

Leon County, Florida



Annual Financial Report *For the Fiscal Year Ended September 30, 2019*

Prepared by the Clerk of the Circuit Court and Comptroller
Department of Finance

LEON COUNTY, FLORIDA

PRINCIPAL OFFICERS

BOARD OF COUNTY COMMISSIONERS

Bryan Desloge – **Chairman** – District 4
Rick Minor – **Vice Chairman** – District 3
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Jimbo Jackson - District 2
Kristin Dozier - District 5
Nick Maddox – At-Large
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COUNTY ATTORNEY

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TAX COLLECTOR

Doris Malloy

SHERIFF

Walt McNeil

PROPERTY APPRIASER

Akin Akinyemi

SUPERVISOR OF ELECTIONS

Mark Earley

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER
AND**

CLERK TO THE BOARD OF COUNTY COMMISSIONERS

Gwen Marshall

DIRECTOR OF FINANCE

Kimberly Wilder

Leon County, Florida

THIS REPORT CONTAINS THE FOLLOWING SECTIONS

LEON COUNTY, FLORIDA (COUNTYWIDE) GENERAL PURPOSE FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS AND REPORTS ON COMPLIANCE AND ON INTERNAL CONTROL, AND FEDERAL FINANCIAL ASSISTANCE AND AUDITORS' REQUIRED DISCLOSURES

BOARD OF COUNTY COMMISSIONERS' FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS, REPORT ON COMPLIANCE AND INTERNAL CONTROL, MANAGEMENT COMMENTS, AND AUDITORS' REQUIRED DISCLOSURES

CLERK OF THE CIRCUIT COURT'S FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS, REPORT ON COMPLIANCE AND ON INTERNAL CONTROL, MANAGEMENT COMMENTS, AND AUDITORS' REQUIRED DISCLOSURES

PROPERTY APPRAISER'S FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS, REPORT ON COMPLIANCE AND ON INTERNAL CONTROL, MANAGEMENT COMMENTS, AND AUDITORS' REQUIRED DISCLOSURES

SHERIFF'S FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS, REPORT ON COMPLIANCE AND ON INTERNAL CONTROL, MANAGEMENT COMMENTS, AND AUDITORS' REQUIRED DISCLOSURES

SUPERVISOR OF ELECTIONS' FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS, REPORT ON COMPLIANCE AND ON INTERNAL CONTROL, MANAGEMENT COMMENTS, AND AUDITORS' REQUIRED DISCLOSURES

TAX COLLECTOR'S FINANCIAL STATEMENTS, REPORT OF INDEPENDENT AUDITORS, REPORT ON COMPLIANCE AND ON INTERNAL CONTROL, MANAGEMENT COMMENTS, AND AUDITORS' REQUIRED DISCLOSURES

Leon County, Florida,
Annual Financial Report

Year ended September 30, 2019

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Report of Independent Auditors

The Honorable Board of County Commissioners
Leon County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Housing Finance Authority of Leon County, a component unit of Leon County, which statements reflect total assets constituting 0.8 percent of total assets at September 30, 2019, and total revenues constituting 0.08 percent of total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Finance Authority of Leon County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 and the supplementary schedules on pages 91-96, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and summary schedule of prior audit findings are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report March 25, 2020 on our consideration of the County'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 *Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 25, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management's Discussion and Analysis

This discussion and analysis of Leon County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2019. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We trust that the basic financial statements will, in conjunction with additional information provided in our letter of transmittal (pages xii–pages xx), assist readers in identifying significant financial issues, and in future years, changes in the County's financial position. In this Management's Discussion and Analysis (MD&A), all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

The County's basic financial statements are comprised of the following elements:

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 15-16 and 17-18, respectively) concentrate on the County as a whole and do not emphasize fund types, but rather a governmental or a business-type classification, which are presented in separate columns. The governmental and business-type activities comprise the primary government and are reported separately from the component unit for which the County is accountable. In addition, neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

General governmental and intergovernmental revenues support the governmental activities, whereas user fees and charges for services primarily support the business-type activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the County is in a better or worse financial position than the prior year.

The Statement of Net Position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities reflects the expenses of a given function or segment, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes, state shared revenues, and investment earnings are reported under general revenue. The effects of interfund activity have been removed from the government-wide financial statements and internal service activity has been eliminated. However, the interfund services between functions have not been eliminated.

Fund Financial Statements

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund Financial Statements (continued)

The County's funds are presented in separate fund financial statements, the governmental fund financial statements and proprietary fund financial statements. The County's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set forth in Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34)*. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the fund financial statements. Table 1 below summarizes the major features of the basic financial statements.

Table 1 Major Features of the Basic Financial Statements

	<i>Government-wide Fund Financial Statements</i>	<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
Scope	Entire County government (except fiduciary funds) and the County's component unit	Activities of the County that are not proprietary or fiduciary	Activities of the County that are similar to private businesses	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both, financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	• Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Refer to Note I to the financial statements for more detailed information on the elements of the financial statements.

Infrastructure Assets

GASB 34 not only mandated changes in the financial statements, but it also set forth reporting changes. One such change is to capitalize infrastructure both prospectively and retrospectively for fiscal years that end after June 30, 1981. The County for FY 2002 and subsequent years has been reporting the entire valuation of infrastructure.

Condensed Statement of Net Position

The net investment in capital assets is the largest portion of the County's net position. This represents capital assets (land, buildings, improvements, equipment, furniture, vehicles, and construction in progress, and infrastructure), net of accumulated depreciation, and the outstanding related debt used to acquire the assets in the amount of \$262.5 million as compared to \$263.1 million a year ago; this is a decrease of \$0.6 million. These capital assets are used to provide services to the citizens and businesses in the County; consequently, the net position is not available for future spending.

Condensed Statement of Net Position (continued)

Table 2 below presents the County's condensed Statement of Net Position as of September 30, 2019 and 2018, as derived from the government-wide Statement of Net Position.

Table 2

Leon County, Florida
Condensed Statement of Net Position
As of September 30
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 144,732	\$ 141,992	\$ 13,168	\$ 17,224	\$ 157,900	\$ 159,216
Capital assets	276,976	283,513	8,401	8,813	285,377	292,326
Total assets	421,708	425,505	21,569	26,037	443,277	451,542
Deferred outflows	57,088	63,535	0	0	57,088	63,535
 Total assets and deferred outflows	 478,796	 489,040	 21,569	 26,037	 500,365	 515,077
 Current liabilities	 39,720	 38,430	 1,706	 10,599	 41,426	 49,029
Noncurrent liabilities	214,927	204,068	14,909	8,416	229,836	212,484
Total liabilities	254,647	242,498	16,615	19,015	271,262	261,513
Deferred inflows	18,021	20,719	0	0	18,021	20,719
 Net position:						
Net investment in capital assets	254,084	254,238	8,401	8,813	262,485	263,051
Unrestricted	(47,956)	(28,415)	(3,447)	(1,791)	(51,403)	(30,206)
*Total net position	\$ 206,128	\$ 225,823	\$ 4,954	\$ 7,022	\$ 211,082	\$ 232,845

*Differences due to rounding

Condensed Statement of Activities

Table 3 on page 9 presents the County's condensed Statement of Activities for the fiscal years ended September 30, 2019 and 2018, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position may measure whether the County's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities decreased by \$19.7 million, or 8.7 percent, and the net position of the business-type activities decreased by \$2.1 million, or 29.5 percent. The decrease in Governmental Activities is primarily due to the increase in net pension liability. The decrease in business-type activity is due to an increase in estimated closure/post closure costs for the Landfill in 2019.

In 2003, the Board of County Commissioners adopted an ordinance levying a Utility Services Tax on the unincorporated area of Leon County. This tax generated \$8.5 million in FY 2018 versus \$8.7 million in FY 2019. The County also adopted a Communications Services Tax in FY 2003, with revenues in the amount of \$2.9 million in FY 2019 compared to revenues of \$3.1 million in FY 2018. These two taxes have been a stabilizing factor in the County's financial picture, which was the intent of the ordinances.

Condensed Statement of Activities (continued)

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by an additional \$25,000 (for property values ranging from \$50,000 to \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. 'Save Our Homes' was an amendment passed by citizens to help limit the effects of market value on property taxes.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 became effective on October 1, 2008, but the ten percent (10%) assessment cap on non-homestead property became effective on January 1, 2009. Property taxes in FY 19 increased by 6.2%, and future growth will be tempered by the above tax changes, with increases mirroring population growth.

The Board of County Commissioners (the Board) Investment Policy is very risk averse and places a premium on security. With the effective rate of return of the portfolio averaging 2.24% for the year, investment earnings in the portfolio earned a total income of \$5.8 million, an increase of \$4.5 million from 2018. The primary reasons for the increase in income is due to a rising interest rate environment and the active portfolio management that was well positioned to take advantage of the timing of the rate increases. The increase in the average daily balance of investable cash year over year reflected expenditure funds for capital construction projects as well as disaster recovery.

Miscellaneous revenues are made up of revenues that will fluctuate annually as a result of various activities throughout the County. All other changes in activities are a result of the normal operations of the County.

Table 3

Leon County, Florida
Condensed Statement of Activities
For Fiscal Year Ended September 30
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total % Change 2018 to 2019
	2019	2018	2019	2018	2019	2018	
Revenues							
Program Revenues:							
Charges for services	\$ 43,336	\$ 41,514	\$ 9,866	\$ 8,450	\$ 53,202	\$ 49,964	6 %
Operating grants & contributions	18,314	10,506	0	0	18,314	10,506	74 %
Capital grants & contributions	2,261	0	0	0	2,261	0	0 %
Total Program Revenues	63,911	52,020	9,866	8,450	73,777	60,470	22 %
General Revenues:							
Property taxes	144,539	136,160	0	0	144,539	136,160	6 %
Local option taxes	32,211	17,106	0	0	32,211	17,106	88 %
Communications services taxes	2,861	3,077	0	0	2,861	3,077	(7)%
Motor fuel taxes	1,498	1,460	0	0	1,498	1,460	3 %
Utility services taxes	8,748	8,474	0	0	8,748	8,474	3 %
Other taxes	0	0	1,833	1,720	1,833	1,720	7 %
State shared revenues	25,082	24,874	0	0	25,082	24,874	1 %
Investment earnings	5,212	1,359	635	5	5,847	1,364	329 %
Miscellaneous revenues	6,128	3,031	18	273	6,146	3,304	86 %
Total General Revenues	226,279	195,541	2,486	1,998	228,765	197,539	16 %
Total Revenues	290,190	247,561	12,352	10,448	302,542	258,009	17 %
Program Expenses							
General government	76,240	46,504	0	0	76,240	46,502	64 %
Public safety	131,116	120,717	0	0	131,116	120,717	9 %
Physical environment	20,370	12,598	14,801	17,870	35,171	30,468	15 %
Transportation	22,386	30,970	0	0	22,386	30,970	(28)%
Economic environment	8,758	9,569	0	0	8,758	9,569	(8)%
Human services	12,494	10,611	0	0	12,494	10,611	18 %
Culture and recreation	18,942	14,366	0	0	18,942	14,366	32 %
Judicial	18,630	16,751	0	0	18,630	16,751	11 %
Interest on long-term debt	568	795	0	0	568	795	(29)%
*Total Program Expenses	309,504	262,881	14,801	17,870	324,305	280,749	16 %
Excess (deficiency) before transfers (net)	(19,314)	(15,320)	(2,449)	(7,422)	(21,763)	(22,740)	(4)%
Transfers	(381)	(377)	381	377	0	0	0 %
Change In Net Position	(19,695)	(15,697)	(2,068)	(7,045)	(21,763)	(22,740)	(4)%
Beginning net position	225,823	250,557	7,022	14,208	232,845	264,765	(12)%
Prior period adjustments	0	(9,037)	0	(141)	0	(9,178)	(100)%
Beginning net position, as restated	225,823	241,520	7,022	14,067	232,845	255,587	(9)%
*Ending net position	\$ 206,128	\$ 225,823	\$ 4,954	\$ 7,022	\$ 211,082	\$ 232,847	(9)%

*Differences due to rounding

Program Expenses and Revenues for Governmental Activities

Table 4 below presents program expenses and revenues for governmental activities. The nature of governmental activities is to be funded primarily from taxes and not to be self-supporting. As a result, overall program revenues were not sufficient to cover program expenses for governmental activities. General revenues, mainly taxes, therefore supported the net program expenses of these governmental activities. Program revenues as a percentage of program expenses increased to 21 percent from fiscal year 2018 to fiscal year 2019.

Table 4

Program Expenses and Revenues for Governmental Activities For the Fiscal Year Ended September 30 (in thousands)						
	Program Expenses	Less Program Revenues	Net Program Expenses (a)		Program Revenues as a Percentage of Program Expenses	
	2019	2019	2019	2018	2019	2018
General government	\$ 76,240	\$ 7,918	\$ 68,322	\$ 39,069	10 %	16 %
Public safety	131,116	40,810	90,306	92,479	31 %	23 %
Physical environment	20,370	3,598	16,772	8,056	18 %	36 %
Transportation	22,386	628	21,758	29,994	3 %	3 %
Economic environment	8,758	999	7,759	8,492	11 %	11 %
Human services	12,494	0	12,494	10,611	0 %	0 %
Culture and recreation	18,942	292	18,650	14,054	2 %	2 %
Judicial	18,630	9,666	8,964	7,310	52 %	56 %
Interest on long-term debt	568	0	568	795	N/A	N/A
*Total governmental activities	\$ 309,504	\$ 63,911	\$ 245,593	\$ 210,860	21 %	20 %

(a) Net Program Expenses are mainly supported by taxes.

*Differences from financial statements due to rounding

Program Expenses and Revenues for Business-type Activities

Table 5 below presents program expenses and revenues for business-type activities. Revenues are not sufficient to cover program expenses in FY 2019. Program revenues as a percentage of expenses increased to 67% from 2018 to 2019. The program expenses decreased by \$3.1 million compared to 2018. In 2019, the estimated liability for closure/post closure cost for the Landfill decreased by \$2.5 million, whereas in 2018 the increase was \$3 million. This decrease resulted in a significant decrease in the program expenses.

Table 5

Program Expenses and Revenues for Business-type Activities For the Year Ended September 30 (in thousands)					
	Program Expenses	Less Program Revenues	Net Program Expenses		Program Revenues as a Percentage Program Expenses
	2019	2019	2019	2018	2019 2018
Landfill	\$ 14,801	\$ 9,866	\$ 4,935	\$ 9,420	67 % 47 %

*Differences from financial statements due to rounding

Overall Analysis

Financial highlights for the County as a whole include the following:

- The assets of the County exceeded its liabilities (net position) at the close of fiscal year 2019 by \$206,128,740, as compared to \$225,822,875 for fiscal year 2018, for governmental activities. The assets for business-type activities exceeded its liabilities (net position) at the close of fiscal year 2019 by \$4,954,450 as compared to \$7,022,197 for fiscal year 2018. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)
- The County's total net position decreased by \$21,761,882 during fiscal year 2019, as compared to a \$31,917,780 decrease in fiscal year 2018. The net position of governmental activities decreased by \$19,694,135 in fiscal year 2019, as compared to a decrease of \$24,733,320 in 2018. The net position of business-type activities decreased by \$2,067,747 in 2019, as compared to a decrease of \$7,185,460 in 2018. This variance for business-type activities is due to change in estimated closure/post closure cost for the Landfill. The variance for governmental activities is due to the implementation of GASB 75 related to OPEB which resulted in a prior period adjustment that reduced net position by \$9 million. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)

Fund Analysis

The following funds experienced significant changes during the year:

Governmental Funds

The County's governmental funds reported a combined ending fund balance of \$115,092,503 for fiscal year 2019, as compared to \$111,985,227 for fiscal year 2018. This reduction in fund balance is a planned appropriation of expenditures primarily in the General Fund, Fine and Forfeiture Fund and the Capital Improvement Fund. These appropriations allow the Board to maintain existing infrastructure over the next five years.

General Fund

Fund balance at September 30, 2019 has increased to a total of \$33,714,518, as compared to \$32,445,384 for September 30, 2018. During fiscal year 2019, the Board appropriated General Fund balance mid-year to support capital projects and replenish the capital reserves in the Capital Improvement Fund. This accounts for the \$1,269,134 increase in fund balance in the General Fund. The General Fund reserves are within policy limits and allow the County to maintain the same property millage rates for 2018.

The General Fund of the Board of County Commission, as displayed on the Combining Balance Sheet, contains both Countywide General Revenue funds and the Non-Countywide General Revenue fund. The sole purpose of the Non-Countywide General Revenue funds is to capture discrete revenues and transfer those revenues to the various funds needing support (i.e. various Debt Service, Municipal Services, Growth Management, etc.) from unincorporated revenues. The Non-Countywide General Revenue funds do not contain any countywide property tax revenues.

Fine & Forfeiture Fund

Fund balance at September 30, 2019 totaled \$1,674,303, as compared to \$915,127 for September 30, 2018. This is a increase for the fiscal year and relates to an increase in tax revenues.

Grants Fund

The fund balance at September 30, 2019 totaled \$(7,034), as compared to the September 30, 2018 balance of \$383,368. This was a decrease of \$390,402, primarily related to a reduction in transportation and housing related grants in the current fiscal year. Grant expenditures were completely offset by grant revenues plus the County transfers required for matching requirements.

Capital Improvement Fund

Fund balance at September 30, 2019 totaled \$22,802,104, as compared to \$27,784,961 for September 30, 2018. This was a decrease of \$4,982,857. This decrease can be attributed to transfers from other county funds that were used to pay for various capital projects that are still ongoing as of September 30, 2019.

Enterprise Funds

The County's proprietary funds reported net position of \$4,557,779 for September 30, 2019, as compared to \$7,022,000 for September 30, 2018, which is a decrease of \$2,464,221. The estimated liability for landfill closure and postclosure costs decreased compared to 2018.

Budget Variances in the General Fund

The County made no significant revisions and had no significant variations in its budget during the year. Refer to the budgetary comparison schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

The County reported \$276,976,129 in capital assets for governmental activities and \$8,401,294 in capital assets for business-type activities at September 30, 2019, versus \$283,711,373 for governmental and \$8,814,484 for business-type activities at September 30, 2018. Please refer to Note VI in the Notes to the Financial Statements for additional information on capital assets and Note XIV in the Notes to the Financial Statements for additional information on construction commitments.

Debt Administration Activity

At September 30, 2019, the County had \$22,491,000 of outstanding bonded debt, as compared to \$29,473,000 at September 30, 2018. All of the County's debt is secured by specific general fund revenues, including sales tax, state revenue sharing, and specific other general fund revenues. The County has no general obligation bonds, which would be backed by the full faith and credit of the County. Leon County will finish paying off debt in 2025. There are no plans for financing any future infrastructure projects over the next five years. For more information on long-term debt activity, please see Note VIII on Long-term Obligations in the Notes to the Financial Statements.

Economic Factors

Economic activity continues to rebound from the recession.

- Leon County's unemployment rate decreased to 3.1% in FY 2019, compared to the State of Florida's unemployment rate of 3.5%.
- Visitors to Leon County had an economic impact of \$1.04 billion in 2019, an increase of \$129.8 million compared to 2018.
- The Florida Price Index Level for Leon County decreased from 96.8 in 2018 to 96.4 in 2019.
- The total market value of parcels with homestead exemption in Leon County increased from \$10.81 billion in 2018 to \$11.29 billion in 2019.
- Total employment in Leon County increased by 2.0% compared to the prior year.
- The estimated population in Leon County increased from 290,502 to 296,499 during FY 2019.
- New construction permits in Leon County decreased by 30.4% in FY 2019, from 1452 to 1,010.
- Mortgage foreclosure cases in Leon County increased by 16.9% in 2019 when compared to 2018.

Request for Information

This financial report is designed to provide a general overview of Leon County Government's finances for all those with an interest in our government's finances. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to the Clerk of Circuit Court & Comptroller, Finance Department Leon County, 301 S. Monroe Street, Room #100, Tallahassee, Florida 32301. Requests can also be made telephonically at (850) 606-4020 or by fax at (850) 606-4171. We also suggest visiting our website at www.clerk.leon.fl.us for further financial information.

Leon County, Florida

Statement of Net Position

September 30, 2019

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Finance Authority
Assets				
Current assets:				
Cash	\$ 18,098,718	\$ 696	\$ 18,099,414	\$ 819,289
Investments	90,668,830	1,891,283	92,560,113	0
Receivables	6,397,866	976,238	7,374,104	0
Receivables from other governments	27,885,944	0	27,885,944	0
Due from other county units	0	0	0	24,677
Inventories	870,089	1,214	871,303	0
Other assets	616,397	0	616,397	0
Capital lease asset	194,509	0	194,509	0
Total current assets	<u>144,732,353</u>	<u>2,869,431</u>	<u>147,601,784</u>	<u>843,966</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	0	10,298,830	10,298,830	0
Mortgage loans, net of allowance	0	0	0	405,085
Capital assets:				
Land and construction in progress, nondepreciable	72,464,346	2,653,955	75,118,301	0
Capital assets (net)	204,110,991	5,747,339	209,858,330	0
Capital lease asset	400,792	0	400,792	0
Total noncurrent assets	<u>276,976,129</u>	<u>18,700,124</u>	<u>295,676,253</u>	<u>405,085</u>
Total assets	<u>421,708,482</u>	<u>21,569,555</u>	<u>443,278,037</u>	<u>1,249,051</u>
Deferred outflows of resources				
Deferred outflows of resources	57,088,226	0	57,088,226	0
Total deferred outflows of resources	<u>57,088,226</u>	<u>0</u>	<u>57,088,226</u>	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 478,796,708</u>	<u>\$ 21,569,555</u>	<u>\$ 500,366,263</u>	<u>\$ 1,249,051</u>

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

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Finance Authority
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 15,803,706	\$ 2,024,046	\$ 17,827,752	\$ 4,587
Payable to other governments	1,748,551	0	1,748,551	0
Internal balances	396,671	(396,671)	0	0
Accrued compensated absences	5,284,090	67,443	5,351,533	0
Unearned revenues	4,158,731	11,109	4,169,840	0
Unamortized premium on bonds payable	284,342	0	284,342	0
Bonds payable	7,127,000	0	7,127,000	0
Estimated liability for self insurance loss	4,723,149	0	4,723,149	0
Capital lease liability	194,509	0	194,509	0
Total current liabilities	<u>39,720,749</u>	<u>1,705,927</u>	<u>41,426,676</u>	<u>4,587</u>
Noncurrent liabilities:				
Deposits	507,213	0	507,213	0
Estimated liability for landfill closure and postclosure care costs	0	14,562,733	14,562,733	0
Arbitrage rebate liability	25,000	0	25,000	0
Accrued compensated absences	11,133,562	115,215	11,248,777	0
Other postemployment benefits obligation	16,296,538	231,230	16,527,768	0
Net pension liability	171,199,428	0	171,199,428	0
Bonds payable	15,364,000	0	15,364,000	0
Capital lease liability	400,792	0	400,792	0
Total noncurrent liabilities	<u>214,926,533</u>	<u>14,909,178</u>	<u>229,835,711</u>	<u>0</u>
Total liabilities	<u>254,647,282</u>	<u>16,615,105</u>	<u>271,262,387</u>	<u>4,587</u>
Deferred inflows of resources				
Deferred inflows of resources	18,020,686	0	18,020,686	0
Total deferred inflows of resources	<u>18,020,686</u>	<u>0</u>	<u>18,020,686</u>	<u>0</u>
Net position				
Net investment in capital assets	254,084,337	8,401,294	262,485,631	0
Unrestricted	(47,955,597)	(3,446,844)	(51,402,441)	1,244,464
Total net position	<u>\$ 206,128,740</u>	<u>\$ 4,954,450</u>	<u>\$ 211,083,190</u>	<u>\$ 1,244,464</u>

Leon County, Florida
Statement of Activities
For the Year Ended September 30, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Primary Government:				
Governmental activities:				
General government	\$ 76,237,449	\$ 7,334,362	\$ 584,032	\$ -
Public safety	131,116,138	26,133,937	14,676,023	-
Physical environment	20,370,114	1,437,648	-	2,160,654
Transportation	22,385,720	527,194	-	100,503
Economic environment	8,758,269	998,958	-	-
Human services	12,494,288	-	-	-
Culture and recreation	18,942,418	243,238	48,842	-
Judicial	18,630,450	6,660,549	3,005,586	-
Interest on long-term debt	568,435	-	-	-
Total governmental activities	<u>309,503,281</u>	<u>43,335,886</u>	<u>18,314,483</u>	<u>2,261,157</u>
Business-type activities:				
Landfill	14,800,864	9,865,787	-	-
Total business-type activities	<u>14,800,864</u>	<u>9,865,787</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 324,304,145</u>	<u>\$ 53,201,673</u>	<u>\$ 18,314,483</u>	<u>\$ 2,261,157</u>
Component Unit:				
Economic environment	116,303	31,879	-	-
Total component unit	<u>\$ 116,303</u>	<u>\$ 31,879</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes
Local option taxes
Communication services taxes
Motor fuel taxes
Utility services taxes
Other taxes
State shared revenues
Investment earnings
Miscellaneous revenues
Transfers and contributions
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Finance Authority

\$ (68,319,055)	\$ -	\$ (68,319,055)	\$ -
(90,306,178)	-	(90,306,178)	-
(16,771,812)	-	(16,771,812)	-
(21,758,023)	-	(21,758,023)	-
(7,759,311)	-	(7,759,311)	-
(12,494,288)	-	(12,494,288)	-
(18,650,338)	-	(18,650,338)	-
(8,964,315)	-	(8,964,315)	-
(568,435)	-	(568,435)	-
(245,591,755)	-	(245,591,755)	-

-	(4,935,077)	(4,935,077)	-
-	(4,935,077)	(4,935,077)	-
\$ (245,591,755)	\$ (4,935,077)	\$ (250,526,832)	\$ -

-	-	-	(84,424)
\$ -	\$ -	\$ -	\$ (84,424)

\$ 144,538,646	\$ -	\$ 144,538,646	\$ -
32,210,918	-	32,210,918	-
2,860,983	-	2,860,983	-
1,498,387	-	1,498,387	-
8,747,780	-	8,747,780	-
-	1,833,410	1,833,410	-
25,081,651	-	25,081,651	-
5,212,130	634,843	5,846,973	16,227
6,128,028	18,174	6,146,202	213,189
(380,903)	380,903	-	-
225,897,620	2,867,330	228,764,950	229,416
(19,694,135)	(2,067,747)	(21,761,882)	144,992
225,822,875	7,022,197	232,845,072	1,099,472
\$ 206,128,740	\$ 4,954,450	\$ 211,083,190	\$ 1,244,464

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

	<u>General Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>
Assets				
Cash	\$ 10,318,299	\$ 0	\$ 5,721	\$ 55,333
Investments	10,501,698	1,789,167	1,320,005	23,983,506
Receivables:				
Accounts	655,515	5,062	3,734	67,849
Due from other governments	17,909,629	0	4,797,830	0
Special assessments	0	0	0	0
Due from other funds	4,525,294	219,444	5,603	0
Inventories	827,564	0	0	0
Prepays	556,634	0	0	15,838
Other assets	4,250	0	0	0
Total assets	<u>\$ 45,298,883</u>	<u>\$ 2,013,673</u>	<u>\$ 6,132,893</u>	<u>\$ 24,122,526</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	\$ 4,511,103	\$ 25,777	\$ 182,461	\$ 1,320,362
Accrued liabilities	4,655,449	0	8,315	0
Due to other governments	363,449	0	0	0
Due to other funds	1,987,180	0	2,730,302	0
Deposits	67,169	313,543	0	0
Unearned revenues	15	50	3,218,849	0
Total liabilities	<u>11,584,365</u>	<u>339,370</u>	<u>6,139,927</u>	<u>1,320,362</u>
Deferred inflows of resources:				
Deferred inflows 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>
Fund balances:				
Nonspendable	1,388,448	0	0	15,838
Restricted	0	0	201,774	22,786,326
Committed	5,057,178	251,145	0	0
Assigned	17,473,547	1,423,158	0	0
Unassigned	9,795,345	0	(208,808)	0
Total fund balances	<u>33,714,518</u>	<u>1,674,303</u>	<u>(7,034)</u>	<u>22,802,164</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,298,883</u>	<u>\$ 2,013,673</u>	<u>\$ 6,132,893</u>	<u>\$ 24,122,526</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,250,811	\$ 17,630,164
47,399,385	84,993,761
4,731,454	5,463,614
5,199,041	27,906,500
657,559	657,559
849,675	5,600,016
2,815	830,379
26,756	599,228
12,919	17,169
<u>\$ 66,130,415</u>	<u>\$ 143,698,390</u>

\$ 4,240,208	\$ 10,279,911
632,857	5,296,621
1,385,102	1,748,551
1,318,566	6,036,048
126,501	507,213
939,817	4,158,731
<u>8,643,051</u>	<u>28,027,075</u>

<u>578,812</u>	<u>578,812</u>
<u>578,812</u>	<u>578,812</u>

29,571	1,433,857
43,233,161	66,221,261
11,777,939	17,086,262
2,089,235	20,985,940
(221,354)	9,365,183
<u>56,908,552</u>	<u>115,092,503</u>
<u>\$ 66,130,415</u>	<u>\$ 143,698,390</u>

Leon County, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2019

Total fund balances of governmental funds		\$ 115,092,503
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.		
Governmental capital assets	685,280,125	
Less accumulated depreciation	<u>(408,109,487)</u>	277,170,638
Long-term liabilities, and deferred outflows/inflows of resources including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable	(22,491,000)	
Unamortized premium on bonds payable	(284,342)	
Capital lease liability	(595,301)	
OPEB related deferred inflows	(2,947,965)	
Pension related deferred outflows	57,088,226	
Pension related deferred inflows	(14,493,909)	
Net pension liability	(171,199,428)	
Compensated absences, net of internal service amount	(15,857,896)	
Other postemployment benefits, net of internal service amount	(16,199,709)	
Arbitrage rebate liability	<u>(25,000)</u>	(187,006,324)
Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		<u>871,923</u>
Total net position of governmental activities		<u><u>\$ 206,128,740</u></u>

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

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

	General Fund	Fine & Forfeiture Fund	Grants Fund
Revenues			
Taxes	\$ 68,773,929	\$ 80,732,246	\$ 0
Licenses and permits	0	0	0
Intergovernmental	32,084,115	21,820	3,027,255
Charges for services	8,285,971	844,126	104,612
Fines and forfeitures	0	101,876	0
Interest	989,325	377,805	13,409
Net increase/(decrease) in fair value of investments	270,742	33,769	27,103
Miscellaneous	477,661	0	441,889
Total revenues	<u>110,881,743</u>	<u>82,111,642</u>	<u>3,614,268</u>
Expenditures			
Current:			
General government	60,579,407	0	0
Public safety	80,173,982	0	771,529
Physical environment	2,433,486	0	1,831,171
Transportation	0	0	600,770
Economic environment	2,679,008	0	168,584
Human services	8,962,114	344,297	138,288
Culture and recreation	6,888,209	0	257,985
Judicial	6,740,446	1,980,406	115,987
Debt service:			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Other debt service costs	0	0	0
Total expenditures	<u>168,456,652</u>	<u>2,324,703</u>	<u>3,884,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,574,909)</u>	<u>79,786,939</u>	<u>(270,046)</u>
Other financing sources (uses)			
Transfers in	80,537,769	96,768	26,401
Transfers out	<u>(21,693,726)</u>	<u>(79,124,531)</u>	<u>(146,757)</u>
Total other financing sources (uses)	<u>58,844,043</u>	<u>(79,027,763)</u>	<u>(120,356)</u>
Net change in fund balances	1,269,134	759,176	(390,402)
Fund balances, October 1	<u>32,445,384</u>	<u>915,127</u>	<u>383,368</u>
Fund balances, September 30	<u>\$ 33,714,518</u>	<u>\$ 1,674,303</u>	<u>\$ (7,034)</u>

