information of the Santa Rosa County, Florida, Board of County Commissioners, (hereinafter referred to as “Board”, as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2016.

Auditors’ Responsibility

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

Other Reports

We have also issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on Examination of Compliance Requirements Performed in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 26, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Santa Rosa County Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

May 26, 2016
Pensacola, Florida

SANTA ROSA COUNTY, FLORIDA

SINGLE AUDIT REPORT

SEPTEMBER 30, 2015



**SANTA ROSA COUNTY, FLORIDA
SINGLE AUDIT REPORT
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
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RULES OF THE AUDITOR GENERAL**

Board of County Commissioners
Santa Rosa County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Santa Rosa County, Florida (hereinafter referred to as "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2015. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2015.

Report on Internal Control over Compliance

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

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

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

**Report on Schedule of Expenditures of Federal Awards and State Financial Assistance
Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General**

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Board of County Commissioners of Santa Rosa County, Florida (hereinafter referred to as "Board"), as of and for the year ended September 30, 2015, and the notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated May 26, 2016, which contained unmodified opinions on the financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Warren Averett, LLC

Pensacola, Florida
May 26, 2016

SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Commerce National Oceanic and Atmospheric Administration</u>			
Passed through Florida Department of Environmental Protection Coastal Zone Management Program	11.419	CM304	\$ 30,000
<u>U.S. Department of the Interior National Park Service</u>			
Passed through Florida Department of Environmental Protection Outdoor Recreation, Acquisition, Development and Planning	15.916	LW617	37,645
<u>U.S. Department of Health and Human Services</u>			
Passed Through Florida Dept. of Revenue Child Support Enforcement Program	93.563	COC57	177,287
Child Support Enforcement Program	93.563	CST57	11,715
			<u>189,002</u>
Passed Through Florida Division of Elections Voting Access for Individuals with Disabilities Grants to the States	93.617	2014-2015-0003	14,302
<u>U.S. Department of Homeland Security</u>			
Passed Through Florida Division of Emergency Management Hazard Mitigation Grant - Ramblewood Phase II	97.039	13HM-2X-01-67-01-491	68,989
Hazard Mitigation Grant - Settlers Colony Phase I	97.039	14HM-6B-01-67-01-373	16,144
Hazard Mitigation Grant - Settlers Colony Phase II	97.039	16HM-6B-01-67-01-196	4,558
Hazard Mitigation Grant - Pace/Patterson Phase I	97.039	16HM-J3-01-67-01-216	18,739
Hazard Mitigation Grant - Ranchettes Phase I	97.039	16HM-J3-01-67-01-217	33,562
			<u>141,992</u>
Passed Through Florida Division of Emergency Management Disaster Grants - Public Assistance - April Severe Weather	97.036	15-SP-8Z-01-67-02-500	2,672,804
Passed Through Florida Division of Emergency Management Homeland Security Grant Program	97.067	14-DS-L5-01-67-01-482	750
Passed Through Florida Division of Emergency Management Emergency Management Performance Grant - CERT	97.042	14-CI-K1-01-67-02-437	1,201
Emergency Management Performance Grant - CERT	97.042	15CI-N2-01-67-01-363	5,374
Emergency Management Performance Grant	97.042	15FG-4D-01-67-01-124	56,236
Emergency Management Performance Grant	97.042	16FG-5A-01-67-01-124	18,401
Emergency Mgt Performance Grant - Adv Citizen Corp Academy	97.042	DHS-14-GPD-042-004-01	5,531
Emergency Management Performance Grant - Citizen Corps	97.042	15CC-N2-01-67-01-364	4,561
			<u>91,304</u>
Passed Through Florida Division of Emergency Management Flood Mitigation Assistance Grant Program - 2013 Elevation	97.029	15FM-J2-01-67-01-276	162,849
Flood Mitigation Assistance Grant Program - 2014 Elevation	97.029	15FM-J9-01-67-01-486	339,603
			<u>502,452</u>

See accompanying notes to the schedule of expenditures of federal award and state financial assistance.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Escambia County Consortium Home Investment Partnerships Program	14.239	M-14-DC-12-0225	220,626
<u>U.S. Department of Justice</u>			
Passed Through Florida Coalition Against Domestic Violence Violence Against Women Formula Grants	16.588	15-8027-SAO	49,800
Violence Against Women Formula Grants	16.588	16-8027-SAO	16,350
			<u>66,150</u>
Passed Through Florida Office of the Attorney General Crime Victim Assistance	16.575	V13233	38,410
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0396	16,096
Passed Through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-SANT-1-R3-086	48,394
			<u>64,490</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	3-12-0052-012-2014	411,711
Passed Through Florida Dept. of Transportation Formula Grants for Rural Areas	20.509	AQF63	87,532
Passed Through Florida Dept. of Transportation Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	FL 16-008	13,091
Passed Through Florida Dept. of Transportation Highway Planning and Construction	20.205	ARL28	93,579
Highway Planning and Construction	20.205	431701-1-38-01	6,084
			<u>99,663</u>
Passed through Florida Department of Environmental Protection Recreational Trails Program	20.219	T1204	594
<u>U.S. Election Assistance Commission</u>			
Passed Through Florida Division of Elections Help America Vote Act Requirement Payments	90.401	N/A	27,554
<u>U.S. Environmental Protection Agency</u>			
Congressionally Mandated Projects	66.202	XP-95478911-0	4,861
Total Federal Awards			<u>\$ 4,714,933</u>

See accompanying notes to the schedule of expenditures of federal award and state financial assistance.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>Florida Department of Agriculture and Consumer Services</u>			
Mosquito Control	42.003	021325	\$ 31,540
<u>Florida Department of Economic Opportunity</u>			
Passed through Enterprise Florida, Inc.			
Enterprise Florida, Inc. - Defense Infrastructure Grant	40.003	DIG 12-02	126,609
Enterprise Florida, Inc. - Defense Infrastructure Grant	40.003	DIG 13-05	177,758
			<u>304,367</u>
Passed through Enterprise Florida, Inc.			
Military Base Protection	40.014	DRG 14-02	9,979
Military Base Protection	40.014	DRG 15-06	46,373
			<u>56,352</u>
Local Economic Development Initiatives-Defense Reinvestment	40.012	DRG S0045	9,434
Growth Management Implementation-Technical Assistance	40.024	P0085	25,000
<u>Florida Department of Health</u>			
County Grant Awards	64.005	C3055	4,814
<u>Florida Department of State</u>			
State Aid to Libraries	45.030	15-ST-78	66,295
<u>Florida Department of Transportation</u>			
Economic Development Transportation Projects - Road Fund	55.032	432504-1-58-01 (AQT64)	759,522
Aviation Development Grants - Joint Participation Agreement	55.004	41593119401 (AQG10)	143,208
Aviation Development Grants - Joint Participation Agreement	55.004	42229319401 (AQG12)	22,873
Aviation Development Grants - Joint Participation Agreement	55.004	41776119401 (AQY60)	224,000
Aviation Development Grants - Joint Participation Agreement	55.004	42563319401 (AR960)	8,752
			<u>398,833</u>
Small County Outreach Program	55.009	AR457 (425691-1-58-01)	358,015
<u>Florida Division of Emergency Management</u>			
Emergency Management Programs	31.063	15-BG-83-01-67-01-057	72,896
Emergency Management Programs	31.063	16-BG-83-01-67-01-057	26,984
			<u>99,880</u>
Emergency Management Projects - Hazards Analysis	31.067	15-CP-11-01-67-01-184	10,093
Emergency Management Projects - Hazards Analysis	31.067	16-CP-11-01-67-01-155	9,054
			<u>19,147</u>
<u>Florida Housing Finance Corporation</u>			
State Housing Initiative Partnership Program	52.901	N/A	494,891
 Total State Financial Assistance			 <u>\$ 2,628,090</u>

See accompanying notes to the schedule of expenditures of federal award and state financial assistance.

