

# Special-Purpose Financial Statements

Board of County Commissioners  
Leon County, Florida

*Year Ended September 30, 2017  
with Independent Auditors' Report*

Thomas Howell Ferguson P.A.  
and  
Law, Redd, Crona & Munroe, P.A.

Board of County Commissioners  
Leon County, Florida  
Special-Purpose Financial Statements  
Year ended September 30, 2017

**Board of County Commissioners**

Nick Maddox, Chairman.....	At-Large
Jimbo Jackson, Vice Chairman.....	District 2
William Proctor.....	District 1
John Dailey.....	District 3
Bryan Desloge.....	District 4
Kristin Dozier.....	District 5
Mary Ann Lindley.....	At-Large

**COUNTY ADMINISTRATOR**

Vincent S. Long

**CLERK OF THE CIRCUIT COURT**

**AND**

**COMPTROLLER**

Gwen Marshall

Board of County Commissioners  
Leon County, Florida

Special-Purpose Financial Statements

Year Ended September 30, 2017

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## Independent Auditors' Report

The Honorable Board of County Commissioners  
Leon County, Florida

### **Report on the Financial Statements**

We have audited the accompanying special-purpose financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida (the Board), as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Board'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 special-purpose 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 special-purpose 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 special-purpose 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 special-purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose 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 special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida as of September 30, 2017, the results of each of the major funds' changes in financial position, where applicable, the cash flows thereof, and the respective budgetary comparison statements of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the special-purpose financial statements, the accompanying special-purpose 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 special-purpose financial statements are intended to present the financial position and changes in financial position of the major funds, the proprietary fund and the agency funds of the Board, and only that portion that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2017, and the changes in its financial position for the 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's special purpose financial statements. The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Spill (the Schedule) is presented for purposes of additional analysis and is not a required part of the special purpose financial statements.

The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with the 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 Spill is fairly stated, in all material respects, in relation to the special purpose financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, rules, regulations, contracts, grant agreements and other matters under the heading *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose 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 Board's internal control over financial reporting and compliance.

**Thomas Howell Ferguson P.A.**



Tallahassee, Florida  
April 27, 2017

**Law, Redd, Crona & Munroe P.A.**



Tallahassee, Florida

Board of County Commissioners  
Leon County, Florida  
Balance Sheet - Governmental Funds  
September 30, 2017

	<u>General Fund</u>	<u>Fine &amp; Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Fire Rescue Services Fund</u>
<b>Assets</b>				
Cash	\$ 5,198,570	\$ 0	\$ 0	\$ 0
Investments	18,765,721	1,617,424	3,567,109	2,096,798
Receivables (net of allowances for uncollectibles):				
Accounts	150,316	4,362	327,911	5,655
Special assessments	0	0	0	0
Due from other governments	11,758,305	1	1,454,745	0
Due from other funds	2,846,105	0	0	0
Due from other county units	966,058	611,530	53,077	815
Inventories	272,324	0	0	0
Other assets	4,250	0	0	0
Total assets	<u>\$ 39,961,649</u>	<u>\$ 2,233,317</u>	<u>\$ 5,402,842</u>	<u>\$ 2,103,268</u>
<b>Liabilities, deferred inflows, and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,785,645	\$ 33,607	\$ 202,209	\$ 91,274
Accrued liabilities	424,561	0	9,809	0
Due to other governments	953,726	0	0	517,390
Due to other funds	0	0	0	0
Due to other county units	87,519	0	16,190	0
Deposits	45,010	202,601	0	0
Revenue received in advance	15	0	4,188,199	0
Total liabilities	<u>5,296,476</u>	<u>236,208</u>	<u>4,416,407</u>	<u>608,664</u>
<b>Deferred inflows</b>				
Deferred inflow of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total deferred inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances:</b>				
Nonspendable	276,574	0	0	0
Restricted	0	0	986,435	0
Committed	5,199,776	299,566	0	1,494,604
Assigned	8,254,963	1,697,543	0	0
Unassigned	20,933,860	0	0	0
Total fund balances	<u>34,665,173</u>	<u>1,997,109</u>	<u>986,435</u>	<u>1,494,604</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 39,961,649</u>	<u>\$ 2,233,317</u>	<u>\$ 5,402,842</u>	<u>\$ 2,103,268</u>

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

<b>Special Assessment Paving Fund</b>	<b>Capital Improvement Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Component Unit - Housing Finance Authority of Leon County</b>	<b>Total Governmental Funds</b>
\$ 539,250	\$ 0	\$ 1,827,037	\$ 695,852	\$ 8,260,709
0	23,956,854	43,254,459	0	93,258,365
23,569	1,367,630	5,094,102	0	6,973,545
928,864	0	(2,057)	10	926,817
0	0	2,550,657	0	15,763,708
0	0	0	0	2,846,105
1,685	0	636,244	0	2,269,409
0	0	0	0	272,324
0	0	16,143	0	20,393
<u>\$ 1,493,368</u>	<u>\$ 25,324,484</u>	<u>\$ 53,376,585</u>	<u>\$ 695,862</u>	<u>\$ 130,591,375</u>
\$ 0	\$ 895,508	\$ 2,376,916	\$ 250	\$ 7,385,409
0	0	479,579	0	913,949
0	0	444,761	0	1,915,877
0	0	5,207	0	5,207
0	0	0	0	103,709
0	149,925	124,311	0	521,847
0	0	1,516,034	0	5,704,248
<u>0</u>	<u>1,045,433</u>	<u>4,946,808</u>	<u>250</u>	<u>16,550,246</u>
<u>928,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>928,874</u>
<u>928,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>928,874</u>
0	0	16,143	0	292,717
0	24,279,051	36,131,254	695,612	62,092,352
564,494	0	11,976,897	0	19,535,337
0	0	305,483	0	10,257,989
0	0	0	0	20,933,860
<u>564,494</u>	<u>24,279,051</u>	<u>48,429,777</u>	<u>695,612</u>	<u>113,112,255</u>
<u>\$ 1,493,368</u>	<u>\$ 25,324,484</u>	<u>\$ 53,376,585</u>	<u>\$ 695,862</u>	<u>\$ 130,591,375</u>

Board of County Commissioners  
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds

Year Ended September 30, 2017

	<u>General Fund</u>	<u>Fine &amp; Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Fire Rescue Services Fund</u>	<u>Special Assessment Paving Fund</u>
<b>Revenues</b>					
Taxes	\$ 49,875,319	\$ 72,869,625	\$ 0	\$ 0	\$ 1,709
Licenses and permits	9,600	0	36,222	0	0
Intergovernmental	31,372,908	24,877	2,568,167	0	0
Charges for services	1,681,369	897,081	94,556	7,385,252	0
Fines and forfeitures	0	123,204	0	0	0
Interest	866,600	156,346	4,433	32,773	40,547
Net decrease in fair value of investments	(201,151)	(9,394)	(31,772)	(15,946)	0
Miscellaneous	140,903	0	(142,678)	0	282,155
Total revenues	<u>83,745,548</u>	<u>74,061,739</u>	<u>2,528,928</u>	<u>7,402,079</u>	<u>324,411</u>
<b>Expenditures</b>					
Current:					
General government	25,578,830	0	163	0	0
Public safety	2,313,024	0	584,225	8,324,058	0
Physical environment	2,356,760	0	517,937	0	0
Transportation	0	0	1,660,740	0	0
Economic environment	2,745,247	0	368,862	0	0
Human services	7,998,819	100,000	33,480	0	0
Culture and recreation	6,661,838	0	282,265	0	0
Judicial	2,526,095	1,707,911	158,875	0	0
Debt Service:					
Principal retirement	0	0	0	0	0
Interest and fiscal charges	0	0	0	0	0
Other debt service costs	0	0	0	0	0
Total expenditures	<u>50,180,613</u>	<u>1,807,911</u>	<u>3,606,547</u>	<u>8,324,058</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,564,935</u>	<u>72,253,828</u>	<u>(1,077,619)</u>	<u>(921,979)</u>	<u>324,411</u>
Other financing sources (uses):					
Transfers in	2,755,758	419,320	17,352	1,224,459	0
Refunding bonds issued	0	0	0	0	0
Payment to refunding bond escrow agent	0	0	0	0	0
Transfers out	<u>(33,493,746)</u>	<u>(71,923,559)</u>	<u>(16,190)</u>	<u>(38,399)</u>	<u>(178,349)</u>
Total other financing (uses) sources	<u>(30,737,988)</u>	<u>(71,504,239)</u>	<u>1,162</u>	<u>1,186,060</u>	<u>(178,349)</u>
Net change in fund balances	2,826,947	749,589	(1,076,457)	264,081	146,062
Fund balances at beginning of year	<u>31,838,226</u>	<u>1,247,520</u>	<u>2,062,892</u>	<u>1,230,523</u>	<u>418,432</u>
Fund balances at end of year	<u>\$ 34,665,173</u>	<u>\$ 1,997,109</u>	<u>\$ 986,435</u>	<u>\$ 1,494,604</u>	<u>\$ 564,494</u>