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

Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 0	\$ 40,350,539	\$ 189,856,714
0	3,289,670	3,289,670
0	10,524,101	45,657,291
0	30,121,335	39,356,044
0	588,296	690,172
502,746	1,236,974	3,120,259
657,797	1,102,460	2,091,871
149,925	5,058,553	6,128,028
<u>1,310,468</u>	<u>92,271,928</u>	<u>290,190,049</u>
2,520,737	2,488,979	65,589,123
3,563,392	37,465,252	121,974,155
3,232,840	11,384,415	18,881,912
68,901	18,759,541	19,429,212
0	5,686,591	8,534,183
0	1,909,417	11,354,116
1,441,401	6,845,034	15,432,629
1,839,809	6,854,675	17,531,323
0	6,982,000	6,982,000
27,142	588,683	615,825
175,243	0	175,243
<u>12,869,465</u>	<u>98,964,587</u>	<u>286,499,721</u>
<u>(11,558,997)</u>	<u>(6,692,659)</u>	<u>3,690,328</u>
6,576,200	24,003,907	111,241,045
0	(10,859,083)	(111,824,097)
<u>6,576,200</u>	<u>13,144,824</u>	<u>(583,052)</u>
(4,982,797)	6,452,165	3,107,276
<u>27,784,961</u>	<u>50,456,387</u>	<u>111,985,227</u>
<u>\$ 22,802,164</u>	<u>\$ 56,908,552</u>	<u>\$ 115,092,503</u>

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

Net change in fund balances - total governmental funds		\$ 3,107,276
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets/leases	15,636,770	
Less current year depreciation	<u>(22,177,506)</u>	(6,540,736)
Repayment of capital leases/bond/loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		7,157,243
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds.		
Amortization of current year bond discount/premium	47,390	
Change in other postemployment benefits	(428,470)	
Change in compensated absences	(11,542)	
Change in net pension liability	<u>(22,651,443)</u>	(23,044,065)
Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds.		
		<u>(373,853)</u>
Change in net position of governmental activities		<u>\$ (19,694,135)</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes	\$ 68,568,224	\$ 68,568,224	\$ 68,773,929	\$ 205,705
Licenses and permits	8,550	8,550	0	(8,550)
Intergovernmental	9,087,461	16,594,359	32,084,115	15,489,756
Charges for services	12,748,442	13,440,888	8,285,971	(5,154,917)
Interest	1,043,065	1,043,065	989,325	(53,740)
Net increase/(decrease) in fair value of investments	0	0	270,742	270,742
Miscellaneous	524,686	734,327	477,661	(256,666)
Total revenues	<u>91,980,428</u>	<u>100,389,413</u>	<u>110,881,743</u>	<u>10,492,330</u>
Expenditures				
Current:				
General government	39,597,802	56,567,238	60,579,407	(4,012,169)
Public safety	73,563,971	75,047,708	80,173,982	(5,126,274)
Physical environment	2,475,175	2,475,175	2,433,486	41,689
Economic environment	2,676,062	2,676,062	2,679,008	(2,946)
Human services	9,046,550	9,121,550	8,962,114	159,436
Culture and recreation	7,350,086	7,350,086	6,888,209	461,877
Judicial	3,769,905	3,777,616	6,740,446	(2,962,830)
Total expenditures	<u>138,479,551</u>	<u>157,015,435</u>	<u>168,456,652</u>	<u>(11,441,217)</u>
Excess (deficiency) of revenues over (under) expenditure	<u>(46,499,123)</u>	<u>(56,626,022)</u>	<u>(57,574,909)</u>	<u>(948,887)</u>
Other financing sources (uses)				
Transfers in	98,444,274	100,029,008	80,537,769	(19,491,239)
Transfers out	<u>(44,089,524)</u>	<u>(45,231,447)</u>	<u>(21,693,726)</u>	<u>23,537,721</u>
Total other financing sources (uses)	<u>54,354,750</u>	<u>54,797,561</u>	<u>58,844,043</u>	<u>4,046,482</u>
Net change in fund balances	7,855,627	(1,828,461)	1,269,134	3,097,595
Fund balances, October 1	<u>32,445,384</u>	<u>32,445,384</u>	<u>32,445,384</u>	<u>0</u>
Fund balances, September 30	<u>\$ 40,301,011</u>	<u>\$ 30,616,923</u>	<u>\$ 33,714,518</u>	<u>\$ 3,097,595</u>

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fine & Forfeiture Fund
Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes	\$ 79,060,174	\$ 79,060,174	\$ 80,732,246	\$ 1,672,072
Intergovernmental	29,144	29,144	21,820	(7,324)
Charges for services	1,006,176	1,006,176	844,126	(162,050)
Fines and forfeitures	106,520	106,520	101,876	(4,644)
Interest	310,000	310,000	377,805	67,805
Net increase/(decrease) in fair value of investments	0	0	33,769	33,769
Miscellaneous	0	49,200	0	(49,200)
Total revenues	<u>80,512,014</u>	<u>80,561,214</u>	<u>82,111,642</u>	<u>1,550,428</u>
Expenditures				
Human services	100,000	100,000	344,297	(244,297)
Judicial	1,895,355	2,018,355	1,980,406	37,949
Total expenditures	<u>1,995,355</u>	<u>2,118,355</u>	<u>2,324,703</u>	<u>(206,348)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,516,659</u>	<u>78,442,859</u>	<u>79,786,939</u>	<u>1,344,080</u>
Other financing sources (uses)				
Transfers in	0	113,000	96,768	(16,232)
Transfers out	<u>(78,681,659)</u>	<u>(80,304,120)</u>	<u>(79,124,531)</u>	<u>1,179,589</u>
Total other financing sources (uses)	<u>(78,681,659)</u>	<u>(80,191,120)</u>	<u>(79,027,763)</u>	<u>1,163,357</u>
Net change in fund balances	<u>(165,000)</u>	<u>(1,748,261)</u>	<u>759,176</u>	<u>2,507,437</u>
Fund balances, October 1	<u>915,127</u>	<u>915,127</u>	<u>915,127</u>	<u>0</u>
Fund balances, September 30	<u><u>\$ 750,127</u></u>	<u><u>\$ (833,134)</u></u>	<u><u>\$ 1,674,303</u></u>	<u><u>\$ 2,507,437</u></u>

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Grants Fund
Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Intergovernmental	\$ 17,818,843	\$ 18,944,548	\$ 3,027,255	\$(15,917,293)
Charges for services	766,377	766,377	104,612	(661,765)
Interest	12,203	14,615	13,409	(1,206)
Net increase/(decrease) in fair value of investments	0	0	27,103	27,103
Miscellaneous	<u>1,232,529</u>	<u>1,247,529</u>	<u>441,889</u>	<u>(805,640)</u>
Total revenues	<u>19,829,952</u>	<u>20,973,069</u>	<u>3,614,268</u>	<u>(17,358,801)</u>
Expenditures				
General government	274	274	0	274
Public safety	1,733,449	1,912,931	771,529	1,141,402
Physical environment	9,347,837	10,084,277	1,831,171	8,253,106
Transportation	6,685,317	6,819,522	600,770	6,218,752
Economic environment	594,919	618,065	168,584	449,481
Human services	81,851	143,864	138,288	5,576
Culture and recreation	1,966,625	1,974,456	257,985	1,716,471
Judicial	<u>266,787</u>	<u>266,787</u>	<u>115,987</u>	<u>150,800</u>
Total expenditures	<u>20,677,059</u>	<u>21,820,176</u>	<u>3,884,314</u>	<u>17,935,862</u>
Excess (deficiency) of revenue				
(under) over expenditures	<u>(847,107)</u>	<u>(847,107)</u>	<u>(270,046)</u>	<u>577,061</u>
Other financing sources (uses)				
Transfers in	0	0	26,401	26,401
Transfers out	<u>0</u>	<u>0</u>	<u>(146,757)</u>	<u>(146,757)</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(120,356)</u>	<u>(120,356)</u>
Net change in fund balances	(847,107)	(847,107)	(390,402)	456,705
Fund balances, October 1	<u>383,368</u>	<u>383,368</u>	<u>383,368</u>	<u>0</u>
Fund balances, September 30	<u>\$ (463,739)</u>	<u>\$ (463,739)</u>	<u>\$ (7,034)</u>	<u>\$ 456,705</u>

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

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

	Business-type Activities - Landfill Fund	Governmental Activities - Internal Service Funds
Assets		
Current assets:		
Cash	\$ 696	\$ 292,078
Cash with fiscal agent	0	176,476
Investments	1,891,283	5,675,069
Receivables:		
Accounts	976,238	270,625
Due from other funds	0	444,989
Due from other governments	0	11,577
Inventories	1,214	39,710
Total current assets	<u>2,869,431</u>	<u>6,910,524</u>
Noncurrent assets:		
Restricted cash and investments	10,298,830	0
Capital assets:		
Land nondepreciable	2,653,955	0
Depreciable (net)	5,747,339	0
Total noncurrent assets	<u>18,700,124</u>	<u>0</u>
Total assets	<u>21,569,555</u>	<u>6,910,524</u>
Liabilities		
Current liabilities:		
Accounts payable	1,986,792	240,664
Accrued liabilities	37,254	12,575
Due to other funds	0	8,958
Compensated absences	67,443	311,185
Claims payable	0	4,723,149
Deferred revenue	11,109	0
Total current liabilities	<u>2,102,598</u>	<u>5,296,531</u>
Noncurrent liabilities:		
Compensated absences	115,215	248,570
Liability for closure costs/maintenance	14,562,733	0
Other post employment benefits	231,230	96,829
Total noncurrent liabilities	<u>14,909,178</u>	<u>345,399</u>
Total liabilities	<u>17,011,776</u>	<u>5,641,930</u>
Net position		
Investment in capital assets	8,401,294	0
Unrestricted	(3,843,515)	1,268,594
Total net position	<u>4,557,779</u>	<u>\$ 1,268,594</u>
Total liabilities and net position	<u>21,569,555</u>	<u>\$ 6,910,524</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>396,671</u>	
Net position of business-type activities	<u>\$ 4,954,450</u>	

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

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

	Business-type Activities- Landfill Fund	Governmental Activities - Internal Service Funds
Operating revenues		
Charges for services	\$ 9,878,246	\$ 7,453,079
Total operating revenues	<u>9,878,246</u>	<u>7,453,079</u>
Operating expenses		
Personnel services	1,879,821	911,082
Contractual services	8,117,217	90,694
Supplies	320,117	1,194,773
Communications services	24,456	701,806
Insurance	38,897	3,861,896
Utility services	110,888	0
Depreciation	858,991	0
Other services and charges	3,450,477	1,544,133
Total operating expenses	<u>14,800,864</u>	<u>8,304,384</u>
Operating income (loss)	<u>(4,922,618)</u>	<u>(851,305)</u>
Nonoperating revenues		
Taxes	1,833,410	0
Interest	281,208	125,241
Net increase/(decrease) in fair value of investments	353,635	137,602
Miscellaneous	18,174	0
Total nonoperating revenues	<u>2,486,427</u>	<u>262,843</u>
Income (loss) before transfers	(2,436,191)	(588,462)
Transfers in	493,746	202,149
Transfers out	(112,843)	0
Change in net position	(2,055,288)	(386,313)
Net position, October 1	<u>6,613,067</u>	<u>1,654,907</u>
Net position, September 30	<u>\$ 4,557,779</u>	<u>\$ 1,268,594</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(12,459)</u>	
Change in net position of business-type activities	<u>\$ (2,067,747)</u>	

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

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

	Business-type Activities Landfill Fund	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Receipts from customers fees and other income	\$ 9,695,496	\$ 0
Payments to suppliers	(14,464,378)	(5,263,655)
Payments to employees	(1,855,050)	(936,720)
Internal activity - payments to other funds	(38,897)	0
Internal activity - cash received from other funds	0	7,365,037
Claims paid	0	(1,748,457)
Net cash provided by (used in) operating activities	<u>(6,662,829)</u>	<u>(583,795)</u>
Cash flows from noncapital financing activities:		
Tax proceeds	1,833,411	0
Loan from other funds	0	(444,989)
Transfers received from other funds	493,745	203,056
Transfers to other funds	(112,843)	0
Miscellaneous	18,173	0
Net cash provided by (used in) noncapital financing activities	<u>2,232,486</u>	<u>(241,933)</u>
Cash flows from capital and related financing activities:		
Sale of property	9,467	0
Acquisition and/or construction of capital assets	(457,006)	0
Net cash provided by (used in) capital and related financing activities	<u>(447,539)</u>	<u>0</u>
Cash flows from investing activities:		
Net proceeds from sales and maturities of investments	9,458,293	(65,831)
Interest and dividends received	281,208	125,523
Increase (decrease) in fair value of investments	353,635	137,602
Net cash provided by (used in) investing activities	<u>10,093,136</u>	<u>197,294</u>
Net cash increase (decreases) in cash	5,215,254	(628,434)
Cash at beginning of year (including \$3,208,800 included in restricted cash and investments)	3,261,276	1,096,988
Cash at end of year (including \$8,475,834 included in restricted cash and investments)	<u>\$ 8,476,530</u>	<u>\$ 468,554</u>

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

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

	Business-type Activities Landfill Fund	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (4,922,618)	\$ (851,305)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	858,991	0
Changes in assets and liabilities:		
Receivables	(186,613)	(97,000)
Due from other governments	0	8,958
Accounts payable and other liabilities	(7,857)	(74,146)
Accrued expenses	24,771	4,358
Other current liabilities	0	455,337
Revenues received in advance	3,862	0
Estimated liability for closure costs/maintenance	(2,433,365)	0
Compensated absences	0	(29,997)
Net cash provided (used) by operating activities:	<u>\$ (6,662,829)</u>	<u>\$ (583,795)</u>

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

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

	<u>Total Agency Funds</u>
Assets	
Cash	\$ 9,359,918
Accounts receivable	1,875,405
Prepays	0
Intergovernmental Receivables	<u>41,478</u>
Total assets	<u><u>\$ 11,276,801</u></u>
Liabilities	
Accounts payable	\$ 1,603,580
Due to other governments	3,101,757
Accrued liabilities	1,149,118
Deposits	3,494,535
Installment tax deposits	<u>1,927,811</u>
Total liabilities	<u><u>\$ 11,276,801</u></u>

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

LEON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Leon County, Florida (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. The County is governed by an elected Board of County Commissioners (seven members). In addition to the members of the Board of County Commissioners (the Board), there are five elected Constitutional Officers: Clerk of the Circuit Court and Comptroller, 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 may alter or expand the powers of the elected officials via voter referendum.

The accompanying financial statements present the combined financial position and results of operations of the entity as a whole, by major fund and nonmajor funds in aggregate, that are governed by the Board and the Constitutional Officers of Leon County, Florida.

The Board of County Commissioners funds a portion, or in some cases all, of the operating budgets of the County's Constitutional Officers. The payments by the Board of County Commissioners to fund the operating budgets of the Constitutional Officers are recorded as expenditures on the financial statements of the Board and as appropriations or charges for services on the financial statements of the Constitutional Officers. Accordingly, such amounts and the budget relating to those amounts have been eliminated in the accompanying combined financial statements.

Component Unit

The component units that are discussed below have been reviewed to see if they should be included in the County's reporting entity. They would be included in the County's reporting entity either because of the significance of the operational relationship or the County is financially accountable for the component unit. The County is financially accountable for an organization when the County appoints a voting majority of the organization's governing body and is able to impose its will on the organization. The County is also financially accountable when there is a potential for the organization to provide a financial benefit or impose a financial burden on the County, or the organization is fiscally dependent on the County.

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 charges affecting revenue; ability to appoint, hire or dismiss management.
- Financial benefit or burden relationship: The County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the obligation to finance the deficits of or provide support to the organization; or the County 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 and ability to approve debt issuances and/or tax levies.

Financial statements of component units would be 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, 2019, the only component unit of the County is the Housing Finance Authority of Leon County (the Authority) and is presented in a

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Component Unit (continued)

separate column on the County'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 of County Commissioners; the budget is reviewed by the County; all bonds issued and contracts entered into must be approved by the County; the County 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. This unit is reported in a separate column to emphasize that it is legally separate from the County. Separate financial information for the 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 and Leon County Energy Improvement District have been established under Florida Statutes, Chapter 159, Part V, Chapter 154, Part III, Chapter 243 and Chapter 189, Part II 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 and No. 61.

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

Leon County District School Board

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.

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Consolidated Dispatch Agency (continued)

unincorporated area of Leon County for the Sheriff, and a service cost allocation shall be included in the CDA's annual budget.

Capital Region Transportation Planning Agency

In December 2004, the Capital Region 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 and 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 City of Tallahassee's public transit system.

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.

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 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, Blueprint provides construction management services to the County. For these services Blueprint and the County enter into Joint Participation Agreements whereby the County agrees to pay an administrative fee to Blueprint. Current audited financial statements may be obtained from Blueprint, 315 S. Calhoun Street, Suite 450, Tallahassee, Florida 32301.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required Supplementary Information

Government-wide Financial Statements

Government-wide financial statements (the Statement of Net Position and Statement of Activities) provide financial information about Leon County government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government, as well as its discretely presented component unit and provide for a consolidated financial picture of the government. The Statement of Net Position reports all financial and capital resources of Leon County's governmental and business-type activities. The Statement of Activities reports functional categories of programs provided by the County and demonstrate how and to what degree those programs are supported by specific revenue. As part of the consolidation process, the effect of interfund activity has been removed from these statements to avoid distorted financial results. Any interfund services provided and used are not eliminated during this process, but reassigned to governmental activities. Any amounts reported as interfund balances represent the residual amounts due between governmental and business-type activities. Fiduciary funds of the government are also removed from this presentation since the resources are not available for general government funding purposes due to the fact that agency funds do not have a measurement focus. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely, to a significant extent, on fees and charges for support.

Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Program revenues include charges for services, fines and forfeiture, licenses and permits, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than being reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liability, rather than as expenditures.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the County receives cash.

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

Noncurrent portions of long-term receivables (special assessment) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Noncurrent portions of other long-term receivables are offset by deferred revenue.

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (continued)

Proprietary Funds

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Presentation

GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

Governmental Major Funds:

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

General — The General Fund is the general operating fund of the County. This fund is used to account and report all financial resources not required to be accounted for and reported in another fund.

Fine & Forfeiture — This fund was established to account for and report the proceeds of specific revenues collected pursuant to the provisions of Section 142.01, Florida Statutes. It also accounts for and reports expenditures restricted or committed 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 — This fund is used to account for and report the proceeds of revenues that are restricted or committed to expenditures of federal, state and local grants awarded to the County. This fund also includes the corresponding County matching funds for the various grants.

Capital Improvement — This fund is used to account for and report the financial resources restricted, committed, or assigned to the expenditures 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 — This fund accounts for the revenues, expenses, assets, and liabilities associated with the County landfill and transfer station.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Major Fund: (continued)

Note: The determination of which funds are major funds will vary from year to year because the determination is made using the calculation requirements established in GASB 34.

Other Fund Types:

Internal Service Funds — This fund accounts for fleet management, communications, and self insurance services provided to other departments of the County on a cost reimbursement basis, as well as to report the funded and accrued compensated absences for the Clerk of the Circuit Court and Comptroller (the Clerk) only.

Agency Funds — This fund is used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments, and ad valorem taxes.

Noncurrent Governmental Assets/Liabilities

GASB 34 requires noncurrent governmental assets, such as land and buildings, and noncurrent governmental liabilities, such as general obligation bonds, revenue bonds, and capital leases, be reported in the governmental activities column in the government-wide Statement of Net Position.

D. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. This includes cash in banks, repurchase agreements with financial institutions, petty cash, and cash with claims administrators.

Investments

Florida Statutes authorize the County to invest in various instruments. The County reports investments in accordance with the requirements of GASB pronouncements.

Receivables and Payables

Receivables are shown net of an allowance for uncollectibles. The emergency medical services allowance is equal to 60% of outstanding gross charges at September 30, 2019.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Inventories and Prepaid Items

Inventories, consisting primarily of expendable items (materials and supplies), are determined by physical count at the County's fiscal year-end and valued at cost on the basis of the "first-in first-out" method of accounting. Inventory shown in the governmental funds consists of fuel, medical supplies, vehicle parts, and road materials. The inventory is recorded as an expenditure when consumed (consumption method) rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain funds of the County are classified as restricted assets on the Statement of Net Position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations. It is the practice of the County to utilize its restricted net position before its unrestricted net position. Certain Landfill Fund assets are required to be segregated from other current assets. These assets are legally restricted for specific purposes, such as landfill closure and post-closure care.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. Infrastructure assets are defined as public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the government unit. All qualified infrastructure assets have been capitalized and included in the September 30, 2019 financial statements. Capital assets are reported in the government-wide financial statements in the applicable governmental or business-type activities column, as well as the proprietary fund financial statements. Capital assets are defined by Section 274.02, Florida Statutes, to include items of a nonconsumable nature with a value of at least \$1,000 and a life of one year or more. The County maintains an administrative record of these assets. However, for reporting purposes, the threshold for capitalizing property, plant, and equipment is \$20,000, buildings \$50,000 and infrastructure is \$100,000. Capital assets are recorded at cost or estimated historical cost. Donated capital assets, donated works of art or similar items, and capital assets received in any service concession arrangement is reported at acquisition value. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

The ranges of useful lives are as follows:

Assets	<u>Years</u>
Buildings	30-50
Improvements other than buildings	6-50
Equipment	3-35
Library Collection	5
Furniture	4-20
Vehicle and rolling stock	3-10
Infrastructure	20-60

Florida Statutes require that the County maintain accountability for all assets used in operations, except those maintained by the Sheriff.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Capitalization of Interest

Interest costs related to bond issues are capitalized during the construction period for proprietary activities only; GASB Statement No. 37 removes the capitalization of construction period interest requirement for capitalized assets used in governmental activities. Instead, such costs are netted against applicable interest earnings on construction fund investments. During the current period, the County did not have any capitalized interest.

Unearned Revenues

Revenues received in advance are reported in government-wide financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available. In accordance with the modified accrual basis of accounting, these items are reported as deferred revenues.

Landfill Closure Costs

The County has adopted a policy, based on U.S. Environmental Protection Agency rules and in accordance with Florida Law, to set aside funds for the post-closure care costs of the County's landfills.

Within the Landfill Fund, deposits are made to the fund's other cash and cash equivalents account for the purpose of complying with the escrow requirements of Rule 17-701.630, Florida Administrative Code. This rule requires the County to annually deposit funds in an interest bearing escrow account for the purpose of funding the minimum estimated landfill closure cost. This amount is represented as "restricted assets" on the Statement of Net Position.

Per the above rule, an audited report is filed each year with the Florida Department of Environmental Protection. The liability on the face of the County's statements is equal to the total estimated cost of closure and post-closure care. The estimates are reviewed and adjusted each year for changes due to inflation, technology or applicable laws or regulations.

Accrued Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The noncurrent portion is the amount estimated to be used in subsequent fiscal years. Both the current and noncurrent estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and the government-wide presentations.

Although the Clerk is not legally required to accumulate expendable available financial resources to liquidate this obligation, funding for the Court related activities of the Clerk's budget has been reduced each year since 2009. Due to the uncertainty of the Clerk's funding, an internal service fund has been established to record compensated absences earned but not paid for both the court and non-court functions.

Net Obligation for Pension Benefits

The County offers retiree pension benefits for qualifying employees through the Florida Retirement System (FRS) pension plan. Following the provisions of GASB Statement No. 68, the County recognized pension expenses along with the related net pension liability, deferred outflows and inflows of resources and is a reconciling item between the fund and the government-wide presentations.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Net Obligation for Other Postemployment Benefits

The County offers retiree medical and life insurance benefits for qualifying employees that have retired from the Florida Retirement System (FRS) pension plan. Following the provisions of GASB Statement No. 75, the County recognizes OPEB expenses along with the related liability, deferred outflows and inflows of resources. The OPEB liability is the difference between the total OPEB liability and the Plans fiduciary net position. The Plan is currently unfunded. OPEB liability is a reconciling item between the fund and the government-wide presentations.

Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U.S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebatable arbitrage, which treats excess earnings as a reduction of revenue. The County has recorded an arbitrage liability outstanding as of September 30, 2019.

Due to/from Other Funds

These are activities between funds. Such amounts are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Net Position/Fund Balances

Net Position is the difference between fund assets and liabilities on the government-wide, proprietary, and fiduciary fund statements. Fund Balances is the difference between assets and liabilities on the governmental fund statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other debt resulting from the acquisition, construction, or improvement of the assets.

In order to implement GASB Statement No. 54, a County financial policy was written to define the different fund balance classifications for governmental funds and the order that the resources are used. There are five classifications of fund balance for governmental funds.

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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Net Position/Fund Balances (continued)

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. Each of these actions is equally binding and as such, 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.

Reserves/Designations of Net Position

Net position of the Insurance Service Fund is maintained for anticipated future catastrophic losses pursuant to County policy and GASB Statement No. 10.

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

"Total fund balances" of the County's governmental funds of \$115,092,503 differs from "net position" of governmental activities of \$206,128,740 reported in the Statement of Net Position. This difference results primarily from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet.

Capital Related Items

When capital assets (property, plant, and equipment) to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 685,280,125
Accumulated depreciation	(408,109,487)
Net capital assets added	<u>\$ 277,170,638</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (continued)

Long-term Debt Transactions

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as current fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2019 were:

Capital Improvement Revenue Bonds, Series 2012A	\$ (6,962,000)
Capital Improvement Revenue Refunding Bonds, Series 2017	(15,529,000)
Unamortized bond premiums	(284,342)
OPEB related deferred inflow	(2,947,965)
Pension related deferred outflows	57,088,226
Liability for compensated absences	(15,857,896)
Net pension liability	(171,199,428)
Other postemployment benefits	(16,199,709)
Arbitrage rebate liability	(25,000)
Pension related deferred inflows	(14,493,909)
Lease liability	(595,301)
	<u><u>\$ (187,006,324)</u></u>

Internal Service Funds

Management uses internal service funds to charge the cost of fleet management and insurance activities to the individual funds benefited, as well as to report the funded and accrued compensated absences for the Clerk only. Because internal service funds primarily serve governmental activities of the County, the assets and liabilities of those funds are included in the governmental activities for government-wide reporting purposes. The total amount of internal service fund assets, net of liabilities, included with governmental activities on the September 30, 2019, Statement of Net Position is \$871,923.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (continued)

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions
Assets and Deferred Outflows			
Equity in pooled cash and equivalents	\$ 17,630,164	\$ 0	\$ 0
Investments	84,993,761	0	0
Receivables (net)	34,027,673	0	0
Due from other funds	5,600,016	0	0
Inventories	830,379	0	0
Prepays	599,228	0	0
Other assets	17,169	0	0
Capital assets (net)	0	276,575,337	0
Capital lease	0	595,301	0
Total assets	143,698,390	277,170,638	0
Deferred Outflows:			
Pension related deferred outflows	0	0	57,088,226
Total deferred outflows	0	0	57,088,226
Total assets and deferred outflows	143,698,390	277,170,638	57,088,226
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities:			
Accounts payable	\$ 10,279,911	\$ 0	\$ 0
Accrued liabilities	5,296,621	0	0
Intergovernmental payables	1,748,551	0	0
Internal balance	0	0	0
Estimated liability for self-insurance loss	0	0	0
Due to other funds	6,036,048	0	0
Deposits	507,213	0	0
Arbitrage rebate	0	0	25,000
Unearned revenue	4,158,731	0	0
Unamortized premium on bonds payable	0	0	284,342
Net pension liability	0	0	171,199,428
Other postemployment benefits	0	0	16,199,709
Accrued compensated balances	0	0	15,857,896
Capital lease	0	0	595,301
Bond and notes payable (net)	0	0	22,491,000
Total liabilities	28,027,075	0	226,652,676
Deferred Inflows:			
Deferred special assessments	578,812	0	0
Pension related deferred inflows	0	0	14,493,909
OPEB related deferred inflows	0	0	2,947,965
Total deferred inflows	578,812	0	17,441,874
Fund balance/net position	115,092,503	277,170,638	(187,006,324)
Total liabilities, deferred inflows, and fund balances/net position	\$ 143,698,390	\$ 277,170,638	\$ 57,088,226

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (continued)

Internal Service Funds	Reclassifications & Eliminations	Statement of Net Position
\$ 468,554	\$ 0	\$ 18,098,718
5,675,069	0	90,668,830
256,137	0	34,283,810
444,989	(6,045,005)	0
39,710	0	870,089
0	(599,228)	0
0	599,228	616,397
0	0	276,575,337
0	0	595,301
<u>6,884,459</u>	<u>(6,045,005)</u>	<u>421,708,482</u>
<u>0</u>	<u>0</u>	<u>57,088,226</u>
<u>0</u>	<u>0</u>	<u>57,088,226</u>
<u>6,884,459</u>	<u>(6,045,005)</u>	<u>478,796,708</u>

\$ 214,599	\$ 5,309,196	\$ 15,803,706
12,575	(5,309,196)	0
0	0	1,748,551
396,671	0	396,671
4,723,149	0	4,723,149
8,957	(6,045,005)	0
0	0	507,213
0	0	25,000
0	0	4,158,731
0	0	284,342
0	0	171,199,428
96,829	0	16,296,538
559,756	0	16,417,652
0	0	595,301
0	0	22,491,000
<u>6,012,536</u>	<u>(6,045,005)</u>	<u>254,647,282</u>
<u>0</u>	<u>0</u>	<u>578,812</u>
<u>0</u>	<u>0</u>	<u>14,493,909</u>
<u>0</u>	<u>0</u>	<u>2,947,965</u>
<u>0</u>	<u>0</u>	<u>18,020,686</u>
<u>871,923</u>	<u>0</u>	<u>206,128,740</u>
<u>\$ 6,884,459</u>	<u>\$ (6,045,005)</u>	<u>\$ 478,796,708</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Differences Between the Governmental Fund Operating Statements and the Government-wide Statement of Activities

The “net change in fund balances” for governmental funds of \$3,107,276 differs from the “change in net position” for governmental activities of \$(19,694,135), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities, versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of the financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 15,636,770
Depreciation expense	<u>(22,177,506)</u>
Net	<u><u>\$ (6,540,736)</u></u>

Long-term Debt Transactions

In the Statement of Activities, debt and capital lease proceeds increase long-term liabilities. However, in the governmental funds, debt and capital lease proceeds are treated as other financing sources since they provide current financial resources to governmental funds.

Repayments of bond principal and capital lease principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Payments of bond principal	\$ 6,982,000
Capital lease payments	<u>175,243</u>
Net	<u><u>\$ 7,157,243</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Differences Between the Governmental Fund Operating Statements and the Government-wide Statement of Activities (continued)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Amortization of current year bond discount/premium	\$ 47,390
Net change in compensated absences	(11,542)
Net change in net pension liability	(22,651,443)
Net change in other postemployment benefits	(428,470)
	<u>\$ (23,044,065)</u>

Internal Service Funds Aggregate Loss

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position because they primarily serve governmental activities of the County. The net costs of the internal service funds are reported with governmental activities.