**SANTA ROSA COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State grant activity of Santa Rosa County, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified Opinion
Internal control over financial reporting:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes none reported
Noncompliance material to financial statements
noted? _____ yes no

FEDERAL AWARDS

Internal control over major programs:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes none reported
Type of auditor's report issued on compliance
for major programs: Unmodified opinion
Any audit findings disclosed that are required
to be reported in accordance with section 510(a) of
Circular A-133? _____ yes no

STATE FINANCIAL ASSISTANCE

Internal control over major projects:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes none reported
Type of auditor's report issued on compliance
for major projects: Unmodified Opinion
Any audit findings disclosed that are required
to be reported in accordance with Chapter 10.550,
Rules of the Auditor General? _____ yes no

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

A. SUMMARY OF AUDITOR RESULTS (CONTINUED)

IDENTIFICATION OF MAJOR PROGRAMS

Federal Programs

CFDA No. 20.106 Airport Improvement Program
CFDA No. 97.029 Flood Mitigation Assistance
CFDA No. 97.036 Disaster Grant – Public Assistance

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

State Projects

CSFA No. 40.003 Enterprise Florida, Inc. – Defense Infrastructure Grant
CSFA No. 55.009 Small County Outreach Program
CSFA No. 55.032 Economic Development -Transportation Projects – Road Fund

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

B. FINANCIAL STATEMENT FINDINGS

There were no findings required to be reported in accordance with government auditing standards generally accepted in the United States of America.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

There were no findings which were required to be reported in accordance with section 510(a) of OMB Circular A-133.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.

**SANTA ROSA COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

A. Prior-Year Findings and Questioned Costs – Major Federal Programs

None reported.

B. Prior-Year Findings and Questioned Costs – Major Staprilate Projects

None reported.

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



**SANTA ROSA COUNTY, FLORIDA SHERIFF
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INDEPENDENT AUDITORS' REPORT

Honorable Wendell Hall, Sheriff
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida ("Sheriff") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 Sheriff'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 Sheriff'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 Sheriff, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Santa Rosa County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying combining fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of these financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Sheriff's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
March 4, 2016

**SANTA ROSA COUNTY, FLORIDA SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Jail Commissary</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash	\$ 2,215,303	\$ 950,453	\$ 155,246	\$ 3,321,002
Due from other funds	68,867	-	-	68,867
Due from other governmental units	304,920	-	16,192	321,112
Accounts receivable	7,822	30,115	-	37,937
Inventory	32,126	-	-	32,126
Total assets	<u>\$ 2,629,038</u>	<u>\$ 980,568</u>	<u>\$ 171,438</u>	<u>\$ 3,781,044</u>
LIABILITIES				
Accounts payable and accrued payroll	\$ 1,156,448	\$ 7,594	\$ -	\$ 1,164,042
Due to other funds	-	34,727	34,140	68,867
Due to other governmental units	1,440,464	-	-	1,440,464
Unearned revenue	-	-	114,153	114,153
Total liabilities	<u>2,596,912</u>	<u>42,321</u>	<u>148,293</u>	<u>2,787,526</u>
FUND BALANCE				
Fund balance				
Restricted for inmate welfare and recreation	-	938,247	-	938,247
Restricted for law enforcement training	-	-	23,145	23,145
Nonspendable - inventory	32,126	-	-	32,126
Total fund balance	<u>32,126</u>	<u>938,247</u>	<u>23,145</u>	<u>993,518</u>
 Total liabilities and fund balance	 <u>\$ 2,629,038</u>	 <u>\$ 980,568</u>	 <u>\$ 171,438</u>	 <u>\$ 3,781,044</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>Major</u>		<u>Non-Major</u>	
	<u>General</u>	<u>Jail Commissary</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 439,532	\$ 439,532
Miscellaneous	256,000	515,214	-	771,214
Total revenues	256,000	515,214	439,532	1,210,746
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	989,237	-	-	989,237
Operating	21,413	-	-	21,413
Public safety				
Law enforcement				
Personal services	17,308,588	-	388,886	17,697,474
Operating	3,119,693	-	36,087	3,155,780
Capital outlay	1,053,722	-	17,746	1,071,468
Correction and detention				
Personal services	7,521,064	91,143	-	7,612,207
Operating	4,756,105	243,325	-	4,999,430
Total expenditures	34,769,822	334,468	442,719	35,547,009
Excess (deficiency) of revenues over expenditures	(34,513,822)	180,746	(3,187)	(34,336,263)
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	35,421,162	-	-	35,421,162
BOCC unspent funds	(914,787)	-	-	(914,787)
Total other financing sources (uses)	34,506,375	-	-	34,506,375
Net change in fund balances	(7,447)	180,746	(3,187)	170,112
FUND BALANCES, BEGINNING OF YEAR	39,573	757,501	26,332	823,406
FUND BALANCES, END OF YEAR	\$ 32,126	\$ 938,247	\$ 23,145	\$ 993,518

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS
SEPTEMBER 30, 2015**

ASSETS

Cash	\$ 38,817
Due from other governmental units	49
TOTAL ASSETS	<u><u>\$ 38,866</u></u>

LIABILITIES

Accounts payable	\$ 15,949
Deposits	22,917
TOTAL LIABILITIES	<u><u>\$ 38,866</u></u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

Reporting Entity

The Office of the Sheriff of Santa Rosa County, Florida (the "Sheriff"), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Sheriff is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), the Sheriff does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is considered part of the County's primary government.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board ("GASB") Statement No. 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

Fund Accounting

The accounting system of the Sheriff is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds utilized by the Sheriff's office are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination). The Sheriff reports the following major governmental funds:

General Fund is used to account for all financial resources which are generated from operations of the office, appropriations from the Board or any other resources not required to be accounted for in another fund.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Jail Commissary Fund accounts for jail commissary and vending machine revenues that are used to provide recreational facilities and equipment for inmates.

Non-major governmental funds of the Sheriff are as follows:

Grants Fund accounts for grant revenues and expenditures according to the terms of each grant.

Second Dollar accounts for shared fine revenues from the Board which are used for law enforcement training purposes.

Federal Seizure accounts for shared seizure revenues from the United States Department of Justice which are used for law enforcement purposes.

Fiduciary Funds

The Sheriff uses agency funds to account for assets held in a custodial capacity for others.

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. The Sheriff considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

Cash and Cash Equivalents

For financial statement reporting, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Inventory

Inventory, which consists of expendable supplies held for consumption, is stated at cost using the first-in, first-out method. Inventory is recorded when consumed rather than when purchased.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures by the acquiring fund at the time of purchase. The Sheriff does not engage in the acquisition of public domain (infrastructure) assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

Depreciation of vehicles and equipment is calculated using the straight-line method over estimated useful lives of 3-10 years.

Capital assets and related depreciation expense are reported as a component of the County government-wide financial statements and are not reflected in the Sheriff's governmental fund financial statements. Buildings and improvements are owned by the Board of County Commissioners.

Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County government-wide financial statements. For the governmental fund statements, expenditures are not recognized until payments are made to employees.

Unspent Appropriations from Board

In accordance with Section 30.50 (6), Florida Statutes, excess appropriations are returned to the Board at fiscal year-end and are reported in the "due to other governmental units" liability account. Charges for services, interest income, and other miscellaneous revenues collected by the Sheriff are considered to be "agency" transactions, not available for expenditure by the Sheriff, and are remitted to the Board on a monthly basis.

Fund Balance

Fund balances are classified as either non-spendable or as restricted, committed, assigned, and unassigned, based on the extent to which there are external and internal constraints on the spending thereof.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

2. CASH

The Sheriff's deposits at year-end were held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. At September 30, 2015 the reported amount of the Sheriff's deposits was \$3,359,818 and the bank balance was \$3,480,071, consisting entirely of deposits with financial institutions in checking accounts.

3. CAPITAL ASSETS

Disclosures required by Chapter 10.557(3)(h), Rules of the Auditor General State of Florida, related to capital assets are as follows:

	<u>Balance 10/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/15</u>
Vehicles, equipment, software and furniture	\$ 12,548,358	\$ 1,458,941	\$ (793,580)	\$ 13,213,719
Less: accumulated depreciation	<u>(9,661,475)</u>	<u>(978,041)</u>	<u>719,559</u>	<u>(9,919,957)</u>
Net Total	<u>\$ 2,886,883</u>	<u>\$ 480,900</u>	<u>\$ (74,021)</u>	<u>\$ 3,293,762</u>

Depreciation expense for the year ended September 30, 2015, was \$978,041.