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

<b>Capital Improvement Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Component Unit - Housing Finance Authority of Leon County</b>	<b>Total Governmental Funds</b>
\$ 0	\$ 37,016,244	\$ 0	\$ 159,762,897
0	3,077,931	0	3,123,753
0	7,960,298	4,574	41,930,824
0	12,754,660	56,996	22,869,914
0	403,839	0	527,043
257,049	516,977	7,072	1,881,797
(201,323)	(344,805)	0	(804,391)
1,300,000	2,016,202	47,825	3,644,407
<u>1,355,726</u>	<u>63,401,346</u>	<u>116,467</u>	<u>232,936,244</u>
4,610,454	2,116,995	0	32,306,442
1,415,280	24,170,896	0	36,807,483
1,466,943	8,184,884	0	12,526,524
156,654	18,529,426	0	20,346,820
0	4,031,498	70,865	7,216,472
0	1,979,942	0	10,112,241
2,269,888	6,431,870	0	15,645,861
1,376,856	280,974	0	6,050,711
0	7,609,077	0	7,609,077
0	803,817	0	803,817
0	57,691	0	57,691
<u>11,296,075</u>	<u>74,197,070</u>	<u>70,865</u>	<u>149,483,139</u>
<u>(9,940,349)</u>	<u>(10,795,724)</u>	<u>45,602</u>	<u>83,453,105</u>
4,827,412	21,263,350	0	30,507,651
0	15,991,000	0	15,991,000
0	(16,047,543)	0	(16,047,543)
0	(11,093,542)	0	(116,743,785)
<u>4,827,412</u>	<u>10,113,265</u>	<u>0</u>	<u>(86,292,677)</u>
(5,112,937)	(682,459)	45,602	(2,839,572)
29,391,988	49,112,236	650,010	115,951,827
<u>\$ 24,279,051</u>	<u>\$ 48,429,777</u>	<u>\$ 695,612</u>	<u>\$ 113,112,255</u>

Board of County Commissioners  
Leon County, Florida  
Statement of Net Position - Proprietary Funds  
September 30, 2017

	<b>Business-type Activities - Landfill Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 462	\$ 271,624
Cash with fiscal agent	0	102,670
Investments	6,799,134	6,606,530
Accounts receivable	1,284,084	218,664
Due from other governments	0	13,998
Due from other county units	968	0
Inventories	1,214	39,710
Total current assets	8,085,862	7,253,196
Noncurrent assets:		
Restricted cash and investments	9,917,987	0
Capital assets:		
Land nondepreciable	1,809,844	0
Depreciable (net)	8,979,879	0
Total noncurrent assets	20,707,710	0
Total assets	\$ 28,793,572	\$ 7,253,196
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 708,679	\$ 191,011
Accrued liabilities	348,923	142,970
Claims payable	0	4,451,773
Liability for closure costs/maintenance	375,325	0
Total current liabilities	1,432,927	4,785,754
Noncurrent liabilities:		
Liability for closure costs/maintenance	13,621,973	0
Total noncurrent liabilities	13,621,973	0
Total liabilities	15,054,900	4,785,754
<b>Net position</b>		
Net investment in capital assets	10,789,723	0
Unrestricted	2,948,949	2,467,442
Total net position	13,738,672	2,467,442
Total liabilities and net position	\$ 28,793,572	\$ 7,253,196

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

Board of County Commissioners  
Leon County, Florida  
Statement of Revenues, Expenses, and Changes in  
Fund Net Position - Proprietary Funds  
Year Ended September 30, 2017

	<b>Business-type Activities - Landfill Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues</b>		
Charges for services	\$ 9,033,261	\$ 7,664,347
Total operating revenues	<u>9,033,261</u>	<u>7,664,347</u>
<b>Operating expenses</b>		
Personnel services	1,701,949	657,912
Contractual services	7,090,868	109,001
Supplies	262,054	1,111,244
Communications services	30,297	637,708
Insurance	53,418	3,418,360
Utility services	5,103	0
Depreciation	949,636	0
Other services and charges	1,615,463	1,344,586
Total operating expenses	<u>11,708,788</u>	<u>7,278,811</u>
Operating (loss) income	<u>(2,675,527)</u>	<u>385,536</u>
Nonoperating revenues:		
Taxes	1,868,893	0
Interest	205,419	65,081
Net decrease in fair value of investments	(183,072)	(50,501)
Miscellaneous	279,784	0
Total nonoperating revenues	<u>2,171,024</u>	<u>14,580</u>
Income (loss) before contributions and transfers	(504,503)	400,116
Transfers in	448,670	0
Transfers out	<u>(117,146)</u>	<u>(25,000)</u>
Change in net position	(172,979)	375,116
Net position at beginning of year	13,911,651	2,092,326
Net position at end of year	<u>\$ 13,738,672</u>	<u>\$ 2,467,442</u>

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

Board of County Commissioners  
Leon County, Florida  
Statement of Cash Flows - Proprietary Funds  
Year Ended September 30, 2017

	<b>Business-type Activities - Landfill Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 9,051,200	\$ 389,988
Payments to suppliers	(8,971,516)	(4,597,522)
Payments to employees	(1,680,162)	(636,432)
Internal activity - payments to other funds	(53,418)	0
Internal activity - cash received from other funds	0	7,219,123
Claims paid	0	(1,816,789)
Net cash (used in) provided by operating activities	(1,653,896)	558,368
<b>Cash flows from noncapital financing activities</b>		
Tax proceeds	1,868,893	0
Repayments on interfund loans	(426)	0
Transfers from other funds	448,670	0
Transfers to other funds	(117,146)	(25,000)
Net cash provided by (used in) noncapital financing activities	2,199,991	(25,000)
<b>Cash flows from capital and related financing activities</b>		
Sale of property	701,752	0
Acquisition and/or construction of capital assets	(980,385)	0
Net cash used in capital and related financing activities	(278,633)	0
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	4,837,569	2,907,938
Purchases of investments	(5,123,490)	(3,442,555)
Interest and dividends received	18,459	9,761
Net cash used in investing activities	(267,462)	(524,856)
Net (decrease) increase in cash	0	8,512
Cash at beginning of year	462	365,782
Cash at end of year	\$ 462	\$ 374,294

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

Board of County Commissioners  
Leon County, Florida  
Statement of Cash Flows - Proprietary Funds (continued)  
Year Ended September 30, 2017

	<b>Business-type Activities - Landfill Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities</b>		
Operating (loss) income:	\$ (2,675,527)	\$ 385,536
Adjustment to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation expense	949,636	0
Change in assets and liabilities:		
Accounts and intergovernmental receivables	(190,136)	(44,552)
Inventories	0	0
Accounts payable and other liabilities	32,270	195,904
Accrued expenses	21,787	21,480
Revenues received in advance	0	0
Estimated liability for closure costs/maintenance	208,074	0
Net cash (used in) provided by operating activities	\$ (1,653,896)	\$ 558,368

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

Board of County Commissioners  
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund

Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 49,239,656	\$ 49,239,656	\$ 49,875,319	\$ 635,663
Licenses and permits	0	0	9,600	9,600
Intergovernmental	20,936,532	23,187,739	31,372,908	8,185,169
Charges for services	1,953,651	1,953,651	1,681,369	(272,282)
Interest	449,469	449,469	866,600	417,131
Net decrease in fair value of investments	0	0	(201,151)	(201,151)
Miscellaneous	342,950	342,950	140,903	(202,047)
Total revenues	<u>72,922,258</u>	<u>75,173,465</u>	<u>83,745,548</u>	<u>8,572,083</u>
<b>Expenditures</b>				
General government	19,768,549	29,236,224	25,578,830	3,657,394
Public safety	2,512,944	2,512,944	2,313,024	199,920
Physical environment	2,394,799	2,394,799	2,356,760	38,039
Economic environment	2,804,279	2,810,499	2,745,247	65,252
Human services	8,320,211	8,497,907	7,998,819	499,088
Culture and recreation	7,016,639	6,766,813	6,661,838	104,975
Judicial	447,052	1,175,150	2,526,095	(1,350,945)
Total expenditures	<u>43,264,473</u>	<u>53,394,336</u>	<u>50,180,613</u>	<u>3,213,723</u>
Excess of revenues over expenditures	29,657,785	21,779,129	33,564,935	11,785,806
Other financing sources (uses):				
Transfers in	10,650,403	11,400,403	2,755,758	(8,644,645)
Transfers out	(42,845,510)	(43,245,510)	(33,493,746)	9,751,764
Total other financing sources (uses)	<u>(32,195,107)</u>	<u>(31,845,107)</u>	<u>(30,737,988)</u>	<u>1,107,119</u>
Net change in fund balance	(2,537,322)	(10,065,978)	2,826,947	12,892,925
Fund balance at beginning of year	31,838,226	31,838,226	31,838,226	0
Fund balance at end of year	<u>\$ 29,300,904</u>	<u>\$ 21,772,248</u>	<u>\$ 34,665,173</u>	<u>\$ 12,892,925</u>

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

Board of County Commissioners  
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Fine & Forfeiture Fund

Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 71,924,242	\$ 71,924,242	\$ 72,869,625	\$ 945,383
Intergovernmental	15,500	15,500	24,877	9,377
Charges for services	884,000	884,000	897,081	13,081
Fines and forfeitures	118,500	118,500	123,204	4,704
Interest	98,349	98,349	156,346	57,997
Net decrease in fair value of investments	0	0	(9,394)	(9,394)
Total revenues	<u>73,040,591</u>	<u>73,040,591</u>	<u>74,061,739</u>	<u>1,021,148</u>
<b>Expenditures</b>				
Human services	100,000	100,000	100,000	0
Judicial	1,717,032	1,817,032	1,707,911	109,121
Total expenditures	<u>1,817,032</u>	<u>1,917,032</u>	<u>1,807,911</u>	<u>109,121</u>
Excess of revenues over expenditures	<u>71,223,559</u>	<u>71,123,559</u>	<u>72,253,828</u>	<u>1,130,269</u>
Other financing sources (uses):				
Transfers in	0	0	419,320	419,320
Transfers out	(71,223,559)	(71,973,559)	(71,923,559)	50,000
Total other financing sources (uses)	<u>(71,223,559)</u>	<u>(71,973,559)</u>	<u>(71,504,239)</u>	<u>469,320</u>
Net change in fund balance	0	(850,000)	749,589	1,599,589
Fund balance at beginning of year	<u>1,247,520</u>	<u>1,247,520</u>	<u>1,247,520</u>	<u>0</u>
Fund balance at end of year	<u>\$ 1,247,520</u>	<u>\$ 397,520</u>	<u>\$ 1,997,109</u>	<u>\$ 1,599,589</u>