Internal service funds aggregate loss (gain) on governmental activities	<u>\$ (373,853)</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Differences Between the Governmental Fund Operating Statements and the Government-wide Statement of Activities (continued)

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Compensated Absences
Revenues:				
Taxes	\$ 189,856,714	\$ 0	\$ 0	\$ 0
Licenses and permits	3,289,670	0	0	0
Intergovernmental	45,657,291	0	0	0
Charges for services	39,356,044	0	0	0
Fines and forfeitures	690,172	0	0	0
Interest	3,120,259	0	0	0
Net increase/(decrease) in fair value of investments	2,091,871	0	0	0
Miscellaneous	6,128,028	0	0	0
Total revenues	<u>290,190,049</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
General government	65,589,123	6,102,753	0	61,806
Public safety	121,974,155	(1,401,282)	0	(182,875)
Physical environment	18,881,912	325,901	0	34,755
Transportation	19,429,212	157,284	0	42,054
Economic environment	8,534,183	(625,377)	0	5,699
Human services	11,354,116	194,707	0	8,248
Culture and recreation	15,432,629	2,197,234	0	35,652
Judicial	17,531,323	(410,484)	0	6,203
Debt service:				
Principal retirement	6,982,000	0	(6,982,000)	0
Interest and fiscal charges	615,825	0	(47,390)	0
Other debt service costs	175,243	0	(175,243)	0
Total expenditures	<u>286,499,721</u>	<u>6,540,736</u>	<u>(7,204,633)</u>	<u>11,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,690,328</u>	<u>(6,540,736)</u>	<u>7,204,633</u>	<u>(11,542)</u>
Other financing sources (uses)				
Transfers in	111,241,045	0	0	0
Transfers out	(111,824,097)	0	0	0
Total other financing sources (uses)	<u>(583,052)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>3,107,276</u>	<u>(6,540,736)</u>	<u>7,204,633</u>	<u>(11,542)</u>
Fund balances, October 1	<u>111,985,227</u>			
Fund balances, September 30	<u>\$ 115,092,503</u>			

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

II. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Differences Between the Governmental Fund Operating Statements and the Government-wide Statement of Activities (continued)

Net Pension Liability	Other Postemployment Benefits	Internal Service Funds	Reclassifications and Eliminations	Statement of Activities
\$ 0	\$ 0	\$ 0	\$ 0	\$ 189,856,714
0	0	0	(3,289,670)	0
0	0	0	0	45,657,291
0	0	0	3,979,842	43,335,886
0	0	0	(690,172)	0
0	0	0	2,091,871	5,212,130
0	0	0	(2,091,871)	0
0	0	0	0	6,128,028
0	0	0	0	290,190,049
4,018,997	76,023	388,747	0	76,237,449
10,433,437	197,357	95,346	0	131,116,138
1,088,822	20,596	18,128	0	20,370,114
2,676,681	50,632	29,857	0	22,385,720
827,031	15,644	1,089	0	8,758,269
917,089	17,347	2,781	0	12,494,288
1,241,627	23,486	11,790	0	18,942,418
1,447,759	27,385	28,264	0	18,630,450
0	0	0	0	0
0	0	0	0	568,435
0	0	0	0	0
22,651,443	428,470	576,002	0	309,503,281
(22,651,443)	(428,470)	(576,002)	0	(19,313,232)
0	0	202,149	0	111,443,194
0	0	0	0	(111,824,097)
0	0	202,149	0	(380,903)
(22,651,443)	(428,470)	(373,853)	0	(19,694,135)
				225,822,875
				<u>\$ 206,128,740</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Section 129.01(2) (b), Florida Statutes, 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 County has complied with the provisions of the above Florida Statute.

Annual budgets for the governmental fund types of Leon County are adopted on a basis consistent with generally accepted accounting principles. 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 County expects to honor purchase orders and contracts in process, subject to authority provided in the subsequent year's budget.

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

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

1. On or before May 1 of each year, the Clerk, Sheriff, and Supervisor of Elections submit to the Board of County Commissioners a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and funding sources.
2. Section 195.087, Florida Statutes, governs the preparation, adoption and administration of the annual budget of the Property Appraiser and Tax Collector. The proposed operating budget is presented to the Board of County Commissioners on or before June 1 of each year by the Property Appraiser and on or before August 1 of each year by the Tax Collector. Their budgets are simultaneously submitted to the State of Florida, Department of Revenue, from which the approval of the budget of the Property Appraiser and Tax Collector must emanate.
3. The tentative budget must be posted on the county's official website at least 2 days before the public hearing to consider such budget and must remain on the website for at least 45 days. Pursuant to the provisions of Section 129.01, Florida Statutes, the proposed budget as submitted contains balanced statements of estimated revenues (including unexpended fund balances to be carried forward) and proposed appropriations for each fund required to be presented by law or by sound financial practices, including the General, Special Revenue, Debt Service, and Capital Projects funds.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgets and Budgetary Accounting (continued)

4. The County shall require such changes to be made as it shall deem necessary, provided the budget remains in balance and subject to the notice and public hearing requirements of Section 200.065, Florida Statutes, and the budget preparation and adoption procedures, as defined in Section 129.03, Florida Statutes.
5. Following the successful completion of the above referenced public hearings, the County advertises and subsequently conducts a second public hearing to finally adopt a millage rate and budget for each of the taxing entities under their jurisdiction. These public hearings are ordinarily held prior to October 1, of each year. If, however for some reason the County is unable to finally adopt a budget prior to October 1, state law permits the readoption by resolution of the budget of the preceding year as an interim measure. In its effort to get as much citizen input as possible, the County holds a third public hearing prior to the adoption of a tentative millage rate.
6. Pursuant to the provisions of Section 129.07, Florida Statutes, the Board of County Commissioners is prohibited from expending or contracting for the expenditure of any amount in excess of the total amount budgeted in any fund. It is, however, legally permissible at the present time for the budgets of individual departments included within a particular fund to be overexpended in total without requiring mandatory action by either the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller (as Clerk to the Board of County Commissioners and finance officer), or the County Administrator (as budget officer). Transfers of appropriate amounts between funds require approval of the Board of County Commissioners.
7. Adoption and execution of the budgets of the Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector are governed by applicable provisions of the Florida Statutes. Budgets for the Courts for each Clerk will be submitted by June 1 to be approved by the legislature. All court revenues will be collected monthly and available for use by the Clerks in the month following collection. By the 10th day of the each month, the Clerks will submit that portion of all fines, fees, service charges, and costs collected in the previous month that exceeds one twelfth of the Clerks' total budget. The remainder of the available revenues will be appropriated for the following month's court expenditures up to the budget cap authorized by the legislature. Any revenue deficits will be certified by the Florida Clerk of the Court Operations Corporation. Any unexpended appropriation for the court's budget will be paid to the State of Florida by January 25 of the following year.
8. Formal budgetary integration at the object level is used as a management control device for all governmental funds of the County for which annual budgets are adopted, including the General, Special Revenue, Debt Service, and Capital Projects funds. Proforma project length budgets are provided to the County for certain Capital Projects for informational purposes only. The level at which expenditures may not legally exceed appropriations is the fund level.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

IV. CASH AND INVESTMENTS

As of September 30, 2019, the value of the County's deposits and investments, with their respective credit ratings, was as follows:

	Fair Value	Credit Rating	Duration
Deposits in Qualified Public Depositories	\$ 27,198,662	N/A	N/A
Restricted Deposits in Qualified Public Depositories	8,475,834	N/A	N/A
External Investment in Government Pools:			
Florida State Treasury Special Purpose Investment Account (SPIA)	15,304,398	AA-f	2.82
Florida Local Government Investment Trust Day to Day Fund (FLGIT)	6,032,839	AAAm	0.08*
Florida PRIME Investment Pool	12,914,737	AAAm	0.10*
Florida CLASS Investment Pool	1,835,898	AAAm	0.15*
Externally Managed Portfolio:			
Money Market	180,007	AAAm	N/A
U.S. Treasuries	18,529,681	AA+	2.00
Government Sponsored Agencies:			
Federal Home Loan Bank	1,930,931	AA+	0.72
Federal National Mortgage Association	1,289,571	AA+	1.36
Other Government Sponsored Agencies	6,009,866	AA+	1.92
Mortgage Backed Securities	9,875,699	AA+	2.10
Collateralized Mortgage Obligations	749,680	AA+	2.80
Corporate Bonds	13,946,904	A-	1.87
Corporate Bonds	534,962	BBB+	0.94
Asset-Backed Securities	5,508,607	AAA	1.54
Total Cash and Investments	<u>\$ 130,318,276</u>		

* FLGIT Day to Day Fund, the Florida Prime, and Florida CLASS Investment Pool duration is calculated using the weighted average maturity method.

The County's deposits and investments include \$260,672 accrued interest as of September 30, 2019.

Credit Risk

The County Investment 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. These would include government pools, U. S. Government (AAA) securities, and commercial paper. Staff will notify the Investment Oversight Committee (IOC) at any time holdings drop below the minimum credit ratings specified in the policy.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

IV. CASH AND INVESTMENTS (continued)

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% per issuer of the total portfolio managed by the Board's external manager may be held in corporate notes and bonds and 5% per issuer in commercial paper. The Policy also provides the following limits on the Board's external portfolio: 45% may be invested in Federal Instrumentalities, with a limit of 15% of the portfolio in any one issuer; 35% may be invested in Mortgage-Backed Securities, including CMOs with a limit of 15% in any one issuer further limited to 3% per CUSIP; 10% may be invested in Asset-Backed Securities with a 3% per issuer limit; and 8% in Commercial Mortgage-Backed Securities with a 3% per issuer limit. Credit-quality risk identified with S&P ratings, Moody or Fitch equivalents is provided in the preceding table. Deposits not exposed to credit quality risk, as defined by GASB Statement No. 40, are designated as "NA" in the credit rating column.

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

1. The Florida PRIME (formerly 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.
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.

In addition, Section 17.61(1), Florida Statutes permits organizations created by the Florida Constitution to participate in the existing State Treasury Investment Pool "Special Purpose Investment Account (SPIA)."

The County Investment Policy limits credit risk by restricting authorized investments to the following: Florida Prime (Florida PRIME), 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).

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

IV. CASH AND INVESTMENTS (continued)

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 Treasury Special Purpose Investment Account (SPIA). 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 the SPIA are made in Note 2 to the State of Florida Comprehensive Annual Financial Report (CAFR). The rating as of September 30, 2019 was AA-f. A copy of SPIA's most recent financial statements can be found at <http://www.myfloridacfo.com/Division/Treasury/Reports/AnnualReports>. Investments in this pool are limited to a maximum of 100% of the portfolio. At September 30, 2019, the County had \$15,304,398 with SPIA.

The Florida Local Government Investment Trust (FLGIT) is 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) for providing opportunities for the investment of excess public funds. FLGIT offers two investment funds to its participants, the Short Term Bond Fund and the Day to Day Fund. The Short Term Bond Fund is a longer term higher yielding fund, which is accounted for as a fluctuating Net Asset Value (NAV) pool. At September 30, 2019 the County did not have any balances in the Short Term Bond Fund. The Day to Day Fund is a highly liquid fund with underlying investments having a weighted average maturity of less than 90 days. The Day to Day Fund does meet the criteria and has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. The Day to Day Fund maintained a credit rating of AAAm by Fitch as of September 30, 2019. At September 30, 2019, the County had \$6,032,839 with the FLGIT Day to Day Fund. A copy of FLGIT's most recent financial statement can be found at <http://www.floridatrusteronline.com/about>. Investments with FLGIT are limited to a maximum of 20% of the portfolio.

The County also invests in Florida PRIME administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a 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. On September 30, 2019, Florida PRIME was invested in fixed rate and floating rate bank instruments, repurchase agreements, fixed rate and floating rate corporate commercial paper, floating rate corporate notes, money market mutual funds, and fixed rate and floating rate asset backed commercial paper. Investments in this pool are limited to a maximum of 20% of the portfolio. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAm by Standard and Poor's. The weighted average of days to maturity of the Florida PRIME at September 30, 2019 is 37 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2019, the County had \$12,914,737 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://www.sbafla.com/prime/Audits/tabid/582/Default.aspx>.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

IV. CASH AND INVESTMENTS (continued)

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under Section 163.01, Florida Statutes. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participant, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average days of maturity of the FLCLASS at September 30, 2019 is 54 days. Investments in the FLCLASS are not evidenced by securities that exist in physical or book entry form. The fair value of the pool approximates the value of the pool shares. At September 30, 2019, the County had \$1,835,898 invested with the FLCLASS.

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 it 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 Chapter 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, 2019, were \$42,606,774, of which \$8,475,834 was restricted deposits with qualified public depositories. Due to the nature of the County's cash and investments, 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 value of investments. The County manages interest rate risk by setting the range of duration for the County's portfolio as 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

IV. CASH AND INVESTMENTS (continued)

The externally managed portfolio totaled \$58,555,908 at September 30, 2019, and was invested for a weighted average term of approximately 734 days, as compared to a weighted average term of 584 days in fiscal year 2018. In accordance with its investment policy, 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, FLGIT Day to Day Fund, or money markets. The County was in compliance with this requirement.

Foreign Currency Risk

The County contributes to the Florida Retirement System (FRS), the investments of which are administered by the State Board of Administration. 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/>.

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.

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

FLGIT Short Term Bond Fund reports based on the fair market values of the underlying securities. Therefore, any participant account balance 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 County did not have a balance with the FLGIT Short Term Bond Fund at September 30, 2019.

The fair value factor for SPIA at September 30, 2019 was 1.0176. 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 of which are quoted prices on assets and liabilities in similar markets; Level 3 inputs are significant unobservable inputs.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

IV. CASH AND INVESTMENTS (continued)

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, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Asset Backed Security (Mortgage Backed) - Non US Agency				
Sponsored	\$ 0	\$ 5,508,607	\$ 0	\$ 5,508,607
Corporate Bonds	0	14,481,866	0	14,481,866
Government Sponsored Agencies	0	9,230,368	0	9,230,368
US Government Obligations	18,529,681	0	0	18,529,681
Mortgage Backed Security - US Agency Sponsored	0	9,875,699	0	9,875,699
Collateralized Mortgage Obligations	0	749,680	0	749,680
Investments at fair value	<u>\$ 18,529,681</u>	<u>\$ 39,846,220</u>	<u>\$ 0</u>	<u>\$ 58,375,901</u>

V. 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 assessment 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 County prior to October 1 of each year. The millage rate collected by the County during the current fiscal year was 8.3144 mills. County citizens were also assessed for Emergency Medical Services (EMS) and primary health care services through Municipal Services Taxing Units at a millage rate of 0.5000 mills. For County citizens charged a special assessment, the required annual payment is also included on their tax bill.

All property is reassessed according to its fair market value as of January 1st 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.

All taxes are due and payable on November 1st 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 November 2019 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, 2019.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 20,891,310	\$ 151,943	\$ 0	\$ 21,043,253
Improvements other than buildings	32,827,626	745,156	0	33,572,782
Construction/Purchase in progress	12,940,164	9,377,085	(4,468,938)	17,848,311
Total not being depreciated	<u>66,659,100</u>	<u>10,274,184</u>	<u>(4,468,938)</u>	<u>72,464,346</u>
Capital assets being depreciated:				
Buildings	221,698,385	2,952,735	0	224,651,120
Equipment	58,097,890	5,789,123	(3,510,844)	60,376,169
Equipment lease asset	972,928	0	0	972,928
Library collection	3,324,749	657,733	(640,083)	3,342,399
Improvements other than buildings	0	95,975	0	95,975
Infrastructure	320,845,356	1,026,205	(75,000)	321,796,561
Leasehold improvement	1,552,793	27,834	0	1,580,627
Total being depreciated	<u>606,492,101</u>	<u>10,549,605</u>	<u>(4,225,927)</u>	<u>612,815,779</u>
Less accumulated depreciation:				
Buildings	(116,701,197)	(6,815,869)	0	(123,517,066)
Equipment	(38,099,345)	(4,667,357)	2,835,664	(39,931,038)
Equipment lease asset	(202,384)	(175,243)	0	(377,627)
Library collection	(1,838,559)	(803,167)	640,083	(2,001,643)
Improvements other than buildings	0	(2,399)	0	(2,399)
Infrastructure	(232,132,505)	(9,398,273)	32,100	(241,498,678)
Leasehold improvement	(465,838)	(315,198)	0	(781,036)
Total accumulated depreciation	<u>(389,439,828)</u>	<u>(22,177,506)</u>	<u>3,507,847</u>	<u>(408,109,487)</u>
Total being depreciated, net	<u>217,052,273</u>	<u>(11,627,901)</u>	<u>(718,080)</u>	<u>204,706,292</u>
Governmental activities capital assets, net	<u><u>\$ 283,711,373</u></u>	<u><u>\$ (1,353,717)</u></u>	<u><u>\$ (5,187,018)</u></u>	<u><u>\$ 277,170,638</u></u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,809,844	\$ 0	\$ 0	\$ 1,809,844
Construction in progress	785,088	59,023	0	844,111
Total not being depreciated	<u>2,594,932</u>	<u>59,023</u>	<u>0</u>	<u>2,653,955</u>
Capital assets being depreciated:				
Buildings	18,983,295	0	0	18,983,295
Equipment	4,893,635	396,245	(116,174)	5,173,706
Total being depreciated	<u>23,876,930</u>	<u>396,245</u>	<u>(116,174)</u>	<u>24,157,001</u>
Less accumulated depreciation:				
Buildings	(14,256,980)	(588,336)	0	(14,845,316)
Equipment	(3,400,398)	(270,655)	106,707	(3,564,346)
Total accumulated depreciation	<u>(17,657,378)</u>	<u>(858,991)</u>	<u>106,707</u>	<u>(18,409,662)</u>
Total being depreciated, net	<u>6,219,552</u>	<u>(462,746)</u>	<u>(9,467)</u>	<u>5,747,339</u>
Business-type activities capital assets, net	<u><u>\$ 8,814,484</u></u>	<u><u>\$ (403,723)</u></u>	<u><u>\$ (9,467)</u></u>	<u><u>\$ 8,401,294</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VI. CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$ 6,534,732
Public safety	2,151,661
Physical environment	6,281,506
Transportation	4,408,683
Human services	194,707
Culture and recreation	2,559,854
Judicial	26,527
Economic environment	19,836
Total depreciation expense - governmental activities	<u>\$ 22,177,506</u>

Business-type activities:

Landfill	\$ 858,991
Total depreciation expense - business-type activities	<u>\$ 858,991</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances as of September 30, 2019, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
By Major Fund:		
General	\$ 4,525,294	\$ 1,987,180
Fine & Forfeiture	219,444	0
Grants	5,603	2,730,302
Total Major Funds	<u>4,750,341</u>	<u>4,717,482</u>
Nonmajor Special Revenue Funds:		
Family Law Legal Services	5,812	5,859
Radio Communications Systems	18,765	5,306
Emergency Medical Services Fund	7,856	0
Drug Abuse Trust Fund	2,903	0
Local Legal Programs Fund	10,146	0
MBSU Stormwater Utility Fund	329	0
Municipal Service Fund	0	319,622
Probation Fund	46,810	197
Fire Rescue Services Fund	0	329
Article V Court Operating Fund	0	444,989
Tourist Development Fund	596,694	0
Special Assessment Paving Fund	0	5,790
Special Grants Fund	160,360	263,692
Inmate Welfare Fund	0	272,781
Total Nonmajor Special Revenue Funds	<u>849,675</u>	<u>1,318,565</u>
Internal Service Funds	<u>444,989</u>	<u>8,958</u>
Total Governmental Funds	<u>\$ 6,045,005</u>	<u>\$ 6,045,005</u>

The General, Fine & Forfeiture, and Grant Funds have amounts due to and from Constitutional Officers, which represent the return of excess balances due at the end of the fiscal year, from either budget officers or fee officers. All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Interfund Transfers represent the movement of cash for operations in funds and constitutional officers. At year end, the balances for the year ended September 30, 2019, consisted of the following:

Transfers to the General Fund from:

Fine & Forfeiture Fund	\$ 79,075,331
Grants Fund	146,757
Nonmajor Governmental Funds	1,202,837
Enterprise Fund	112,844
Total Transfers to the General Fund	<u>80,537,769</u>

Transfers to the Fine & Forfeiture Fund from:

Nonmajor Governmental Funds	96,768
Total Transfers to the Fine & Forfeiture Fund	<u>96,768</u>

Transfers to the Grants Fund from:

General Fund	2,193
Nonmajor Governmental Funds	24,208
Total Transfers to Grants Fund	<u>26,401</u>

Transfers to the Capital Improvement Fund from:

General Fund	3,829,624
Fine & Forfeiture Fund	49,200
Nonmajor Governmental Funds	2,697,376
Total Transfers to the Capital Improvement Fund	<u>6,576,200</u>

Transfers to the Nonmajor Funds from:

General Fund	17,324,401
Nonmajor Governmental Funds	6,679,506
Total Transfers to the Nonmajor Funds	<u>24,003,907</u>
Total Transfers to the Governmental Funds	<u>111,241,045</u>

Transfers to the Internal Service Funds from:

General Fund	43,761
Nonmajor Governmental Funds	158,388
Total Transfers to Internal Service Funds	<u>202,149</u>

Transfers to the Enterprise Fund from:

General Fund	493,746
Total Transfers to Enterprise Funds	<u>493,746</u>
Total Transfers to Proprietary Funds	<u>695,895</u>
Total Interfund Transfers	<u>\$ 111,936,940</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VIII. LONG-TERM OBLIGATIONS

A. Long-term Obligations

The County has no general long-term obligations debt. The County's special revenue long-term obligations, excluding accrued compensated absences, at September 30, 2019, are comprised of the following:

	Outstanding at September 30, 2019
Revenue Bonds:	
\$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.	\$ 6,962,000
\$15,991,000,000 Capital Improvement Revenue Refunding Bonds, Series 2017, (i) refund a portion of the Capital Improvement Revenue Bonds, Series 2014 of which \$15,951,000 was 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.	15,529,000
The Capital Improvement Revenue Bonds, Series 2012A and the Capital Improvement Revenue Refunding Bonds, Series 2017 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). See schedule of pledged revenue at note VIII. I., Debt Parity.	
Total Special Revenue Bond Obligation	<u><u>\$ 22,491,000</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VIII. LONG-TERM OBLIGATIONS (continued)

B. Schedule of Debt Service Requirements

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

Special Revenue Bonds			
Year Ending September 30,	Principal	Interest	Total
2020	\$ 7,127,000	\$ 442,534	\$ 7,569,534
2021	2,944,000	324,180	3,268,180
2022	3,008,000	262,062	3,270,062
2023	3,073,000	198,593	3,271,593
2024	3,136,000	133,753	3,269,753
Thereafter	3,203,000	67,584	3,270,584
Total	<u>\$ 22,491,000</u>	<u>\$ 1,428,706</u>	<u>\$ 23,919,706</u>

C. Changes in the Long-term Debt

A summary of changes in the long-term debt of the County is as follows:

	Balance October 1, 2018	Reductions	Additions	Balance September 30, 2019	Due Within One Year
Governmental Activities:					
Special Revenue Debt:					
Capital Improvement Revenue Bonds, Series 2012A	\$ 8,267,000	\$ (1,305,000)	\$ 0	\$ 6,962,000	\$ 6,962,000
Capital Improvement Revenue Refunding Bonds, Series 2012B	5,514,000	(5,514,000)	0	0	0
Capital Improvement Revenue Refunding Bonds, Series 2017	15,692,000	(163,000)	0	15,529,000	165,000
Unamortized Premium on Bonds Payable	<u>331,732</u>	<u>(47,390)</u>	<u>0</u>	<u>284,342</u>	<u>0</u>
Total Special Revenue Debt	29,804,732	(7,029,390)	0	22,775,342	7,127,000
Liability for compensated absences	16,430,342	(9,540,305)	9,527,615	16,417,652	5,284,090
Net Pension Liability	150,572,731	(14,140,939)	34,767,636	171,199,428	0
Other postemployment benefits liability	17,702,017	(2,563,825)	1,158,346	16,296,538	0
Arbitrage rebate liability	25,000	0	0	25,000	0
Capital lease liability	770,544	(175,243)	0	595,301	194,509
Governmental Activity Long-term Debt	<u>\$215,305,366</u>	<u>\$ (33,449,702)</u>	<u>\$ 45,453,597</u>	<u>\$227,309,261</u>	<u>\$ 12,605,599</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VIII. LONG-TERM OBLIGATIONS (continued)

C. Changes in the Long-term Debt (continued)

	Balance October 1, 2018	Reductions	Additions	Balance September 30, 2019	Due Within One Year
Business-type activities:					
Liabilities for compensated absences	\$ 161,754	\$ (100,242)	\$ 121,146	\$ 182,658	\$ 67,443
Other postemployment benefits liability	231,230	0	0	231,230	0
Landfill closure and postclosure costs	16,996,098	(2,433,365)	0	14,562,733	0
Business-type activity Long-term liabilities	<u>\$ 17,389,082</u>	<u>\$ (2,533,607)</u>	<u>\$ 121,146</u>	<u>\$ 14,976,621</u>	<u>\$ 67,443</u>

The governmental activities, other postemployment benefits liability and the liability for the compensated absences is usually liquidated by the General Fund. The compensated absences liability attributable to governmental activities will be liquidated within the fund that the individual employees are paid in. Currently, the County pays approximately 73 percent of its salaries in the General Fund with the remainder being paid in the special revenue and proprietary funds.

D. Purchase Cards

The County currently utilizes purchasing cards with a cumulative credit limit of \$1,000,000. The balance on the purchasing cards is paid within ten days of each billing cycle.

E. Special Assessment Debt

The County has no special assessment debt.

F. Demand Bonds

The County has no demand bonds.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VIII. LONG-TERM OBLIGATIONS (continued)

G. Conduit Debt Obligations

From time to time, the County has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of health care and industrial facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2019, the unaudited conduit debts outstanding were as follows:

Project Description	Fiscal Year Issued	Original Bond Issue	Principal Outstanding @ 09/30/2019
Leon County, Florida			
Holy Comforter Episcopal School	2002	\$ 4,400,000	\$ 1,041,958
	2018	6,000,000	4,392,166
Goodwill Industries - Big Bend, Inc.	2009	2,400,000	1,527,487
Housing Finance Authority	2005	16,800,000	15,915,323
Educational Facilities Authority			
Refunding Series 1998B	1998	20,500,000	20,500,000
Student Housing Revenue Bonds 2003	2008	23,315,000	<u>15,715,000</u>
Total Conduit Debt Principal Balance as of September 30, 2019			<u><u>\$ 59,091,934</u></u>

H. Debt Parity

The Capital Improvement Revenue Bonds, Series 2012A and 2012B, and the Capital Improvement Revenue Refunding Bonds, Series 2017, represent junior lien 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 50% of the additional state revenue funds received in the prior fiscal year.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

VIII. LONG-TERM OBLIGATIONS (continued)

H. Debt Parity (continued)

	Actual 2016	Actual 2017	Actual 2018	Actual 2019
Pledged revenues:				
Revenues available for debt service:				
Local Government Half Cent Tax	\$ 12,176,999	\$ 12,414,836	\$ 12,855,444	\$ 13,474,983
Guaranteed entitlement	316,798	316,798	316,778	316,778
Second guaranteed entitlement	1,026,649	1,026,649	1,026,649	1,026,649
Additional state revenue sharing funds	1,304,581	1,318,646	1,234,886	1,550,556
Total revenues available for debt service	<u>\$ 14,825,027</u>	<u>\$ 15,076,929</u>	<u>\$ 15,433,757</u>	<u>\$ 16,368,966</u>
Combined maximum annual debt service for debt (Series 2017 and Series 2012A)	\$ 8,077,654	\$ 8,066,500	\$ 8,050,816	\$ 7,570,684
Debt Service Coverage	1.84 x	1.87 x	1.92 x	2.16 x

IX. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County 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 County 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 \$14,562,733 reported as landfill closure and post-closure care liability at September 30, 2019, 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 2019 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 waste.

The County is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs and at least one year of post-closure costs. The County is in compliance with those minimum requirements and at September 30, 2019, held cash and investments in the amount of \$10,298,830 for these purposes that are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined; these costs may need to be covered by charges to future landfill users or from future tax revenue.

X. EMPLOYEE BENEFITS

A. Florida Retirement System

Plan Description - The County participates in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class or the senior management service class. Currently, the active participants in the pension plan for Leon County are 1,303 out of a total of 502,146 active FRS participants.

The Florida Legislature created the Florida Retirement Investment Plan (the "Investment Plan"), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The Investment Plan is administered by the State Board of Administration and is an alternative available to members of the Florida Retirement System in lieu of participation in the defined benefit retirement plan ("the Pension Plan"). If the Investment Plan is elected, active membership in the Pension Plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution in an investment product with a third party administrator.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

selected by the State Board of Administration.

Chapter 121, Florida Statutes, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. There are uniform contribution rates as discussed on the following page that cover both the defined benefit and defined contribution plans. Information for the required employer contributions made to the Investment Plan were unavailable from FRS.

Additional Financial and Actuarial Information - Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the Florida Comprehensive Annual Financial Report (CAFR) and in the Florida Retirement System Pension Plan, and Other State-Administered Systems CAFR.

See <http://www.myfloridacfo.com/Division/AA/Reports/default.htm> for an available copy of the Florida CAFR online.

The FRS CAFR and actuarial valuation reports as of July 1, 2019 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
P.O.Box 9000
Tallahassee, Florida 32399-9000
850-907-6500 or toll free at 844-377-1888

Funding Policy - 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 (DROP) are required to contribute 3% of their salary to the FRS. The County is required to contribute at an actuarially-determined rate.

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially determined accrued liability. As of July 1, 2019, the date of the latest valuation, the FRS' funded ratio was 84.2% on the valuation funding basis and 85.5% on a Market Value of Assets basis.

The County 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.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

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, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

The amounts contributed for the years ended September 30, 2019, 2018, and 2017 were \$14,140,939, \$12,962,828, and \$11,980,356, respectively, which is equal to 100% of the required contribution for each year.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

The membership categories and contribution rates for 2019 and 2018 were as follows:

Membership Category	Benefit	Vesting	Employer Contribution Rate	
			July 1, 2018	July 1, 2019
Regular Class	For employees in the FRS as of June 30, 2011, normal retirement at age 62 or at least 30 years of service: 1.60% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	8.26 %	8.47 %
	For employees joining the FRS on or after July 1, 2011, normal retirement at age 65, or at least 33 years of service: 1.6% times average compensation (eight highest years) times years of creditable service.	After eight years creditable service.		
Senior Management Class	For employees in the FRS as of June 30, 2011, normal retirement at seven years and age 62: 2.00% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	24.06 %	25.41 %
Special Risk (sworn employees)	For employees in the FRS as of June 30, 2011, normal retirement at age 55, or 25 years of special risk service: 2% to 3% times average compensation (five highest years) times years of creditable service.	After six years of creditable service.	24.50 %	25.48 %
Elected County Officers' Class (ESCOC)-Nonjudicial	For employees in the FRS as of June 30, 2011, normal retirement at eight years ESCOC service and age 62: 3.00% times average compensation (five highest years) times years of creditable service.	After six years of creditable service.	48.70 %	48.82 %
	For employees joining the FRS on or after July 1, 2011, normal retirement at age 65, or at least 33 years of service: 3.00% times average compensation (eight highest years) times years of creditable service.	After eight years creditable service.		
Deferred Retirement Option Program (Drop)	For employees in DROP as of June 30, 2011, retirement benefit paid to DROP where it earns 6.5% interest, tax deferred, for up to five years while the member continues to work.	Available to vested members at normal retirement age or date.	14.03 %	14.60 %
	For employees entered in DROP on or after July 1, 2011, retirement benefit paid to DROP where it earns 1.3% interest, tax deferred, for up to five years while the member continues to work.			

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

Net Pension Liability - At September 30, 2019, the County reported for its share proportionate of the FRS and HIS plans the amount for the net pension liability as shown below:

	Leon County		
	FRS	HIS	Total
Total Pension Liability	\$ 803,181,798	\$ 32,359,395	\$ 835,541,193
Fiduciary Net Position	663,491,192	850,573	664,341,765
Net Pension Liability	<u>\$ 139,690,606</u>	<u>\$ 31,508,822</u>	<u>\$ 171,199,428</u>

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2019 for the net pension liability as of June 30, 2019. "Plan fiduciary net position" represents cash and investment assets held to pay pension liabilities as they mature. "Net pension liability" represents the equity in the applicable pension plan. "Plan fiduciary net position" represents the portion of the total pension liability that is funded by cash and investments. Detailed information regarding the FRS Pension Plan and HIS Program fiduciary net position is available in the separately issued FRS *Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report*. To obtain this report, see contact information on page 70.

At September 30, 2019, the County reported for its proportionate share of the employer portion for the FRS and HIS net pension liability the percentages below:

	FRS	HIS
June 30, 2019	0.405622105%	0.281605365%
June 30, 2018	0.401636460%	0.279643167%
Increase in Share for 2019	0.003985645%	0.001962198%

The County's proportionate share of the net pension liability was based on the County's 2018-2019 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members of FRS.

Actuarial Methods and Assumptions - Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.90%. The plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was updated.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

- HIS: The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.

The actuarial assumptions that determined the total pension liability as of June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Valuation date	July 1, 2018	July 1, 2019
Measurement date	June 30, 2018	June 30, 2019
Inflation	2.60%	2.60%
Salary increases including inflation	3.25%	3.25%
Mortality	Generation RP-2000 with Projection Scale BB; details in the valuation report	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018; details in the valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Investments - The long-term expected rate of return assumption of 6.90 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the capital market outlook model developed during 2019 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.90 percent reported investment return assumption differs from the 7.20 percent investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	3.3 %	3.3 %	1.2 %
Fixed income	18.0 %	4.1 %	4.1 %	3.5 %
Global equity	54.0 %	8.0 %	6.8 %	16.5 %
Real estate (property)	10.0 %	6.7 %	6.1 %	11.7 %
Private equity	11.0 %	11.2 %	8.4 %	25.8 %
Strategic investments	6.0 %	5.9 %	5.7 %	6.7 %
Total	100.00 %			
Assumed inflation - mean		0.0 %		1.7 %

(1) As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

Sensitivity Analysis - the following tables present the sensitivity of the net pension liability to changes in the discount rate of 6.90%. The sensitivity analysis shows the impact to the County's net pension liability if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2019.