4. LONG-TERM DEBT OBLIGATIONS

Disclosures required by Chapter 10.557(3)(h), Rules of the Auditor General State of Florida, related to long-term debt are as follows:

Compensated Absences	
Balance - October 1, 2014	\$ 3,896,433
Increases	1,675,511
Decreases	<u>(1,768,396)</u>
Balance - September 30, 2015	<u>\$ 3,803,548</u>

Compensated absences are paid from the general fund.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. INTERFUND BALANCES

At September 30, 2015, interfund balances consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 68,867	\$ -
Jail Commissary	-	34,727
Non-major governmental	-	34,140
	<u>\$ 68,867</u>	<u>\$ 68,867</u>

Amounts due to the General Fund from non-major governmental funds are related to advances which will be paid back to the General Fund after reimbursement is received from grantors. Amounts due to the General Fund from the Jail Commissary Fund are for various expenditures paid by the General Fund on behalf of the Jail Commissary Fund.

6. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Sheriff are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

6. PENSION AND RETIREMENT PLAN – CONTINUED

Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2015 were as follows: regular employees - 7.34%, special risk employees – 20.38%, elected officials – 43.00%, senior management employees – 21.21%, and DROP participants - 12.43%. The Sheriff's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$2,946,879, \$2,657,150 and \$2,105,688 for the years ended September 30, 2015, 2014, and 2013, respectively.

Net Pension Liability – Proportionate Share

The Sheriff has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the governmental funds. All required disclosures and schedules may be found in the county-wide financial statements of Santa Rosa County, Florida.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

7. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The Sheriff participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependents have the option of continuing in the Board plan at the same group rate as for active employees. Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy based on the number of years of creditable service multiplied by \$3, and limited to the lesser of \$90 per month or the actual cost of the retiree's monthly health insurance premium.

Because the premium is a group rate which includes active lower cost employees, these retirees are receiving an "implicit subsidy". This implicit subsidy has a cost which is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Sheriff. Accordingly, these calculations and disclosures can be found in the County-wide comprehensive annual financial report.

8. GRANT ASSISTANCE

The Sheriff serves as implementing agency for various grants which are reported in the Single Audit Report prepared by the Board.

9. RISK MANAGEMENT

The Sheriff 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 Board of County Commissioners has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment
- Workers Compensation

The County is covered by outside insurance for the following exposures:

- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible
- Building Contents, \$5,000 deductible
- Boats

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

9. RISK MANAGEMENT – CONTINUED

Conventional insurance remains in effect for buildings, contents, Sheriff's general and professional liability, Sheriff's automobiles, and Sheriff's medical catastrophic insurance for treatment of prisoners. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Worker's compensation coverage is provided by the Florida Sheriff's Worker's Compensation Self Insurance Fund. Annual premium costs under this coverage were \$484,307 and \$454,655, for the years ended September 30, 2015 and 2014, respectively. Coverage limits under the policy include \$1,000,000 bodily injury for each accident and \$1,000,000 bodily injury by disease for each employee with a \$1,000,000 limit.

10. GOVERNMENTAL FUND BALANCES

Fund balances are classified as follows:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Other fund balance amounts are classified depending on the Sheriff's ability to control the spending of the fund balances as follows:

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, and other governments (via laws and regulations), or are imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can only be used for specific purposes imposed internally by the Sheriff's formal action of highest level of decision making authority. At year-end, the Sheriff had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. At year-end, the Sheriff had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At year-end, the Sheriff had no unassigned fund balances because all unspent Board appropriations of the General Fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 256,000	\$ 256,000
Total revenues	-	-	256,000	256,000
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	1,037,321	1,037,321	989,237	48,084
Operating	25,699	25,699	21,413	4,286
Public safety				
Law enforcement				
Personal services	17,580,058	17,580,058	17,308,588	271,470
Operating	3,275,839	3,275,839	3,119,693	156,146
Capital outlay	-	1,022,351	1,053,722	(31,371)
Correction and detention				
Personal services	7,552,623	7,552,623	7,521,064	31,559
Operating	3,579,271	4,927,271	4,756,105	171,166
Total expenditures	33,050,811	35,421,162	34,769,822	651,340
Excess (deficiency) of revenues over expenditures	(33,050,811)	(35,421,162)	(34,513,822)	907,340
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	33,050,811	35,421,162	35,421,162	-
BOCC unspent funds	-	-	(914,787)	(914,787)
Total other financing sources (uses)	33,050,811	35,421,162	34,506,375	(914,787)
Net change in fund balance	-	-	(7,447)	(7,447)
FUND BALANCE, BEGINNING OF YEAR	-	-	39,573	39,573
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 32,126	\$ 32,126

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015**

Budgets and Budgetary Accounting

The Sheriff operates under budget procedures pursuant to Chapters 30 and 129, Florida Statutes. The General Fund's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Sheriff is not legally required to prepare a budget for the other governmental funds; therefore, comparative budget and actual results are not presented for these funds. The legal level of budgetary control is the fund level.

**SUPPLEMENTARY INFORMATION – COMBINING FUND
FINANCIAL STATEMENTS**

**SANTA ROSA COUNTY, FLORIDA SHERIFF
COMBINING BALANCE SHEET – ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Grants Fund	Second Dollar Fund	Federal Seizure Fund	Totals
ASSETS				
Cash	\$ 63,280	\$ 25,462	\$ 66,504	\$ 155,246
Due from other governmental units	16,192	-	-	16,192
TOTAL ASSETS	\$ 79,472	\$ 25,462	\$ 66,504	\$ 171,438
LIABILITIES				
Due to other funds	\$ 31,823	\$ 2,317	\$ -	\$ 34,140
Unearned revenue	47,649	-	66,504	114,153
TOTAL LIABILITIES	79,472	2,317	66,504	148,293
FUND BALANCE				
Fund balance				
Restricted for law enforcement training	-	23,145	-	23,145
TOTAL LIABILITIES AND FUND BALANCE	\$ 79,472	\$ 25,462	\$ 66,504	\$ 171,438

**SANTA ROSA COUNTY, FLORIDA SHERIFF
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES – ALL NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Grants Fund	Second Dollar Fund	Federal Seizure Fund	Totals
REVENUES				
Intergovernmental	\$ 406,035	\$ 31,827	\$ 1,670	\$ 439,532
TOTAL REVENUES	406,035	31,827	1,670	439,532
EXPENDITURES				
Current				
Public safety				
Law enforcement				
Personal services	388,886	-	-	388,886
Operating	1,053	35,014	20	36,087
Capital outlay	16,096	-	1,650	17,746
TOTAL EXPENDITURES	406,035	35,014	1,670	442,719
Net change in fund balances	-	(3,187)	-	(3,187)
FUND BALANCES, BEGINNING OF YEAR	-	26,332	-	26,332
FUND BALANCES, END OF YEAR	\$ -	\$ 23,145	\$ -	\$ 23,145

**SANTA ROSA COUNTY, FLORIDA SHERIFF
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2015**

	Suspense Fund	Seizure Fund	Flower Fund	Totals
ASSETS				
Cash	\$ 15,949	\$ 6,432	\$ 16,436	\$ 38,817
Due from other governmental units	-	49	-	49
TOTAL ASSETS	\$ 15,949	\$ 6,481	\$ 16,436	\$ 38,866
LIABILITIES				
Accounts payable	\$ 15,949	\$ -	\$ -	\$ 15,949
Deposits	-	6,481	16,436	22,917
TOTAL LIABILITIES	\$ 15,949	\$ 6,481	\$ 16,436	\$ 38,866

**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**

Honorable Wendell Hall, Sheriff
Santa Rosa County, Florida

We have audited, 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, the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements and have issued our report thereon dated March 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of 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 report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
March 4, 2016

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

Honorable Wendell Hall, Sheriff
Santa Rosa County, Florida

We have examined the Office of the Sheriff of Santa Rosa County, Florida's (hereinafter referred to as "Sheriff") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2015.