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

Board of County Commissioners  
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Grants Fund  
Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 0	\$ 36,225	\$ 36,222	\$ (3)
Intergovernmental	389,267	15,938,182	2,568,167	(13,370,015)
Charges for services	84,835	296,956	94,556	(202,400)
Interest	0	6,479	4,433	(2,046)
Net decrease in fair value of investments	0	0	(31,772)	(31,772)
Miscellaneous	0	1,002,962	(142,678)	(1,145,640)
Total revenues	<u>474,102</u>	<u>17,280,804</u>	<u>2,528,928</u>	<u>(14,751,876)</u>
<b>Expenditures</b>				
General government	0	588	163	425
Public safety	350,882	1,813,989	584,225	1,229,764
Physical environment	0	4,819,223	517,937	4,301,286
Transportation	0	8,073,965	1,660,740	6,413,225
Economic environment	0	1,565,457	368,862	1,196,595
Human services	32,521	55,962	33,480	22,482
Culture and recreation	15,000	2,206,862	282,265	1,924,597
Judicial	216,690	250,307	158,875	91,432
Total expenditures	<u>615,093</u>	<u>18,786,353</u>	<u>3,606,547</u>	<u>15,179,806</u>
(Deficiency) excess of revenue (under) over expenditures	<u>(140,991)</u>	<u>(1,505,549)</u>	<u>(1,077,619)</u>	<u>427,930</u>
Other financing sources (uses):				
Transfers in	0	17,352	17,352	0
Transfers out	(121,155)	0	(16,190)	(16,190)
Total other financing sources (uses)	<u>(121,155)</u>	<u>17,352</u>	<u>1,162</u>	<u>(16,190)</u>
Net change in fund balance	(262,146)	(1,488,197)	(1,076,457)	411,740
Fund balance at beginning of year	2,062,892	2,062,892	2,062,892	0
Fund balance at end of year	<u>\$ 1,800,746</u>	<u>\$ 574,695</u>	<u>\$ 986,435</u>	<u>\$ 411,740</u>

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

Board of County Commissioners  
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Fire Rescue Services Fund

Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Charges for services	\$ 7,094,946	\$ 7,302,564	\$ 7,385,252	\$ 82,688
Interest	0	0	32,773	32,773
Net decrease in fair value of investments	0	0	(15,946)	(15,946)
Total revenues	<u>7,094,946</u>	<u>7,302,564</u>	<u>7,402,079</u>	<u>99,515</u>
<b>Expenditures</b>				
Public safety	8,280,315	8,487,933	8,324,058	163,875
Total expenditures	<u>8,280,315</u>	<u>8,487,933</u>	<u>8,324,058</u>	<u>163,875</u>
Excess of revenues over expenditures	<u>(1,185,369)</u>	<u>(1,185,369)</u>	<u>(921,979)</u>	<u>263,390</u>
Other financing uses:				
Transfers in	1,224,459	1,224,459	1,224,459	0
Transfers out	(39,090)	(39,090)	(38,399)	691
Total other financing uses	<u>1,185,369</u>	<u>1,185,369</u>	<u>1,186,060</u>	<u>691</u>
Net change in fund balance	0	0	264,081	264,081
Fund balance at beginning of year	1,230,523	1,230,523	1,230,523	0
Fund balance at end of year	<u>\$ 1,230,523</u>	<u>\$ 1,230,523</u>	<u>\$ 1,494,604</u>	<u>\$ 264,081</u>

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

Board of County Commissioners  
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Special Assessment Paving Fund

Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 1,709	\$ 1,709
Interest	32,965	32,965	40,547	7,582
Miscellaneous	145,350	145,350	282,155	136,805
Total revenues	<u>178,315</u>	<u>178,315</u>	<u>324,411</u>	<u>146,096</u>
<b>Expenditures</b>				
Physical environment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over expenditures	<u>178,315</u>	<u>178,315</u>	<u>324,411</u>	<u>146,096</u>
Other financing uses:				
Transfers out	<u>(178,315)</u>	<u>(178,315)</u>	<u>(178,349)</u>	<u>(34)</u>
Total other uses	<u>(178,315)</u>	<u>(178,315)</u>	<u>(178,349)</u>	<u>(34)</u>
Net change in fund balance	0	0	146,062	146,062
Fund balance at beginning of year	418,432	418,432	418,432	0
Fund balance at end of year	<u>\$ 418,432</u>	<u>\$ 418,432</u>	<u>\$ 564,494</u>	<u>\$ 146,062</u>

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

Board of County Commissioners  
Leon County, Florida  
Statement of Fiduciary Assets and Liabilities - Agency Fund  
September 30, 2017

	<b>Total Agency Funds</b>
<b>Assets</b>	
Cash	\$ 676,724
Accounts receivable	3,463,658
Total assets	<u>\$ 4,140,382</u>
 <b>Liabilities</b>	
Accounts payable	\$ 155,800
Accrued liabilities	1,143,684
Due to other funds	2,840,898
Total liabilities	<u>\$ 4,140,382</u>

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

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies**

**Reporting Entity**

Leon County (the County) is a political subdivision of the state of Florida and provides services to its residents in many areas, including public safety, transportation, recreation, and human services. It is governed by an elected Board of County Commissioners (seven members). In addition to the members of the Board of County Commissioners, there are five elected Constitutional Officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets. Effective for the 2003 fiscal year, the citizens of Leon County passed a voter referendum to make Leon County a charter county. The charter is a simple charter which allows for the same powers and duties as provided in the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The accounting policies of Leon County, Florida conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies of Leon County Board of County Commissioners (the Board) are described below.

**Component Units**

The component unit discussed below is included in the Board's reporting entity either because of the significance of the operational relationship or the Board is financially accountable for the component unit. The Board is financially accountable for an organization when the Board appoints a voting majority of the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the Board; or the organization is fiscally dependent on the Board.

Specific criteria used to determine financial accountability are:

- Selection of a voting majority of the governing body.
- Imposition of Will: Ability to remove appointed members at will; ability to approve or modify rate charges affecting revenue; ability to appoint, hire or dismiss management.
- Financial Benefit or Burden Relationship: The Board is legally entitled to or can otherwise access the organization's resources; the Board is legally obligated or has otherwise assumed the obligation to finance the deficits of or provide support to the organization; or the Board is obligated in some manner for the debt of the organization.
- Fiscal Dependency: Ability to approve or modify the organization's budget or rate charges; ability to approve debt issuances and/or tax levies.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Component Units (continued)**

Financial statements of component units are included in the financial reporting entity either as a blended component unit or as a discretely presented component unit in accordance with governmental accounting standards. At September 30, 2017, the only component unit of the Board is The Housing Finance Authority of Leon County (the Authority) which is discretely presented in a separate column on the Board's financial statements.

The Authority was created as a Florida public corporation in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, *Florida Statutes* (1979), following the adoption of an approving ordinance (#80-39) by the Board of County Commissioners of Leon County, Florida. The Authority is a Dependent Special District as defined in Section 189.4041, *Florida Statutes*.

The Authority's governing board is appointed by the Board; the budget is approved by the Board; all bonds issued and contracts entered into must be approved by the Board; the Board may, at its sole discretion, and at anytime, alter or change the structure, organization, programs or activities of the Authority, including the power to terminate the Authority; and the Board maintains the books and records of the Authority. This component unit is reported in a separate column to emphasize that it is legally separate from the Board. Separate financial information for the Housing Finance Authority is available at 918 Railroad Avenue, Tallahassee, Florida 32310.

***Excluded from the Reporting Entity:***

The Leon County Health Facilities Authority, Leon County Research and Development Authority, Leon County Education Facilities Authority, Leon County Energy Improvement District, and Community Redevelopment Agency have been established under *Florida Statutes*, Chapter 159, Part V, Chapter 154, Part III, Chapter 243, Chapter 189, Part II and Chapter 163, Part III, respectively. Operations of the above authorities are not included in this report because they do not meet the criteria for inclusion in the reporting entity as set forth in GASB Statement No. 39.

Other public entities located within Leon County and not included in the financial statements of the Board include municipalities and the following independent taxing districts authorized and established by the Laws of Florida:

Leon County School Board District  
Leon County Health Department  
Fallschase Special Taxing District  
Northwest Florida Water Management District

These potential component units have been excluded because they do not meet the criteria for inclusion in the reporting entity.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Consolidated Dispatch Agency**

In May 2012, the City of Tallahassee, Leon County, Florida, and the Leon County Sheriff's Office entered into an inter-local agreement authorized by Section 163.01, *Florida Statutes*. This agreement created a Consolidated Dispatch Agency (CDA) for the purpose of dispatching law enforcement, fire and emergency medical services personnel. The term of this agreement is for a period of 10 years, commencing April 1, 2013, and will renew automatically thereafter. The CDA will govern and manage the provision of public safety consolidated dispatch services on a county-wide basis.