FRS Net Pension Liability		
1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
<u>\$ 241,478,540</u>	<u>\$ 139,690,606</u>	<u>\$ 54,680,463</u>

HIS Net Pension Liability		
1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
<u>\$ 35,968,936</u>	<u>\$ 31,508,822</u>	<u>\$ 27,794,053</u>

Pension Expense and Deferred Outflows/(Inflows) of Resources - In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes of assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes in proportion and differences between contributions and proportionate share of contributions which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2019, was 6.4 years for FRS and 7.2 years for HIS.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

For the fiscal year ended September 30, 2019 the total pension expense and deferred inflows and outflows related to the FRS and HIS plans were as follows:

	FRS	HIS	Total
Pension Expense	\$ 34,518,908	\$ 2,453,030	\$ 36,971,938
Deferred Outflows of Resources	51,313,146	5,775,080	57,088,226
Deferred Inflows of Resources	\$ (10,857,289)	\$ (3,636,620)	\$(14,493,909)

For the fiscal year ended September 30, 2019, the County recognized pension expense of \$34,518,908 for the FRS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources for the FRS Plan	Deferred Inflows of Resources for the FRS Plan
Differences between expected and actual experience	\$ 8,285,449	\$ (86,691)
Change of assumptions	35,878,558	0
Net difference between projected and actual earnings on FRS Plan investments	0	(7,728,413)
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	4,081,447	(3,042,185)
County FRS Plan contributions subsequent to the measurement date	3,067,692	0
Total	<u>\$ 51,313,146</u>	<u>\$ (10,857,289)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$3,067,692 and resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction to net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Net Deferred Outflows
2020	\$ 13,763,394
2021	4,543,412
2022	9,517,870
2023	7,082,920
2024	1,965,664
Thereafter	514,905
Totals	<u>\$ 37,388,165</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

For the fiscal year ended September 30, 2019, the County recognized pension expense of \$2,453,030 for the HIS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Differences between expected and actual experience	\$ 382,710	\$ (38,582)
Change of assumptions	3,648,424	(2,575,274)
Net difference between projected and actual earnings on HIS Plan investments	20,332	0
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	1,354,271	(1,022,764)
County HIS Plan contributions subsequent to the measurement date	369,343	0
Total	<u>\$ 5,775,080</u>	<u>\$ (3,636,620)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$369,343 resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Net Deferred Outflows
2020	\$ 649,059
2021	607,242
2022	373,896
2023	(226,935)
2024	93,983
Thereafter	271,872
Totals	<u>\$ 1,769,117</u>

B. Deferred Compensation Plan

The County offers their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The County complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed the lesser of \$16,500 or 50% of gross annual compensation. There is an "age 50 catch-up" provision that allows an additional \$5,000 contribution from the year the employee reaches age 50 until the employee terminates employment.

C. Liability for Compensated Absences

The County accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. Except for the Clerk, the County 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 at the entity-wide financial statement level. The liability associated with compensated absences is reported on the fund level in the internal service fund for the Clerk only.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

D. Executive Service Plan

Executive service and senior management employees of Leon County are entitled to severance pay if terminated from employment. If there is a contract or an employment agreement, they are entitled to up to twenty weeks of severance pay. If there is no contract, severance pay is limited to six weeks.

E. Post Employment Benefits Other Than Pension Benefits

Plan Description

The County participates and administers an agent multiple-employer plan under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The health 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 County's Board of County Commissioners. A stand alone financial report is not issued for the Program.

OPEB Plan membership at October 1, 2019 was as follows:

<u>Membership Status as of October 1, 2019</u>	<u>Count</u>
Active plan members	1,673
Retirees and DROP participants	501
Total	<u>2,174</u>

Benefits- Retirees continue active employee life insurance benefits, with coverage amount equaling 2 x final salary for Senior Management and 1 x final salary for all other retirees. Once a retiree reaches the age of 65, the coverage reduces to 65% of the original amount. Coverage is provided at a monthly rate of \$0.52 per \$1,000 benefit except for Sheriff. Sheriff coverage is provided at a monthly rate of \$0.47 per \$1,000 benefit.

Eligibility- Participants are eligible for postretirement life insurance upon attaining eligibility for retirement benefits under FRS. Therefore participants are eligible to leave County service with life insurance benefits after 6 years of service; 10 years of service if hired on or after July 1, 2013.

Funding Policy

Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions. The plan operates on a pay-as-you-go basis and thus, has no assets.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

E. Post Employment Benefits Other Than Pension Benefits (continued)

Net OPEB liability

As described in Note 1, the County consists of elected constitutional officers of the County. The annual OPEB liability of constitutional officers is recognized in the county-wide financial statements of the County. The County's Net OPEB liability is calculated in accordance with the guidance provided by Governmental Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The total OPEB liability for the year ended September 30, 2019 measured as of September 30, 2019 is \$16,527,768. The following table outlines the changes in Net OPEB Liability for the fiscal year ending September 30, 2019:

	FY 2019	FY 2018
Service cost	\$ 492,162	\$ 534,336
Interest	666,184	621,125
Differences between expected and actual experience	(2,282,605)	0
Changes of assumptions or other input	(31,667)	(1,114,016)
Expected benefit payments	<u>(249,553)</u>	<u>(227,947)</u>
Net Changes	(1,405,479)	(186,502)
Net OPEB liability at beginning of year	<u>17,933,247</u>	<u>18,119,749</u>
Net OPEB liability at end of year	<u><u>\$ 16,527,768</u></u>	<u><u>\$ 17,933,247</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

E. Post Employment Benefits Other Than Pension Benefits (continued)

The total OPEB liability and contribution rates were determined by an actuarial valuation as of October 1, 2019. The total OPEB liability was rolled forward two years. The significant assumptions used were as follows:

Valuation Date	October 1, 2016
Measurement Date	September 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percent of Salary. Service Costs are attributed through all assumed ages of exit from active service.
Asset Valuation Method	Not Applicable. The plan operates on a pay-as-you-go basis and thus, has no assets.
Miscellaneous	The valuation was prepared on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.
Discount Rate	The discount rate at the measurement date is 3.58%. Benefit payments are funded on a pay-as-you go basis. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2019. The discount rate at the beginning of the year is 3.64% from the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2018.
Consumer Price Index	N/A
Future Salary Increase	3.0%
Administrative Expenses	Life Insurance administrative expenses are assumed to be 5% of claims based on experience for similar plans.
Mortality	According to the Benefit-Weighted Pub-2010 Mortality Tables with a public safety adjustment for sheriffs and the general table for all others, projected generationally with the MP-2019 Mortality Improvement scale. For disabled retirees, according to the Benefit-Weighted Pub-2010 Disabled Mortality Tables with a public safety adjustment for sheriffs and the general table for all others, projected generationally with MP-2019 Mortality Improvement scales.
Withdrawal	Same as the Florida Retirement System (FRS) pension plan.
Disability	Same as the Florida Retirement System (FRS) pension plan.
Retirement Age	Same as the Florida Retirement System (FRS) pension plan.
Plan Participation	95% of future retirees are assumed to participate based on experience for similar plans. For current retirees, the coverage indicated on the provided census data was used.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

E. Post Employment Benefits Other Than Pension Benefits (continued)

Sensitivity of Net OPEB Liability to changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a single discount rate of 3.58%, as well as what the plan's net OPEB liability would be if it were calculated using a single Discount Rate that is one percent lower or one percentage higher:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Net OPEB Liability	\$ 20,479,309	\$ 16,527,768	\$ 13,484,195

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

In accordance with GASB 75, changes in the net OPEB liability are recognized as OPEB expense in the current measurement period, except as shown below. For each of the following, a portion is recognized in OPEB expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.
- Changes of assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.
- Changes in proportion and differences between contributions and proportionate share of contributions which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

E. Post Employment Benefits Other Than Pension Benefits (continued)

The below table presents the OPEB expense and its components:

<u>Components of OPEB Expense</u>	<u>For the year ended September 30, 2019</u>
Service Cost	\$ 492,162
Interest on the total OPEB liability and net cash flow	666,184
Differences between expected and actual experience	(218,222)
Changes in assumptions and other inputs	<u>(132,564)</u>
Total OPEB expense	<u><u>\$ 807,560</u></u>

Following are the details of the recognized and deferred inflows and outflows of resources.

<u>Deferred Outflows/Inflows of Resources</u>	<u>As of September 30, 2019</u>
Deferred Inflows of Resources:	
Difference between expected and actual experience	\$ 2,064,383
Changes in assumptions or other inputs	<u>883,582</u>
Total deferred inflows	<u><u>\$ 2,947,965</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

X. EMPLOYEE BENEFITS (continued)

E. Post Employment Benefits Other Than Pension Benefits (continued)

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at October 1, 2019 is 10.46 years. The following deferred inflows of resources will be recognized in pension expense as follows:

For the year ended September 30,	Deferred Inflows of Resources
2020	\$ 350,786
2021	350,786
2022	350,786
2023	350,786
2024	350,786
Thereafter	1,194,035
Totals	<u>\$ 2,947,965</u>

Funded Status and Funding Progress

As of September 30, 2019, the County's actuarial accrued liability for benefits recognized in the County's financial statements was \$16,527,768, all of which was unfunded.

XI. RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

A. General Liability

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

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

Year	Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
September 30, 2019	\$ 48,131	\$ 29,806	\$ (52,132)	\$ 25,805
September 30, 2018	\$ 46,137	\$ 34,208	\$ (32,034)	\$ 48,311

The claims liability of \$25,805 includes an actuarial valuation for incurred but not yet reported claims of \$15,000.

B. Workers' Compensation

The County maintains a self-insurance Internal Service Fund to account for insurance activities relating to workers' compensation that is administered by a third-party administrator. Under this program, the County absorbs losses up to a maximum of \$500,000 for each claim. At September 30, 2019, the County had \$176,769 deposited with the third-party administrator for use against future claims. The County purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage in the current year or any of the past four years.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XI. RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES (continued)

B. Workers' Compensation (continued)

All funds of the County participate in this program and make payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Excess payments are recorded as a designation of retained earnings for catastrophic losses.

The claims liability for workers' compensation of \$4,692,555, which includes an actuarial evaluation for incurred but not reported claims of \$2,951,863 is included in other current liabilities and reported in the Internal Service Fund at September 30, 2019. The liability 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.

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

Year	Beginning of Fiscal Year	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
September 30, 2019	\$ 4,207,550	\$ 2,151,783	\$ (1,666,778)	\$ 4,692,555
September 30, 2018	\$ 4,392,594	\$ 1,583,909	\$ (1,723,953)	\$ 4,252,550

C. Automobile Liability

The County 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 \$5,000 deductible. All funds of the County 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:

Year	Beginning of Fiscal Year	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
September 30, 2019	\$ 12,131	\$ 22,205	\$ (29,547)	\$ 4,789
September 30, 2018	\$ 13,042	\$ 24,676	\$ (25,587)	\$ 12,131

The claims liability of \$4,789 includes an actuarial valuation for incurred but not reported claims of \$4,789.

As a member of the Florida Sheriff's Association, the Sheriff participates in the Sheriffs' Automobile Risk Program for automobile liability insurance. Coverage includes liability for bodily injury and property damage, personal injury protection, auto medical payments, bodily injury for uninsured motorists and physical damage. Coverage for physical damage is also maintained on certain vehicles. The contribution required for the year ended September 30, 2019 was \$228,695.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XI. RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES (continued)

D. Professional Liability

The Sheriff is currently a member of the Florida Sheriffs' Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2019 was \$595,995.

The limits of the Self-Insurance Fund for the above mentioned damages, fees and defense costs are \$5,000,000 per incident or occurrence; and \$10,000,000 in aggregate for the policy year. Settled claims did not exceed this coverage in the current year.

E. Excess Insurance

In the normal course of jail operations, the Sheriff seeks to limit its exposure to loss for catastrophic medical costs by purchasing insurance under an excess coverage contract. During the year ended September 30, 2019, the Sheriff maintained an excess insurance policy that provides a maximum specific benefit of \$250,000 per covered person, for claims in excess of \$60,000 reported during the annual contract term. The premium required for the year ended September 30, 2019 was \$126,198.

XII. SEGMENT INFORMATION - ENTERPRISE FUNDS

The County maintained one enterprise fund. The Leon County Landfill Fund accounts for revenues and expenditures related to the operation of the landfill and collection of revenues from the sale of processed recyclables and related costs to support the program. The County has not issued bonds to finance the activity of the enterprise fund. Further, none of the revenues streams of the enterprise fund are pledged in support of outstanding debt.

XIII. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

A. Excess of Expenditures Over Appropriation

Certain funds show an excess of expenditures over appropriations. This excess is due to the appropriation and use of fund balance during the fiscal year.

B. Excess of Expenditures Over Revenue in the Budget Column

Certain funds show an excess of expenditures over revenue in the budget column of the Statement of Revenue, Expenditures and Changes in Fund Balances, Budget and Actual. This excess is due to the appropriation and use of fund balance (which is not reported in the budget or variance column) during the fiscal year.

C. Deficit Fund Balances

At fiscal year end, the Municipal Service Fund has a deficit of \$195,167, the Family Law Legal Services fund had a deficit of \$2,533, and the SHIP Trust fund had a deficit of \$23,654. All funds are nonmajor special revenue funds.

D. Minimum Fund Balance Policy

On September 16, 2008, Leon County adopted Policy Number 07-2 called "Reserves." The first section, Emergency Reserves includes the general revenue emergency reserves which are maintained at an amount not to be less than three percent and not to exceed eight percent of the projected General Fund and Fine & Forfeiture Fund operating expenditures for the ensuing fiscal year. In addition, a catastrophe reserve will be maintained at two percent. The reserve will provide immediate cash flow in the event of a natural disaster. The Reserve for Contingency is separate from the Reserves for Cash Balances and annually determined by the Board of County Commissioners as a part of the budget. Any funds not included under this category will be included as part of the unreserved

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XIII. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

D. Minimum Fund Balance Policy (continued)

fund balance.

Reserves for Cash Balances are maintained by the County as an annual unassigned reserve for cash balance at a level sufficient to maintain adequate cash flow and to eliminate the need for short-term borrowing. The fund balance shall be no less than ten percent and no greater than twenty percent of the projected General Fund and Fine & Forfeiture Fund operating expenditures. All major funds will retain sufficient cash balances to eliminate the need for short-term borrowing.

As a part of the annual budget process, a determination is made of the minimum and maximum amounts based on above requirements. Funds in excess of the minimums established can be utilized to support one-time capital expenses.

E. Fund Balance

At fiscal year end, fund balances reported on the Statements of Revenues, Expenditures, and Changes in Fund Balance include:

	General Fund	Major Funds	Other Funds	Total
Nonspendable:				
Inventory	\$ 827,564	\$ 0	\$ 2,815	\$ 830,379
Prepaid assets	560,884	15,838	26,756	603,478
Total nonspendable	<u>1,388,448</u>	<u>15,838</u>	<u>29,571</u>	<u>1,433,857</u>
Restricted for:				
Federal and state grants and other purposes	0	201,774	351,959	553,733
Major non-transportation related capital projects and facilities	0	22,786,326	15,476,244	38,262,570
Debt service	0	0	10,756	10,756
Public improvement revenue bond projects	0	0	14,882,884	14,882,884
Enabling legislation	0	0	12,511,318	12,511,318
Total restricted	<u>0</u>	<u>22,988,100</u>	<u>43,233,161</u>	<u>66,221,261</u>
Committed for:				
Minimum reserve requirement	5,057,178	251,145	0	5,308,323
Fire protection services	0	0	2,008,116	2,008,116
Emergency medical services	0	0	6,198,514	6,198,514
Environmental management	0	0	470,935	470,935
Building inspections	0	0	2,226,315	2,226,315
Unincorporated stormwater maintenance	0	0	759,757	759,757
City sewer service distribution	0	0	15,640	15,640
Special assessments paving	0	0	98,662	98,662
Total committed	<u>5,057,178</u>	<u>251,145</u>	<u>11,777,939</u>	<u>17,086,262</u>
Assigned for:				
Beginning appropriated fund balance	1,557,500	0	0	1,557,500
Carry-forward appropriations	15,916,047	748,261	159,682	16,823,990
General government	0	674,897	152,070	826,967
Public safety	0	0	1,777,483	1,777,483
Total assigned	<u>17,473,547</u>	<u>1,423,158</u>	<u>2,089,235</u>	<u>20,985,940</u>
Unassigned:	<u>9,795,345</u>	<u>(208,808)</u>	<u>(221,354)</u>	<u>9,365,183</u>
Total Fund Balances	<u>\$ 33,714,518</u>	<u>\$ 24,469,433</u>	<u>\$ 56,908,552</u>	<u>\$ 115,092,503</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XIV. COMMITMENTS AND CONTINGENCIES

A. Contract Commitments

Lease Income

On June 2003, the County purchased the Bank of America building. There are several noncancelable 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, 2019 are as follows:

Year Ending September 30,	Amount
2020	\$ 1,598,850
2021	1,281,384
2022	603,852
2023	400,372
2024	267,076
Thereafter	194,800
Total minimum future rental receipts	<u>\$ 4,346,334</u>

The property being leased is included in the Statement of Net Position Governmental Activities column with a carrying value of \$10,939,544 and depreciation expense of \$449,389 for fiscal year 2019. The facility is carried as a governmental activity because the County purchased the building to provide offices for County staff.

In October 2009, the Board purchased the Lake Jackson Oaks Huntington Property in BOCC. There are several noncancelable 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, 2019, are as follows:

Year Ending September 30,	Amount
2020	\$ 250,504
2021	289,628
2022	241,442
2023	246,994
2024	169,461
Thereafter	192,965
Total minimum future rental receipts	<u>\$ 1,390,994</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XIV. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Lease Income (continued)

The property being leased is included in the Statement of Net Position Governmental Activities column under Land and construction in progress with a carrying value of \$4,540,621 for fiscal year 2019. The facility is carried as a governmental activity because the County purchased the building to provide offices for County staff as well as to provide Library services to the community.

Operating Leases

On April 11, 2012, the Supervisor of Elections entered into an operating lease for the rental of space for the voter operations center. On April 27, 2016, the original lease agreement was amended in order to expand the existing floor space. The restated lease agreement provides for monthly rentals, which escalate over the term of the lease with specific uses for the space. The restated lease commenced on August 15, 2016 for a period of 10 years, with a one time option to cancel after 5 years. Additionally, the lease includes options to renew for two five-year periods.

On July 1, 2017 the Supervisor of Elections entered into an operating software lease. Due to some delays in the implementation of the software, the lease period did not commence until December 1, 2018 and will end on November 30, 2023.

Minimum future lease payments are as follows:

Year Ending September 30,	Amount
2020	\$ 327,444
2021	333,333
2022	41,136
2023	41,136
2024	6,856
Total minimum payments	<u>\$ 749,905</u>

Rental expense for the year ended September 30, 2019 was \$358,776.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XIV. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Operating Leases (continued)

The Tax Collector has entered into noncancelable operating leases as lessee for office space and office equipment. Some of the real property leases contain provisions for four or five-year renewal options, with stated increases or decreases for lease payments. At September 30, 2019, aggregate future minimum payments are as follows:

Year Ending September 30,	Amount
2020	\$ 831,360
2021	834,153
2022	837,031
2023	763,548
2024	742,607
2025-2029	3,393,566
2030-2033	2,097,796
Total minimum payments	<u>\$ 9,500,061</u>

Lease expenditures incurred under operating leases for the year ended September 30, 2019 were \$765,406.

The Sheriff is committed to various operating leases for certain office and radio equipment. Operating leases are generally defined as leases that do not transfer benefits and risks of ownership to the lessee. For the year ended September 30, 2019, total rental and equipment lease expenses were \$114,002. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

Year Ending September 30,	Amount
2020	\$ 3,598
2021	477
Total minimum payments	<u>\$ 4,075</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XIV. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Operating Leases (continued)

The Clerk leases office equipment and building space under operating leases expiring in various years through 2023. Minimum future lease payments under operating leases having remaining terms in excess of one year as of September 30, 2019, for each of the next five years and in the aggregate are as follows:

Year Ending September 30,	Amount
2020	\$ 65,261
2021	64,947
2022	61,500
2023	46,125
Total minimum payments	<u>\$ 237,833</u>

Rent expense paid during the fiscal year ended September 30, 2019 was \$100,465.

The County has other various operating leases for certain office and telephone equipment that is subject to funds being budgeted on an annual basis. These operating leases can be cancelled within the terms of the contract.

Capital Leases

The County has a capital lease agreement with Dell Financial Services (DFS) for equipment, software, and services or fees. Terms of the lease include annual payments of \$202,384. The lease expires December 30, 2022. As of September 30, 2019 future lease payments totaling \$607,153 consists of principal of \$595,301 and imputed interest of \$11,852. The future capital lease payable and the net present value of the minimum lease payments as of September 30, 2019, were as follows:

Future Cash Payments		Future Maturities of Lease Liability	
2020	\$ 202,385	2020	\$ 194,509
2021	202,384	2021	198,408
2022	202,384	2022	202,384
	<u>607,153</u>		<u>\$ 595,301</u>
Less: amount representing interest	(11,852)		
	<u>\$ 595,301</u>		

Grants

The County 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 County. Accordingly, such liabilities are not reflected within the financial statements.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2019

XIV. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Long-Term Construction Projects

The County is committed to various material long-term construction projects at September 30, 2019. These commitments have been included in the 2019-2020 fiscal year budget and the five-year Capital Improvement Program and certain amounts have been reserved in the capital projects fund. Current contracts outstanding as of September 30, 2019 approximate \$1.1 million.

The Sheriff, the County, and the City of Tallahassee (the Parties) entered into an inter-local agreement on December 20, 2007 to establish parameters relating to ownership, expansion, operation, maintenance, and the use of the 800MHz Project 25 Digital Trunked Simulcast (TSR) System. The agreement provides 50% ownership of the TSR System's backbone equipment by the Sheriff and the County. The agreement also provides that the Sheriff and the County are required to pay 50% of the TSR System's operating costs. Absent a prior notice to withdraw, the agreement shall continue until the date the agreement is terminated by mutual written agreement of the Parties. Activity related to the agreement is accounted for as a joint operation.

B. Potential Liabilities Resulting from Litigation

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

C. Subsequent Events

At its November 12, 2019 meetings, the Board approved the purchase of a Bell 505 Basic Aircraft Helicopter and related equipment to replace the Sheriff's helicopter. A \$229,080 down payment was made in November 2019 and the remaining \$1.3 million was financed by the issuance of a Capital Improvement Revenue Note, Series 2020, bearing interest at a fixed rate of 1.89%, maturing December 1, 2025. This note does not constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of any provision of the Constitution or the laws of the State, but shall be declared to be special, limited obligation of the Issuer payable solely from pledged revenues. Leon County has entered into a cost sharing agreement with the City of Tallahassee whereby the City will contribute 50% of the helicopter loan payments.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Leon County issued a Stay-at-Home Order effective March 25, 2020. While the order is in place, businesses can remain open and people can still travel for essential activities, but social distancing measures are encouraged. A nighttime curfew is in effect and law enforcement is authorized to disperse any crowd of more than 10 people. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an worldwide adverse impact on the economies and financial markets, including the State of Florida and Leon County. While it is unknown how long these conditions will last and what the complete financial effect will be to the County, to date, the County is expecting to experience declining sales tax revenue and changes in the fair value of assets and liabilities. Specifically, Leon County is expected to experience declines in revenues due to the impacts of limited operations of the three institutions of higher learning located in Leon County and the economic impact of decreases in university-related events, as well as the impacts to area businesses.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term, including pension and OPEB-related liabilities as a result of declines in investment values of the pension and OPEB plans.

The County has evaluated subsequent events through March 25, 2020, the date the financial statements were available to be issued.

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Required Supplementary Information

Leon County, Florida
Proportionate Share of Net Pension Liability
Florida Retirement System
Last Ten Fiscal Years*
(unaudited)

	2019	2018	2017	2016	2015	2014	2013
Leon County's proportion of the net pension liability	0.405622105%	0.401636460%	0.404240284%	0.426742954%	0.381103706%	0.373806519%	0.387480733%
Leon County's proportionate share of the net pension liability	\$ 139,690,606	\$ 120,974,984	\$ 119,571,564	\$ 107,752,931	\$ 49,224,656	\$ 22,807,695	\$ 66,702,680
Leon County's covered payroll	\$ 95,981,978	\$ 92,298,471	\$ 89,031,824	\$ 84,165,836	\$ 82,001,002	\$ 80,661,380	\$ 80,267,543
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll	145.54 %	131.07 %	134.30 %	128.02 %	60.03 %	28.28 %	83.10 %
Plan fiduciary net position as a percentage of the total pension liability	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %	88.54 %

* The amounts presented for each fiscal year were determined as of 6/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Report of Independent Auditors

Leon County, Florida
Schedule of Contributions
Florida Retirement System
Last Ten Fiscal Years*
(unaudited)

	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 12,577,212	\$ 11,446,316	\$ 10,523,370	\$ 10,406,807	\$ 9,291,632	\$ 8,187,949	\$ 5,214,322
Actual employer contribution	(12,577,212)	(11,446,316)	(10,523,370)	(10,406,807)	(9,291,632)	(8,187,949)	(5,214,322)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Leon County's covered payroll	\$ 97,005,441	\$ 92,911,582	\$ 90,549,137	\$ 84,749,884	\$ 82,413,692	\$ 80,762,932	\$ 80,356,724
Contributions as a percentage of covered payroll	12.97 %	12.32 %	11.62 %	12.28 %	11.27 %	10.14 %	6.49 %

* The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 09/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Report of Independent Auditors

Leon County, Florida
Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program
Last Ten Fiscal Years*
(unaudited)

	2019	2018	2017	2016	2015	2014	2013
Leon County's proportion of the net pension liability	0.281605365%	0.279643167%	0.275303556%	0.286548096%	0.274123595%	0.270973192%	0.279295965%
Leon County's proportionate share of the net pension liability	\$ 31,508,822	\$ 29,597,747	\$ 29,436,726	\$ 33,395,994	\$ 27,956,296	\$ 25,336,655	\$ 24,316,386
Leon County's covered payroll	\$ 95,981,978	\$ 92,298,471	\$ 89,031,824	\$ 84,165,836	\$ 82,001,002	\$ 80,661,380	\$ 80,267,543
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll	32.83 %	32.07 %	33.06 %	39.68 %	34.09 %	31.41 %	30.29 %
Plan fiduciary net position as a percentage of the total pension liability	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %	0.99 %	1.78 %

* The amounts presented for each fiscal year were determined as of 6/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Report of Independent Auditors

Leon County, Florida
Schedule of Contributions
Health Insurance Subsidy Program
Last Ten Fiscal Years*
(unaudited)

	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,563,727	\$ 1,516,512	\$ 1,456,986	\$ 1,468,742	\$ 1,047,871	\$ 928,263	\$ 914,903
Actual employer contribution	(1,563,727)	(1,516,512)	(1,456,986)	(1,468,742)	(1,047,871)	(928,263)	(914,903)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Leon County's covered payroll	\$ 97,005,441	\$ 92,911,582	\$ 90,459,137	\$ 84,749,884	\$ 82,413,692	\$ 80,762,932	\$ 80,356,724
Contributions as a percentage of covered payroll	1.61 %	1.63 %	1.61 %	1.73 %	1.27 %	1.15 %	1.14 %

* The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 09/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Report of Independent Auditors

Leon County, Florida
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*
(unaudited)

Net OPEB Liability	2019	2018
Service cost	\$ 492,162	\$ 534,336
Interest	666,184	621,125
Difference between expected & actual experience	(2,282,605)	0
Changes in assumptions & other inputs	(31,667)	(1,114,016)
Benefit payments	<u>(249,553)</u>	<u>(227,947)</u>
Net change in total OPEB liability	(1,405,479)	(186,502)
Net OPEB liability - beginning	<u>17,933,247</u>	<u>18,119,749</u>
Net OPEB liability - ending	<u>\$ 16,527,768</u>	<u>\$ 17,933,247</u>
Covered-Employee payroll	\$ 97,005,441	\$ 92,911,582
Net OPEB liability as a percentage of covered-employee payroll	17.04 %	19.30 %

*This Schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, governments should present information for those years which information is available.

See Report of Independent Auditors

Leon County, Florida
Notes to the Required Supplementary Information
September 30, 2019
(unaudited)

The following changes in actuarial assumptions occurred in 2019:

PENSION RELATED NOTES TO SCHEDULE:

FRS: There were no changes in benefit terms. The inflation rate assumption remained at 2.60%. Payroll growth, including inflation remained at 3.25%. The long-term expected rate of return decreased from 7.1% to 6.9%, and the active member mortality assumption was updated.

HIS: The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.

OPEB RELATED NOTES TO SCHEDULE:

Changes of Benefit Terms - There were no benefit changes during the year.

Changes in Assumptions - Changes in assumptions and other inputs include the change in the discount rate from 3.64% to 3.58% as of September 30, 2019. Under GASB 75, unfunded plans are required to use a discount rate that reflects to 20-year tax exempt municipal bond yield or index rate. Thus, the discount rate of 3.58% is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2019. The impact on the liability from this change was a small increase.

The mortality improvement scale was updated from MP-2018 to MP-2019. The base mortality was changed the Benefit Weighted Pub-2020 table. This change resulted in a net decrease to the liability.

See Report of Independent Auditors

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

The Honorable 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, each major fund, and the aggregate remaining fund information of Leon County, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Leon County, Florida's basic financial statements, and have issued our report thereon dated March 25, 2020. Our report includes a reference to other auditors who audited the financial statements of the Housing Finance Authority of Leon County, a discretely presented component unit of Leon County, as described in our report on Leon County, Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by these auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Management Letter as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leon County Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Management Letter as item 2019-004.

Leon County Florida's Response to Findings

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

Purpose of this Report

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

We noted certain other matters pursuant to the Chapter 10.550, *Rules of the Auditor General* that we have reported to the management of Leon County, Florida in a separate letter dated March 25, 2020.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 25, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Report of Independent Auditors on Compliance for Each Major Federal Program
And State Project; Internal Control Over Compliance; and Schedule of
Expenditures of Federal Awards and State Financial Assistance Required by the
Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

Honorable Board of County Commissioners
Leon County, Florida

Report on Compliance for Each Major Federal Program and State Project

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Leon County, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Leon County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal programs and state projects. However, our audit does not provide a legal determination of Leon County, Florida's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Leon County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of Leon County, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Leon County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Leon County, Florida's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

We have audited the financial statements of Leon County, Florida as of and for the year ended September 30, 2019, and have issued our report thereon dated March 25, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 25, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

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

Federal / State Agency Pass-through Entity Federal Program / State Project	CFDA or CSFA Number	Grant Contract Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Pass through Florida Department of Financial Services Schools and Roads - Grants to States	10.665	USFOR2018	\$ 50,361
<u>U.S. Department of Transportation</u>			
Pass through Florida Department of Transportation Highway Planning and Construction	20.205	436621-1-38.01	47,706
Highway Planning and Construction	20.205	438270-1-38.01	52,797
Total CFDA # 20.205			100,503
<u>U.S. Department of Interior</u>			
Direct Program Payments in Lieu of Taxes	15.226	Unknown	234,719
<u>U.S. Department of Justice</u>			
Direct Program State Criminal Alien Assistance Program	16.606	2014-AP-BX-0013	10,619
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0702	22,423
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0098	9,011
Total CFDA # 16.606			42,053
Pass through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGC-Leon-2-N2-079	30,178
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGC-Leon-5-F9-236	3,570
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGC-LEON-4-N2-155	38,356
Pass through City of Tallahassee Edward Byrne Memorial Justice Assistance Grant	16.738	2018-H3470-FL-DJ	43,109
Total CFDA # 16.738			115,213
Pass through State of Florida Office of the Attorney General Victims of Crime Act	16.580	V-2016-00162	84,533
<u>U.S. Department of State</u>			
Pass through Florida Department of State Help America Vote Act - Voter Education Funding & Pollworker	90.401	Title I	32,070
Help America Vote Act - Elections Security Grant	90.401	2018-2019-001-LEO	90,043
Help America Vote Act - Albert Monitoring Grant	90.401	2018-2019-002-LEO	3,720
Help America Vote Act - Elections Security Grant	90.401	2018-2019-004-LEO	841
Total CFDA # 90.401			126,674
<u>U.S. Department of Health and Human Services</u>			
Pass through Florida Department of Revenue Child Support Enforcement	93.563	COC37	338,995
<u>U.S. Department of Homeland Security</u>			
Pass through Florida Division of Emergency Management Homeland Security Grant Program	97.067	19-DS-01-02-47-23-275	249,789
Homeland Security Grant Program	97.067	18-DS-X1-02-47-23-242	89,173
Homeland Security Grant Program	97.067	19-DS-V4-02-47-23-318	52,807
Homeland Security Grant Program	97.067	DEM-18-DS-X1-02-47-02-319	20,083
Total CFDA # 97.067			411,852
Pass through Florida Executive Office of the Governor Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4337-DR-FL	1,223,231
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4399-DR-FL	7,658,995
Total CFDA # 97.036			8,882,226
<u>Federal Emergency Management Agency</u>			
Pass through Florida Department of Emergency Management Emergency Management Performance Grants	97.042	EMA-2018-EP-00003	77,960
Total Expenditures of Federal Awards			\$ 10,465,089
<i>(continued)</i>			

See report of independent auditors.