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

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

Pensacola, Florida
March 4, 2016

MANAGEMENT LETTER

Honorable Wendell Hall, Sheriff
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2015 and the related notes to the financial statements, and have issued our report thereon dated March 4, 2016.

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 Florida Auditor General.

Other Reports

We have also issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 4, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff, and the Santa Rosa County Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
March 4, 2016

**SANTA ROSA COUNTY, FLORIDA SHERIFF
MANAGEMENT'S REPSONSE TO MANAGEMENT LETTER
SEPTEMBER 30, 2015**

There were no comments which require management's written response.

**SANTA ROSA COUNTY, FLORIDA
TAX COLLECTOR**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



**SANTA ROSA COUNTY, FLORIDA
TAX COLLECTOR
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INDEPENDENT AUDITORS' REPORT

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements (hereinafter referred to as "financial statements") of the general fund and the tax fund of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 auditor considers internal control relevant to the Tax Collector'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 Tax Collector'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 general fund and tax fund of the Tax Collector, as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 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 general fund and tax fund of Santa Rosa County that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Santa Rosa County as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading "*Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*" The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Tax Collector's internal control over financial reporting and compliance.

Warren Averett, LLC

February 12, 2016
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Cash	\$ 538,300
Accounts receivable	9,398
Total assets	<u>\$ 547,698</u>

LIABILITIES

Accounts payable	\$ 3,309
Accrued payroll, taxes and benefits	87,369
Unearned revenues	65,338
Due to other governmental units	<u>391,682</u>
Total liabilities	<u>547,698</u>

FUND BALANCE

Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 547,698</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
GENERAL FUND
SEPTEMBER 30, 2015**

REVENUES

Charges for services	\$ 3,880,901
Miscellaneous	3,877
Total revenues	3,884,778

EXPENDITURES

Current:	
General government:	
Personal services	2,804,968
Operating	605,571
Capital outlay	94,757
Total expenditures	3,505,296

Excess of revenues over expenditures	379,482
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OTHER FINANCING SOURCES (USES)

Unspent revenues	(379,482)
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Net change in fund balance	-
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FUND BALANCE, BEGINNING OF YEAR	-
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FUND BALANCE, END OF YEAR	\$ -
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See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUND –
TAX FUND
SEPTEMBER 30, 2015**

ASSETS

Cash	\$ 1,304,805
Miscellaneous receivables	105,086
	<u>1,409,891</u>

LIABILITIES

Accounts payable	12,750
Due to other governmental units	1,380,350
Miscellaneous	16,791
	<u>1,409,891</u>
Total liabilities	<u>1,409,891</u>

NET POSITION

Net Position	<u><u>\$ -</u></u>
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See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Reporting Entity

The Office of the Tax Collector of Santa Rosa County, Florida (the "Tax Collector"), as established by Article VIII, Section 1(d), of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Tax Collector is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Tax Collector is considered part of County's primary government for external financial reporting purposes.

These financial statements of the Tax Collector are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the fund level financial statements as defined in Governmental Accounting Standards Board ("GASB") Statement No. 34, and do not include presentations of government-wide financial statements of the Tax Collector.

Fund Accounting

The accounting system of the Tax Collector is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The funds utilized by the Tax Collector are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

General Fund – The general fund of the Tax Collector is used to account for all financial resources which are generated from operations of the office and any other resources not required to be accounted for in another fund.

Fiduciary Funds – The Tax Collector's sole fiduciary fund is an agency fund (the "Tax Fund"). Agency funds are used to account for assets held in a custodial capacity for others. Assets equal liabilities in agency funds and results of operations are not measured. The Tax Fund is used to account for receipts of various types of taxes, licenses, and fees collected on behalf of state, county, and municipal governmental agencies.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become both measurable and available as net current assets. The Tax Collector considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

Accounting for Capital Assets

Capital assets are recorded as expenditures at the time of purchase by the Tax Collector. These assets (vehicles, equipment, and other tangible property and certain intangible property costing at least \$1,000 with a useful life of more than one year) are capitalized at cost and accounted for in the County's government-wide financial statements.

Compensated Absences

Employees accumulate a limited amount of earned but unused annual and sick leave which will be paid upon separation from service. Compensated absence expenditures are not recognized in the General Fund until payments are made to employees. However, these unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements.

Unspent Revenue and Fund Balance

In accordance with Section 218.36, Florida Statutes, unspent revenue is remitted proportionately to the various taxing districts at fiscal year-end. As a result, no fund balance exists at year end in the General Fund.

Events Occurring After the Reporting Date

The Tax Collector has evaluated events and transactions that occurred between September 30, 2015 and February 12, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CASH AND INVESTMENTS

At September 30, 2015, the bank reported deposits before outstanding checks and deposits of \$1,903,310 all of which was held by a financial institution designated as a "qualified public depository" by the State Treasurer.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

2. CASH AND INVESTMENTS – CONTINUED

All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, the Tax Collector does not believe it is exposed to any significant credit risk on its cash balances.

Florida Statutes authorize the Tax Collector to invest in obligations of the U.S. Treasury and interest bearing time deposits or savings accounts in banks participating in the multiple financial institution collateral pool. The Tax Collector does not have any assets of an investment nature as of September 30, 2015.

3. LONG-TERM DEBT – COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(h), Rules of the Auditor General State of Florida related to long-term debt are as follows:

Balance -- October 1, 2014	\$ 333,759
Earned absences	107,013
Used absences	<u>(123,623)</u>
Balance -- September 30, 2015	<u>\$ 317,149</u>

Compensated absences are paid by the General Fund.

4. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Tax Collector are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. PENSION AND RETIREMENT PLAN – CONTINUED

Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2015 were as follows: regular employees, 7.34%, special risk employees, 20.38%, elected officials, 43%, senior management employees, 21.21%, and DROP participants, 12.43%. The Tax Collector's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$183,925, \$175,202, and \$118,650 for the years ended September 30, 2015, 2014, and 2013, respectively.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. PENSION AND RETIREMENT PLAN – CONTINUED

Net Pension Liability-Proportionate Share

The Tax Collector has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the county-wide financial statements of Santa Rosa County, Florida.

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The Tax Collector participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependents have the option of continuing in the Board plan at the same group rate as for active employees. Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy based on the number of years of creditable service multiplied by \$3, and limited to the lesser of \$90 per month or the actual cost of the retiree’s monthly health insurance premium.

Because the premium is a group rate which includes active lower cost employees, these retirees are receiving an “implicit subsidy”. This implicit subsidy has a cost which is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Tax Collector. Accordingly, these calculations and disclosures can be found in the County-wide comprehensive annual financial report.

6. LEASES

The Tax Collector leases certain office space and equipment under operating lease agreements with expiration dates through February 2021. Future minimum rental commitments under these leases are as follows:

Fiscal year end September 30:

2016	\$ 27,800
2017	28,800
2018	28,800
2019	28,800
2020	28,800
Thereafter	12,000
Total minimum future rental payments	<u>\$ 155,000</u>

Rental expense for the year ended September 30, 2015 was \$26,400.

7. RISK MANAGEMENT

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

The Tax Collector 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 Board has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Buildings and Contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and their contents. There also were no significant reductions in insurance coverage from the prior year and settled claims resulting from conventional insurance risks have not exceeded coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Tax Collector participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

8. LITIGATION

The Tax Collector is contingently liable with respect to lawsuits and other claims which might be filed incidental to the ordinary course of operations. In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding which will have a material adverse effect on the financial position of the Tax Collector's Office.