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff, hereinafter called the Council. The City and Sheriff shall fund the CDA budget proportionately based upon the per capita population within the corporate limits of the City of Tallahassee for the city, and the per capita population within the unincorporated area of Leon County for the Sheriff, and a service cost allocation shall be included in the CDA's annual budget. Current audited financial statements may be obtained from the Consolidated Dispatch Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

**Capital Regional Transportation Planning Agency**

In December 2004, the Capital Regional Transportation Planning Agency (CRTPA) was created through an inter-local agreement between the Florida Department of Transportation; the Counties of Leon, Gadsden, Jefferson and Wakulla; the Cities of Tallahassee, Chattahoochee, Gretna, Midway, Monticello, Quincy, St. Marks and Sopchoppy; the towns of Greensboro, Havana and the Leon County School Board as authorized by Section 163.01 *Florida Statutes*. It was established in order for the members to participate cooperatively in the development of transportation related plans and programs. The governing board consists of voting representatives from the Counties of Leon, Gadsden, Jefferson, and Wakulla; the Cities of Midway, Quincy, Tallahassee, Chattahoochee and Gretna; the Towns of Greensboro and Havana, the Leon County School Board, and three nonvoting representatives from the Florida Department of Transportation, the Federal Highway Administration, and StarMetro.

The CRTPA receives federal and state transportation funds for the performance of its transportation planning and programming activities. If operating expenses exceed the external funding obtained, the deficit is funded by the members of the CRTPA in proportion of their weighted votes. As a participating member of CRTPA, Leon County has a limited share of financial responsibility for any such deficits. Current audited financial statements may be obtained from the Capital Regional Transportation Planning Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Blueprint Intergovernmental Agency**

In October 2000, Leon County entered into an interlocal agreement with the City of Tallahassee as authorized by Section 163.01(7) *Florida Statutes*. This agreement created the Blueprint 2000 Intergovernmental Agency, now known as the Blueprint Intergovernmental Agency (Blueprint) to govern the project management for the project planning and construction of a list of projects known as the Blueprint projects. The Board of County Commissioners and the City Commission constitute the Blueprint's Board of Directors and jointly govern the organization. The revenues to fund the projects under this agreement are the collections of the local government infrastructure sales surtax, which began December 1, 2004. This tax was extended pursuant to the provisions in Section 212.055, *Florida Statutes*, until December 31, 2039.

Periodically, the Blueprint provides construction management services to the County. For these services the Blueprint and the County enter into Joint Participation Agreements whereby the County agrees to pay an administrative fee to the Blueprint.

Current audited financial statements may be obtained from the Blueprint Intergovernmental Agency, 315 S. Calhoun Street, Suite 450, Tallahassee, Florida 32301.

**Basis of Presentation**

The special-purpose fund financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

**Description of Funds**

***Governmental Major Funds:***

The Board reports the following major funds in the governmental fund financial statements:

*General Fund* – The General Fund is the general operating fund of the Board. This fund is used to account for all financial transactions not required to be accounted for in another fund.

*Fine & Forfeiture Fund* – This fund was established to account for revenues collected pursuant to the provisions of Section 142.01, *Florida Statutes*. It also accounts for expenditures related to the costs of criminal prosecutions and for the proceeds of certain court fines and costs as well as accounting for ad valorem tax revenues collected and used to support the Sheriff's Department.

*Grants Fund* – This fund is used to account for the revenues and expenses of federal, state, and local grants awarded to the county. This fund also includes the corresponding county matching funds for the various grants.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Description of Funds (continued)**

***Governmental Major Funds: (continued)***

*Fire Rescue Services Fund* – This fund was established to fund enhanced fire protection services in the unincorporated area of Leon County. The revenue source is derived from a fire service fee levied on single-family, commercial, and governmental properties in the unincorporated area of the county. It also assists with funding for volunteer fire departments. By interlocal agreement, the fire rescue and emergency management services are functionally consolidated under the city and county.

*Special Assessment Paving Fund* – This fund accounts for the repayment of special assessments associated with the county's paving program. Repayments are collected as a non-ad valorem special assessment on the annual tax bill. The revenues are repaying the county for the costs to construct the paving projects.

*Capital Improvement Fund* – This fund is used to account for the acquisition or construction of major non-transportation related capital facilities and/or projects other than those financed by proprietary funds.

***Proprietary Major Fund:***

*Landfill Fund* – The Landfill Fund accounts for the revenues, expenses, assets and liabilities associated with the County landfill and transfer station.

***Other Fund Types:***

*Internal Service Funds* – These funds account for goods or services provided by various departments to other departments of the Board on a cost-reimbursement basis.

*Agency Funds* – These funds account for assets held by the Board as an agent for individuals, private organizations, and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Basis of Accounting (continued)**

The accompanying special-purpose financial statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recognized when measurable and available to pay liabilities of the current period and expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Board considers receivables collected within 60 days after year-end to be available and susceptible to accrual as revenues of the current year. The following revenues are considered to be susceptible to accrual: taxes, charges for services, interest, state revenue sharing, federal forestry revenue, insurance agents' revenue, various other gas taxes, gas tax pour-over trust, federal and state grants, planning and zoning revenue, municipal service franchise fees, and special assessments.

Expenditures are generally recorded when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recorded when due.

The financial statements of the Proprietary Funds and Fiduciary Funds (Agency Funds) are prepared on the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

**Budgets and Budgetary Accounting**

*Florida Statutes*, Section 129.01 (2) (b), requires that "...the receipts division of the budget shall include ninety-five percent of all receipts reasonably expected to be anticipated from all sources, including taxes to be levied, and one hundred percent of the amount of the balances, both of cash and liquid securities, estimated to be brought forward at the beginning of the fiscal year." The Board has complied with the provisions of the above *Florida Statutes*.

Annual budgets for the governmental fund types and the Housing Finance Authority of Leon County are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are not adopted for the fiduciary funds. The legal level of budgetary control is at the fund level; however, budgets are monitored at varying levels of detail.

All annual appropriations lapse at fiscal year end, although the Board expects to honor purchase orders and contracts in process, subject to authority provided in the subsequent year's budget.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Budgets and Budgetary Accounting (continued)**

The budget information, as amended, presented in the financial statements was prepared on the modified accrual basis of accounting. All Board authorized amendments to the applicable budget originally approved have been incorporated into the data reflected in the special-purpose financial statements. The Board made several supplemental budgetary appropriations throughout the year.

The Board uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before May 1 of each year, the designated budget officer submits to the Board a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and funding sources.
2. The Board requires such changes to be made as it shall deem necessary, provided the budget remains in balance and subject to the notice and hearing requirements of Section 200.065, *Florida Statutes* and the budget preparation and adoption procedures, as defined in Section 129.03, *Florida Statutes*. The legal level of budgetary control is at the fund level.
3. Public hearings are held pursuant to Section 200.065, *Florida Statutes* in order for the Board to adopt the tentative and final budgets.
4. Prior to October 1, the budget is legally enacted through passage of a resolution.
5. All changes to the final budget must be approved by the Board in accordance with Section 129.06, *Florida Statutes*.
6. Formal budgetary integration is used as a management control device during the year for all governmental funds of the Board.
7. Budgets for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Applicable budgets of Constitutional Officers are controlled by appropriations in accordance with budgetary requirements set forth in the *Florida Statutes*.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Cash and Investments**

Cash includes amounts in demand deposits. The Board's investments consist of U.S. Government obligations, money market funds, municipal bonds, and commercial paper of prime quality and are reported at fair value.

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments of the Board are reported at amortized cost, which approximates fair value.

During the 2016-2017 fiscal year, the Board invested in three different investment pools: the Special Purpose Investment Account (SPIA) within the Florida Treasury Investment Pool (the Pool) administered by the Florida Department of Financial Services, as authorized by Section 17.61(1), *Florida Statutes*; The Florida Local Government Investment Trust (FLGIT), a local government investment pool developed through the joint efforts of the Florida Court Clerks and Comptrollers (FCCC) and the Florida Association of Counties (FAC); and the Local Government Surplus Funds Trust Fund (Florida PRIME), administered by the Florida State Board of Administration (SBA) as authorized by Section 218.415 (17), *Florida Statutes*. Florida PRIME is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for the SEC Rule 2a-7 fund.

The Board liquidates and reallocates investments throughout the year depending on whether the external pools authorized by *Florida Statutes* or the interest bearing accounts with approved public depositories provide the most favorable interest rates.

**Receivables**

Receivables are shown net of an allowance for uncollectibles. As the receivables age, the allowance increases. The emergency medical services allowance used for September 30, 2017 is equal to 69% of current year billings.

**Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for services rendered or goods provided resulting in receivables and payables that are classified as "due from other funds" or "due to other funds" on the balance sheet.

**Inventories**

Inventories in the General Fund and Internal Service Funds consist of expendable office supplies. The office supplies are valued at the average unit cost and are accounted for under the consumption method whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Restricted Assets**

Investments that are held in escrow in accordance with the Florida Administrative Code requirement for landfill closure and post-closure costs are shown as restricted in the Proprietary Fund.

**Capital Assets**

Capital assets purchased in the governmental fund types are recorded as expenditures (capital outlay) at the time of purchase. Such assets are reported as capital assets in the Statement of Net Position as part of the Leon County, Florida Comprehensive Annual Financial Report (Leon County CAFR). The Board does not record depreciation of these assets on its governmental fund financial statements, although depreciation is recorded for such assets in the Leon County CAFR. Donated assets are recorded at fair market value at the date of donation. Accounting policies for capitalization and depreciation of infrastructure assets including roads, bridges, curbs, gutters, and sidewalks are described in the Leon County CAFR. A summary of capital assets purchased by the Board's governmental funds is provided in Note 5.