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended September 30, 2019

Federal / State Agency Pass-through Entity Federal Program / State Project	CFDA or CSFA Number	Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE			
<u>State of Florida Division of Emergency Management</u>			
Direct Projects			
Emergency Management Programs	31.063	DEM-19-BG-21-02-47-01-109	\$ 91,710
Emergency Management Programs	31.063	A0061	34,956
Total CSFA # 31.063			126,666
<u>Florida Department of Environmental Protection</u>			
Direct Projects			
Florida Springs Grant Program	37.052	LP01108	523,242
Florida Springs Grant Program	37.052	LP0110E	461,050
Florida Springs Grant Program	37.052	LP37113	15,503
Florida Springs Grant Program	37.052	LP37114	808,421
Total CSFA # 37.052			1,808,216
Direct Projects			
Waste Tire Grant	37.010	DEP3745 DWM	5,924
<u>Florida Department of Agriculture and Consumer Services</u>			
Direct Project			
Mosquito Control	42.003	Unknown	75,669
CDC Hurricane Relief Mosquito Control Grant	42.003	Unknown	62,619
Total CSFA # 42.003			138,288
<u>Florida Department of State</u>			
Direct Project			
State Aid to Libraries	45.030	19-ST-27	150,760
Special Elections Grant	45.057	Unknown	71,739
<u>Florida Housing Finance Corporation</u>			
Direct Projects			
HFA Emergency Repairs	40.901	SHIP FY17-20	32,470
State Housing Initiatives Partnership Program	40.901	SHIP 16	517,748
State Housing Initiatives Partnership Program	40.901	SHIP17	268,146
State Housing Initiatives Partnership Program	40.901	SHIP18	250,776
Total CSFA # 40.901			1,069,140
<u>Florida Department of Juvenile Justice</u>			
Department of Juvenile Justice	80.029	10626	42,321
<u>Florida Department of Health</u>			
Direct Project			
Emergency Medical Services (EMS) Matching Awards	64.003	M6038	36,026
Emergency Medical Services (EMS) Matching Awards	64.003	M7019	34,241
Total CSFA # 64.003			70,267
Direct Project			
Emergency Medical Services County Grant	64.005	C6037	41,211
Total Expenditures of State Financial Assistance			\$ 3,524,532
<u>NOTES:</u>			
(1) Housing loans originated since 2001 and outstanding at year end:			
Community Development Block Grant-Entitlement	14.218		\$ 1,031,446
State Housing Initiatives Partnership Program	40.901		3,008,145
			\$ 4,039,591

(2) The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state projects of the Leon County Board of County Commissioners for the year ended September 30, 2019. All expenditures related to federal awards and state projects received directly from federal and state agencies, as well as federal awards and state projects passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) The Schedule was prepared on the modified accrual basis of accounting.

(4) There were no transfers to subrecipients during the fiscal year.

(5) Leon County Board of County Commissioners has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(6) No federal assistance was expended in noncash assistance.

(7) Expenditures in the amount of \$1,223,231 shown for U.S. Department of Homeland Security, Pass through Florida Executive Office of the Governor, Disaster Grants-Public Assistance (Presidentially Declared Disasters), CFDA 97.036, grant contract number FEMA-4337-DR-FL, were incurred during the year ended September 30, 2018.

See report of independent auditors.

Leon County, Florida
Schedule of Findings and Questioned Costs
Year ended September 30, 2019

Section I -- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Schedule of Findings and Questioned Costs Relating to Federal Awards

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Type of auditors' report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
		U.S. Department of Homeland Security
		Pass through Florida Executive Office of the Governor
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
		U.S. Department of Homeland Security
		Pass through Florida Division of Emergency Management
	97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Leon County, Florida
Schedule of Findings and Questioned Costs (continued)
Year ended September 30, 2019

Schedule of Findings and Questioned Costs Relating to State Financial Assistance

State Financial Assistance Awards

Internal control over major projects:

Significant deficiency(ies) identified?	None
Significant deficiency(ies) identified considered to be material weaknesses?	No

Type of auditors' report issued on compliance for major projects?	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)(4), <i>Rules of the Auditor General</i> ?	No

Findings required to be reported in a management letter pursuant to Chapter 10.554(1)(i), <i>Rules of the Auditor General</i> ?	Yes

Identification of major projects:	<u>CSFA Number</u>	<u>Name of State Project</u>
		Florida Housing Finance Corporation
		Direct Projects
	40.901	State Housing Initiatives Partnership Program
		Florida Department of Environmental Protection
		Direct Projects
	37.052	Florida Springs Grant Program

Dollar threshold used to distinguish between Type A and Type B projects:	\$750,000

Section II -- Financial Statement Findings

See Finding 2019-001 in the Management Letter.

Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs

Federal Awards - We noted no matters involving noncompliance that are required to be reported in accordance with 2 CFR 200.516(a).

State Financial Assistance Awards - We noted no matters involving noncompliance that are required to be reported in accordance with *Rules of the Auditor General* of the State of Florida, Chapter 10.554(1)(l)4.

Leon County, Florida

Summary Schedule of Prior Audit Findings

Year ended September 30, 2019

Federal Awards and State Financial Assistance:

Federal Programs

2018-001 – Closing Process

Material Weakness: The preliminary financial reports for fiscal year 2018 included material errors and omitted information. Additionally, certain financial tasks were not timely performed, including bank reconciliations, preparation and review of the Schedule of Expenditures of Federal Awards and State Projects, reconciliation of other material schedules, and payments of liabilities.

Status: Corrective action as it relates to internal control over compliance was resolved.

Corrective action as it relates to internal control over financial reporting is in progress. This corrective action includes hiring qualified personnel in key financial reporting positions and reviewing and updating the applicable policies and procedures. This corrective action is ongoing as of March 25, 2020, and as a result, this comment and recommendation is repeated as finding number 2019-001 in the Management Letter.

State Projects

2018-003 and 2017-001 – Florida Housing Finance Corporation, State Housing Initiatives Partnership Program, Grants Numbers SHIP 14 and SHIP 17

Significant Deficiency: Tracking sheets were not properly maintained, which resulted in the County's Interim Annual Reports submitted to the Florida Housing Finance Corporation to be inaccurate.

Status: Tracking schedules were properly maintained in fiscal year 2019 and agreed to the Annual Report submitted to the Florida Housing Finance Corporation.

Management Letter

The Honorable Board of County Commissioners
Leon County, Florida

Report on the Financial Statements

We have audited the financial statements of Leon County, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 25, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 25, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

2018-001 and 2017-001 Closing Process

Corrective action for this recommendation is in progress. This corrective action includes hiring qualified personnel in key financial reporting positions and reviewing and updating the applicable policies and procedures. This corrective action is ongoing as of March 25, 2020, and as a result, this is the third consecutive year this specific recommendation is reported. See current year recommendation 2019-001.

2018-002 Capitalization of Fixed Assets in Accordance with GASB 34

Corrective action for this recommendation is in progress. This corrective action includes hiring qualified personnel in key financial reporting positions and reviewing and updating the applicable policies and procedures. This corrective action is ongoing as of March 25, 2020, and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2019-002.

2018-003 and 2017-001 State Housing Initiatives Partnership Program, Grant Numbers SHIP 14 and SHIP 17, CSFA 40.901

Management has taken corrective action for this recommendation. This corrective action included hiring new staff and implementation of tracking procedures and was resolved during the fiscal year ended September 30, 2019.

2018-004 Solid Waste Cash Receipts

Management has analyzed the issues and improved the process regarding the timing of submitting supporting details. This corrective action was resolved.

2018-005 Over-Expenditure of the Community Development Block Grant (CDBG)

Leon County did not receive funding from the CDBG program in the fiscal year ended September 30, 2019.

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. Leon County, Florida is a political subdivision of the State of Florida. Leon County, Florida included the following component unit: The Housing Finance Authority of Leon County, which was authorized pursuant to Chapter 159, Part IV, of the *Florida Statutes* and was created by Leon County Ordinance 80-39.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for Leon County, Florida as of September 30, 2019. It is management's responsibility to monitor Leon County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audits, the following recommendation was made.

2019-001 Closing Process

Criteria: The Committee for Sponsoring Organizations (COSO) defines internal controls as, "a process effected by an entity's board, management, and other personnel, designed to provide reasonable assurance of the achievement of objectives relating to operations, reporting, and compliance."

In addition, accurate accounting, tracking, and reporting of Federal and State funds is imperative to ensure compliance with Federal and State laws, regulations, and provisions of grant agreements.

Condition: The preliminary financial reports for fiscal year 2019 included significant errors and omitted information. The errors were discovered during the audit process and were properly investigated and corrected by management.

Cause: The cause relates to significant turnover in management within the finance department and deficiencies in the design of internal controls for financial reporting.

The controls regarding the achievement of objectives for financial reporting are not properly designed and/or implemented. The components of internal control believed to be inadequate are the *Control Activities*, including incomplete policies and procedures and *Risk Assessment* of significant management turnover.

Effect: The impact of not having properly designed policies and procedures for the closing of the general ledger activity and review of information for accuracy and completeness have led to errors in the amounts reported prior to audit adjustment.

Additionally, these financial statement misstatements can lead to incomplete and inaccurate information to those charged with governance, other constitutional officers and other County departments.

Recommendation: Management has started the process of hiring experienced and qualified staff after the unexpected turnover. Management should review its policies and procedures for significant transaction cycles, document the process for closing the books for its monthly and annual financial reporting, and set a timeline for the monthly and annual reconciliation of account balances and schedules.

Management should continue to evaluate the structure and staff responsibilities of the finance department to ensure an appropriate number of properly qualified employees are assigned financial reporting responsibilities.

Management's response:

The Clerk Finance Department has filled several vital positions within various areas of the Finance Department and will continue to recruit additional General Accounting staff in the upcoming fiscal year. Management has begun the process of performing sequenced reviews of the end of year closing process and implementing the beginning phases of the design, implementation, and monitoring of and the creation of new written policy and procedures to include specific year end timelines and transaction deadlines as well as an adequate written year end review/monitoring process.

2019-002 Capitalization of Fixed Assets in Accordance with GASB

Criteria: The Board of County Commissions (BOCC) sets the policies and procedures regarding the capitalization of fixed assets for financial reporting. These financial reporting policies and procedures are necessary for financial reporting in accordance with the Government Accounting Standards Board (GASB). Expenditures for assets meeting the capitalization requirements outlined in the capitalization policy should be included in the BOCC Sage Fixed Asset Listing.

Condition: We noted multiple expenditures for the purchase of capital assets or improvements meeting the definition of capital assets under GASB and the capitalization policy of the Board, that were not being properly reported or included in the fixed asset management system.

Cause: The cause relates to significant turnover in management within the finance department and deficiencies in the design of internal controls for financial reporting. The procedures in place during the audit period did not provide adequate direction to achieve the objectives for reporting fixed assets.

Effect: Management's risk of material misstatement over fixed assets reported on the government wide financial statements and the BOCC special-purpose financial statements is increased. Errors were discovered during the audit process and were investigated and corrected by management.

Recommendation: Management should provide additional training for employees responsible for updating the Sage capital asset reports and determining if capital outlay items meet the requirements to be added to the fixed asset schedule for GASB reporting.

Additionally, management should update its policies and procedures to include additional communication, review and approval of capital outlay items meeting the threshold for GASB reporting. Those responsible for financial reporting should retain documentation supporting its review, approval, and final determination for capital outlay items.

Management's response:

Since the previous audit, Management has evaluated the Fixed Asset Capitalization process and has taken a strong initiative towards strengthening internal controls in this area by developing a new Capital Asset Policy which was presented and approved by the Board of County Commissioners, establishing monthly meetings with Board OMB and various Departmental staff regarding the proper accounting treatment of capital and fixed assets, implementing Fixed asset staff training and initiating the beginning phase of reconciliation between the General Ledger and the Sage Fixed Asset System. Management will continue to enhance this process in the upcoming year to bring all capital asset transactions into compliance.

2019-003 Manual Journal Entries

Criteria: The Committee for Sponsoring Organizations (COSO) defines internal controls as, “a process effected by an entity’s board, management, and other personnel, designed to provide reasonable assurance of the achievement of objectives relating to operations, reporting, and compliance.”

Condition: Several instances were noted of manual journal entries that were posted, reviewed, and approved with inadequate support, for incorrect amounts, and/or posted to incorrect funds and/or accounts.

Cause: The controls regarding the achievement of objectives for financial reporting are not properly designed and/or implemented. The components of internal control believed to be inadequate are *Monitoring and Control Activities*, including incomplete policies and procedures.

Effect: Incomplete financial policies and procedures lead to errors in the amounts reported in the trial balance throughout the year. These errors result in additional burden on the finance department to discover, investigate, and correct errors throughout the year. These errors increase the risk of financial misstatement.

Recommendation: Management should review its internal policies and procedures and ensure the policies are properly designed and the controls are performed as designed. Management should provide additional training for staff responsible for posting and approving manual journal entries.

Management's response:

Management has begun the process of performing sequenced reviews of the end of year closing process to include the journal entry approval process. Now that key accounting vacancies have been filled, a proper written journal entry processing policy will be drafted and implemented in the upcoming year to ensure that all manual journal entries are scrutinized for adequate support, justification, and adherence to any applicable current legislation and are reviewed and approved at the appropriate levels.

2019-004 Allocation of Indirect Costs to the Article V Court Operating Fund (Article V)

Criteria: As outlined in Section 28.35(3)(a), Florida Statutes, the list of court-related functions that clerks may fund from filing fees, service charges, costs, and fines is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; data collection and reporting; determinations of indigent status; and paying reasonable administrative support costs to enable the Clerk to carry out these court-related functions.

Condition: During our testing of the allocation of indirect costs to the courts fund we noted several items that were not an authorized function and required adjustment.

Cause: High levels of turnover at the management level have led to inconsistencies and errors in the allocation of indirect costs to the Article V fund. Additionally, the finance department has not performed a comprehensive review of policies and procedures since 2010.

Effect or Potential effect: There is a potential for inconsistent practices, an increase in errors, and noncompliance with applicable laws and regulations. Most importantly, the lack of periodic reviews of policies and procedures challenges the effectiveness and execution of the Clerk's mission, goals, and objectives.

Recommendation: We suggest the finance department review its internal policies and procedures and determine how it intends to allocate costs to the Article V Fund and ensure the records used to determine this allocation are current. Management should ensure the percentages determined are properly submitted in its annual budget to the Florida Clerks of Court Operations Corporation (CCOC). Management should review all items included in the allocation of cost and ensure only allowable costs are allocated.

Management Response:

The Clerk has filled several vital positions of upper management within the Finance Department during the fiscal year. Additionally, the Clerk has created and filled the new position of Clerk Budget Analyst whose duties are primarily focused on Article V Court Operating Fund and other Clerk related functions as detailed in current legislation. With the addition of Clerk staff, Management has initiated the development of a monthly Clerk closing process to include the preparation and adequate review/monitoring of the Article V Indirect Cost Allocations to ensure only allowable Court costs are being allocated.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, the following recommendation was made.

2019-005 Florida Springs Grant Program, Grant Numbers LP37114 and LP0110E

Criteria: The Florida Springs Grant Program is operated under the governance of Section 403.061, *Florida Statutes*. The grant agreements for each project outlines the activities allowed, general requirements, and compliance requirements for the administration of the program. Reporting requirements of the program include the submission of quarterly status reports to the State Grant Manager describing the work performed during the reporting period, problems incurred, problem resolutions, scheduled updates, and proposed work for the next reporting period.

Quarterly status reports are due no later than twenty days following the completion of the quarterly reporting period.

Condition: During review of the quarterly status reports, we noted the reports were not submitted within twenty days after the closing of each quarter.

Cause: The County Grant Manager receives status updates from the County Project Managers, who oversee individual projects under this State program. Due to delays in the project status updates from the County Project Managers to the County Grant Manager, the quarterly status reports were not submitted to the State Grant Manager within the time period outlined in the grant agreements.

Effect: The County is not in compliance with the reporting requirements outlined in the grant agreements.

Recommendation: The County Grant Manager should work more closely with the County Project Managers to ensure that the quarterly status updates are submitted within the time period outlined in the grant agreements.

Management's response: *The County Grant Manager will provide reminders to the County Project Managers two weeks prior to the update deadlines to ensure prompt submittal of future grant status updates.*

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
March 25, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Special-Purpose Financial Statements

Board of County Commissioners
Leon County, Florida

*Year Ended September 30, 2019
with Report of Independent Auditors*

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, 2019**

Board of County Commissioners

Bryan Desloge, Chairman.....	District 4
William Proctor.....	District 1
Rick Minor.....	District 3
Jimbo Jackson.....	District 2
Kristin Dozier.....	District 5
Mary Ann Lindley.....	At-Large
Nick Maddox.....	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, 2019
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Report of Independent Auditors

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 major governmental funds, the proprietary funds, the agency funds, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida (the Board), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's special-purpose 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 did not audit the financial statements of the Housing Finance Authority of Leon County, a discretely presented component unit of Leon County, which statements reflect total assets constituting 0.8 percent of total assets at September 30, 2019, and total revenues constituting 0.08 percent of total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Finance Authority of Leon County, is based solely on the report of the other auditors. 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 auditors' 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, based on our audit and the report of the other auditors, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major governmental funds, the proprietary funds, the agency funds, the discretely presented component unit, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida as of September 30, 2019, the respective changes in financial position, where applicable, the cash flows thereof, and the respective budgetary comparison statements of the major governmental 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, 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 (Rules). 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 governmental funds, the proprietary fund, the agency fund and the discretely presented component unit 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, 2019, 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 our report dated March 20, 2020, 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 *Report of Independent Auditors 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
March 20, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

**Board of County Commissioners
Leon County, Florida
Balance Sheet - Governmental Funds
September 30, 2019**

	<u>General Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>
Assets				
Cash	\$ 6,676,420	\$ 0	\$ 5,721	\$ 55,333
Investments	8,639,602	1,789,167	1,320,005	23,983,506
Receivables (net of allowances for uncollectibles):				
Accounts	561,675	5,062	3,734	67,849
Special assessments	0	0	0	0
Due from other governments	17,122,965	0	4,797,830	0
Due from other funds	2,919,582	0	0	0
Due from other county units	1,736,608	219,444	5,603	0
Inventories	288,730	0	0	0
Other assets	4,250	0	0	0
Prepays	0	0	0	15,838
Total assets	<u>\$ 37,949,832</u>	<u>\$ 2,013,673</u>	<u>\$ 6,132,893</u>	<u>\$ 24,122,526</u>
Liabilities, deferred inflows, and fund balances				
Liabilities:				
Accounts payable	\$ 3,291,902	\$ 25,777	\$ 182,461	\$ 1,320,362
Accrued liabilities	499,807	0	8,315	0
Due to other governments	264,499	0	0	0
Due to other funds	0	0	2,567,356	0
Due to other county units	134,081	0	162,946	0
Deposits	45,010	313,543	0	0
Revenue received in advance	15	50	3,218,849	0
Total liabilities	<u>4,235,314</u>	<u>339,370</u>	<u>6,139,927</u>	<u>1,320,362</u>
Deferred inflows				
Deferred inflow of resources	0	0	0	0
Total deferred inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances:				
Nonspendable	292,980	0	0	15,838
Restricted	0	0	201,774	22,786,326
Committed	5,057,178	251,145	0	0
Assigned	17,473,547	1,423,158	0	0
Unassigned	10,890,813	0	(208,808)	0
Total fund balances	<u>33,714,518</u>	<u>1,674,303</u>	<u>(7,034)</u>	<u>22,802,164</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 37,949,832</u>	<u>\$ 2,013,673</u>	<u>\$ 6,132,893</u>	<u>\$ 24,122,526</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,785,243	\$ 9,522,717
47,322,104	83,054,384
4,598,432	5,236,752
655,492	655,492
4,081,053	26,001,848
0	2,919,582
742,176	2,703,831
0	288,730
12,723	16,973
5,642	21,480
<u>\$ 60,202,865</u>	<u>\$ 130,421,789</u>

\$ 4,231,969	\$ 9,052,471
569,233	1,077,355
1,008,988	1,273,487
336,561	2,903,917
213	297,240
126,501	485,054
286,331	3,505,245
<u>6,559,796</u>	<u>18,594,769</u>

<u>578,812</u>	<u>578,812</u>
<u>578,812</u>	<u>578,812</u>

5,642	314,460
41,190,277	64,178,377
11,777,938	17,086,261
311,752	19,208,457
(221,352)	10,460,653
<u>53,064,257</u>	<u>111,248,208</u>
<u>\$ 60,202,865</u>	<u>\$ 130,421,789</u>

Board of County Commissioners
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2019

	<u>General Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>
Revenues				
Taxes	\$ 68,773,929	\$ 80,732,246	\$ 0	\$ 0
Licenses and permits	0	0	0	0
Intergovernmental	32,006,566	21,820	3,027,255	0
Charges for services	1,430,895	844,126	104,612	0
Fines and forfeitures	0	101,876	0	0
Interest	975,440	377,805	13,409	502,746
Net increase in fair value of investments	270,742	33,769	27,103	657,797
Miscellaneous	262,751	0	441,891	149,925
Total revenues	<u>103,720,323</u>	<u>82,111,642</u>	<u>3,614,270</u>	<u>1,310,468</u>
Expenditures				
Current:				
General government	41,633,246	0	1	2,520,736
Public safety	2,656,580	0	771,530	3,563,393
Physical environment	2,433,486	0	1,831,171	3,232,840
Transportation	0	0	600,770	68,901
Economic environment	2,679,008	0	168,584	0
Human services	8,962,114	344,296	138,288	0
Culture and recreation	6,888,209	0	257,985	1,441,401
Judicial	2,353,874	1,980,407	115,987	1,839,809
Debt Service:				
Principal retirement	0	0	0	0
Interest and fiscal charges	0	0	0	27,142
Other debt service costs	0	0	0	175,243
Total expenditures	<u>67,606,517</u>	<u>2,324,703</u>	<u>3,884,316</u>	<u>12,869,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,113,806</u>	<u>79,786,939</u>	<u>(270,046)</u>	<u>(11,558,997)</u>
Other financing sources (uses):				
Transfers in	2,464,287	96,768	26,401	6,576,200
Transfers out	<u>(37,308,959)</u>	<u>(79,124,531)</u>	<u>(146,757)</u>	<u>0</u>
Total other financing (uses) sources	<u>(34,844,672)</u>	<u>(79,027,763)</u>	<u>(120,356)</u>	<u>6,576,200</u>
Net change in fund balances	1,269,134	759,176	(390,402)	(4,982,797)
Fund balances at beginning of year	<u>32,445,384</u>	<u>915,127</u>	<u>383,368</u>	<u>27,784,961</u>
Fund balances at end of year	<u>\$ 33,714,518</u>	<u>\$ 1,674,303</u>	<u>\$ (7,034)</u>	<u>\$ 22,802,164</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 40,350,539	\$ 189,856,714
3,289,446	3,289,446
8,312,545	43,368,186
23,422,999	25,802,632
393,210	495,086
1,215,592	3,084,992
1,099,613	2,089,024
4,793,697	5,648,264
<u>82,877,641</u>	<u>273,634,344</u>
2,119,956	46,273,939
35,211,275	42,202,778
11,384,415	18,881,912
18,759,541	19,429,212
5,686,591	8,534,183
1,845,419	11,290,117
6,845,034	15,432,629
390,864	6,680,941
6,982,000	6,982,000
588,684	615,826
<u>0</u>	<u>175,243</u>
<u>89,813,779</u>	<u>176,498,780</u>
<u>(6,936,138)</u>	<u>97,135,564</u>
23,728,652	32,892,308
<u>(10,643,358)</u>	<u>(127,223,605)</u>
<u>13,085,294</u>	<u>(94,331,297)</u>
6,149,156	2,804,267
<u>46,915,101</u>	<u>108,443,941</u>
<u>\$ 53,064,257</u>	<u>\$ 111,248,208</u>

Board of County Commissioners
Leon County, Florida
Statement of Net Position - Proprietary Funds
September 30, 2019

	Business-type Activities - Landfill Fund	Governmental Activities - Internal Service Funds	Component Unit - Housing Finance Authority
Assets			
Current assets:			
Cash	\$ 462	\$ 250,820	\$ 819,289
Cash with fiscal agent	0	176,476	0
Investments	1,891,283	5,675,069	0
Accounts receivable	976,238	245,911	0
Due from other governments	0	10,226	0
Due from other county units	234	0	24,677
Inventories	1,214	39,710	0
Total current assets	<u>2,869,431</u>	<u>6,398,212</u>	<u>843,966</u>
Noncurrent assets:			
Restricted cash and investments	10,298,830	0	0
Mortgage loans receivable, net of allowance	0	0	405,085
Capital assets:			
Non depreciable capital assets	2,653,955	0	0
Depreciable capital assets (Net)	5,747,339	0	0
Total noncurrent assets	<u>18,700,124</u>	<u>0</u>	<u>405,085</u>
Total assets	<u>\$ 21,569,555</u>	<u>\$ 6,398,212</u>	<u>\$ 1,249,051</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,986,792	\$ 214,598	\$ 4,587
Accrued liabilities	37,254	12,575	0
Due to other funds	0	8,958	0
Claims payable	0	4,723,149	0
Revenue received in advance	11,109	0	0
Compensated absences	67,443	27,142	0
Total current liabilities	<u>2,102,598</u>	<u>4,986,422</u>	<u>4,587</u>
Noncurrent liabilities:			
Liability for closure costs	14,562,733	0	0
Liability for compensated absences	115,215	46,367	0
Other post employment benefits	231,230	96,829	0
Total noncurrent liabilities	<u>14,909,178</u>	<u>143,196</u>	<u>0</u>
Total liabilities	<u>17,011,776</u>	<u>5,129,618</u>	<u>4,587</u>
Net position			
Net investment in capital assets	8,401,294	0	0
Unrestricted	(3,843,515)	1,268,594	1,244,464
Total net position	<u>4,557,779</u>	<u>1,268,594</u>	<u>1,244,464</u>
Total liabilities and net position	<u>\$ 21,569,555</u>	<u>\$ 6,398,212</u>	<u>\$ 1,249,051</u>

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, 2019

	Business-type Activities - Landfill Fund	Governmental Activities - Internal Service Funds	Component Unit - Housing Finance Authority
Operating revenues			
Charges for services	\$ 9,878,246	\$ 7,453,078	\$ 31,879
TBA program income	0	0	13,723
Other income	0	0	15,619
Sale of surplus land properties	0	0	183,847
Total operating revenues	<u>9,878,246</u>	<u>7,453,078</u>	<u>245,068</u>
Operating expenses			
Personnel services	1,879,821	751,598	0
Contractual services	8,117,217	90,694	0
Supplies	320,117	1,194,772	1,951
Communications services	24,456	701,806	0
Insurance	38,897	3,861,896	3,543
Utility services	110,888	0	0
Depreciation	858,991	0	0
Other services and charges	3,450,476	1,544,133	110,809
Total operating expenses	<u>14,800,863</u>	<u>8,144,899</u>	<u>116,303</u>
Operating (loss) income	<u>(4,922,617)</u>	<u>(691,821)</u>	<u>128,765</u>
Nonoperating revenues:			
Taxes	1,833,410	0	0
Interest	281,208	125,241	16,227
Net increase in fair value of investments	353,635	137,602	0
Miscellaneous	18,173	0	0
Total nonoperating revenues	<u>2,486,426</u>	<u>262,843</u>	<u>16,227</u>
Income (loss) before contributions and transfers	(2,436,191)	(428,978)	144,992
Transfers in	493,746	42,665	0
Transfers out	(112,843)	0	0
Change in net position	(2,055,288)	(386,313)	144,992
Net position at beginning of year	<u>6,613,067</u>	<u>1,654,907</u>	<u>1,099,472</u>
Net position at end of year	<u>\$ 4,557,779</u>	<u>\$ 1,268,594</u>	<u>\$ 1,244,464</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, 2019**

	Business-type Activities Landfill Fund	Governmental Activities - Internal Service Funds	Component Unit - Housing Finance Authority
Cash flows from operating activities:			
Receipts from customers fees and other income	\$ 9,695,496	\$ 0	\$ 230,825
Payments to suppliers	(14,464,378)	(5,263,656)	(114,458)
Payments to employees	(1,855,050)	(747,240)	0
Internal activity - payments to other funds	(38,897)	0	0
Internal activity - cash received from other funds	0	7,365,037	0
Claims paid	0	(1,748,457)	0
Net cash provided by (used in) operating activities	<u>(6,662,829)</u>	<u>(394,316)</u>	<u>116,367</u>
Cash flows from noncapital financing activities:			
Tax proceeds	1,833,410	0	0
Transfers received from other funds	494,313	42,665	0
Transfers to other funds	(112,843)	0	0
Miscellaneous	18,173	0	0
Collections on housing assistance loans	0	0	23,571
Repayments in internal fund loans	0	908	0
Net cash provided by (used in) noncapital financing activities	<u>2,233,053</u>	<u>43,573</u>	<u>23,571</u>
Cash flows from capital and related financing activities:			
Sale and rental of property	9,467	0	0
Acquisition and/or construction of capital assets	(457,005)	0	0
Net cash provided by (used in) capital and related financing activities	<u>(447,538)</u>	<u>0</u>	<u>0</u>
Cash flows from investing activities:			
Net proceeds from sales and maturities of investments	9,458,293	(65,831)	0
Interest and dividends received	281,208	125,524	16,227
Increase (decrease) in fair value of investments	353,635	137,602	0
Net cash provided by (used in) investing activities	<u>10,093,136</u>	<u>197,295</u>	<u>16,227</u>
Net cash increase (decrease) in cash	5,215,822	(153,448)	156,165
Cash at beginning of year (including \$3,208,800 included in restricted cash and investments)	<u>3,260,474</u>	<u>580,744</u>	<u>663,124</u>
Cash at end of year (including \$8,475,834 included in restricted cash and investments)	<u>\$ 8,476,296</u>	<u>\$ 427,296</u>	<u>\$ 819,289</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, 2019**