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET (GAAP BASIS) AND ACTUAL –
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	3,940,436	3,940,436	3,880,901	(59,535)
Miscellaneous	33,000	33,000	3,877	(29,123)
Total revenues	<u>3,973,436</u>	<u>3,973,436</u>	<u>3,884,778</u>	<u>(88,658)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	2,892,432	2,892,432	2,804,968	87,464
Operating	652,092	623,592	605,571	18,021
Capital outlay	66,520	95,020	94,757	263
Total expenditures	<u>3,611,044</u>	<u>3,611,044</u>	<u>3,505,296</u>	<u>105,748</u>
Excess of revenues over expenditures	362,392	362,392	379,482	17,090
OTHER FINANCING SOURCES (USES)				
Unspent revenues	<u>(362,392)</u>	<u>(362,392)</u>	<u>(379,482)</u>	<u>(17,090)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the required supplementary information.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015**

Budgets and Budgetary Accounting

The Tax Collector establishes an annual budget pursuant to Section 195.087, Florida Statutes. The budget is submitted to the Florida Department of Revenue for approval. A copy is provided to the Board and is incorporated into the overall county budget. The Tax Collector's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

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

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa 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 general fund and the tax fund of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated February 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Compliance and Other Matters

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

Purpose of this Report

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

Warren Averett, LLC

February 12, 2016
Pensacola, Florida

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

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

We have examined the Office of the Tax Collector of Santa Rosa County, Florida's (hereinafter referred to as "Tax Collector") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2015.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

February 12, 2016
Pensacola, Florida

MANAGEMENT LETTER

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund and the tax fund of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2016.

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 Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated February 12, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554 (1) (i) 1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. No recommendations were made in the preceding annual financial audit report.

Other Matters

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

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

Purpose of this Letter

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

Warren Averett, LLC

February 12, 2016
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

There were no comments which require management's written response.

**SANTA ROSA COUNTY, FLORIDA
CLERK OF COURT AND COMPTROLLER**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
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INDEPENDENT AUDITORS' REPORT

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as "Clerk") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 Clerk'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 Clerk'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 Clerk, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Santa Rosa County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 14-16 be presented to supplement the basic financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying supplementary information, the combining statement of assets and liabilities on page 18, is presented for purposes of additional analysis and is not a required part of these financial statements. This statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2016 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading "*Independent 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.*" The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Warren Averett, LLC

March 9, 2016
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
BALANCE SHEET – ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Major Funds							Total
	General	Courts	Courts Technology	Records			Child Support Title IV-D	
				Courts	Modernization Trust	10% Fines- PRMTF		
Cash and cash equivalents	\$ 275,260	\$ 601,756	\$ 583,778	\$ 366,211	\$ 17,435	\$ -	\$ -	\$ 1,844,440
Accounts receivable, net	6,945	-	-	-	-	-	-	6,945
Due from other funds	-	35,577	-	-	-	-	-	35,577
Due from other governmental units	287	-	-	-	-	-	35,577	35,864
Total assets	\$ 282,492	\$ 637,333	\$ 583,778	\$ 366,211	\$ 17,435	\$ 35,577	\$ 35,577	\$ 1,922,826

ASSETS

Accounts payable	\$ 22,948	\$ 4,709	\$ 25,964	\$ -	\$ 7,941	\$ -	\$ -	\$ 61,562
Accrued wages and salaries	71,784	107,692	-	-	8,656	-	-	188,132
Due to BOCC	93,397	-	-	-	-	-	-	93,397
Due to other funds	-	-	-	-	-	35,577	-	35,577
Due to other governmental units	44,568	493,181	1,298	-	-	-	-	539,047
Deposits	49,795	-	-	-	-	-	-	49,795
Total liabilities	282,492	605,582	27,262	-	16,597	35,577	-	967,510

LIABILITIES

	Major Funds							
	General	Courts	Courts Technology	Records			Child Support Title IV-D	Total
				Courts	Modernization Trust	10% Fines- PRMTF		
Restricted for state court operations	-	31,751	-	-	-	-	-	31,751
Restricted for records modernization	-	-	-	366,211	-	-	-	366,211
Restricted for court equipment and technology	-	-	556,516	-	-	838	-	557,354
Total fund balances	-	31,751	556,516	366,211	838	-	-	955,316
Total liabilities and fund balances	\$ 282,492	\$ 637,333	\$ 583,778	\$ 366,211	\$ 17,435	\$ 35,577	\$ 35,577	\$ 1,922,826

FUND BALANCES

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Major Funds							Total
	General	Courts	Courts Technology	Records		10% Fines- PRMTF	Child Support Title IV-D	
				Modernization Trust				
REVENUES								
Intergovernmental	\$ -	\$ 349,131	\$ -	\$ -	\$ -	\$ -	\$ 177,287	\$ 526,418
Charges for services	917,841	2,159,636	287,181	94,031	-	-	-	3,458,689
Fines and forfeits	-	852,448	-	-	176,981	-	-	1,029,429
Miscellaneous	22,796	16,582	-	-	-	-	-	39,378
Total revenues	940,637	3,377,797	287,181	94,031	176,981	177,287		5,053,914
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	2,140,801	-	-	-	-	-	-	2,140,801
Operating	289,763	-	-	-	-	-	-	289,763
Capital outlay	67,683	-	-	-	-	-	-	67,683
Judicial:								
Personal services	-	2,799,372	-	-	208,428	177,287	-	3,185,087
Operating	-	160,161	-	-	500,653	-	-	660,814
Capital outlay	-	5,144	-	-	20,094	-	-	25,238
Total expenditures	2,498,247	2,964,677	-	-	729,175	177,287	-	6,369,386
Excess (deficiency) of revenue over expenditures	(1,557,610)	413,120	287,181	94,031	(552,194)	-	-	(1,315,472)
OTHER FINANCING SOURCES (USES)								
BOCC appropriation	1,653,216	-	-	-	-	-	-	1,653,216
BOCC unspent revenues	(95,606)	-	-	-	-	-	-	(95,606)
Payments to Clerks of the Court Trust Fund	-	(411,434)	-	-	-	-	-	(411,434)
Total other financing sources (uses)	1,557,610	(411,434)	-	-	-	-	-	1,146,176
Net change in fund balances	-	1,686	287,181	94,031	(552,194)	-	-	(169,296)
FUND BALANCES, BEGINNING OF YEAR	-	30,065	269,335	272,180	553,032	-	-	1,124,612
FUND BALANCES, END OF YEAR	\$ -	\$ 31,751	\$ 556,516	\$ 366,211	\$ 838	\$ -	\$ -	\$ 955,316

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS
SEPTEMBER 30, 2015**

ASSETS

Cash and cash equivalents	\$ 3,370,900
Due from other governmental units	25,544
Total assets	<u>\$ 3,396,444</u>

LIABILITIES

Accounts payable	\$ 160,572
Due to other governmental units	840,909
Deposits	2,394,963
Total liabilities	<u>\$ 3,396,444</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

Reporting Entity

The Office of the Clerk of Court and Comptroller of Santa Rosa County, Florida (the "Clerk") was established as a constitutional office of Santa Rosa County, Florida (the "County") by Article VIII, Section 1 (d) of the Constitution of the State of Florida. The Clerk is an elected official of the County and serves as Clerk of the Circuit Court (duties described in Chapter 28, Florida Statutes), Clerk of the County Court (duties described in Chapter 34, Florida Statutes), and Clerk and Accountant to the Santa Rosa County Board of County Commissioners (the "BOCC") (in this capacity the Clerk is required to keep the minutes of the county commission, keep the accounts of the County, invest county funds, and perform such other duties as provided by law). The Clerk's office is funded by appropriations from the BOCC and by fees charged for providing court related services. Although the Clerk is operationally autonomous from the BOCC, it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is considered part of the County's primary government.

These *financial statements* of the Clerk are not intended to be a complete presentation of the financial position and results of operations of the County, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consists of only the *fund level* financial statements as defined in GASB Statement No. 34, and do not include presentations of *government-wide* financial statements of the Clerk.

Fund Accounting

The accounting system of the Clerk's office is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The funds utilized by the Clerk are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

The Clerk reports the following major governmental funds:

General Fund is used to account for all financial resources that are generated from operations of the office, appropriations from the BOCC, and any other resources not required to be accounted for in another fund.

Courts Fund is a special revenue fund used to account for all court-related activities and court-related financial resources of the Clerk.

Courts Technology Fund is a special revenue fund used to account for the court-related technology needs of the Clerk.