**Fixed Assets**

Fixed assets acquired in the Proprietary Funds are capitalized at cost. Gifts or contributions are recorded at fair market value at the time received. Depreciation on property and equipment in the Proprietary Funds is computed using the straight-line method over the estimated useful lives. The Board follows the policy of capitalizing interest as a component of the cost of proprietary fund type fixed assets constructed for its own use.

The general fixed assets used in the operations of the Board, Property Appraiser, Tax Collector, Clerk of the Circuit Court, and Supervisor of Elections, and the real property used by the Sheriff are accounted for by the Board, as the Board holds legal title and is accountable for them under Florida law.

**Liability for Compensated Absences**

The Board accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Board does not, nor is it legally required to accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported in the Statement of Net Position of Leon County CAFR.

**Other Postemployment Benefits**

The Board, through Leon County, offers retiree medical and life insurance benefits for qualifying Board employees that have retired from a Florida Retirement System (FRS) pension plan.

Board of County Commissioners  
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Notes to Special-Purpose Financial Statements  
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**Note 1. Accounting Policies (continued)**

**Executive Service Plan**

Executive service and senior management employees of the Board are entitled to severance pay if terminated from employment. If there is a contract or employment agreement, severance pay may not exceed an amount greater than twenty weeks of compensation. If there is no contract, severance pay is limited to six weeks.

**Net Position and Fund Balances**

Net Position is the difference between fund assets and liabilities on the government-wide, proprietary, and fiduciary fund statements. Fund Balance is the difference between assets and liabilities on the governmental fund statement.

For financial reporting purposes, County policy defines the five fund balance classifications for governmental funds and the order that the resources are used.

*Nonspendable Fund Balance* - Balances are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted Fund Balance* - Balances are comprised of funds that have legally enforceable constraints placed on their use or those funds that have externally-imposed restrictions by resource providers or creditors, grantors, contributors, voters, or interlocal agreement, or enabling legislation.

*Committed Fund Balance* - Balances are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action such as ordinances, resolutions, or legislation of Leon County and that remain binding unless removed by a majority vote of the Board of County Commissioners.

*Assigned Fund Balance* - Balances are comprised of unrestricted funds informally constrained by a majority vote of the Board of County Commissioners, or by a designated county officer, in a manner that reflects the County's use of those resources such as appropriations of fund balance at year end or at the beginning of the new fiscal year.

*Unassigned Fund Balance* - Balances are comprised of the residual of the unrestricted funds in the General Fund and are not nonspendable, restricted, committed, or assigned. Other fund types can only report a negative unassigned residual amount.

The County's policy is that available resources will be spent in the following order: restricted, committed, assigned, and unassigned.

Board of County Commissioners  
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Year Ended September 30, 2017

**Note 1. Accounting Policies (continued)**

**Common Expenses**

Certain expenses that are common to the Board and all Constitutional Officers are reported as expenditures of the Board and, therefore, are not budgeted by or allocated to the other Constitutional Officers. These are:

- Occupancy costs
- Property insurance
- Utilities (except telephone), and
- Janitorial service

**Operating Transfers**

The Board funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers. The payments by the Board to fund the operations of the Constitutional Officers are recorded as operating transfers out on the financial statements of the Board and as operating transfers in on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as operating transfers out on the financial statements of the Constitutional Officers and as operating transfers in on the financial statements of the Board.

**Use of Estimates**

The preparation of the special-purpose financial statements is in conformity with accounting practices prescribed by the State of Florida, Office of the Auditor General, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**Note 2. Property Taxes**

Under Florida Law, the assessment of all properties and the collection of all county, municipal, special taxing districts, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of Florida regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit counties to levy property taxes at a rate of up to 10 mills. The tax levy of Leon County is established by the Board prior to October 1 of each year. The millage rate collected by the Board during the current fiscal year was 8.3144 mills. County citizens were also assessed for emergency medical services through a Municipal Services Taxing Unit at a millage rate of 0.5000 mills. For County citizens charged a special assessment, the required annual payment is included on their tax bill.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of *Florida Statutes*.

Board of County Commissioners  
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Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 2. Property Taxes (continued)**

All taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. No accrual for the property tax levy becoming due in September 30, 2017 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property in accordance with the laws of Florida. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the seven-year statute of limitations. Since tax certificates were sold for substantially all current year delinquent property taxes, there were no material property taxes receivable at September 30, 2017.

**Note 3. Cash and Investments**

**Credit Risk**

The Board's Investment Policy (the Policy) provides a structure for the portfolio that is designed to minimize credit risk. The majority of the securities held will be those of the highest available credit quality ratings. Staff will notify the Investment Oversight Committee (IOC) at any time holdings drop below the minimum credit ratings specified in the policy. The IOC will consider the market environment and make recommendations to hold and continue to monitor the investments or liquidate the investments. To further limit the Board's risk against possible credit losses, a maximum of 3% of the total portfolio managed by the Board's external manager may be held per issuer in corporate notes and bonds and 5% per issuer in commercial paper. The Policy provides that 45% of the external portfolio may be invested in Federal instrumentalities, with a limit of 15% of the portfolio in any one issuer.

Section 218.415(16), *Florida Statutes*, stipulates the state-approved investment policy for all governmental entities and includes the following investments:

1. The Local Government Surplus Funds Trust Fund or any authorized intergovernmental investment pool.
2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories.

Board of County Commissioners  
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Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 3. Cash and Investments (continued)**

**Credit Risk (continued)**

4. Direct obligations of the U.S. Treasury.
5. Federal agencies and instrumentalities.
6. Securities of, or other interests in, any management type investment company or trust registered under the Investment Company Act of 1940, where the investment portfolio is limited to United States Government Obligations.
7. Other investments authorized by law or by ordinance for a county or a municipality.

The Board's Investment Policy limits credit risk by restricting authorized investments to the following: Local Government Surplus Funds Trust Fund (Florida PRIME), State of Florida Special Purpose Investment Account (SPIA), direct obligations of the United States or its agencies and instrumentalities, direct obligations of states and municipalities, repurchase agreements, commercial paper, bankers' acceptances, money market mutual funds, the Florida Local Government Investment Trust (FLGIT), and the Florida Municipal Investment Trust (FMIVT).

The Chief Financial Officer for the State of Florida (formerly the State Treasurer) has been investing state revenues, excess revenues of state universities and community colleges and certain other public agencies in a commingled investment portfolio for several years. This program is authorized under Section 17.61(1), *Florida Statutes* and is called the Special Purpose Investment Account (SPIA). SPIA funds are combined with State funds and are invested as part of the Treasury Investment Pool.

Historically, SPIA participants have received higher earnings reflecting the higher risk associated with the longer maturities and lower credit quality. The financial details and disclosures for SPIA are made in Note 2 to the State of Florida Comprehensive Annual Financial Report (CAFR). The Florida Treasury Investment Pool is rated by Standard and Poor's. The rating as of September 30, 2017 was A+f. Investments in this pool are limited to a maximum of 100% of the portfolio. A copy of the Florida Treasury Investment Pool's most recent financial statements can be found at <https://www.myfloridacfo.com/Division/Treasury/Reports/AnnualReports>.

The FLGIT is a local government investment pool created by the Florida Court Clerks and Comptrollers, and the Florida Association of Counties for the purpose of providing public entities with an investment program that focuses on longer term securities with the highest credit ratings. The effective maturity of the underlying investments is five years or less. At year end, the FLGIT was invested in treasury notes, corporates, asset-backed securities, and Federal agency obligations. This investment type is subject to some market risk due to fluctuating prices and liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board, and provides diversity in the Fund's portfolio. The FLGIT maintains a credit rating of AA+ by Standard & Poor's. Investments in this pool are limited to a maximum of 15% of the portfolio. A copy of FLGIT's most recent financial statements can be found at <http://www.floridatrusionline.com/about>.

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Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 3. Cash and Investments (continued)**

**Credit Risk (continued)**

The Florida PRIME is an external investment pool that is administered by the Florida State Board of Administration (SBA). Florida PRIME is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for the SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2017, Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one and three-month LIBOR rates. These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Investments in this pool are limited to a maximum of 15% of the portfolio. The current rating for the Florida PRIME is AAAM by Standard and Poor's. A copy of Florida PRIME's most recent financial statements can be found at <http://www.sbafla.com/prime/Audits/tabid/582/Default.aspx>.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure or the failure of the counterparty, the government's deposits may not be returned to it, or may not be able to recover the value of its investments that are in the possession of an outside party.

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2017, were \$10,505,156.

Due to the nature of the County's cash and investments, management believes there is no exposure to custodial credit risk and concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of investments. The County's actual portfolio will have a duration range of 0.5 years to 2.5 years. Unusual market or economic conditions may mandate moving the portfolio outside of this range. The Investment Oversight Committee will be convened and will approve any portfolio duration outside of the range specified above. The effective duration of investments is listed in the preceding table.

Board of County Commissioners  
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Notes to Special-Purpose Financial Statements  
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**Note 3. Cash and Investments (continued)**

**Interest Rate Risk (continued)**

The externally managed portfolio totaled \$65,815,566 at September 30, 2017, and was invested for a weighted average term of approximately 867 days, as compared to a weighted average term of 797 days in fiscal year 2016. The County requires a minimum balance of short term investments. To meet the day-to-day operating needs of the County and to provide the ready cash to meet unforeseen temporary cash requirements, a liquidity base of approximately at least two months of anticipated disbursements is kept in relatively short term investments. This includes investments in government pools with daily liquidity such as Florida PRIME or money markets. The Board was in compliance with this requirement.