	Business-type Activities <u>Landfill Fund</u>	Governmental Activities - Internal Service <u>Funds</u>	Component Unit - Housing Finance <u>Authority</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	(4,922,617)	(691,821)	128,765
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	858,991	0	0
Changes in assets and liabilities:			
Receivables	(186,612)	(97,000)	0
Due from other governments	0	8,958	(14,244)
Accounts payable and other liabilities	(7,859)	(74,147)	1,846
Accrued expenses	24,771	4,357	0
Other current liabilities	0	455,337	0
Revenues received in advance	3,862	0	0
Estimated liability for closure costs/maintenance	(2,433,365)	0	0
Net cash provided by (used in) operating activities:	<u>\$ (6,662,829)</u>	<u>\$ (394,316)</u>	<u>\$ 116,367</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 - General Fund
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 68,568,224	\$ 68,568,224	\$ 68,773,929	\$ 205,705
Licenses and permits	8,550	8,550	0	(8,550)
Intergovernmental	9,087,461	16,508,019	32,006,566	15,498,547
Charges for services	1,632,332	1,632,332	1,430,895	(201,437)
Interest	1,043,065	1,043,065	975,440	(67,625)
Net increase in fair value of investments	0	0	270,742	270,742
Miscellaneous	524,686	524,686	262,751	(261,935)
Total revenues	<u>80,864,318</u>	<u>88,284,876</u>	<u>103,720,323</u>	<u>15,435,447</u>
Expenditures				
General government	27,476,796	44,588,383	41,633,246	2,955,137
Public safety	2,526,688	2,526,688	2,656,580	(129,892)
Physical environment	2,475,175	2,475,175	2,433,486	41,689
Economic environment	2,676,062	2,676,062	2,679,008	(2,946)
Human services	9,046,550	9,121,550	8,962,114	159,436
Culture and recreation	7,350,086	7,237,086	6,888,209	348,877
Judicial	2,531,268	1,642,971	2,353,874	(710,903)
Total expenditures	<u>54,082,625</u>	<u>70,267,915</u>	<u>67,606,517</u>	<u>2,661,398</u>
Excess of revenues over expenditures	26,781,693	18,016,961	36,113,806	18,096,845
Other financing sources (uses):				
Transfers in	8,769,194	9,769,194	2,464,287	(7,304,907)
Transfers out	(43,983,458)	(45,219,458)	(37,308,959)	7,910,499
Total other financing sources (uses)	<u>(35,214,264)</u>	<u>(35,450,264)</u>	<u>(34,844,672)</u>	<u>605,592</u>
Net change in fund balance	(8,432,571)	(17,433,303)	1,269,134	18,702,437
Fund balance at beginning of year	<u>32,445,384</u>	<u>32,445,384</u>	<u>32,445,384</u>	<u>0</u>
Fund balance at end of year	<u>\$ 24,012,813</u>	<u>\$ 15,012,081</u>	<u>\$ 33,714,518</u>	<u>\$ 18,702,437</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 79,060,174	\$ 79,060,174	\$ 80,732,246	\$ 1,672,072
Intergovernmental	29,144	29,144	21,820	(7,324)
Charges for services	1,006,176	1,006,176	844,126	(162,050)
Fines and forfeitures	106,520	106,520	101,876	(4,644)
Interest	310,000	310,000	377,805	67,805
Net increase in fair value of investments	0	0	33,769	33,769
Miscellaneous	0	49,200	0	(49,200)
Total revenues	<u>80,512,014</u>	<u>80,561,214</u>	<u>82,111,642</u>	<u>1,550,428</u>
Expenditures				
Human services	100,000	100,000	344,296	(244,296)
Judicial	1,895,355	2,018,355	1,980,407	37,948
Total expenditures	<u>1,995,355</u>	<u>2,118,355</u>	<u>2,324,703</u>	<u>(206,348)</u>
Excess of revenues over expenditures	<u>78,516,659</u>	<u>78,442,859</u>	<u>79,786,939</u>	<u>1,344,080</u>
Other financing sources (uses):				
Transfers in	0	113,000	96,768	(16,232)
Transfers out	(78,681,659)	(80,304,120)	(79,124,531)	1,179,589
Total other financing sources (uses)	<u>(78,681,659)</u>	<u>(80,191,120)</u>	<u>(79,027,763)</u>	<u>1,163,357</u>
Net change in fund balance	(165,000)	(1,748,261)	759,176	2,507,437
Fund balance at beginning of year	<u>915,127</u>	<u>915,127</u>	<u>915,127</u>	<u>0</u>
Fund balance at end of year	<u>\$ 750,127</u>	<u>\$ (833,134)</u>	<u>\$ 1,674,303</u>	<u>\$ 2,507,437</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 17,818,843	\$ 18,944,548	\$ 3,027,255	\$(15,917,293)
Charges for services	766,377	766,377	104,612	(661,765)
Interest	12,203	14,615	13,409	(1,206)
Net increase in fair value of investments	0	0	27,103	27,103
Miscellaneous	1,232,529	1,247,529	441,891	(805,638)
Total revenues	19,829,952	20,973,069	3,614,270	(17,358,799)
Expenditures				
General government	274	274	1	273
Public safety	1,733,449	1,912,931	771,530	1,141,401
Physical environment	9,347,837	10,084,277	1,831,171	8,253,106
Transportation	6,685,317	6,819,522	600,770	6,218,752
Economic environment	594,919	618,065	168,584	449,481
Human services	81,851	143,864	138,288	5,576
Culture and recreation	1,966,625	1,974,456	257,985	1,716,471
Judicial	266,787	266,787	115,987	150,800
Total expenditures	20,677,059	21,820,176	3,884,316	17,935,860
(Deficiency) excess of revenue (under) over expenditures	(847,107)	(847,107)	(270,046)	577,061
Other financing sources (uses):				
Transfers in	0	0	26,401	26,401
Transfers out	0	0	(146,757)	(146,757)
Total other financing sources (uses)	0	0	(120,356)	(120,356)
Net change in fund balance	(847,107)	(847,107)	(390,402)	456,705
Fund balance at beginning of year	383,368	383,368	383,368	0
Fund balance at end of year	\$ (463,739)	\$ (463,739)	\$ (7,034)	\$ 456,705

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, 2019

	<u>Agency Fund</u>
Assets	
Cash	\$ 377,088
Accounts receivable	<u>1,710,071</u>
Total assets	<u><u>\$ 2,087,159</u></u>
Liabilities	
Accounts payable	\$ 931,334
Accrued liabilities	1,149,118
Due to other funds	<u>6,707</u>
Total liabilities	<u><u>\$ 2,087,159</u></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, 2019

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 and Comptroller, 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 the Leon County Board of County Commissioners (the Board) are described below.

Component Unit

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.

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, 2019, 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 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.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 1. Accounting Policies (continued)

Component Unit (continued)

The Authority's governing board is appointed by the Board; the budget is reviewed 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. 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 and, Leon County Energy Improvement District have been established under Florida Statutes, Chapter 159, Part V, Chapter 154, Part III, Chapter 243, and Chapter 189, Part II, 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 and No. 61.

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.

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 the 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 Region Transportation Planning Agency

In December 2004, the Capital Region 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

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 1. Accounting Policies (continued)

Capital Region Transportation Planning Agency (continued)

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, StarMetro, the City of Tallahassee's public transit system.

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 Region Transportation Planning Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

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

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

Basis of Presentation

The special-purpose 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.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 1. Accounting Policies (continued)

Description of Funds (continued)

Governmental Major Funds: (continued)

Fine & Forfeiture Fund – This fund is a special revenue fund, 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 a special revenue fund, 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.

Capital Improvement Fund – This fund is a capital projects fund, 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 Fund – This fund accounts 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.

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.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Accounting Policies (continued)

Basis of Accounting (continued)

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 Fund (Agency Fund) are prepared on the economic resources measurement focus and the accrual basis of accounting. The Proprietary Fund 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 budgeted receipts must include 95 percent of all receipts reasonably anticipated from all sources, including taxes to be levied, provided the percent anticipated from ad valorem levies is as specified in s. 200.065(2)(a), and is 100 percent of the amount of the balances 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.

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.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 1. Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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.

Cash and Investments

Cash includes amounts in demand deposits. The Board's investments consist of U.S. Government obligations, federal agencies and instrumentalities, money market funds, municipal bonds, corporate 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 2018-2019 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 by factoring in the current availability of the funds, cash flow plan for future availability and 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, 2019 is equal to 60% 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.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Accounting Policies (continued)

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.

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. Current and long-term portion of the liability for Other Post Employment Benefits (OPEB) applicable to the proprietary funds are reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. The current and long-term portion of the liability for OPEB applicable to governmental funds is reported in the Statement of Net Position of the Leon County CAFR.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

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 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.

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

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Accounting Policies (continued)

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.

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, 2019 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, 2019.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

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% per issuer of the total portfolio managed by the Board's external manager may be held in corporate notes and bonds and 5% per issuer in commercial paper. The Policy also provides the following limits on the Board's external portfolio: 45% may be invested in Federal Instrumentalities, with a limit of 15% of the portfolio in any one issuer; 35% may be invested in Mortgage-Backed Securities, including CMOs with a limit of 15% in any one issuer further limited to 3% per CUSIP; 10% may be invested in Asset-Backed Securities with a 3% per issuer limit; and 8% in Commercial Mortgage-Backed Securities with a 3% per issuer limit.

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

1. The Florida PRIME (formerly 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.
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.

In addition, Section 17.61(1), Florida Statutes permits organizations created by the Florida Constitution to participate in the existing State Treasury Investment Pool "Special Purpose Investment Account (SPIA)."

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, corporate debt securities, commercial paper, bankers' acceptances, money market mutual funds, the Florida Local Government Investment Trust (FLGIT), and the Florida Municipal Investment Trust (FMIT).

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 Treasury Special Purpose Investment Account (SPIA). Historically, SPIA participants have received higher earnings reflecting the higher risk

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 3. Cash and Investments (continued)

Credit Risk (continued)

associated with the longer maturities and lower credit quality. The financial details and disclosures for the Treasury Investment Pool are made in Note 2 to the State of Florida Comprehensive Annual Financial Report (CAFR). The rating as of September 30, 2019 was AA-f by Standard and Poor's. A copy of SPIA's most recent financial statements can be found at <http://www.myfloridacfo.com/Division/Treasury/Reports/AnnualReports>. Investments in this pool are limited to a maximum of 100% of the portfolio. At September 30, 2019, the County had \$15,227,117 with SPIA.

The Florida Local Government Investment Trust (FLGIT) is 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) for providing opportunities for the investment of excess public funds. FLGIT offers two investment funds to its participants, the Short Term Bond Fund and the Day to Day Fund. The Short Term Bond Fund is a longer term higher yielding fund, which is accounted for as a fluctuating Net Asset Value (NAV) pool. At September 30, 2019 the Board did not have any balances in the Short Term Bond Fund. The Day to Day Fund is a highly liquid fund with underlying investments having a weighted average maturity of less than 90 days. The Day to Day Fund does meet the criteria and has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. The Day to Day Fund maintained a credit rating of AAAM by Fitch as of September 30, 2019. At September 30, 2019, the Board had \$6,032,839 with the FLGIT Day to Day Fund. A copy of FLGIT's most recent financial statements can be found at <http://www.floridatrustonline.com/about>. Investments with FLGIT are limited to a maximum of 20% of the portfolio.

The Board also invests in Florida PRIME administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a 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, Auditor General performs the operational audit of the activities and investments of the SBA. On September 30, 2019, Florida PRIME was invested in fixed rate and floating rate bank instruments, repurchase agreements, fixed rate and floating rate corporate commercial paper, floating rate corporate notes, money market mutual funds, and fixed rate and floating rate asset backed commercial paper. Investments in this pool are limited to a maximum of 20% of the portfolio. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poor's. The weighted average days to maturity of the Florida PRIME at September 30, 2019 is 37 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2019, the County had \$12,888,539 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://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.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 3. Cash and Investments (continued)

Custodial Credit Risk (continued)

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, 2019, were \$23,602,730, of which \$8,475,834 was restricted deposits with qualified public depositories. Due to the nature of the County's cash and investments, 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 value of investments. The County manages interest rate risk by setting the range of duration for the County's portfolio as 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 following table.

The externally managed portfolio totaled \$58,555,908 at September 30, 2019, and was invested for a weighted average term of approximately 734 days, as compared to a weighted average term of 584 days in fiscal year 2018. 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, FLGIT Day to Day Fund, or money markets. The Board was in compliance with this requirement.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 3. Cash and Investments (continued)

As of September 30, 2019, the value of the Board's deposits and investments, with their credit ratings, was as follows:

	Fair Value	Credit Rating	Duration
Deposits in Qualified Public Depositories	\$ 10,151,088	NA	NA
Restricted Deposits in Qualified Public Depositories	8,475,834	NA	NA
External Investment in Government Pools:			
State of Florida Special Purpose Investment Account (SPIA)	15,227,117	AA-f	2.82
Florida Local Government Investment Trust Day to Day Fund (FLGIT)	6,032,839	AAAm	0.08*
Florida PRIME Investment Pool	12,888,539	AAAm	0.10*
Externally Managed Portfolio:			
Money Market	180,007	AAAm	NA
U.S. Treasuries	18,529,681	AA+	2.00
Government Sponsored Agencies:			
Federal Home Loan Bank	1,930,931	AA+	0.72
Federal National Mortgage Association	1,289,571	AA+	1.36
Other Government Sponsored Agencies	6,009,866	AA+	1.92
Mortgage Backed Securites	9,875,699	AA+	2.10
Collateralized Mortgage Obligations	749,680	AA+	2.80
Corporate Bonds	13,946,904	A-	1.87
Corporate Bonds	534,962	BBB+	0.94
Asset-Backed Securities	5,508,607	AAA	1.54
Total Cash and Investments	<u>\$ 111,331,325</u>		

The amounts above exclude cash on hand and amounts held by third parties in trust for the Board, but includes accrued interest of \$260,672.

**The method for the FLGIT Day to Day Fund and Florida Prime duration is calculated using the weighted average maturity method.*

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. Under GASB 72 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.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 4. Fair Value Measurements (continued)

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

FLGIT Short Term Bond Fund reports based on the fair market value of the underlying securities. Therefore, any participant account balance is measured at net asset value per share and is not subject to fair value hierarchy level classification under GASB 72. The County did not have a balance with the FLGIT Short Term Bond Fund at September 30, 2019.

The fair value factor for SPIA at September 30, 2019 was 1.0176. 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.

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, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Asset Backed Security (Mortgage Backed) - Non				
US Agency Sponsored	\$ 0	\$ 5,508,607	\$ 0	\$ 5,508,607
Corporate Bonds	0	14,481,866	0	14,481,866
Government Sponsored Agencies	0	9,230,368	0	9,230,368
US Government Obligations	18,529,681	0	0	18,529,681
Mortgage Backed Security - US Agency Sponsored	0	9,875,699	0	9,875,699
Collateralized Mortgage Obligations	0	749,680	0	749,680
Investments at fair value	<u>\$ 18,529,681</u>	<u>\$ 39,846,220</u>	<u>\$ 0</u>	<u>\$ 58,375,901</u>

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 5. Fixed Assets

A summary of changes in fixed assets and depreciation for the year ended September 30, 2019, follows:

	Beginning Balance	Additions	(Reductions)	Ending Balance
Governmental Funds:				
Land	\$ 20,891,310	\$ 151,943	\$ 0	\$ 21,043,253
Improvements other than buildings	32,827,626	841,131	0	33,668,757
Buildings and improvements	217,898,814	0	0	217,898,814
Equipment	64,908,331	4,556,619	(2,708,565)	66,756,385
Leasehold Improvement	1,552,793	27,834	0	1,580,627
Construction in progress	12,940,164	9,377,084	(4,468,938)	17,848,310
Totals at historical cost	<u>\$ 351,019,038</u>	<u>\$ 14,954,611</u>	<u>\$ (7,177,503)</u>	<u>\$ 358,796,146</u>

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

	Beginning Balance	Additions	(Reductions)	Ending Balance
Business type activities:				
Land	\$ 1,809,844	\$ 0	\$ 0	\$ 1,809,844
Buildings, improvements, and construction in progress	19,768,383	59,022	0	19,827,405
Equipment	4,893,634	396,246	(116,174)	5,173,706
Totals at historical cost	<u>26,471,861</u>	<u>455,268</u>	<u>(116,174)</u>	<u>26,810,955</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,256,978)	(588,336)	0	(14,845,314)
Equipment	(3,400,398)	(270,655)	106,706	(3,564,347)
Total accumulated depreciation	<u>(17,657,376)</u>	<u>(858,991)</u>	<u>106,706</u>	<u>(18,409,661)</u>
	<u>\$ 8,814,485</u>	<u>\$ (403,723)</u>	<u>\$ (9,468)</u>	<u>\$ 8,401,294</u>

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 6. Long-Term Liabilities

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

	Balance October 1, 2018	Additions	(Reductions)	Balance September 30, 2019	Due Within One Year
Long-Term Liabilities					
Special revenue debt:					
Capital Improvement Revenue Bonds, Series 2012A	\$ 8,267,000	\$ 0	\$ (1,305,000)	\$ 6,962,000	\$ 6,962,000
Taxable Capital Improvement Revenue Bonds, Series 2012B	5,514,000	0	(5,514,000)	0	0
Capital Improvement Revenue Refunding Bonds, Series 2017	15,692,000	0	(163,000)	15,529,000	165,000
Total special revenue debt	<u>29,473,000</u>	<u>0</u>	<u>(6,982,000)</u>	<u>22,491,000</u>	<u>7,127,000</u>
Liability for closure costs	16,996,098	0	(2,433,365)	14,562,733	0
Liability for compensated absences	5,209,462	3,673,313	(3,344,338)	5,538,437	2,044,970
Arbitrage rebate liability	25,000	0	0	25,000	0
Capital lease liability	770,544	0	(175,243)	595,301	194,509
	<u>\$ 52,474,104</u>	<u>\$ 3,673,313</u>	<u>\$ (12,934,946)</u>	<u>\$ 43,212,471</u>	<u>\$ 9,366,479</u>

Total interest costs incurred for general long-term debt by the Board, including bond issuance costs, for the year ended September 30, 2019, was \$615,826.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 6. Long-Term Liabilities (continued)

B. A summary of each special revenue debt obligation outstanding at September 30, 2019 is as follows:

	Outstanding at September 30, 2019
\$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.	\$ 6,962,000
\$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.	15,529,000
<i>The Capital Improvement Revenue Bonds, Series 2012A and the Capital Improvement Revenue Refunding Bonds Series 2017 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 pledged revenue was \$16,368,966.</i>	
Total Special Revenue Bond Obligations	\$ 22,491,000

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 6. Long-Term Liabilities (continued)

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

	Year ending September 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Capital Improvement Revenue Bonds, Series 2012A	\$ 7,076,872	\$ 0	\$ 0	\$ 0	\$ 0
Capital Improvement Revenue Refunding Bonds, Series 2017	492,662	3,268,180	3,270,062	3,271,593	3,269,753
Total Debt Service	<u>\$ 7,569,534</u>	<u>\$ 3,268,180</u>	<u>\$ 3,270,062</u>	<u>\$ 3,271,593</u>	<u>\$ 3,269,753</u>

	<u>2025</u>	<u>Total Payments</u>	<u>Less Interest</u>	<u>Principal</u>
Capital Improvement Revenue Bonds, Series 2012A	\$ 0	\$ 7,076,872	\$ 114,872	\$ 6,962,000
Capital Improvement Revenue Refunding Bonds, Series 2017	3,270,584	16,842,834	1,313,834	15,529,000
Total Debt Service	<u>\$ 3,270,584</u>	<u>\$ 23,919,706</u>	<u>\$ 1,428,706</u>	<u>\$ 22,491,000</u>

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 State of Florida Auditor General. 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. 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

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 7. Employees' Retirement Plan (continued)

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, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total employer retirement contributions for the fiscal years ended September 30, 2019, 2018, and 2017 were \$5,173,938, \$4,823,042, and \$4,442,375, 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 32399-9000, or on the website located at www.dms.myflorida.workforce_operations/retirement/publications.

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. As described in Note 1, the Program may be amended by the Board. A stand alone financial report is not issued for the Program. 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 by the State of Florida Auditor General. Accordingly, the annual OPEB obligation of the Board 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, 2019.

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, 2019**

Note 9. Risk Management (continued)

General Liability (continued)

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

	Balance September 30, 2018	Current Year Claims and Changes in Estimates	Claims Payments	Balance September 30, 2019
September 30, 2019	\$ 48,311	\$ 29,806	\$ (52,132)	\$ 25,805
September 30, 2018	\$ 46,137	\$ 34,208	\$ (32,034)	\$ 48,311

The claims liability of \$25,805 includes an actuarial valuation for incurred but not reported claims of \$15,000.

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, 2019, the Board had \$176,769 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 \$4,692,555, which includes incurred but not reported claims of \$2,951,863, reported in the Fund at September 30, 2019 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.

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

	Balance September 30, 2018	Current Year Claims and Changes in Estimates	Claims Payments	Balance September 30, 2019
September 30, 2019	\$ 4,207,550	\$ 2,151,783	\$ (1,666,778)	\$ 4,692,555
September 30, 2018	\$ 4,392,594	\$ 1,538,909	\$ (1,723,953)	\$ 4,207,550

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 9. Risk Management (continued)

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 \$5,000 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:

	Balance September 30, 2018	Current Year Claims and Changes in Estimates	Claims Payments	Balance September 30, 2019
September 30, 2019	\$ 12,131	\$ 22,205	\$ (29,547)	\$ 4,789
September 30, 2018	\$ 13,042	\$ 24,676	\$ (25,587)	\$ 12,131

The claims liability of \$4,789 includes an actuarial valuation for incurred but not reported claims of \$4,789.

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.

Minimum future rentals to be collected under the terms of the lease agreements as of September 30, 2019, are as follows:

Year ending September 30,	Amount
2020	\$ 1,598,850
2021	1,281,384
2022	603,852
2023	400,372
2024	267,076
Thereafter	194,800
	<u>\$ 4,346,334</u>

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 10. Leases (continued)

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, 2019, are as follows:

Year ending September 30,	Amount
2020	\$ 250,504
2021	289,628
2022	241,442
2023	246,994
2024	169,461
Thereafter	192,965
	<u>\$ 1,390,994</u>

The County has a capital lease agreement with Dell Financial Services (DFS) for equipment, software, and services or fees. Terms of the lease include annual payments of \$202,384. The lease expires December 30, 2022. As of September 30, 2019 future lease payments totaling \$607,153 consists of principal of \$595,301 and imputed interest of \$11,852. The future capital lease payable and the net present value of the minimum lease payments as of September 30, 2019, were as follows:

Future Cash Payments		Future Maturities of Lease Liability	
2020	\$ 202,385	2020	\$ 194,509
2021	202,384	2021	198,408
2022	202,384	2022	202,384
	<u>607,153</u>		<u>595,301</u>
Less: amount representing interest	(11,852)		
	<u>\$ 595,301</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, 2019, are as follows:

Fund	Interfund Receivables	Interfund Payable
General Fund	\$ 2,919,582	\$ 0
Nonmajor Governmental Funds	0	336,561
Internal Service Funds	0	8,958
Agency Fund	0	6,707
Grants Funds	0	2,567,356
	<u>\$ 2,919,582</u>	<u>\$ 2,919,582</u>

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

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, excluding transfers to other constitutional officers, for the year ended September 30, 2019, consisted of the following:

Transfers to the General Fund from:

Nonmajor Governmental Funds	\$ 930,001
Enterprise Fund	82,435
Total Transfers to the General Fund	<u>1,012,436</u>

Transfers to the Grants Fund from:

General Fund	2,193
Nonmajor Governmental Funds	24,208
Total Transfers to the Grants Fund	<u>26,401</u>

Transfers to the Capital Improvement Fund from:

General Fund	3,829,624
Fine & Forfeiture Fund	49,200
Nonmajor Governmental Funds	2,697,376
Total Transfers to the Capital Improvement Fund	<u>6,576,200</u>

Transfers to the Nonmajor Governmental Funds:

General Fund	17,052,380
Nonmajor Governmental Funds	6,676,272
Total Transfers to the Nonmajor Governmental Funds	<u>23,728,652</u>
Total Transfers to Governmental Funds	<u>31,343,689</u>

Transfers to the Enterprise Fund from:

General Fund	493,746
Total Transfers to Enterprise Funds	<u>493,746</u>

Transfers to the Internal Service Funds from:

Nonmajor Governmental Funds	42,665
Total Transfers to Internal Service Funds	<u>42,665</u>
Total Interfund Transfers	<u>\$ 31,880,100</u>

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

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 \$14,562,733 reported as landfill closure and post-closure care liability at September 30, 2019, 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 2019 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 waste.

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, 2019, held investments in the amount of \$10,298,830 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.

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.

Long-Term Construction Projects

The Board is committed to various material long-term construction projects at September 30, 2019. These commitments have been included in the 2019-2020 fiscal year budget and the five-year Capital Improvement Program and certain amounts have been reserved in the capital projects fund. Current contracts outstanding as of September 30, 2019 approximate \$1.1 million.

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, 2019.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

14. Subsequent Event

At its November 12, 2019 meeting, the Board approved the purchase of a Bell 505 Basic Aircraft Helicopter and related equipment to replace a Sheriff's helicopter. A \$229,080 down payment was made in November, 2019 and the remaining \$1.3 million was financed by the issuance of a Capital Improvement Revenue Note, Series 2020, bearing interest at a fixed rate of 1.89%, maturing December 1, 2025. This note does not constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of any provision of the Constitution or the laws of the State, but shall be declared to be a special, limited obligation of the Issuer payable solely from pledged revenues. Leon County has entered into a cost sharing agreement with the City of Tallahassee whereby the City will contribute 50% of the helicopter loan payments.

The County has evaluated subsequent events through March 20, 2020, the date the 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, 2019

<u>Source</u>	<u>Amount Received during the 2018-19 Fiscal Year</u>	<u>Amount Expended during the 2018-19 Fiscal Year</u>
British Petroleum:		
Agreement No. 134036	\$ -	\$ 133,573

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 report of independent auditors.

Other Reports

**Report of Independent Auditors 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, 2019

Report of Independent Auditors 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 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 major funds, the proprietary funds, the agency fund, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida (the Board), as of and for the year ended September 30, 2019, 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 March 20, 2020. Our report includes a reference to other auditors who audited the financial statements of the Housing Finance Authority of Leon County, a discretely presented component unit of Leon County, as described in our report on the Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by these auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Management Letter as item 2019-001 that we consider to be a significant deficiency.

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*.

Board's Response to Findings

The Board's response to the findings identified in our audit is described in the accompanying *Management Letter*. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 March 20, 2020, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

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

September 30, 2019

Report of Independent Accountants 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, 2019. 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, 2019.

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.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

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

September 30, 2019

Report of Independent Accountants 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, 2019. 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, 2019.

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.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe P.A.
Tallahassee, Florida

**Report of Independent Accountants on Compliance with Section 288.8017 *Florida Statutes*,
Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill**

September 30, 2019

Report of Independent Accountants on Compliance with
Section 288.8017, *Florida Statutes*, Receipts and Expenditures of Funds Related to
the Deepwater Horizon Oil Spill

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 the receipts and expenditures of funds related to the Deepwater Horizon oil spill provided in Section 288.8017, *Florida Statutes*, during the year ended September 30, 2019. 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, 2019.

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.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe P.A.
Tallahassee, Florida

Management Letter

September 30, 2019

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, 2019, and have issued our report thereon dated March 20, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditors 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 Reports of Independent Accountants on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

2018-001 and 2017-001 Closing Process

Corrective action for this recommendation is in progress. This corrective action includes hiring qualified personnel in key financial reporting positions and reviewing and updating the applicable policies and procedures. This corrective action is ongoing as of March 20, 2020, and as a result, this is the third consecutive year this specific recommendation is reported. See current year recommendation 2019-001.

2018-002 Capitalization of Fixed Assets in Accordance with GASB 34

Corrective action for this recommendation is in progress. This corrective action includes hiring qualified personnel in key financial reporting position and reviewing and updating the applicable policies and procedures. This corrective action is ongoing as of March 20, 2020, and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2019-002.

2018-003 and 2017-002 Solid Waste Cash Receipts.

Management has analyzed the issues and improved the process regarding the timing of submitting supporting details. This corrective action was resolved.

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.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. The following recommendations were made.

2019-001 Closing Process

Criteria: The Committee for Sponsoring Organizations (COSO) defines internal controls as, “a process effected by an entity’s board, management, and other personnel, designed to provide reasonable assurance of the achievement of objectives relating to operations, reporting, and compliance.”

In addition, accurate accounting, tracking, and reporting of Federal and State funds is imperative to ensure compliance with Federal and State laws, regulations, and provisions of grant agreements.

Condition: The preliminary financial reports for fiscal year 2019 included significant errors and omitted information. The errors were discovered during the audit process and were properly investigated and corrected by management.

Cause: The cause relates to significant turnover in management within the finance department and deficiencies in the design of internal controls for financial reporting.

The controls regarding the achievement of objectives for financial reporting are not properly designed and/or implemented. The components of internal control believed to be inadequate are the *Control Activities*, including incomplete policies and procedures and *Risk Assessment* of significant management turnover.

Effect: The impact of not having properly designed policies and procedures for the closing of the general ledger activity and review of information for accuracy and completeness have led to errors in the amounts reported prior to audit adjustment.

Additionally, these financial statement misstatements can lead to incomplete and inaccurate information to those charged with governance, other constitutional officers and other County departments.

Recommendation: Management has started the process of hiring experienced and qualified staff after the unexpected turnover. Management should review its policies and procedures for significant transaction cycles, document the process for closing the books for its monthly and annual financial reporting, and set a timeline for the monthly and annual reconciliation of account balances and schedules.

Management should continue to evaluate the structure and staff responsibilities of the finance department to ensure an appropriate number of properly qualified employees are assigned financial reporting responsibilities.

Management's response:

The Clerk Finance Department has filled several vital positions within various areas of the Finance Department and will continue to recruit additional General Accounting staff in the upcoming fiscal year. Management has begun the process of performing sequenced reviews of the end of year closing process and implementing the beginning phases of the design, implementation, and monitoring of and the creation of new written policy and procedures to include specific year end timelines and transaction deadlines as well as an adequate written year end review/monitoring process.

2019-002 Capitalization of Fixed Assets in Accordance with GASB

Criteria: The Board of County Commissions (BOCC) sets the policies and procedures regarding the capitalization of fixed assets for financial reporting. These financial reporting policies and procedures are necessary for financial reporting in accordance with the Government Accounting Standards Board (GASB). Expenditures for assets meeting the capitalization requirements outlined in the capitalization policy should be included in the BOCC Sage Fixed Asset Listing.

Condition: We noted multiple expenditures for the purchase of capital assets or improvements meeting the definition of capital assets under GASB and the capitalization policy of the Board, that were not being properly reported or included in the fixed asset management system.

Cause: The cause relates to significant turnover in management within the finance department and deficiencies in the design of internal controls for financial reporting. The procedures in place during the audit period did not provide adequate direction to achieve the objectives for reporting fixed assets.

Effect: Management's risk of material misstatement over fixed assets reported on the government wide financial statements and the BOCC special-purpose financial statements is increased. Errors were discovered during the audit process and were investigated and corrected by management.

Recommendation: Management should provide additional training for employees responsible for updating the Sage capital asset reports and determining if capital outlay items meet the requirements to be added to the fixed asset schedule for GASB reporting.

Additionally, management should update its policies and procedures to include additional communication, review and approval of capital outlay items meeting the threshold for GASB reporting. Those responsible for financial reporting should retain documentation supporting its review, approval, and final determination for capital outlay items.

Management's response:

Since the previous audit, Management has evaluated the Fixed Asset Capitalization process and has taken a strong initiative towards strengthening internal controls in this area by developing a new Capital Asset Policy which was presented and approved by the Board of County Commissioners, establishing monthly meetings with Board OMB and various Departmental staff regarding the proper accounting treatment of capital and fixed assets, implementing Fixed asset staff training and initiating the beginning phase of reconciliation between the General Ledger and the Sage Fixed Asset System. Management will continue to enhance this process in the upcoming year to bring all capital asset transactions into compliance.

2019-003 Manual Journal Entries

Criteria: The Committee for Sponsoring Organizations (COSO) defines internal controls as, "a process effected by an entity's board, management, and other personnel, designed to provide reasonable assurance of the achievement of objectives relating to operations, reporting, and compliance."

Condition: Several instances were noted of manual journal entries that were posted, reviewed, and approved with inadequate support, for incorrect amounts, and/or posted to incorrect funds and/or accounts.

Cause: The controls regarding the achievement of objectives for financial reporting are not properly designed and/or implemented. The components of internal control believed to be inadequate are *Monitoring and Control Activities*, including incomplete policies and procedures.

Effect: Incomplete financial policies and procedures lead to errors in the amounts reported in the trial balance throughout the year. These errors result in additional burden on the finance department to discover, investigate, and correct errors throughout the year. These errors increase the risk of financial misstatement.

Recommendation: Management should review its internal policies and procedures and ensure the policies are properly designed and the controls are performed as designed. Management should provide additional training for staff responsible for posting and approving manual journal entries.