Records Modernization Trust Fund is a special revenue fund used to account for monies collected according to Chapter 28.24, Florida Statutes, to be used exclusively for equipment, personnel training, and technical assistance in modernizing the official records system and to pay for equipment and start-up costs necessitated by a statewide recording system.

Title IV-D Fund is a special revenue fund used to account for activities related to Title IV-D child support cases. The funding provides assistance to the plaintiff and enforcement of collections through the Office of Child Support Enforcement.

10% Fines – Public Records Modernization Trust (PRMT) Fund is a special revenue fund used to account for 10% of fines collected and retained by the Clerk for supporting court operations.

Fiduciary Funds

The Clerk uses agency funds to account for assets being held in a trustee capacity or for individuals, private organizations, and/or other governments. Assets equal liabilities in agency funds.

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. The Clerk considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

The Clerk's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible property and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and are accounted for in the County's government-wide financial statements.

Compensated Absences

Employees accumulate a limited amount of earned but unused annual, sick, and compensatory leave which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

Unspent Revenue

Annually, the Clerk must remit to the Board any unspent revenues attributable to non-court-related functions. Additionally, the Clerk must calculate and remit to the Department of Revenue Clerks of Courts Trust Fund the unspent revenues attributable to state funded court-related functions. These amounts are reported as due to other governmental units at year-end.

Fund Balances

Fund balances are classified either as non-spendable or as restricted, committed, assigned, and unassigned based on the extent to which there are external and internal constraints on the spending of these fund balances.

2. CASH

At September 30, 2015, the banks reported deposits before outstanding checks of \$5,572,447, all of which were held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

3. LONG-TERM LIABILITY – COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(h), Rules of the State of Florida Auditor General, related to long term liabilities are as follows:

Balance - October 1, 2014	\$ 572,992
Increases	502,821
Decreases	<u>(488,253)</u>
Balance - September 30, 2015	<u>\$ 587,560</u>

Compensated absences are paid from the respective funds which incur compensation expenditures.

4. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Clerk are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

4. PENSION AND RETIREMENT PLAN – CONTINUED

Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination.

The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon rates established by the State of Florida. Blended contribution rates for the fiscal year ended September 30, 2015 were as follows: regular employees - 7.34%, special risk employees – 20.38%, elected officials – 43.00%, senior management employees – 21.21%, and DROP participants - 12.43%. The Clerk's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$347,267, \$317,014, and \$205,508 for the years ended September 30, 2015, 2014, and 2013, respectively.

Net Pension Liability – Proportionate Share

The Clerk has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the governmental funds. All required disclosures and schedules may be found in the county-wide financial statements of Santa Rosa County, Florida.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

5. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The Clerk participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependents have the option of continuing in the Board plan at the same group rate as for active employees.

Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy of \$3 per year of creditable service, limited to the lesser of \$90 per month or the actual cost of the retiree's monthly health insurance premium.

Because the premium is a group rate which includes active lower cost employees, these retirees are receiving an "implicit subsidy". This implicit subsidy has a cost which is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Clerk. Accordingly, these calculations and disclosures can be found in the County-wide comprehensive annual financial report.

6. FUND BALANCES

Fund balances consist of the following:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk does not have any non-spendable fund balances.

The remaining fund balances are classified as follows depending on the Clerk's ability to control their spending:

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation. As of September 30, 2015, the Clerk had restricted fund balances for state court operations of \$31,751 and for records modernization and court equipment and technology of \$923,565.

Committed fund balances can only be used for specific purposes imposed internally by the Clerk's formal action of highest level of decision making authority. At year end the Clerk had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. At year end the Clerk had no assigned fund balances.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

6. FUND BALANCES – CONTINUED

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At year end the Clerk had no unassigned fund balances because all unspent revenues of the General Fund are required to be returned to the BOCC and there were no negative residual balances in the special revenue funds.

7. CLAIMS AND CONTINGENCIES

The Clerk is involved from time to time in routine civil litigation incidental to the ordinary course of operations. In the opinion of management and legal counsel, there are no lawsuits or claims outstanding which might materially affect the financial position of the Clerk's Office.

8. RISK MANAGEMENT

The Clerk 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 Board maintains a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss.

Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Building and contents, \$5,000 deductible
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and contents. There also were no significant reductions in insurance coverage from the prior year and settled claims resulting from conventional insurance risks have not exceeded coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Clerk participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS)
AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General Fund				Special Revenue Fund Courts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 449,400	\$ 349,188	\$ 349,131	\$ (57)
Charges for services	870,550	919,305	917,841	(1,464)	2,076,720	1,989,402	2,159,636	170,234
Fines & Forfeitures	-	-	-	-	570,409	612,775	852,448	239,673
Miscellaneous	28,950	10,695	22,796	12,101	8,870	16,740	16,582	(158)
Total revenues	899,500	930,000	940,637	10,637	3,105,399	2,968,105	3,377,797	409,692
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	2,075,306	2,160,874	2,140,801	20,073	-	-	-	-
Operating	422,710	357,692	289,763	67,929	-	-	-	-
Capital outlay	54,700	64,650	67,683	(3,033)	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,978,029	2,800,468	2,799,372	1,096
Operating	-	-	-	-	127,370	162,437	160,161	2,276
Capital outlay	-	-	-	-	-	5,200	5,144	56
Total expenditures	2,552,716	2,583,216	2,498,247	84,969	3,105,399	2,968,105	2,964,677	3,428
Excess (deficiency) of revenues over expenditures	(1,653,216)	(1,653,216)	(1,557,610)	95,606	-	-	413,120	413,120
OTHER FINANCING SOURCES (USES)								
BOCC appropriation	1,653,216	1,653,216	1,653,216	-	-	-	-	-
BOCC unspent revenues	-	-	(95,606)	(95,606)	-	-	-	-
Payments to Clerks of the Court Trust Fund	-	-	-	-	-	-	(411,434)	(411,434)
Total other financing sources (uses)	1,653,216	1,653,216	1,557,610	(95,606)	-	-	(411,434)	(411,434)
Net change in fund balances	-	-	-	-	-	-	1,686	1,686
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-	-	30,065	30,065
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,751	\$ 31,751

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS)
AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Fund Courts Technology Fund			Special Revenue Fund Records Modernization Trust Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Charges for services	\$ 300,000	\$ 300,000	\$ 287,181	\$ 100,000	\$ 100,000	\$ 94,031	\$ (5,969)
Miscellaneous	-	-	-	-	-	-	-
Total revenues	300,000	300,000	287,181	100,000	100,000	94,031	(5,969)
EXPENDITURES							
Current:							
General government:							
Financial and administrative:							
Operating	-	-	-	65,200	65,200	-	65,200
Capital outlay	-	-	-	34,800	34,800	-	34,800
Judicial:							
Personal services	241,150	241,150	-	-	-	-	-
Operating	133,850	133,850	-	-	-	-	-
Capital outlay	125,000	125,000	-	-	-	-	-
Total expenditures	500,000	500,000	-	100,000	100,000	-	100,000
Excess (deficiency) of revenues over expenditures	(200,000)	(200,000)	287,181	-	-	94,031	94,031
FUND BALANCES, BEGINNING OF YEAR	200,000	200,000	269,335	-	-	272,180	272,180
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 556,516	\$ -	\$ -	\$ 366,211	\$ 366,211

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS)
AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Fund 10% Fines & PRMT Fund			Special Revenue Fund Child Support Title IV-D Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 168,000	\$ 177,287	\$ 177,287
Fines & forfeits	174,000	174,000	176,981	-	-	-
Total revenues	174,000	174,000	176,981	168,000	177,287	177,287
			Variance with Final Budget			Variance with Final Budget
			Positive (Negative)			Positive (Negative)
			\$ -			\$ -
			2,981			-
			2,981			-
EXPENDITURES						
Current:						
General government:						
Judicial:						
Personal services	49,000	210,700	208,428	168,000	177,287	177,287
Operating	117,000	501,800	500,653	-	-	-
Capital outlay	8,000	20,500	20,094	-	-	-
Total expenditures	174,000	733,000	729,175	168,000	177,287	177,287
			3,825			-
			6,806			-
Excess (deficiency) of revenues over expenditures	-	(559,000)	(552,194)	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	559,000	553,032	-	-	-
			(5,968)			-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 838	\$ -	\$ -	\$ -
			838			-
			(5,968)			-