As of September 30, 2017, the value of the Board's deposits and investments, with their respective credit ratings, was as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Duration</u>
Deposits in Qualified Public Depositories	\$ 8,522,818	N/A	N/A
External Investment in Government Pools:			
State of Florida Special Purpose Investment Account (SPIA)	51,055,707	A+f	2.89
Florida Local Government Investment Trust Government Fund (FLGIT)	5,878	AAAf	1.74
Florida PRIME Investment Pool	5,679	AAAm	0.22
Externally Managed Portfolio:			
Money Market	14,801	AAA	N/A
U.S. Treasuries	24,753,143	AA+	2.41
Government Sponsored Agencies:			
Federal Home Loan Bank	5,593,663	AA+	1.77
Federal National Mortgage Association	7,577,607	AA+	1.67
Other Government Sponsored Agencies	7,048,868	AA+	1.58
Mortgage Backed Securites	564,317	AA+	1.30
Collateralized Mortgage Obligations	700,279	AA+	0.98
Corporate Bonds	8,523,397	A-	1.25
Corporate Bonds	4,737,994	AA-	1.49
Corporate Bonds	578,932	BBB+	0.31
Asset-backed Securities	<u>5,722,565</u>	AAA	0.90
Total Cash and Investments	<u>\$ 125,405,648</u>		

The amounts above exclude cash on hand and amounts held by third parties in trust for the Board, but includes accrued interest of \$300,814.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 3. Cash and Investments (continued)**

**Foreign Currency Risk**

The County contributes to the Florida Retirement System (FRS), the investments of which are administered by the State Board of Administration. The FRS's investment policy and exposure to foreign currency risk is disclosed in Note 2 of the State of Florida Comprehensive Annual Financial Report. A copy of this report is available at <https://www.myfloridacfo.com/Division/AA/Reports/>.

**Note 4. Fair Value Measurements**

In February 2015, GASB issued GASB Statement No. 72. GASB 72 applicability related to the application of fair value is limited to assets and liabilities that are currently measured at fair value and certain investments that are not currently measured at fair value.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the County participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

FLGIT reports based on the fair market values of the underlying securities. The County participant share investment in FLGIT is measured at net asset value per share. Investments measured at net asset value are not subject to fair value hierarchy level classification under GASB 72.

The fair value factor for SPIA at September 30, 2017 was 0.9975. SPIA funds are combined with State of Florida funds and are invested in a combination of short-term liquid instruments and intermediate term fixed income securities. SPIA is measured at net asset value per share. Investments measured at net asset value are not subject to fair value hierarchy level classification under GASB 72.

Fair value measurement - The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 4. Fair Value Measurements (continued)**

The following table summarizes the assets and liabilities of the County for which fair values are determined on a recurring basis as of September 30, 2017:

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair Value</b>
Asset Backed Security (Mortgage Backed) - Non US				
Agency Sponsored	\$ 0	\$ 5,722,565	\$ 0	\$ 5,722,565
Corporate Bonds and Notes	0	13,840,323	0	13,840,323
US Agencies	0	20,220,139	0	20,220,139
US Government Obligations	24,767,943	0	0	24,767,943
Asset Backed Security (Mortgage Backed) - US				
Agency Sponsored	0	564,317	0	564,317
Collateralized Mortgage Obligations	0	700,279	0	700,279
Investments at fair value	<u>\$ 24,767,943</u>	<u>\$ 41,047,623</u>	<u>\$ 0</u>	<u>\$ 65,815,566</u>

**Note 5. Fixed Assets**

A summary of changes in fixed assets and depreciation for the year ended September 30, 2017, follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Land	\$ 20,891,310	\$ 0	\$ 0	\$ 20,891,310
Improvements other than buildings	31,411,015	894,738	0	32,305,753
Buildings and improvements	217,147,119	0	0	217,147,119
Equipment	60,090,570	4,627,410	(2,778,084)	61,939,896
Leasehold Improvement	0	1,552,793	0	1,552,793
Construction in progress	6,960,944	2,031,999	(1,146,952)	7,845,991
Totals at historical cost	<u>\$ 336,500,958</u>	<u>\$ 9,106,940</u>	<u>\$ (3,925,036)</u>	<u>\$ 341,682,862</u>

Depreciation on capital assets used in governmental activities is recorded in the Leon County CAFR.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 5. Fixed Assets (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>
<b>Business type activities:</b>				
Land	\$ 1,809,844	\$ 0	\$ 0	\$ 1,809,844
Buildings, improvements, and construction in progress	20,198,294	138,816	0	20,337,110
Equipment	<u>5,386,717</u>	<u>841,569</u>	<u>(693,359)</u>	<u>5,534,927</u>
Totals at historical cost	<u>27,394,855</u>	<u>980,385</u>	<u>(693,359)</u>	<u>27,681,881</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,297,678)	(609,537)	0	(13,907,215)
Equipment	<u>(2,916,234)</u>	<u>(340,099)</u>	<u>271,390</u>	<u>(2,984,943)</u>
Total accumulated depreciation	<u>(16,213,912)</u>	<u>(949,636)</u>	<u>271,390</u>	<u>(16,892,158)</u>
	<u>\$ 11,180,943</u>	<u>\$ 30,749</u>	<u>\$ (421,969)</u>	<u>\$ 10,789,723</u>

Board of County Commissioners  
Leon County, Florida  
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**Note 6. Long-Term Debt**

A. A summary of changes in the long-term debt of the Board follows:

	<u>Balance October 1, 2016</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance September 30, 2017</u>	<u>Due Within One Year</u>
<b>Long-Term Debt</b>					
Special revenue debt:					
Capital Improvement Revenue Bonds, Series 2012A	\$ 8,267,000	\$ 0	\$ 0	\$ 8,267,000	\$ 0
Taxable Capital Improvement Revenue Bonds, Series 2012B	12,351,000	0	(169,000)	12,182,000	6,668,000
Capital Improvement Revenue Refunding Bonds, Series 2014	15,951,000	0	(15,951,000)	0	0
Capital Improvement Revenue Refunding Bonds, Series 2015	6,886,000	0	(6,886,000)	0	0
Capital Improvement Revenue Refunding Bonds, Series 2017	0	15,991,000	(140,000)	15,851,000	159,000
Total special revenue debt	<u>43,455,000</u>	<u>15,991,000</u>	<u>(23,146,000)</u>	<u>36,300,000</u>	<u>6,827,000</u>
Note payable	836,648	0	(454,077)	382,571	382,571
Liability for closure costs	13,789,224	208,074	0	13,997,298	375,325
Liability for compensated absences	4,904,551	2,905,576	(2,575,637)	5,234,490	1,791,242
Other postemployment benefits	3,612,801	468,727	(52,204)	4,029,324	0
Arbitrage rebate liability	25,000	0	0	25,000	0
	<u>\$ 66,623,224</u>	<u>\$19,573,377</u>	<u>\$(26,227,918)</u>	<u>\$ 59,968,683</u>	<u>\$ 9,376,138</u>

Total interest costs incurred for general long-term debt by the Board, including bond issuance costs, for the year ended September 30, 2017, was \$861,508.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
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**Note 6. Long-Term Debt (continued)**

B. A summary of each special revenue debt obligation outstanding at September 30, 2017 is as follows:

	<b>Outstanding at September 30, 2017</b>
	<b>2017</b>
<p>\$8,267,000, Capital Improvement Revenue Bonds, Series 2012A, (i) to refund the County's Capital Improvement Revenue Bonds, Series 2003A of which \$7,965,000 was outstanding and maturing in the years 2018 through 2020, and (ii) to pay a portion of the costs of the acquisition of the Bank of America Building, and (iii) the construction of improvements to the Bank of America Building, and (iv) to finance improvements to the County's courthouse and parking garage. The economic gain resulting from the refunding was \$1,279,488. The bonds dated December 20, 2012, bear interest of 1.65% per annum. The interest on the bonds is payable on April 1 and October 1, beginning April 1, 2013. The bond principal matures serially on October 1 of each year for two years beginning October 1, 2019.</p>	\$ 8,267,000
<p>\$12,956,000, Taxable Capital Improvement Revenue Bonds, Series 2012B, to, (i) refund the Capital Improvement Revenue Bonds, Series 2003B of which \$12,465,000 was currently outstanding and maturing in the years 2018 through 2019, and (ii) pay a portion of the costs of the acquisition of the Bank of America Building, and (iii) pay capitalized interest and issuance costs on the Series 2012B bonds, and (iii) pay bond issuance costs. The economic gain resulting from the refunding was \$1,405,034. The bonds dated December 20, 2012 and bear interest of 2.22% per annum. The interest on the bonds is payable on April 1 and October 1, beginning April 1, 2013. The bond principal matures serially on October 1 of each year through the final maturity of October 1, 2019.</p>	12,182,000
<p>\$15,991,000 Capital Improvement Revenue Refunding Bonds, Series 2017, (i) refund the Capital Improvement Revenue Bonds, Series 2014 of which \$15,951,000 was currently outstanding and maturing in the years 2021 through 2025, and (ii) pay issuance costs on the Series 2017 bonds. The economic gain resulting from the refunding was \$489,076. The bonds dated June 22, 2017 and bear interest of 2.11% per annum. The interest on the bonds is payable on April 1 and October 1, beginning October 1, 2017. The bond principal matures serially on October 1 of each year through the final maturity of October 1, 2025.</p>	15,851,000

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Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 6. Long-Term Debt (continued)**

**Outstanding at  
September 30,  
2017**

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*The Capital Improvement Revenue Bonds, Series 2012A, the Capital Improvement Revenue Refunding Bonds Series 2017, and Taxable Capital Improvement Revenue Bonds, Series 2012B are parity bonds payable from and secured by a lien upon certain non-ad valorem revenue. The pledged revenues include the Local Government Half-Cent Sales Tax, Guaranteed Entitlement, Second Guaranteed Entitlement, and additional State Revenue Sharing Funds (less the Guaranteed Entitlement and the Second Guaranteed Entitlement).*

**Total Special Revenue Bond Obligations**

**\$ 36,300,000**

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Note Payable:

SunTrust Equipment Finance & Leasing Corp

On November 18, 2005, the Board borrowed \$4,466,238, (including \$3,986,522 tax exempt, and \$479,686 taxable), under provision of Section 489.145 Florida Statutes. Interest rates are 3.74% and 5.85% for the tax exempt and taxable portion, respectively. The proceeds were used to purchase energy savings equipment. The taxable portion matured on May 18, 2008, and the tax-exempt portion matures on May 18, 2018.