Management's response:

Management has begun the process of performing sequenced reviews of the end of year closing process to include the journal entry approval process. Now that key accounting vacancies have been filled, a proper written journal entry processing policy will be drafted and implemented in the upcoming year to ensure that all manual journal entries are scrutinized for adequate support, justification, and adherence to any applicable current legislation and are reviewed and approved at the appropriate levels.

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, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the 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
March 20, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Special-Purpose Financial Statements

Clerk of the Circuit Court and Comptroller
Leon County, Florida

*Year Ended September 30, 2019
with Report of Independent Auditors*

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

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Special-Purpose Financial Statements
Year Ended September 30, 2019
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Report of Independent Auditors

The Honorable Gwen Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds, the proprietary fund, and the fiduciary funds of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (the Clerk) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's special-purpose 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

The Honorable Gwen Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clerk of the Circuit Court and Comptroller of Leon County, Florida, as of September 30, 2019, and the changes in its net position and its cash flows 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, 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 (Rules). 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 governmental funds, the proprietary fund and the agency funds of the Clerk, and only that portion that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2019, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters under the heading *Report of Independent Auditors on Internal Control Over 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 Clerk's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 9, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Balance Sheet - Governmental Funds
September 30, 2019

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Assets				
Cash	\$ 388,344	\$ 3,901	\$ 1,620,080	\$ 2,012,325
Investments	0	0	77,281	77,281
Receivables (net of allowances for uncollectibles):				
Accounts receivable	7,406	33,146	203	40,755
Due from other county units	41,398	0	0	41,398
Due from other governments	26,867	822,304	0	849,171
Prepays	0	0	20,825	20,825
Inventory	34,113	0	0	34,113
Total assets	<u>\$ 498,128</u>	<u>\$ 859,351</u>	<u>\$ 1,718,389</u>	<u>\$ 3,075,868</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable and other liabilities	\$ 73,320	\$ 0	\$ 0	\$ 73,320
Accrued liabilities	36,286	56,981	6,642	99,909
Due to other county units	267,972	0	0	267,972
Due to other governments	98,391	357,381	0	455,772
Deposits	22,159	0	0	22,159
Due to other funds	0	444,989	0	444,989
Total liabilities	<u>498,128</u>	<u>859,351</u>	<u>6,642</u>	<u>1,364,121</u>
Fund balance:				
Nonspendable	34,113	0	20,825	54,938
Restricted	0	0	1,690,922	1,690,922
Unassigned	(34,113)	0	0	(34,113)
Total fund balance	<u>0</u>	<u>0</u>	<u>1,711,747</u>	<u>1,711,747</u>
Total liabilities and fund balances	<u>\$ 498,128</u>	<u>\$ 859,351</u>	<u>\$ 1,718,389</u>	<u>\$ 3,075,868</u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2019

	General Fund	Article V Court Operating Fund	Records Modernization Fund	Total Governmental Funds
Revenues				
Intergovernmental	\$ 6,098	\$ 1,446,922	\$ 0	\$ 1,453,020
Charges for services	1,260,522	4,478,670	453,189	6,192,381
Interest	0	0	2,015	2,015
Net increase (decrease) in fair value of investments	0	0	2,847	2,847
Miscellaneous	5,270	3,796	0	9,066
Total revenues	<u>1,271,890</u>	<u>5,929,388</u>	<u>458,051</u>	<u>7,659,329</u>
Expenditures				
Current:				
General government:				
Judicial	373,280	5,821,859	582,499	6,777,638
Financial and administrative	2,078,521	0	0	2,078,521
Other general government	473,067	0	236,977	710,044
Total expenditures	<u>2,924,868</u>	<u>5,821,859</u>	<u>819,476</u>	<u>9,566,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,652,978)</u>	<u>107,529</u>	<u>(361,425)</u>	<u>(1,906,874)</u>
Other financing sources (uses) including transfers:				
Operating transfers in	2,185,369	0	270,767	2,456,136
Operating transfers out	<u>(532,391)</u>	<u>(107,529)</u>	<u>(8,194)</u>	<u>(648,114)</u>
Total other financing sources (uses)	<u>1,652,978</u>	<u>(107,529)</u>	<u>262,573</u>	<u>1,808,022</u>
Net change in fund balances	0	0	(98,852)	(98,852)
Fund balance at beginning of year	0	0	1,810,599	1,810,599
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,711,747</u>	<u>\$ 1,711,747</u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Net Position - Proprietary Fund
September 30, 2019

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets:	
Cash	\$ 41,258
Due from other funds	<u>444,989</u>
Total Current Assets	<u>486,247</u>
Total assets	<u><u>\$ 486,247</u></u>
Liabilities and net position	
Current liabilities:	
Compensated absences	<u>\$ 284,044</u>
Total current liabilities	<u>284,044</u>
Noncurrent liabilities:	
Compensated absences	<u>202,203</u>
Total noncurrent liabilities	<u>202,203</u>
Total liabilities	<u>486,247</u>
Net position	
Unrestricted	<u>0</u>
Total net position	<u>0</u>
Total liabilities and net position	<u><u>\$ 486,247</u></u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
Year Ended September 30, 2019

	Governmental Activities - Internal Service Fund
Operating revenues	
Charges for services	\$ 0
Operating expenses	
Personnel services	<u>159,484</u>
Operating income (loss)	<u>(159,484)</u>
Nonoperating revenues (expenses)	
Operating transfers in	<u>159,484</u>
Change in net position	0
Net position, October 1	<u>0</u>
Net position, September 30	<u><u>\$ 0</u></u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Cash Flows -
Proprietary Fund
Year Ended September 30, 2019

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities	
Payments to employees	\$ (189,481)
Net cash provided by (used in) operating activities	<u>(189,481)</u>
Cash flows from noncapital financing activities	
Transfers from other funds	159,484
Due from other funds	<u>(444,989)</u>
Net cash provided by (used in) noncapital financing activities	<u>(285,505)</u>
Net decrease in cash	(474,986)
Cash at beginning of year	<u>516,244</u>
Cash at end of year	<u><u>\$ 41,258</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (159,484)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Changes in assets and liabilities:	
Compensated absences	<u>(29,997)</u>
Net cash used in operating activities	<u><u>\$ (189,481)</u></u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Fiduciary Assets and Liabilities - Agency Funds
September 30, 2019

Assets

Cash	\$ 5,503,921
Accounts receivable	24,693
Due from other governments	<u>40,000</u>
Total assets	<u><u>\$ 5,568,614</u></u>

Liabilities

Accounts payable and other liabilities	\$ 66,388
Due to other governments	2,195,018
Due to other county units	150,587
Deposits	<u>3,156,621</u>
Total liabilities	<u><u>\$ 5,568,614</u></u>

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 6,100	\$ 6,098	\$ (2)
Charges for services	1,339,583	1,333,483	1,260,522	(72,961)
Miscellaneous	0	0	5,270	5,270
Total revenues	1,339,583	1,339,583	1,271,890	(67,693)
Expenditures				
Current:				
General government:				
Judicial	352,934	378,060	373,280	4,780
Financial and administrative	2,988,391	2,670,450	2,078,521	591,929
Other general government	183,626	478,521	473,067	5,454
Total expenditures	3,524,951	3,527,031	2,924,868	602,163
Excess (deficiency) of revenues over (under) expenditures	(2,185,368)	(2,187,448)	(1,652,978)	534,470
Other financing sources (uses)				
including transfers:				
Operating transfers in	2,185,368	2,185,368	2,185,369	1
Operating transfers out	0	2,080	(532,391)	(534,471)
Total other financing sources (uses)	2,185,368	2,187,448	1,652,978	(534,470)
Net change in fund balances	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Article V Court Operating Fund
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 598,714	\$ 598,814	\$ 1,446,922	\$ 848,108
Charges for services	5,329,999	5,325,899	4,478,670	(847,229)
Miscellaneous	0	4,000	3,796	(204)
Total revenues	5,928,713	5,928,713	5,929,388	675
Expenditures				
Current:				
General government:				
Judicial	5,928,713	5,928,713	5,821,859	106,854
Total expenditures	5,928,713	5,928,713	5,821,859	106,854
Excess (deficiency) of revenues over (under) expenditures	0	0	107,529	107,529
Other financing sources (uses)				
including transfers:				
Operating transfers out	0	0	(107,529)	(107,529)
Total other financing sources (uses)	0	0	(107,529)	(107,529)
Net change in fund balances	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Records Modernization Fund
Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 575,000	\$ 486,360	\$ 453,189	\$ (33,171)
Interest	1,000	1,000	2,015	1,015
Net increase (decrease) in fair value of investments	0	0	2,847	2,847
Total revenues	576,000	487,360	458,051	(29,309)
Expenditures				
Current:				
General government:				
Judicial	523,250	591,870	582,499	9,371
Other general government	126,000	196,620	236,977	(40,357)
Total expenditures	649,250	788,490	819,476	(30,986)
Excess (deficiency) of revenues over (under) expenditures	(73,250)	(301,130)	(361,425)	(60,295)
Other financing sources (uses)				
including transfers:				
Operating transfers in	73,250	49,450	270,767	221,317
Operating transfers out	0	0	(8,194)	(8,194)
Total other financing sources (uses)	73,250	49,450	262,573	213,123
Net change in fund balances	0	(251,680)	(98,852)	152,828
Fund balance at beginning of year	1,810,599	1,810,599	1,810,599	0
Fund balance at end of year	\$ 1,810,599	\$ 1,558,919	\$ 1,711,747	\$ 152,828

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Clerk of the Circuit Court and Comptroller (the Clerk) is an elected Constitutional Officer of Leon County, Florida, pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County (County) is a charter county which allows for the same powers and duties as provided by 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 Clerk is considered to be a part of the primary government of Leon County and is included in the Leon County government-wide financial statements. The financial statements contained herein represent the financial transactions of the Clerk only.

The Leon County Board of County Commissioners (the Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except for the Tax Collector and only the obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk. The Tax Collector and the Clerk are considered fee officers. A portion of the Clerk's budget is funded by the Board for part of Finance and all obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk. 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.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

Basis of Presentation

The special-purpose 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

The financial activities of the Clerk are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund - The General Fund is the general operating fund of the Clerk. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- Article V Court Operating Fund - This fund is used to account for specific governmental revenue sources that are legally restricted through Article V of the Florida Constitution to expenditures for court operations.
- Records Modernization Fund - This fund is used to account for specific governmental revenue sources that are legally restricted to expenditures for records modernization.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

Other Fund Type

- Internal Service Fund - This fund is used to report funded and accrued compensated absences.
- Agency Funds - These funds are used to account for the assets held by the Clerk 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 are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made.

The accompanying special-purpose financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds and Fiduciary Funds (Agency 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 special-purpose statements of the Proprietary Fund (Internal Service Fund) are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Clerk considers receivables collected within 30 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: charges for services and interest earned.

Budgets and Budgetary Accounting

Budgets for the Court-related functions (the Courts) for each Clerk will be submitted by June 1 to be approved by the legislature. All court revenues are collected monthly and available for use by the Clerks in the month following collection. Beginning November 1st and by the 10th day of each month, the Clerks will submit that portion of all fines, fees, service charges, and costs collected in the previous month that exceeds one-twelfth of the Clerks' total budget. The remainder of the available revenues will be appropriated for the following month's Court expenditures up to the budget cap authorized by the legislature. Any revenue deficits will be certified by the Florida Clerk of Court Operations Corporation. Any unexpended appropriation for the Court's budget will be paid to the State by January 25 of the following year.

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying budgetary comparison statements reflect all approved amendments.

Section 218.35 *Florida Statutes*, governs the preparation, adoption, and administration of the annual budget. The Clerk establishes an annual budget for her office which clearly reflects the revenues available to the office and the functions for which money is expended.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

The Clerk prepares the budget in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county-related duties, and for Chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with Florida Clerk of Court Operations Corporation (CCOC). With the 2009 legislative changes, CCOC will submit a Legislative Budget Request for all clerks that will result in an appropriation by the legislature; and
3. The budget for all other operations.

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

Inventories

Inventories 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.

Prepaid Expense

The Clerk uses the consumption method of accounting, whereby the costs of expendable software licenses are expensed over the life of the agreements.

Investments

Investments are made in 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 Clerk liquidates and reallocates investments throughout the year depending on whether the external pool authorized by *Florida Statutes* or the interest bearing accounts with approved public depositories provide the most favorable interest rates.

Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Such assets are reported as capital assets in the Statement of Net Position in the county-wide financial statements of Leon County, Florida.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk is not legally required to accumulate expendable available financial resources to liquidate this obligation. However, the funding for the Courts from the State of Florida has been decreasing since 2004. The possibility exists that future funding may be further reduced. To minimize the impact on future budgets, the Clerk has decided to fully fund the cost of the liability. Accordingly, an internal service fund has been established to record the liability for the compensated absences earned but not yet paid for in the General Fund, the Article V Court Operating Fund, and the Records Modernization Fund. The current and long-term portion of the liability for compensated absences is reported as an obligation of the General Fund in the county-wide Statement of Net Position for Leon County, Florida.

Net Position and Fund Balances

Net Position is the difference between fund assets and liabilities on the proprietary and fiduciary fund statements. Fund Balance is the difference between assets and liabilities on the governmental fund statements.

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.

Use of Estimates

The preparation of the special-purpose financial statements is in conformity with accounting practices prescribed by the State of Florida, 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.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Other Postemployment Benefits

The Clerk through Leon County offers retiree medical and life insurance benefits for qualifying Clerk employees that have retired from a Florida Retirement System (FRS) retirement plan. The premium associated with these benefits is paid by the qualifying employee.

Distribution of Excess Revenues

Section 218.36, *Florida Statutes* requires that the Clerk distribute any excess of revenues over expenditures within the General Fund to the Board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying Special-Purpose Financial Statements as “other financing uses.”

Based on the legal opinion provided by the Florida Clerks of Court Operations Corporation (CCOC) general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments.

Note 2. Cash and Investments

Cash

Cash consists of demand deposits held at qualified public depositories. At September 30, 2019, the carrying amount of the Clerk’s deposits (including agency funds) was \$7,557,504 and bank balances were \$7,611,003. The Clerk's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

Investments

Credit Risk

The Clerk’s investment practices are governed by Section 218.415(17), *Florida Statutes*. Investments authorized by Section 218.415(17), *Florida Statutes* include:

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration or any authorized intergovernmental investment pool.
2. Securities and Exchange Commission 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.
4. Direct obligations of the U.S. Treasury.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 2. Cash and Investments (continued)

Investments (continued)

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. Section 17.61(1), *Florida Statutes* permits organizations created by the Florida Constitution to participate in the existing State Treasury Investment Pool “Special Purpose Investment Account” (SPIA). Historically, the SPIA participants have received higher earnings reflecting the higher risk associated with the longer maturities and lower credit quality.

To provide liquidity for operations during the fiscal year, the Clerk invested in the SPIA. The financial details and disclosures for SPIA are made in Note 2 of the State of Florida Comprehensive Annual Financial Report (CAFR). The fair value factor for SPIA at September 30, 2019, was 1.0176. 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.

At September 30, 2019, the Clerk had \$77,281 invested in SPIA and reported at fair market value. The current rating for SPIA is AA-f by Standard and Poors. A copy of SPIA's most recent financial statements can be found at http://www.fltreasury.org/fs_01.html.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of investments. One method of managing interest rate risk is the duration method, which measures a debt investment's exposure to fair value changes arising from changing interest rates. The longer the effective duration of the investment the greater the potential variability of the investment's fair value as a result of future changes in interest rates.

The effective duration of the SPIA at September 30, 2019, is 2.82 years.

Note 3. Compensated Absences

As discussed in Note 1, the liability associated with compensated absences is reported on the fund level in the internal service fund. A summary of the Clerk's liability for compensated absences included at the county-wide financial statement level is as follows with \$284,044 as the current portion:

	Balance October 1, 2018	Additions	(Retirements)	Balance September 30, 2019
Liability for compensated absences	<u>\$ 516,244</u>	<u>\$ 790,466</u>	<u>\$ (820,463)</u>	<u>\$ 486,247</u>

Note 4. Risk Management

The Clerk participates in the Leon County Internal Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third party administrator. The Clerk makes payments to the Internal Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2019, was \$18,888. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 5. 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 Clerk are fund statements considered to be special-purpose financial statements consistent with accounting practices by the State of Florida, Auditor General. Accordingly, the net pension liability is included in the Leon County, Florida Comprehensive Annual Financial Report (Leon County CAFR) rather than in these Special-Purpose Financial Statements.

All full-time employees of the Clerk, except those excluded pursuant to Section 121.4501, *Florida Statutes*, 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. Employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS.

The Clerk 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, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total retirement contributions for the fiscal years ended September 30, 2019, 2018, and 2017 were \$630,010, \$585,333, and \$585,473, 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. The latest report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or on the website located at www.dms.myflorida.workforce_operations/retirement/publications.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 6. Other Postemployment Benefits (OPEB)

Plan Description

The Clerk participates in an agent multiple-employer plan administered by Leon County, Florida 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 of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Clerk is an elected Constitutional Officer of the County. The financial statements of the Clerk 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 government-wide financial statements of the County rather than in these Special-Purpose Financial Statements.

Note 7. Interfund transfers

Interfund balances represent payments 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 , are as follows:

Fund	Interfund Receivable	Interfund Payable
Internal Service Funds	\$ 444,989	\$ 0
Article V Court Operating Fund	\$ 0	\$ 444,989

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, excluding transfers to other governments, for the year ended September 30, 2019 consisted of the following.

Transferred to the Internal Service Fund from:

General Fund	\$ 43,761
Article V Operating Fund	107,529
Record Modernization Fund	8,194

Transfer to the Records Modernization Fund from:

General Fund	270,767
	<u>\$ 430,251</u>

Note 8. 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 Clerk had no outstanding encumbrances at September 30, 2019.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 9. Operating Leases

The Clerk leases office equipment and building space under operating leases expiring in various years through 2023.

Minimum future lease payments under operating leases having remaining terms in excess of one year as of September 30, 2019, for each of the next five years and in the aggregate are as follows:

<u>September 30,</u>	<u>Amount</u>
2020	\$ 65,261
2021	64,948
2022	61,500
2023	46,125
Total	<u>\$ 237,834</u>

Rent expense paid during the fiscal year ended September 30, 2019 was \$100,465

Note 10. Related Party Transaction

The Clerk has a written agreement to rent office space from the Leon County Tax Collector for its customer service location. Under this agreement the Clerk paid \$61,500 to the Leon County Tax Collector during the year ended September 30, 2019.

Note 11. Subsequent Events

The Clerk has evaluated subsequent events through March 9, 2020, the date the financial statements were available to be issued.

Report of Independent Auditors 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, 2019

Report of Independent Auditors 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 Gwen Marshall
Clerk of the Circuit Court and Comptroller, 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 special-purpose financial statements of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the year ended September 30, 2019, and the related notes to the financial statements which collectively comprise the Clerk's special-purpose financial statements, and have issued our report thereon dated March 9, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Gwen Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida
Page Two

Compliance and Other Matters

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

Purpose of this Report

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

We have issued a management letter to the Clerk of the Circuit Court and Comptroller of Leon County, Florida dated March 9, 2020, presenting certain required disclosures and comments pursuant to the Chapter 10.550, Rules of the Auditor General.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 9, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Report of Independent Accountants on Compliance with
Florida Statutes Section 218.415, Sections 28.35 and 38.36, and Section 61.181

September 30, 2019

Report of Independent Accountants on Compliance with
Florida Statutes Section 218.415, Sections 28.35 and 28.36, and Section 61.181

The Honorable Gwen Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida

We have examined the Clerk of the Circuit Court and Comptroller of Leon County, Florida's (Clerk) compliance with the requirements of *Florida Statutes* Section 218.415, Sections 28.35 and 28.36, and Section 61.181, during the year ended September 30, 2019. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk 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 Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Clerk 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.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 9, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2019

Management Letter

The Honorable Gwen Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 9, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditors 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 Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 9, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

2018-001 Clerk Payroll Processes

Management has taken corrective action for this recommendation. This corrective action includes hiring qualified personnel in key financial reporting position and reviewing and updating the applicable policies and procedures. This corrective action is complete as of September 30, 2019.

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 of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Clerk has no component units.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, the following recommendation was made.

2019-001 Allocation of Indirect Costs to the Article V Court Operating Fund (Article V)

Criteria: As outlined in Section 28.35(3)(a), Florida Statutes, the list of court-related functions that clerks may fund from filing fees, service charges, costs, and fines is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; data collection and reporting; determinations of indigent status; and paying reasonable administrative support costs to enable the Clerk to carry out these court-related functions.

Condition: During our testing of the allocation of indirect costs to the courts fund we noted several items that were not an authorized function and required adjustment.

Cause: High levels of turnover at the management level have led to inconsistencies and errors in the allocation of indirect costs to the Article V fund. Additionally, the finance department has not performed a comprehensive review of policies and procedures since 2010.

Effect or Potential effect: There is a potential for inconsistent practices, an increase in errors, and noncompliance with applicable laws and regulations. Most importantly, the lack of periodic reviews of policies and procedures challenges the effectiveness and execution of the Clerk's mission, goals, and objectives.

The Honorable Gwen Marshall
Clerk of the Circuit Court and Comptroller, Leon County, Florida
Page Three

Recommendation: We suggest the finance department review its internal policies and procedures and determine how it intends to allocate costs to the Article V Fund and ensure the records used to determine this allocation are current. Management should ensure the percentages determined are properly submitted in its annual budget to the Florida Clerks of Court Operations Corporation (CCOC). Management should review all items included in the allocation of cost and ensure only allowable costs are allocated.

Management Response:

The Clerk has filled several vital positions of upper management within the Finance Department during the fiscal year. Additionally, the Clerk has created and filled the new position of Clerk Budget Analyst whose duties are primarily focused on Article V Court Operating Fund and other Clerk related functions as detailed in current legislation. With the addition of Clerk staff, Management has initiated the development of a monthly Clerk closing process to include the preparation and adequate review/monitoring of the Article V Indirect Cost Allocations to ensure only allowable Court costs are being allocated.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Clerk of the Circuit Court and Comptroller 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
March 9, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Special-Purpose Financial Statements

Property Appraiser
Leon County, Florida

*Year ended September 30, 2019
With Report of Independent Auditors*

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

Property Appraiser
Leon County, Florida

Special-Purpose Financial Statements

Year ended September 30, 2019

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Report of Independent Auditors

The Honorable Property Appraiser
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental fund (General Fund) of the Property Appraiser of Leon County, Florida (Property Appraiser), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special-purpose 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 from 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 auditors' 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 fund (General Fund) of the Property Appraiser of Leon County, Florida, as of September 30, 2019, and the respective changes in financial position thereof, and the respective budgetary comparison statements of the General Fund 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, 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 the changes in financial position of the governmental fund of only that portion that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2019, 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 this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters, included under the heading Report of Independent Auditors 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

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

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Property Appraiser
Leon County, Florida
Balance Sheet - General Fund
September 30, 2019

Assets

Cash and cash equivalents	\$ 72,968
Investments	26,198
Total assets	<u>\$ 99,166</u>

Liabilities and fund balance

Liabilities:

Accounts payable and other liabilities	\$ 5,933
Due to other county units	93,056
Due to other governments	177
Total liabilities	<u>99,166</u>

Fund balance:

Unassigned	<u>0</u>
Total liabilities and fund balance	<u>\$ 99,166</u>

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

Property Appraiser
Leon County, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 0	\$ 0	\$ 9,715	\$ 9,715
Interest	0	0	657	657
Total revenues	0	0	10,372	10,372
Expenditures				
Current:				
General government:				
Personnel services	4,309,824	4,409,863	4,338,763	71,100
Operating	731,590	633,024	613,211	19,813
Capital outlay	47,000	47,000	45,381	1,619
Total expenditures	5,088,414	5,089,887	4,997,355	92,532
(Deficiency) excess of revenues				
(under) over expenditures	(5,088,414)	(5,089,887)	(4,986,983)	102,904
Other financing sources (uses)				
Transfers in	5,088,414	5,089,887	5,080,216	(9,671)
Transfers out	0	0	(93,233)	(93,233)
Total other financing sources (uses)	5,088,414	5,089,887	4,986,983	(102,904)
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Property Appraiser operates as a county agency and an elected Constitutional Officer of Leon County (the County) pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by 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 Property Appraiser is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County, Florida Comprehensive Annual Financial Report (Leon County CAFR). The financial statements contained herein represent the financial transactions of the Property Appraiser only.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These special-purpose 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

The financial activities of the Property Appraiser are recorded in the following fund:

Governmental Fund Type

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

Basis of Accounting

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

The accompanying special-purpose financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recognized when measurable and available to

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

pay liabilities of the current period. Expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Property Appraiser considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

Budgets and Budgetary Accounting

Section 195.087, *Florida Statutes*, governs the preparation, adoption, and administration of the Property Appraiser's annual budget. The budget and the subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Leon County Board of County Commissioners (the Board) at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenses, capital outlay, debt service, and non-operating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, reflect all approved amendments.

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 Property Appraiser had no outstanding encumbrances at September 30, 2019.

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Capital Assets

Capital assets purchased in the Governmental Fund Type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the Statement of Net Position in the Leon County CAFR.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

It is the Property Appraiser's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave accrued above 240 hours is transferred to sick leave at the end of each calendar year. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken.

Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. Employees who have transferred from an agency operating under the Florida Retirement System with no break in service may transfer up to 240 sick leave hours. There is no limit on the amount of sick leave that can be accumulated. At the end of each calendar year, employees with 240 or more hours of sick leave may bank up to 24 hours of leave. At the time of separation, employees with eight years or more continuous employment with the Property Appraiser receive payment based upon the employee's current wage rate for 25% of accumulated sick leave. If the separation is due to retirement, those employees also receive payment based upon the employee's current wage rate for 100% of banked sick leave.

The Property Appraiser uses the vesting method to calculate the liability for compensated absences. The Property Appraiser does not and is not legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the Statement of Net Position in the Leon County CAFR.

Transfers In and Out

The Board funds primarily all of the operating budget of the Property Appraiser. The payments by the Board to fund the operations of the Property Appraiser are recorded as transfers in on the financial statements of the Property Appraiser. In accordance with *Florida Statutes*, the Property Appraiser distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. Repayments to the Board are recorded as a liability and as transfers out on the financial statements of the Property Appraiser.

Related Organizations - Common Expenses

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

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

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Other Postemployment Benefits

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

Note 2. Cash and Investments

Cash and Cash Equivalents

The Property Appraiser maintains checking and money market accounts at two banks designated by the Florida Division of Treasury as qualified public depositories. At September 30, 2019, the carrying amount of the Property Appraiser's deposits with the financial institutions was \$72,968 and the bank balances were \$120,338. Deposits whose values exceed the limits of Federal depository insurance are entirely insured or collateralized pursuant to Chapter 280, *Florida Statutes*.

Investments

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Property Appraiser is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

- 1) The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration 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;
- 4) Direct obligations of the U.S. Treasury.

The Property Appraiser has no investment policy that would further limit its investment choices.

The Property Appraiser invests in the Florida PRIME administered by the Florida State Board of Administration (SBA). The Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 2. Cash and Investments (continued)

Investments (continued)

The 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 the 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, 2019, the 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. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. The current rating for the Florida PRIME is AAAm by Standard and Poors. The dollar weighted average days to maturity of the Florida PRIME at September 30, 2019 is 37 days. The fair value of the Property Appraiser's position in the pool approximates the value of the pool shares. At September 30, 2019, the Property Appraiser had \$26,198 invested with Florida PRIME.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the government's deposits may not be returned to it or the organization 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 Property Appraiser's deposits are therefore considered fully insured or collateralized.

The investment in the Florida PRIME is not classified as to custodial risk since the investment is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Property Appraiser limits interest rate risk for the money market fund by utilizing an overnight sweep agreement to invest excess cash balances.

The most recent Florida Prime audited financial statements can be obtained at www.sbafla.com/prime/audits.aspx.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 3. 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, 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 Property Appraiser are fund statements considered to be special-purpose financial statements consistent with accounting practices 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 and permanent part-time employees of the Property Appraiser are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit public employee pension plan, which is primarily a cost-sharing multiple-employer defined benefit plan administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County CAFR. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, that expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Beginning July 1, 2011, active employees are required to contribute three percent of their gross compensation to the retirement plan.

The Property Appraiser 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 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, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, *Florida Statutes*.

The contributions required for the years ended September 30, 2019, 2018, and 2017 were \$433,572, \$409,472, and \$380,274, respectively, which is equal to the required contribution for each year.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 4. Other Postemployment Benefits

Plan Description

The Property Appraiser participates in an agent multi-employer plan administered by the County 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 of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Property Appraiser is an elected Constitutional Officer of the County. The financial statements of the Property Appraiser 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 5. Risk Management

The Property Appraiser participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Property Appraiser makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2019 was \$16,610. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Note 6. Long-Term Liabilities

A summary of the Property Appraiser's liability for compensated absences is as follows:

	Balance October 1, 2018	Additions	(Retirements)	Balance September 30, 2019
Liability for compensated absences	<u>\$ 673,456</u>	<u>\$ 219,180</u>	<u>\$ (265,803)</u>	<u>\$ 626,833</u>

Of the \$626,833 liability for accrued compensated absences, management estimates that \$193,219 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since it is not payable from available resources at September 30, 2019. As discussed in Note 1, the liability is reported on the Statement of Net Position in the Leon County CAFR.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 7. Fund Balance

The Governmental Accounting Standards Board's Statement No. 54, effective for fiscal years beginning after June 15, 2010, requires that all fund balances be classified into one of the following categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. All remaining funds of the Property Appraiser as of the end of the fiscal year are remitted back to the Board as excess fees.

Note 8. Contingencies

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the Property Appraiser. These primarily relate to property assessments within Leon County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Property Appraiser, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Property Appraiser or its operations. In the event property assessment claims are resolved in favor of plaintiffs/claimants, such settlements would be funded, if at all, by the Board.

Note 9. Subsequent Events

The Property Appraiser has evaluated subsequent events through March 20, 2020, the date the financial statements were available to be issued.

Report of Independent Auditors 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, 2019

Report of Independent Auditors 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 Property Appraiser
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 special-purpose financial statements of the Property Appraiser of Leon County, Florida (Property Appraiser) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special-purpose financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 Property Appraiser's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

We have issued a management letter to the Property Appraiser of Leon County, Florida, dated March 20, 2020, presenting certain required disclosures and comments pursuant to the Rules of the Auditor General, Chapter 10.550.

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

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Report of Independent Accountants on Compliance
With Section 218.415, *Florida Statutes*,
Local Government Investment Policies

September 30, 2019

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

The Honorable Property Appraiser
Leon County, Florida

We have examined the Property Appraiser of Leon County, Florida's (Property Appraiser) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2019. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to error or fraud. 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 Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Property Appraiser 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.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2019

Management Letter

The Honorable Property Appraiser
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Property Appraiser of Leon County, Florida (Property Appraiser), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 20, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditors 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* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Property Appraiser has no component units.