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015**

Budgets and Budgetary Accounting

The Clerk establishes annual budgets for its general fund and special revenue funds pursuant to Section 218.35, Florida Statutes. The Clerk's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS

**SANTA ROSA COUNTY, FLORIDA CLER OF COURT AND COMPTROLLER
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2015**

	Court Registry	Fine and Cost	Intangible Tax	Documentary Stamp	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Flower Trust Fund	Totals
ASSETS										
Cash and cash equivalents	\$ 1,860,129	\$ 292,705	\$ 84,499	\$ 503,388	\$ 82,076	\$ 407,575	\$ 13,269	\$ 126,361	\$ 898	\$ 3,370,900
Due from other governmental units	-	-	-	-	-	-	25,544	-	-	25,544
Total assets	<u>\$ 1,860,129</u>	<u>\$ 292,705</u>	<u>\$ 84,499</u>	<u>\$ 503,388</u>	<u>\$ 82,076</u>	<u>\$ 407,575</u>	<u>\$ 38,813</u>	<u>\$ 126,361</u>	<u>\$ 898</u>	<u>\$ 3,396,444</u>
LIABILITIES										
Accounts payable	\$ -	\$ 121,759	\$ -	\$ -	\$ -	\$ -	\$ 38,813	\$ -	\$ -	\$ 160,572
Due to other governmental units	-	170,946	84,499	503,388	82,076	-	-	-	-	840,909
Deposits	1,860,129	-	-	-	-	407,575	-	126,361	898	2,394,963
Total liabilities	<u>\$ 1,860,129</u>	<u>\$ 292,705</u>	<u>\$ 84,499</u>	<u>\$ 503,388</u>	<u>\$ 82,076</u>	<u>\$ 407,575</u>	<u>\$ 38,813</u>	<u>\$ 126,361</u>	<u>\$ 898</u>	<u>\$ 3,396,444</u>

**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**

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

We have audited, 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, the financial statements of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk’s financial statements and have issued our report thereon dated March 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk’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 Clerk’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk’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 Clerk's financial statements are free of material misstatement, we performed tests of 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 report is not suitable for any other purpose.

Warren Averett, LLC

March 9, 2016
Pensacola, Florida

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

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

We have examined the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statute 218.415 in regards to investments, Florida Statutes 28.35 and 28.36 in regards to certain court-related functions, and Florida Statute 61.181 in regards to operation of a depository for alimony and child support for the year ended September 30, 2015.

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

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

March 9, 2016
Pensacola, Florida

MANAGEMENT LETTER

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements (“financial statements”) of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2015, and have issued our report thereon dated March 9, 2016.

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 Reports

We have also issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 9, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, and the Santa Rosa County Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

March 9, 2016
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
SEPTEMBER 30, 2015**

There are no findings which require a response from management.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
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INDEPENDENT AUDITORS' REPORT

Honorable Gregory S. Brown
Property Appraiser
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Santa Rosa County Property Appraiser, Santa Rosa County, Florida (the Property Appraiser), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 an express opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading "Independent 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
February 16, 2016

**SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Cash	<u>\$ 376,982</u>
------	-------------------

LIABILITIES

Accounts payable	\$ 22,119
Due to Board of County Commissioners	281,356
Accrued payroll and benefits	<u>73,507</u>
Total liabilities	376,982

FUND BALANCE

Fund balance - unassigned	<u>-</u>
---------------------------	----------

Total liabilities and fund balance	<u>\$ 376,982</u>
------------------------------------	-------------------

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

REVENUES

Charges for services	\$ 30,387
Miscellaneous	670
Total revenues	31,057

EXPENDITURES

Current:	
General government:	
Personal services	2,438,804
Operating expenditures	368,419
Capital outlay	17,197
Total expenditures	2,824,420

Excess (deficiency) of revenues over expenditures	(2,793,363)
---	-------------

OTHER FINANCING SOURCES (USES)

Board of County Commissioners appropriation	3,074,719
Board of County Commissioners unspent revenue	(281,356)
Total other financing sources (uses)	2,793,363

NET CHANGE IN FUND BALANCE	-
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FUND BALANCE, BEGINNING OF YEAR	-
--	---

FUND BALANCE, END OF YEAR	\$ -
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See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Reporting Entity

The Santa Rosa County, Florida Property Appraiser (the "Property Appraiser"), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Property Appraiser is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Property Appraiser is considered part of the County's primary government.

The financial statements of the Property Appraiser are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, and do not include presentations of government-wide financial statements of the Property Appraiser.

Fund Accounting

The accounting system of the Property Appraiser is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The general fund of the Property Appraiser is used to account for all financial resources which are generated from operations of the office, appropriations from the Board, or any other resources not required to be accounted for in another fund. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The general fund uses the modified accrual basis of accounting. Its revenues are recognized when they become both measurable and available as net current assets. The Property Appraiser considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and accounted for in the County's government-wide financial statements.

Compensated Absences

Employees accumulate a limited amount of earned but unused annual and sick leave which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements. For the general fund, compensated absence expenditures are recognized when payments are made to employees.

Unspent Revenue and Fund Balance

In accordance with Section 218.36(2), Florida Statutes, unspent revenue is remitted to the Board at fiscal year-end. This unspent revenue is reported as due to Board of County Commissioners, therefore, fund balance is zero.

Events Occurring After Reporting Date

The Property Appraiser has evaluated events and transactions that occurred between September 30, 2015 and February 16, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CASH

At September 30, 2015, the bank reported deposits before outstanding checks of \$394,951 all of which were held by a financial institution designated as "a qualified public depository" by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

3. LONG-TERM DEBT - COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(h), Rules of the State of Florida Auditor General, related to long-term debt are as follows:

Balance - October 1, 2014	\$ 348,487
Increases	135,566
Decreases	<u>(150,232)</u>
Balance - September 30, 2015	<u><u>\$ 333,821</u></u>

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Property Appraiser are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011, are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age.

Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class.

Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. PENSION AND RETIREMENT PLAN – CONTINUED

The Deferred Retirement Option Program (DROP) is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit.

Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2015 were as follows: regular employees, 7.34%, special risk employees, 20.38%, elected officials, 43.00%, senior management employees, 21.21%, and DROP participants, 12.43%.

The Property Appraiser's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$169,689, \$157,315, and \$99,488 for the years ended September 30, 2015, 2014, and 2013, respectively.

Net Pension Liability - Proportionate Share

The Property Appraiser has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the general fund. All required disclosures and schedules may be found in the county-wide financial statements of Santa Rosa County, Florida.

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The Property Appraiser participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependents have the option of continuing in the Board plan at the same group rate as for active employees. Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy based on the number of years of creditable service multiplied by \$3, and limited to the lesser of \$90 per month or the actual cost of the retiree's monthly health insurance premium.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Because the premium is a group rate which includes active lower cost employees, these retirees are receiving an “implicit subsidy”. This implicit subsidy has a cost which is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Property Appraiser. Accordingly, these calculations and disclosures can be found in the County-wide comprehensive annual financial report.

6. RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts: theft and damage of assets, errors and omissions, injuries to employees, and natural disasters. The Board has a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss.

The County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Buildings and contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials’ Liability, \$25,000 deductible

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official’s liability coverage.