**\$ 382,571**

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Board of County Commissioners  
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Year Ended September 30, 2017

**Note 6. Long-Term Debt (continued)**

C. A Schedule of Debt Service Requirements, including principal and interest, is as follows:

	<b>Year ending September 30,</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Capital Improvement Revenue Bonds, Series 2012A	\$ 136,406	\$ 1,441,406	\$ 7,076,872	\$ 0	\$ 0
Taxable Capital Improvement Revenue Bonds, Series 2012B	6,938,440	5,636,411	0	0	0
Capital Improvement Revenue Refunding Bonds, Series 2017	493,456	494,101	492,662	3,268,180	3,270,062
Note payable	484,514	0	0	0	0
<b>Total Debt Service</b>	<b>\$ 8,052,816</b>	<b>\$ 7,571,918</b>	<b>\$ 7,569,534</b>	<b>\$ 3,268,180</b>	<b>\$ 3,270,062</b>
			<b>Total</b>	<b>Less</b>	
			<b>2023-2026</b>	<b>Payments</b>	<b>Interest</b>
					<b>Principal</b>
Capital Improvement Revenue Bonds, Series 2012A		\$ 0	\$ 8,654,684	\$ 387,684	\$ 8,267,000
Taxable Capital Improvement Revenue Bonds, Series 2012B		0	12,574,851	392,851	12,182,000
Capital Improvement Revenue Refunding Bonds, Series 2017		9,811,930	17,830,391	1,979,391	15,851,000
Note payable		0	484,514	101,943	382,571
<b>Total Debt Service</b>		<b>\$ 9,811,930</b>	<b>\$39,544,440</b>	<b>\$ 2,861,869</b>	<b>\$36,682,571</b>

Board of County Commissioners  
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Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 7. Employees' Retirement Plan**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for all fiscal years beginning after June 15, 2014. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As described in Note 1, the financial statements of the Board are fund statements considered to be special-purpose financial statements consistent with accounting practices prescribed by the Auditor General, State of Florida. Accordingly, the net pension liability is included in the Leon County CAFR rather than in these Special-Purpose Financial Statements.

All full-time employees of the Board are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans and programs, including a defined benefit pension plan (Pension Plan), which is primarily a cost-sharing, multiple-employer defined benefit public-employee pension plan. Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County CAFR. Contributions and benefits are established in Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the State Legislature that are expressed as percentages of annual covered payroll and are adequate to accumulate sufficient assets to pay benefits when due. Prior to July 1, 2011, the FRS was employee noncontributory. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan are required to contribute 3% of their salary to the FRS.

The Board also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Additional information regarding benefits is provided in the Leon County CAFR.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2017, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 7. Employees' Retirement Plan (continued)**

The total employer retirement contributions for the fiscal years ended September 30, 2017, 2016, and 2015 were \$4,442,375, \$4,178,390, and \$3,895,120, respectively, which is equal to the required contribution for each year.

The Pension Plan and the HIS Program are administered by the State of Florida Department of Management Services, Division of Retirement. The Division of Retirement issues a publicly available FRS Annual Report that includes financial statements and required supplementary information for the Pension Plan and HIS Program. That report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

**Note 8. Other Postemployment Benefits**

*Plan Description*

The Board participates in an agent multiple-employer plan administered by the County for all the constitutional officers under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The health insurance benefits portion of the Program is considered by the County's insurance provider to be community-rated and, therefore, no Other Postemployment Benefit (OPEB) obligation is calculated for healthcare. The Program may be amended by the Board. A stand alone financial report is not issued for the Program. The financial statements of the Board are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the annual OPEB obligation of Constitutional Officers is recognized in the Leon County CAFR rather than in these Special-Purpose Financial Statements.

**Note 9. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The following is a summary of the County's coverage and exposure relating to the various risks of loss retained as of September 30, 2017.

**General Liability**

Effective December 15, 2012 the Board purchased commercial insurance for general liabilities from OneBeacon. Effective December 15, 2016, the Board purchased commercial insurance for general liabilities from Travelers. This is a zero-deductible policy.

The actuarially determined liability determined below reflects open claims associated with these carriers.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 9. Risk Management (continued)**

**General Liability (continued)**

Changes in the Board's claim liability amount were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
September 30, 2017	\$ 285,090	\$ (238,953)	\$ 0	\$ 46,137
September 30, 2016	\$ 9,695	\$ 275,395	\$ 0	\$ 285,090

The claims liability of \$46,137 includes an actuarial valuation for incurred but not reported claims of \$40,000.

**Workers' Compensation**

The Board maintains a self-insurance Internal Service Fund (the Fund) to account for insurance activities relating to workers' compensation, which is administered by a third-party administrator, Preferred Governmental Claims Solutions. Under this program, the Board absorbs losses up to a maximum of \$500,000 for each claim. At September 30, 2017, the Board had \$102,670 deposited with the third-party administrator for use against future claims. The Board purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded the retention level for this commercial coverage in the current year and any of the past five years.

All funds of the Board participate in this program and make payments to the Insurance Service Fund based on payroll exposure in the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Net position of the Self Insurance Fund is reserved for anticipated future catastrophic losses pursuant to County policy and GASB Statement No. 10.

The actuarially-determined claims liability for workers' compensation of \$4,392,594, which includes incurred but not reported claims of \$2,536,347, reported in the Fund at September 30, 2017 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 as of the date of the financial statements and the amount of the loss can be reasonably estimated.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 9. Risk Management (continued)**

**Workers' Compensation (continued)**

Changes in the Fund's claims liability amount were as follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year End</b>
September 30, 2017	\$ 3,773,824	\$ 1,624,770	\$ (1,006,000)	\$ 4,392,594
September 30, 2016	\$ 3,665,220	\$ 1,158,604	\$ (1,050,000)	\$ 3,773,824

**Automobile Liability**

The Board purchases commercial coverage for automobile liability insurance through the same provider of its general liability insurance. All vehicles are covered for physical damage with a \$1,000 deductible and for liability with a \$10,000 deductible.

All funds of the Board participate in this program and pay premiums to the Insurance Service Fund based on the vehicles used by their personnel. Changes in the Fund's claims liability were as follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year End</b>
September 30, 2017	\$ 25,641	\$ (12,599)	\$ 0	\$ 13,042
September 30, 2016	\$ 4,847	\$ 20,794	\$ 0	\$ 25,641

The claims liability of \$13,042 includes an actuarial valuation for incurred but not reported claims of \$10,000.

**Note 10. Leases**

In June 2003, the Board purchased the Bank of America building. There are several noncancellable operating lease agreements for the rental of its building. The lease agreements provide for monthly rentals, which escalate over the lease terms and expire on various dates.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 10. Leases (continued)**

Minimum future rentals to be collected under the terms of the lease agreements as of September 30, 2017, are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2018	\$ 1,682,975
2019	1,654,428
2020	1,645,571
2021	1,176,363
2022	937,912
Thereafter	<u>967,006</u>
	<u>\$ 8,064,255</u>

In October 2009, the Board purchased the Lake Jackson Oaks Huntington Property. There are several noncancellable operating lease agreements for the rental of its building. The lease agreements provide for monthly rentals, which escalate over the lease terms and expire on various dates. Minimum future rentals to be collected under the terms of the lease agreements as of September 30, 2017, are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2018	\$ 123,385
2019	96,088
2020	97,138
2021	98,220
2022	99,694
Thereafter	<u>88,093</u>
	<u>\$ 602,618</u>

**Note 11. Other Required Individual Fund Disclosures**

Interfund balances in the Governmental Funds primarily represent repayments due from other funds responsible for particular expenditures to the funds that initially paid for them. Interfund balances are due and payable within one year.

Interfund receivable and payable balances at September 30, 2017, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$2,846,105	\$ 0
Nonmajor Governmental Funds	0	5,207
Agency Fund	0	2,840,898
	<u>\$2,846,105</u>	<u>\$2,846,105</u>

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 11. Other Required Individual Fund Disclosures (continued)**

Each fund has a discrete purpose. However, often, there is a need for one fund to support a portion of another fund's activities. To accomplish this, monies are moved between funds through a process called interfund transfers. Interfund Transfers for the year ended September 30, 2017, consisted of the following:

Transfers to the General Fund from:	
Fine & Forfeiture Fund	\$ 750,000
Special Assessment Paving Fund	172,815
Nonmajor Governmental Funds	531,206
Enterprise Fund	86,918
Internal Service Fund	<u>25,000</u>
Total Transfers to the General Fund	<u>1,565,939</u>
Transfers to the Fire Rescue Service Fund from:	
Nonmajor Governmental Funds	<u>1,224,459</u>
Total Transfers to the Fire Rescue Service Fund	<u>1,224,459</u>
Transfers to the Grants Fund from:	
Nonmajor Governmental Funds	<u>17,352</u>
Total Transfers to the Grants Fund	<u>17,352</u>
Transfers to the Capital Improvement Fund from:	
General Fund	2,025,284
Nonmajor Governmental Funds	<u>2,802,128</u>
Total Transfers to the Capital Improvement Fund	<u>4,827,412</u>
Transfers to the Nonmajor Governmental Funds:	
General Fund	15,432,502
Other Nonmajor Funds	<u>5,623,852</u>
Total Transfers to the Nonmajor Governmental Funds	<u>21,056,354</u>
Total Transfers to Governmental Funds	<u>28,691,516</u>
Transfers to the Enterprise Fund from:	
General Fund	<u>448,670</u>
Total Transfers to Enterprise Funds	<u>448,670</u>
Total Interfund Transfers	<u>\$ 29,140,186</u>

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 12. Closure and Post-closure Care Cost**

State and federal laws and regulations require the Board to place a final cover on each of its landfill cells when it stops accepting waste and to perform certain maintenance and monitoring functions on each cell for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$13,621,973 reported as landfill closure and post-closure care liability at September 30, 2017, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill cells placed in use. These amounts are based on what it would cost to perform closure and post-closure care in 2017 on those cells placed in use. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill is no longer accepting Class I waste, however it is still accepting residuals from a Class III materials recovery facility and recovered screened materials. Since the landfill is permitted as a single permit, until the entire landfill is closed the Board cannot begin to perform closure and post-closure care.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. The Board is in compliance with those minimum requirements, and at September 30, 2017, held investments in the amount of \$9,917,987 for these purposes that are reported as restricted assets on the balance sheet. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined; these costs may need to be covered by charges to future landfill users or from future tax revenue.

Net income of the landfill fund is accumulated in a reserve for rate stabilization. The fund reported a reserve balance of \$2,948,949 at September 30, 2017. The intent of this reserve is to allow for consistent usage fee charges, construction or acquisition of landfill assets and accumulation of closure and post-closure costs. Because funding for closure and post-closure costs associated with unused capacity of landfill cells is to be derived from future usage fees, the rate stabilization reserve does not represent liquid assets available for that purpose.

**Note 13. Commitments and Contingencies**

A. Contract commitments:

*Grants*

The Board is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency that may result in disallowed expense amounts. Such amounts, if any, constitute a contingent liability of the Board. Accordingly, such liabilities are not reflected within the financial statements.

Board of County Commissioners  
Leon County, Florida  
Notes to Special-Purpose Financial Statements  
Year Ended September 30, 2017

**Note 13. Commitments and Contingencies (continued)**

*Long-Term Construction Projects*

The Board is committed to various material long-term construction projects at September 30, 2017. These commitments have been included in the 2016-2017 fiscal year budget and the five-year Capital Improvement Program and certain amounts have been reserved in the capital projects fund. There were no current contracts outstanding as of the report date.

B. Potential liabilities resulting from litigation:

The Board is a defendant in various lawsuits arising from the normal course of operations. The outcome of these lawsuits is not presently determinable.

C. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Board had no reserved encumbrances as of September 30, 2017.

**Note 14. Subsequent Event**

As of September 30, 2017 the Board estimated a liability for the closure and post closure costs of the Leon County Solid Waste Landfill (the Landfill) of approximately \$14,000,000 based on estimates provided by an independent professional engineer. The portion of this liability applicable to the closure cost of the Landfill was approximately \$9,500,000. Subsequently, in April 2018, the Board awarded the bid for the Landfill closure project in the amount of approximately \$13,000,000. The Landfill closure operation is anticipated to commence in May 2018 and to end in May 2020.

The Board has evaluated subsequent events through April 27, 2018, the date the special-purpose financial statements were available to be issued.

## Other Schedules

Board of County Commissioners  
Leon County, Florida

Schedule of Receipts and Expenditures of  
Funds Related to the Deepwater Horizon Oil Spill

Year Ended September 30, 2017

Source	Amount Received during the 2016-17 Fiscal Year	Amount Expended during the 2016-17 Fiscal Year
<b>British Petroleum:</b>		
Agreement No. 134036	\$ -	\$80,000

Note: This schedule does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. Leon County, Florida did not receive or expend any Federal awards or State financial assistance related to the Deepwater Horizon Oil Spill.

*See independent auditors' report.*

## Other Reports

Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Special-Purpose Financial  
Statements Performed in Accordance with *Government Auditing Standards*

*September 30, 2017*

## Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Board of County Commissioners  
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida (the Board), which comprise the statement of financial position as of September 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's special purpose financial statements, and have issued our report thereon dated April 27, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the special-purpose final 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 opinion on the special-purpose 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's special-purpose 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 special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We have issued a management letter to the Board of County Commissioners of Leon County, Florida dated April 27, 2017, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.

**Thomas Howell Ferguson P.A.**



Tallahassee, Florida  
April 27, 2017

**Law, Redd, Crona & Munroe P.A.**



Tallahassee, Florida

Independent Accountants' Report on Compliance with Section 218.415,  
*Florida Statutes*, Local Government Investment Policies  
*September 30, 2017*

Independent Accountants' Report on Compliance with  
Section 218.415, *Florida Statutes*, Local Government Investment Policies

The Honorable Board of County Commissioners  
Leon County, Florida

We have examined the Board of County Commissioners of Leon County, Florida's (the Board) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2017. 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. Those standards require that we perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the 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, 2017.

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

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe P.A.



Tallahassee, Florida  
April 27, 2017

Tallahassee, Florida

Independent Accountants' Report on Compliance with Sections 365.172  
and 365.173, *Florida Statutes*, Emergency Communications Number  
E911 System Fund

*September 30, 2017*

Independent Accountants' Report on Compliance with  
Sections 365.172 and 365.173, *Florida Statutes*,  
Emergency Communications Number E911 System Fund

The Honorable Board of County Commissioners  
Leon County, Florida

We have examined the Board of County Commissioners of Leon County, Florida's (the Board) compliance with emergency communications number E911 system fund requirements provided in Sections 365.172 and 365.173, *Florida Statutes*, during the year ended September 30, 2017. 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. Those standards require that we perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the 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, 2017.

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

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe P.A.



Tallahassee, Florida  
April 27, 2017

Tallahassee, Florida

Management Letter  
*September 30, 2017*

## Management Letter

The Honorable Board of County Commissioners  
Leon County, Florida

### **Report on the Financial Statements**

We have audited the special-purpose financial statements of the Board of County Commissioners of Leon County, Florida (the Board), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 27, 2018.

### **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 and Schedules**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Reports on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 27, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Leon County Housing Finance Authority, a component unit of Leon County, was authorized pursuant to Chapter 159, Part IV, of the *Florida Statutes* and was created by Leon County Ordinance 80-39.

## **Financial Management**

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. The following recommendations were made.

### **2017-001 Closing Process**

The closing processes followed in the 2017 fiscal year resulted in errors in the financial statements. The errors were discovered during the audit process, and were properly investigated and corrected by management. We determined that a risk of misstatement existed.

Based on discussions with Management, we determined the issues were caused by significant turnover and vacancies in the Finance Department. These vacancies included the transition and filling of several key positions. The vacancies also included unfilled positions of several key accounting staff positions. This turnover issue led to errors recorded in the financial statements without adequate supporting documentation and adequate review.

We recommend management strengthen the internal controls over the closing process. The added controls would include developing additional review requirements and required review of source documentation prior to approval and recording of entries. The additional controls would mitigate the risk of errors being made and not identified and corrected. We also recommend the Finance Department use this opportunity to evaluate internal processes, assess the organization structure including the current distribution of duties, and recruit qualified personnel to fill identified voids.

#### *Management's response:*

Finance is working toward filling vacancies and cross-training. Further procedures for the year end will be implemented and strengthening of internal controls is already in process and we will continue to improve our procedures.

### **2017-002 Solid Waste Cash Receipts**

We performed cash receipt audit procedures during fieldwork at the Board's Solid Waste Division. We noted several instances of deposits made in an untimely manner and untimely submission of support to the Finance Department. As an example, in the September 2017 bank reconciliation 21 Solid Waste cash receipts were reported as reconciling items. Meaning the receipts had been recorded in Banner, but had not yet been deposited in the bank. One reconciling item was \$175,000 in cash and checks. The receipt was not deposited in the bank for over 30 days.

The deposits and supporting documentation timeliness issues are not in accordance with current Board policy. The exceptions to policy, noted, increased the risk of misappropriation of assets and errors in the financial statement recording process.

It is recommended that the Solid Waste Division follow the Board's policies for cash receipts and assign separate individuals for receipt, reconciliation, deposits, and submission of supporting documentation to the Finance Department in a timely manner.

*Management's response:*

Cash collection receipts are being immediately addressed at the Division of Solid Waste and will be done in compliance with all policies and procedures. Deposits will be done daily, reconciling will be forwarded to Finance daily, and separate individuals will prepare the deposit and provide review and final sign-off on the deposit bag and reconciling paperwork. In addition, the Division of Solid Waste with the assistance of Finance is reviewing the use of a drop box for the collection of check payments.

**Additional Matters**

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, the matters of noncompliance noted are reported in the *Schedule of Findings and Questioned Costs* as part of the Leon County, Florida government-wide financial reporting package.

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

Thomas Howell Ferguson P.A.



Tallahassee, Florida  
April 27, 2017

Law, Redd, Crona & Munroe P.A.



Tallahassee, Florida