The Property Appraiser participates in the County’s self-insurance program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

7. LITIGATION

The Property Appraiser is contingently liable with respect to lawsuits and other claims which might be filed incidental to the ordinary course of operations. In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding which will have a material adverse effect on the financial position of the Property Appraiser’s Office.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (GAAP BASIS)
AND ACTUAL – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 30,387	\$ 30,387
Miscellaneous	-	-	670	670
Total revenues	-	-	670	670
EXPENDITURES				
Current:				
General government:				
Personal services	2,507,800	2,554,004	2,438,804	115,200
Operating expenditures	483,685	483,685	338,032	145,653
Capital outlay	-	9,114	17,197	(8,083)
Total expenditures	2,991,485	3,046,803	2,794,033	252,770
Excess (deficiency) of revenues over expenses	(2,991,485)	(3,046,803)	(2,793,363)	253,440
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	2,991,485	3,046,803	3,074,719	27,916
BOCC unspent revenue	-	-	(281,356)	(281,356)
Total other financing sources (uses)	2,991,485	3,046,803	2,793,363	(253,440)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Budget and Budgetary Accounting

The Property Appraiser operates under budget procedures pursuant to Section 195.087, Florida Statutes. The Property Appraiser's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

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

Honorable Gregory S. Brown
Property Appraiser
Santa Rosa 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 Santa Rosa County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Property Appraiser's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser'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 Property Appraiser's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
February 16, 2016

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

Honorable Gregory S. Brown
Property Appraiser
Santa Rosa County, Florida

We have examined the Office of the Property Appraiser of Santa Rosa County, Florida's (hereinafter referred to as "Property Appraiser") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2015.

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

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

February 16, 2016
Pensacola, Florida

MANAGEMENT LETTER

Honorable Gregory S. Brown
Property Appraiser of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Property Appraiser of Santa Rosa County, Florida, as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon February 16, 2016.

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 Reports

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*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are February 16, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Property Appraiser, the Santa Rosa County Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
February 16, 2016

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

There were no comments which require management's written response.

**SANTA ROSA COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



**SANTA ROSA COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
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INDEPENDENT AUDITORS' REPORT

Honorable Tappie Villane
Santa Rosa County, Florida, Supervisor of Elections

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Santa Rosa County, Florida Supervisor of Elections, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 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 Supervisor of Elections' 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 general fund of the Supervisor of Elections, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 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 that portion of the general fund attributable solely to the operations of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida, as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 12 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

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

Warren Averett, LLC

Pensacola, Florida
February 22, 2016

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Due from Board of County Commissioners	<u>\$ 135,710</u>
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LIABILITIES

Accounts payable	\$ 10,082
Accrued expenses	26,697
Advances on grants	<u>98,931</u>
Total liabilities	135,710

FUND BALANCE

Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 135,710</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

REVENUES

Grant revenue	\$	41,856
Miscellaneous revenue		739
		42,595

EXPENDITURES

Current:		
General government:		
Personal services		563,200
Operating		317,176
Capital outlay		41,564
Total expenditures		921,940

Excess (deficiency) of revenues over expenditures		(879,345)
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OTHER FINANCING SOURCES

Board of County Commissioners appropriation		879,345
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Net change in fund balance		-
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FUND BALANCE, BEGINNING OF YEAR		-
--	--	---

FUND BALANCE, END OF YEAR	\$	-
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See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Reporting Entity

The Santa Rosa County, Florida Supervisor of Elections (the "Supervisor of Elections"), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Supervisor of Elections is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections is reported as a part of the primary government of the County.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of the County, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consists of only the *fund level* financial statements as defined in Government Accounting Standards Board (GASB) Statement No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

Pursuant to the provisions of 129.202, Florida Statutes, the Supervisor of Elections has elected to have the Office of the Clerk of Court and Comptroller of Santa Rosa County maintain the books and records pertaining to the operations of the Supervisor of Elections. Therefore, the Supervisor of Elections does not maintain a separate cash account and all cash activity for the Supervisor of Elections is recorded in the common cash account of the Board. The "Due from Board of County Commissioners" account on the balance sheet represents the amount of cash held on behalf of the Supervisor of Elections.

Fund Accounting

The accounting system of the Supervisor of Elections is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The general fund of the Supervisor of Elections is used to account for all financial resources which are generated from operations of the office, appropriations from the Board, or any other resources not required to be accounted for in another fund.

This fund utilizes a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statement. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. The Supervisor of Elections considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred.

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures in the fund level financial statements at the time of purchase. These assets are also capitalized at cost and accounted for in the County’s government-wide financial statements.

Compensated Absences

Employees accumulate a limited amount of earned but unused sick and annual leave which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County’s government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

2. LONG-TERM LIABILITIES - COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(h), Rules of the Auditor General State of Florida related to the liability for compensated absences are as follows:

Balance - October 1, 2014	\$ 42,453
Increases	20,198
Decreases	<u>(48,795)</u>
Balance - September 30, 2015	<u><u>\$ 13,856</u></u>

3. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Supervisor of Elections are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

3. PENSION AND RETIREMENT PLAN – CONTINUED

The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

3. PENSION AND RETIREMENT PLAN – CONTINUED

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2015 were as follows: regular employees, 7.34%, special risk employees, 20.38%, elected officials, 43.00%, senior management employees, 21.21%, and DROP participants, 12.43%.

The Supervisor of Elections contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$68,893, \$61,513 and \$32,065 for the years ended September 30, 2015, 2014, and 2013, respectively.

Net Pension Liability - Proportionate Share

The Supervisor of Elections has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the county-wide financial statements of Santa Rosa County, Florida.

4. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The Supervisor of Elections participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependents have the option of continuing in the Board plan at the same group rate as for active employees. Although participating retirees are required to reimburse the Board for 100% of the premium cost, employees who retire with a minimum of 10 years of creditable service (8 years elected service) are eligible for a monthly health insurance subsidy based on the number of years of creditable service multiplied by \$3, and limited to the lesser of \$90 per month or the actual cost of the retiree's monthly health insurance premium.

Because the premium is a group rate which includes active lower cost employees, these retirees are receiving an "implicit subsidy". This implicit subsidy has a cost which is required to be disclosed in these financial statements. However, this annual cost, the accrued obligation, and other required disclosures have been calculated for the County as a whole, and not separately for the Supervisor of Elections. Accordingly, these calculations and disclosures can be found in the County-wide comprehensive annual financial report.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. RISK MANAGEMENT

The Supervisor of Elections 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 Board uses a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Buildings and contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Supervisor of Elections participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Grant revenues	\$ 30,400	\$ 59,796	\$ 41,856	\$ (17,940)
Miscellaneous revenues	-	-	739	739
Total revenues	<u>30,400</u>	<u>59,796</u>	<u>42,595</u>	<u>(17,201)</u>
EXPENDITURES				
Current				
General government				
Personal services	563,582	575,981	563,200	12,781
Operating	401,725	381,132	317,176	63,956
Capital outlay	-	42,000	41,564	436
Total expenditures	<u>965,307</u>	<u>999,113</u>	<u>921,940</u>	<u>77,173</u>
Excess (deficiency) of revenues over expenditures	(934,907)	(939,317)	(879,345)	59,972
OTHER FINANCING SOURCES				
Board of County Commissioners appropriation	<u>934,907</u>	<u>939,317</u>	<u>879,345</u>	<u>(59,972)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the required supplementary information.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015**

Budgets and Budgetary Accounting

The Supervisor of Elections operates under budget procedures pursuant to Florida Statutes. The Supervisor of Elections' budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget appropriations lapse at the end of the year, and are not carried over to the following year. The legal level of budgetary control is at the fund level.

**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**

Honorable Tappie Villane
Supervisor of Elections
Santa Rosa County, Florida

We have audited, 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, the financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 Supervisor of Elections' financial statements are free of 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.

Warren Averett, LLC

February 22, 2106
Pensacola, Florida

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

Honorable Tappie Villane
Supervisor of Elections
Santa Rosa County, Florida,

We have examined the Office of the Supervisor of Elections of Santa Rosa County, Florida's (hereinafter referred to as the "Supervisor of Elections") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2015.

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

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Warren Averett, LLC

February 22, 2016
Pensacola, Florida

MANAGEMENT LETTER

Honorable Tappie Villane
Supervisor of Elections
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as the "Supervisor of Elections"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2016.

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 Florida Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 22, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial audit report.

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, Santa Rosa County Board of County Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

February 22, 2016
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
MANAGEMENT'S RESPONSE TO MENAGMENT LETTER
SEPTEMBER 30, 2015**

There are no comments which require management's written response.