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Property Appraiser 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. Law Redd Crona & Munroe P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Special-Purpose Financial Statements

Sheriff
Leon County, Florida

September 30, 2019
with Report of Independent Auditors

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

Sheriff
Leon County, Florida

Special-Purpose Financial Statements

Year Ended September 30, 2019

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Report of Independent Auditors

The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds and fiduciary funds of the Sheriff of Leon County, Florida (Sheriff), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose 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 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 from 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 auditors' 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 each of the governmental funds and the agency funds of the Sheriff of Leon County, Florida, as of September 30, 2019, the changes in financial position of each of the governmental funds, and the budgetary comparison statement for the general fund 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, 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 the financial position of each of the governmental funds and the agency funds, and only that portion that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2019, 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 this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters, included under the heading *Report of Independent Auditors 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 18, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Sheriff
Leon County, Florida
Balance Sheet
Governmental Funds

September 30, 2019

	General Fund	Special Grants Fund	Inmate Welfare Fund	Total Governmental Funds
Assets				
Cash	\$ 1,224,085	\$ 1,135,471	\$ 1,618,272	\$ 3,977,828
Investments	1,835,898	0	0	1,835,898
Accounts receivable	13,353	665	95,962	109,980
Due from other funds	600,998	0	239	601,237
Due from other county units	92,896	160,360	0	253,256
Due from other governments	759,797	276,986	0	1,036,783
Inventories	504,721	1,950	865	507,536
Prepays	405,022	289	0	405,311
Total assets	<u>\$ 5,436,770</u>	<u>\$ 1,575,721</u>	<u>\$ 1,715,338</u>	<u>\$ 8,727,829</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 1,080,985	\$ 1,960	\$ 1,168	\$ 1,084,113
Accrued liabilities	4,057,432	0	0	4,057,432
Deferred revenue	0	623,363	0	623,363
Due to other funds	0	263,692	272,781	536,473
Due to other county units	299,036	0	0	299,036
Due to other governments	(683)	37	0	(646)
Total liabilities	<u>5,436,770</u>	<u>889,052</u>	<u>273,949</u>	<u>6,599,771</u>
Fund balances:				
Nonspendable	909,743	2,239	865	912,847
Restricted	0	347,471	0	347,471
Assigned	0	336,959	1,440,524	1,777,483
Unassigned	(909,743)	0	0	(909,743)
Total fund balances	<u>0</u>	<u>686,669</u>	<u>1,441,389</u>	<u>2,128,058</u>
Total liabilities and fund balances	<u>\$ 5,436,770</u>	<u>\$ 1,575,721</u>	<u>\$ 1,715,338</u>	<u>\$ 8,727,829</u>

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

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

Year Ended September 30, 2019

	General Fund	Special Grants Fund	Inmate Welfare Fund	Total Governmental Funds
Revenues				
Intergovernmental	\$ 0	\$ 637,533	\$ 0	\$ 637,533
Charges for services	2,555,920	247,364	1,519,111	4,322,395
Fines and forfeitures	0	195,085	0	195,085
Interest	0	0	19,230	19,230
Miscellaneous	209,640	132,256	5,355	347,251
Total revenues	<u>2,765,560</u>	<u>1,212,238</u>	<u>1,543,696</u>	<u>5,521,494</u>
Expenditures				
Current:				
Judicial:				
Personal services	3,833,818	0	0	3,833,818
Operating	179,474	0	0	179,474
Total judicial	<u>4,013,292</u>	<u>0</u>	<u>0</u>	<u>4,013,292</u>
Public Safety:				
Personal services	56,087,227	356,167	463,423	56,906,817
Operating	16,528,084	87,286	633,650	17,249,020
Capital outlay	2,311,717	266,626	87,080	2,665,423
Total public safety	<u>74,927,028</u>	<u>710,079</u>	<u>1,184,153</u>	<u>76,821,260</u>
Intergovernmental	<u>2,590,374</u>	<u>359,520</u>	<u>0</u>	<u>2,949,894</u>
Total expenditures	<u>81,530,694</u>	<u>1,069,599</u>	<u>1,184,153</u>	<u>83,784,446</u>
Excess of revenues over (under) expenditures	<u>(78,765,134)</u>	<u>142,639</u>	<u>359,543</u>	<u>(78,262,952)</u>
Other financing sources (uses):				
Transfers in	78,834,292	0	0	78,834,292
Transfers out	(69,158)	0	(100,000)	(169,158)
Total other financing sources (uses)	<u>78,765,134</u>	<u>0</u>	<u>(100,000)</u>	<u>78,665,134</u>
Net change in fund balance	0	142,639	259,543	402,182
Fund balance, at beginning of year	0	544,030	1,181,846	1,725,876
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 686,669</u>	<u>\$ 1,441,389</u>	<u>\$ 2,128,058</u>

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

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund

Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 1,857,374	\$ 2,555,920	\$ 2,555,920	\$ 0
Miscellaneous	0	209,641	209,640	(1)
Total revenues	<u>1,857,374</u>	<u>2,765,561</u>	<u>2,765,560</u>	<u>(1)</u>
Expenditures				
Current:				
Judicial:				
Personal services	3,587,441	3,595,152	3,833,818	(238,666)
Operating	<u>182,464</u>	<u>182,464</u>	<u>179,474</u>	<u>2,990</u>
Total judicial	<u>3,769,905</u>	<u>3,777,616</u>	<u>4,013,292</u>	<u>(235,676)</u>
Public Safety:				
Personal services	55,119,757	56,442,049	56,087,227	354,822
Operating	16,736,843	16,755,349	16,528,084	227,265
Capital outlay	<u>1,707,371</u>	<u>1,850,310</u>	<u>2,311,717</u>	<u>(461,407)</u>
Total public safety	<u>73,563,971</u>	<u>75,047,708</u>	<u>74,927,028</u>	<u>120,680</u>
Intergovernmental	<u>2,774,529</u>	<u>2,774,529</u>	<u>2,590,374</u>	<u>184,155</u>
Total expenditures	<u>80,108,405</u>	<u>81,599,853</u>	<u>81,530,694</u>	<u>69,159</u>
Excess of revenues over (under) expenditures	<u>(78,251,031)</u>	<u>(78,834,292)</u>	<u>(78,765,134)</u>	<u>69,158</u>
Other financing sources (uses):				
Transfers in	78,251,031	78,834,292	78,834,292	0
Transfers out	<u>0</u>	<u>0</u>	<u>(69,158)</u>	<u>(69,158)</u>
Total other financing sources (uses)	<u>78,251,031</u>	<u>78,834,292</u>	<u>78,765,134</u>	<u>(69,158)</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

Sheriff
Leon County, Florida
Statement of Fiduciary Assets and Liabilities -
Agency Funds

September 30, 2019

Assets

Cash	\$ 507,623
Accounts receivable	1,389
Due from other governments	1,478
Due from other funds	17,471
Due from other county units	6,698
Total assets	<u>\$ 534,659</u>

Liabilities

Accounts payable	\$ 32,166
Due to other funds	82,235
Due to other county units	68,759
Due to other governments	13,585
Deposits	337,914
Total liabilities	<u>\$ 534,659</u>

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

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Sheriff operates as a county agency and an elected constitutional officer of Leon County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County (the County) is a charter county, which allows for the same powers and duties as provided by 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 Sheriff is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County government-wide annual financial statements. The financial statements contained herein represent the financial transactions of the Sheriff only.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These special-purpose 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

The financial activities of the Sheriff are recorded in separate funds, which are categorized and described as follows:

Governmental Fund Types

- *General Fund* — The General Fund is the general operating fund of the Sheriff. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- *Special Grants Fund* — To account for various law enforcement grants and the proceeds of specific revenue sources that are legally restricted to expenditures for specific law enforcement purposes.
- *Inmate Welfare Fund* — To account for the operations related to various rehabilitative programs and other expenditures related to inmate welfare.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

Fiduciary Fund Types

- *Agency Funds* — These funds are used to account for assets held by the Sheriff as an agent, including prisoner housing, work release and warrant fees which are remitted to other governmental agencies, restitution, forfeitures and other collections which are remitted to third parties, employee contributions to be used for designated purposes and prisoner deposits which are expended on their personal effects. 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 the method by which revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Governmental Funds and Agency Funds are maintained on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Sheriff considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. There are essentially two types of revenue when applying the “susceptible to accrual” concept to intergovernmental revenues. Primarily all grant revenues are recognized on the basis of expenditures incurred for the specific purpose or project. Other revenues are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period. The following major revenues are considered susceptible to accrual: charges for services, intergovernmental revenues, grant revenues expended on a cost reimbursement basis, and interest earned.

Budgets and Budgetary Accounting

Section 30.49, *Florida Statutes*, governs the preparation, adoption and administration of the Sheriff’s annual budget. Line item expenditures in excess of budget are authorized to the extent that total expenditures do not

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

exceed total budgeted expenditures at the fund level. An annual budget is adopted for the General Fund, while the Special Grants Fund adopts project-specific budgets, and the Inmate Welfare Fund is not budgeted. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, reflect all approved amendments.

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market, determined on a first-in, first-out basis. The consumption method is used for all funds whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Capital Assets

The Sheriff is accountable for and thus maintains capital asset records pertaining to the equipment used in his operations. Real property used by the Sheriff is accounted for by the Board of County Commissioners (Board), as the Board holds legal title and is accountable for such assets under Florida law.

Capital assets purchased in the governmental fund types costing \$1,000 or more and having a useful life in excess of one year are recorded as capital outlay expenditures at the time of purchase. The tangible personal property used by the Sheriff is reported as capital assets, at cost, in the Statement of Net Position in the government-wide financial statements of Leon County, Florida. Donated and confiscated capital assets are recorded in the County's Statement of Net Position at fair value at the time received. Capital assets are depreciated using the straight-line method over 5 to 20 years. Depreciation expense is recorded in the Statement of Activities in the government-wide financial statements of Leon County, Florida.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

Permanent full-time employees receive annual vacation and sick leave and compensatory leave based on policies determined by the Sheriff.

- a. Annual leave is earned biweekly as follows:

<u>Years of Service</u>	<u>Hours</u>
First 5	3.75
5-10	4.75
10-15	5.75
15-20	6.50
20 or more	7.50

Accumulated annual leave balances shall be limited based on years of service as follows:

<u>Years of Service</u>	<u>Hours</u>
First 10	240
10-20	360
20 or more	500

An employee's total annual leave may exceed the annual limit during a calendar year, but will be reduced to the above limited hours on the first pay period for the following year if not taken by the employee prior to that date. Employees who have reached permanent status and who separate in good standing shall be paid for the accrued time at their current rate of pay, not to exceed the limitations noted above.

- b. Each employee earns 3.75 hours of sick leave biweekly that may be accumulated without limits. Accrued sick leave is paid out upon separation of service, based on the following percentages:

First 5 Years of Service	0%
5-20 Years of Service	25%
20 or More Years of Service	50%
Death of Employee	75%
Death (in the line of duty)	100%

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences (continued)

- c. An employee may also accumulate up to 240 hours of compensatory leave in addition to earned annual and sick leave. Any employee who terminates shall be paid for all accrued compensatory leave at their current rate of pay.

The Sheriff uses the vesting method to calculate the liability for compensated absences. The Sheriff does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the Sheriff's General Fund, but is included in the Statement of Net Position in the government-wide financial statements of Leon County, Florida.

Other Postemployment Benefits

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

Transfers In and Out

The Board funds the majority of the operating budget of the Sheriff. The payments by the Board to fund the operations of the Sheriff are recorded as transfers in on the financial statements of the Sheriff. In accordance with *Florida Statutes*, the Sheriff distributes all general fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as operating transfers out to the Board on the financial statements of the Sheriff.

Common Expenses

Certain expenses for occupancy costs, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff.

Fund Balances

Fund Balance is the difference between assets and liabilities on the governmental fund statements.

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

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

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 have externally imposed restrictions by resource providers, creditors, grantors, contributors, voters, inter-local agreements, 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.

Note 2. Cash and Investments

As of September 30, 2019, the Sheriff had the following in cash and investments:

	<u>Carrying Amount</u>
Cash on Hand	\$ 677
Deposits in Qualified Public Depositories	4,484,774
FLCLASS Investment Pool	<u>1,835,898</u>
Total Cash and Investments	<u><u>\$ 6,321,349</u></u>

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 2. Cash and Investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Sheriff is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration; 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;
4. Direct obligations of the U.S. Treasury.

The Sheriff's investment policies are guided by Section 219.075, Florida Statutes - Investment of Surplus Funds by County Officers and Section 218.415, *Florida Statutes* - Local Government Investment Policies. The Sheriff has no investment policy that would further limit its investment choices.

Florida PRIME, administered by the Florida State Board of Administration (SBA), is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a 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, 2019, 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. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average days to maturity of the Florida PRIME at September 30, 2019 is 39 days. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2019, the Sheriff had \$0 invested with the Florida PRIME.

The Florida Surplus Asset Fund Trust (FLSAFE), is a local government investment pool governed by Section 218.415, *Florida Statutes*, that provides for pooling of Florida's local government funds. FLSAFE is an external

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 2. Cash and Investments (continued)

Credit Risk (continued)

investment pool that is not a registrant with the SEC; however, the FLSAFE has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. FLSAFE is managed by Prudent Man Advisors, Inc., a registered investment advisor, and the trust's investments are held in custody by BMO Harris Bank N.A. Oversight for the pool is provided by a Board of Trustees consisting of members who represent participating local government entities. The trust invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, money market funds and deposits held in qualified public depositories. The current rating for the FLSAFE is AAAM by Standard and Poors. The weighted average days to maturity of the FLSAFE at September 30, 2019 is 37 days. Investments in the FLSAFE are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2019, the Sheriff had \$0 invested with FLSAFE.

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under Section 163.01, *Florida Statutes*. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participant, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average days of maturity of the FLCLASS at September 30, 2019 is 54 days. Investments in the FLCLASS are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2019, the Sheriff had \$1,835,898 invested with the FLCLASS.

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 the organization 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 custodians 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 Sheriff's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2019, were \$6,012,590. The investments in the Florida PRIME, FLSAFE and FLCLASS investment pools are not classified as to custodial risk since the investments are not evidenced by securities that exist in physical or book entry form. There were no losses during the period due to default by counterparties to investment transactions.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 3. Capital Assets

As discussed in Note 1, tangible personal property used by the Sheriff in operations is reported in the government-wide financial statements of Leon County, Florida. A summary of the changes in capital assets for the year ended September 30, 2019 follows:

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance September 30, 2019</u>
Vehicles and equipment	\$ 31,498,927	\$ 3,156,453	\$ (1,657,977)	\$ 32,997,403

Note 4. Long-Term Liabilities

A summary of changes in the long-term liabilities of the Sheriff follows:

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance September 30, 2019</u>
Liability for compensated absences	\$ 9,519,074	\$ 4,301,031	\$ (4,560,337)	\$ 9,259,768

Of the \$9,259,768 liability for accrued compensated absences, management estimates that \$2,569,499 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from available resources at September 30, 2019. As discussed in Note 1, they are reported in the Statement of Net Position as part of the government-wide financial statements of Leon County, Florida.

Note 5. 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 Sheriff are fund statements considered to be special-purpose financial statements consistent with accounting practices by the State of Florida Auditor General. Accordingly, the net pension liability is included at county-wide financial statement level rather than in these special-purpose financial statements.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 5. Employees' Retirement Plan (continued)

All full-time and permanent part-time employees of the Sheriff are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, 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, Florida Comprehensive Annual Financial Report. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the State Legislature, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Employees who are not participating in the Deferred Retirement Option Program are required to contribute three percent (3%) of their gross compensation to the FRS.

The Sheriff 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 government-wide financial statements of Leon County, Florida.

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, 2019, the contribution rate was 1.66 percent of payroll, pursuant to Section 112.363, *Florida Statutes*.

The total employer retirement contributions paid for the years ended September 30, 2019, 2018 and 2017 were \$8,484,589, \$7,817,472, and \$7,204,449, 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 these plans. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32399-9000, or on the website located at www.DMS.myflorida/workforce_operations/retirement/publications.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 6. Other Postemployment Benefits

The Sheriff participates in an agent multiple-employer plan administered by the County under which qualified retired employees and their spouses are permitted to participate in the health and life insurance benefits program (the Program). Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions. The health 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. As described in Note 1, the Sheriff is an elected constitutional officer of the County. The annual OPEB obligation of constitutional officers is recognized in the government-wide financial statements of the County.

Note 7. Other Required Individual Fund Disclosures

Individual fund interfund receivable and payable balances at September 30, 2019, were:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 600,998	\$ 0
Special Grants Fund	0	263,692
Inmate Welfare Fund	239	272,781
Agency Funds	17,471	82,235
	<u>\$ 618,708</u>	<u>\$ 618,708</u>

Interfund balances in the Governmental Funds primarily represent repayments due from the funds responsible for particular expenditures to the funds that initially paid for them. Interfund balances in the Agency Funds primarily represent collections from the Inmate Fund that are to be remitted to other governmental entities. Interfund balances are due and payable within one year.

Note 8. Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriffs' Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2019 was \$595,995.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 8. Risk Management (continued)

Professional Liability (continued)

The limits of the Self-Insurance Fund for the above-mentioned damages, fees and defense costs are \$5,000,000 per incident or occurrence and \$10,000,000 in aggregate for the policy year. Settled claims did not exceed this coverage in the current year.

Automobile Liability

As a member of the Florida Sheriff's Association, the Sheriff participates in the Sheriffs' Automobile Risk Program (SHARP) for automobile liability insurance. Coverage includes liability for bodily injury and property damage, personal injury protection, auto medical payments, bodily injury for uninsured motorists and physical damage. Coverage for physical damage is also maintained on certain vehicles. The contribution required for the year ended September 30, 2019 was \$228,695.

Workers' Compensation

The Sheriff participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Sheriff makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2019 was \$716,088. Excess payments are recorded as a designation of net position for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Excess Insurance

In the normal course of jail operations, the Sheriff seeks to limit its exposure to loss for catastrophic medical costs by purchasing insurance under an excess coverage contract. During the year ended September 30, 2019, the Sheriff maintained an excess insurance policy that provides a maximum specific benefit of \$250,000 per covered person, for claims in excess of \$60,000 reported during the annual contract term. The premium required for the year ended September 30, 2019 was \$126,198.

Note 9. 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. There were no encumbrances at September 30, 2019.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 10. Commitments and Contingencies

A. Operating Leases

The Sheriff is committed to various operating leases for certain office and radio equipment. Operating leases are generally defined as leases that do not transfer benefits and risks of ownership to the lessee. For the year ended September 30, 2019, total rental and equipment lease expenses were \$114,002. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

2020	\$ 3,598
2021	<u>477</u>
Total future minimum lease payments	<u><u>\$ 4,075</u></u>

B. Litigation

At September 30, 2019, there were certain claims and legal actions pending against the Sheriff from the normal course of operations. The outcome of these claims and actions is not presently determinable.

At September 30, 2019, there were various other claims and legal actions pending against the Sheriff. These claims are covered through the Sheriff's participation in the Florida Sheriffs' Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities which may arise from such actions would be adequately covered by the Self-Insurance Fund.

C. Long-Term Contracts

TSR System Agreement

The Sheriff, Leon County and the City of Tallahassee (the Parties) entered into an inter-local agreement on December 20, 2007 to establish parameters relating to ownership, expansion, operation, maintenance and the use of the 800MHz Project 25 Digital Trunked Simulcast Radio (TSR) System. The agreement provides for 50% ownership of the TSR System's backbone equipment by the Sheriff and the County. The agreement also provides that the Sheriff and the County are required to pay 50% of the TSR System's operating costs. Absent a prior notice to withdraw, the agreement shall continue until the date the agreement is terminated by mutual written agreement of the Parties. Activity related to the agreement is accounted for as a joint operation.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2019

Note 10. Commitments and Contingencies (continued)

C. Long-Term Contracts (continued)

Aramark Agreement

On August 23, 2018, the Sheriff and Aramark entered into an Agreement which granted Aramark the exclusive rights to provide food and commissary services for the inmates, staff and visitors at the Leon County Detention Facility. The Agreement commenced starting October 1, 2018, and will continue through September 30, 2022 with the ability to renew the Agreement for four additional one-year periods. As part of the Agreement, Aramark agreed to make a financial commitment to the Sheriff in the amount of \$600,000, which was received in August 2018, for the purchase and installation of mutually agreed food service equipment and other improvements to the kitchen and dining facility. For the year ended September 30, 2019, total equipment and improvement expenses were \$13,477. If the Agreement expires or is terminated for any reason by either party prior to the complete amortization of the financial commitment, the Sheriff shall be obligated to reimburse the unamortized balance plus interest on such accounts at the Prime Rate plus two percentage points per annum, compounded monthly from the date of termination or expiration, until the date paid.

Note 11. 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.

The Sheriff recognized expenditures totaling \$2,589,974 for service costs of the CDA, and reported a surplus balance due from the CDA of \$149,101 at September 30, 2019, in the General Fund.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 12. Subsequent Events

The Sheriff has evaluated subsequent events through March 18, 2020, the date the special-purpose financial statements were available to be issued.

Report of Independent Auditors 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, 2019

Report of Independent Auditors 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 Sheriff
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 special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated March 18, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 Sheriff's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

We have issued a management letter to the Sheriff of Leon County, Florida, dated March 18, 2020, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



Thomas Howell Ferguson P.A.

Tallahassee, Florida

March 18, 2020



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

Tallahassee, Florida

Report of Independent Accountants on Compliance
With Section 218.415, *Florida Statutes*,
Local Government Investment Policies

September 30, 2019

Report of Independent Accountants on Compliance With
Section 218.415, *Florida Statutes*,
Local Government Investment Policies

The Honorable Sheriff
Leon County, Florida

We have examined the Sheriff of Leon County, Florida's (Sheriff) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2019. Management of the Sheriff is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

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

In our opinion, the Sheriff complied in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Sheriff 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.
Tallahassee, Florida
March 18, 2020



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2019

Management Letter

The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 18, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Report of Independent Auditors 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* and Report of Independent Accountants on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 18, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. We reported no findings or 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 of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Sheriff has no component units.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

March 18, 2020



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

Tallahassee, Florida

Special-Purpose Financial Statements

Supervisor of Elections
Leon County, Florida

*Year Ended September 30, 2019
with Report of Independent Auditors*

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

**Supervisor of Elections
Leon County, Florida
Special - Purpose Financial Statements
Year Ended September 30, 2019
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Report of Independent Auditors

To the Honorable Supervisor of Elections
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Supervisor of Elections of Leon County, Florida, (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' special-purpose 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 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.

The Honorable Supervisor of Elections
Leon County, Florida
Page Two

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 financial position of each of the governmental funds of the Supervisor of Elections of Leon County, Florida as of September 30, 2019, and the changes in financial position thereof, and the respective budgetary comparison of the General Fund and Grants Fund 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, 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 the changes in financial position of only that portion that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2019, 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 this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements, and other matters included under the heading Report of Independent Auditors 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 purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

 

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 30, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

**Supervisor of Elections
Leon County, Florida
Balance Sheet - Governmental Funds
September 30, 2019**

	General Fund	Grants Fund	Total Governmental Funds
Assets			
Cash	\$ 271,670	\$ 34,611	\$ 306,281
Accounts receivable	73,081	0	73,081
Prepays	151,612	0	151,612
Total Assets	<u>\$ 496,363</u>	<u>\$ 34,611</u>	<u>\$ 530,974</u>
Liabilities and fund balance			
Liabilities:			
Accounts payable	\$ 52,867	\$ 0	\$ 52,867
Due to other county units	381,572	0	381,572
Accrued liabilities	61,924	0	61,924
Revenues received in advance	0	30,123	30,123
Total liabilities	<u>496,363</u>	<u>30,123</u>	<u>526,486</u>
Fund balance:			
Nonspendable	151,612	0	151,612
Restricted	0	4,488	4,488
Assigned	0	0	0
Unassigned	(151,612)	0	(151,612)
Total fund balance	<u>0</u>	<u>4,488</u>	<u>4,488</u>
Total liabilities and fund balances	<u>\$ 496,363</u>	<u>\$ 34,611</u>	<u>\$ 530,974</u>

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

**Supervisor of Elections
Leon County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2019**

	General Fund	Grants Fund	Total Governmental Funds
Revenues			
Charges for services	\$ 19,798	\$ 0	\$ 19,798
Intergovernmental	71,451	127,099	198,550
Interest	0	136	136
Total revenues	<u>91,249</u>	<u>127,235</u>	<u>218,484</u>
Expenditures			
Current:			
General government	<u>3,986,663</u>	<u>132,046</u>	<u>4,118,709</u>
Total expenditures	<u>3,986,663</u>	<u>132,046</u>	<u>4,118,709</u>
Excess of revenues over (under) expenditures	<u>(3,895,414)</u>	<u>(4,811)</u>	<u>(3,900,225)</u>
Other financing sources (uses):			
Operating transfers in	4,150,267	4,488	4,154,755
Operating transfers out	<u>(254,853)</u>	<u>0</u>	<u>(254,853)</u>
Total other financing sources (uses)	<u>3,895,414</u>	<u>4,488</u>	<u>3,899,902</u>
Net change in fund balances	0	(323)	(323)
Fund balance at beginning of year	<u>0</u>	<u>4,811</u>	<u>4,811</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 4,488</u></u>	<u><u>\$ 4,488</u></u>

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

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

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 0	\$ 0	\$ 19,798	\$ 19,798
Intergovernmental	0	80,240	71,451	(8,789)
Total revenues	<u>0</u>	<u>80,240</u>	<u>91,249</u>	<u>11,009</u>
Expenditures				
Current:				
General government:	4,150,267	4,226,018	3,986,663	239,355
Total expenditures	<u>4,150,267</u>	<u>4,226,018</u>	<u>3,986,663</u>	<u>239,355</u>
Excess of revenues (under) over expenditures	<u>(4,150,267)</u>	<u>(4,145,778)</u>	<u>(3,895,414)</u>	<u>250,364</u>
Other financing sources (uses)				
Operating transfers in	4,150,267	4,150,267	4,150,267	0
Operating transfers out	<u>0</u>	<u>(4,489)</u>	<u>(254,853)</u>	<u>(250,364)</u>
Total other financing sources (uses)	<u>4,150,267</u>	<u>4,145,778</u>	<u>3,895,414</u>	<u>(250,364)</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**Supervisor of Elections
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Grants Fund
Year Ended September 30, 2019**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 134,516	\$ 160,566	\$ 127,099	\$ (33,467)
Interest	502	502	136	(366)
Total revenues	135,018	161,068	127,235	(33,833)
Expenditures				
Current:				
General government	135,018	165,556	132,046	33,510
Total expenditures	135,018	165,556	132,046	33,510
Excess of revenues (under) over expenditures	0	(4,488)	(4,811)	(323)
Other financing sources (uses)				
Operating transfers in	0	4,488	4,488	0
Total other financing sources (uses)	0	4,488	4,488	0
Net change in fund balance	0	0	(323)	(323)
Fund balance at beginning of year	0	0	4,811	4,811
Fund balance at end of year	\$ 0	\$ 0	\$ 4,488	\$ 4,488

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

Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Supervisor of Elections is an elected Constitutional Officer of Leon County, Florida, pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by 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 Supervisor of Elections is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County, Florida Comprehensive Annual Financial Report (Leon County CAFR). The financial statements contained herein represent the financial transactions of the Supervisor of Elections only.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

The special-purpose 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 Auditor General, State of Florida.

Description of Funds

The financial activities of the Supervisor of Elections are recorded in the following fund:

Governmental Fund Type

- General Fund - The General Fund is the general operating fund of the Supervisor of Elections. This fund is used to account and report for all financial transactions not required to be accounted for in another fund.
- Grants Fund - The Grants Fund is a special revenue fund, used to account for grants awarded to the Supervisor of Elections. This fund also includes the corresponding county matching funds for the grants.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared using 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. Expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Supervisor of Elections considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. A budget is adopted for the governmental funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Supervisor of Elections. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Section 218.35, *Florida Statutes*, governs the preparation, adoption, and administration of the Supervisor of Elections' annual budget. The Supervisor of Elections establishes an annual budget for its office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The annual budgetary data reported for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Supervisor of Elections' adopted budget, the original appropriation ordinance, and budget amendments approved by the Supervisor of Elections or as adopted by the Leon County Board of County Commissioners.

Prepaid Expense

The Supervisor of Elections uses the consumption method of accounting, whereby the costs of expendable software licenses are expensed over the life of the agreements.

Capital Assets

Capital assets purchased in the governmental fund are recorded as expenditures (capital outlay) at the time of purchase. The Supervisor of Elections does not maintain fixed asset records. The tangible personal property used by the Supervisor of Elections is reported as capital assets, at cost, in the Statement of Net Position in the Leon County CAFR.

Liability for Compensated Absences

The Supervisor of Elections accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Supervisor of Elections does not, nor is he 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 fund. However, the current and long-term portion of the liability for compensated absences is reported in the Leon County CAFR.

Other Postemployment Benefits

The Supervisor of Elections, through Leon County, offers retiree medical and life insurance benefits for the qualifying Supervisor of Elections employees that have retired from a Florida Retirement System (FRS) pension plan. The premium associated with these benefits is paid by the qualifying employee.

**Supervisor of Elections
Leon County, Florida**
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note 2. Cash

Cash consists of cash on hand and bank balances. At September 30, 2019, the carrying amount of the Supervisor of Elections' deposits was \$306,281. Deposits in excess of federal depository insurance are covered by deposits held in banks that are members of the State of Florida's Collateral Pool.

Note 3. Compensated Absences

As discussed in Note 1, the liability associated with compensated absences is reported at the county-wide financial statement level. A summary of the Supervisor of Elections' liability for compensated absences included in the Leon County CAFR is as follows:

	Balance October 1, 2018	Additions	(Retirements)	Balance September 30, 2019
Liability for compensated absences	<u>\$ 256,877</u>	<u>\$ 255,058</u>	<u>\$ (237,775)</u>	<u>\$ 274,160</u>

Note 4. Revenues Received in Advance

Revenues received in advance represents funds received from granting agencies during the year ended September 30, 2019 that remain unspent as of September 30, 2019. Amounts are derived from the Federal Election Administration Activities Grant.

Note 5. Risk Management

The Supervisor of Elections obtains workers' compensation insurance coverage through a commercial carrier.

Note 6. 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 Supervisor of Elections 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.

**Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 6. Employees' Retirement Plan (continued)

All full-time employees of the Supervisor of Elections, except those excluded pursuant to Section 121.4501, *Florida Statutes*, 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. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS.

The Supervisor of Elections 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 included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total retirement contributions for the fiscal years ended September 30, 2019, 2018, and 2017 were \$295,431, \$274,983 and \$243,269, 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 7. Other Postemployment Benefits

Plan Description

The Supervisor of Elections participates in an agent multiple-employer plan administered by Leon County, Florida (the County) 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 of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Supervisor of Elections is an elected Constitutional Officer of the County. The financial statements of the Supervisor of Elections 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.

**Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 8. 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 Supervisor of Elections had no outstanding encumbrances at September 30, 2019.

Note 9. Fund Balance

Governmental Accounting Standards require that all fund balances be classified into one of the following five categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Fund Balance is the difference between assets and liabilities on the governmental fund statements.

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.

Note 10. Leases

On April 11, 2012, the Supervisor of Elections entered into an operating lease for the rental of space for the voter operations center. On April 27, 2016, the original lease agreement was amended in order to expand the existing floor space. The restated lease agreement provides for monthly rentals, which escalate over the term of the lease with specific uses for the space. The restated lease commenced on August 15, 2016 for a period of 10 years, with a one time option to cancel after 5 years. Additionally, the lease includes options to renew for two five year periods.

On July 1, 2017, the Supervisor of Elections entered into an operating software lease. Due to some delays in the implementation of the software, the lease period did not commence until 12/1/2018 and will end on 11/30/2023.

Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 10. Leases (continued)

Minimum future lease payments are as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ 327,444
2021	333,333
2022	41,136
2023	41,136
2024	6,856
Total minimum payments	<u>\$ 749,905</u>

Rental expense for the year ended September 30, 2019 was \$358,776.

Note 11. Subsequent Events

The Supervisor of Elections has evaluated subsequent events through March 30, 2020, the date the special-purpose financial statements were available to be issued.

Report of Independent Auditors 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, 2019

Report of Independent Auditors 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*

To the Honorable Supervisor of Elections
Leon County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the special-purpose financial statements of the Supervisor of Elections of Leon County, Florida, (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' special-purpose financial statements, and have issued our report thereon dated March 30, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Supervisor of Elections
Leon County, Florida
Page Two

Compliance and Other Matters

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

Purpose of this Report

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

We have issued a management letter to the Supervisor of Elections dated March 30, 2020, presenting certain required disclosures and comments pursuant to the Rules of the Auditor General, Chapter 10.550

 

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 30, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Report of Independent Accountants on Compliance
With Section 218.415, *Florida Statutes*,
Local Government Investment Policies

September 30, 2019

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

To the Honorable Supervisor of Elections
Leon County, Florida

We have examined the Supervisor of Elections of Leon County, Florida's (the Supervisor) compliance with local government investment policies provided in Chapter 218.415, *Florida Statutes*, during the year ended September 30, 2019. Management is responsible for the Supervisor's compliance with those requirements. Our responsibility is to express an opinion on the Supervisor's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we perform the examination to obtain reasonable assurance about whether the Supervisor complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor 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 Supervisor's compliance with specified requirements.

In our opinion, the Supervisor complied in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Supervisor of Elections 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.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 30, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2019

Management Letter

To the Honorable Supervisor of Elections
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Supervisor of Elections of Leon County, Florida, (Supervisor of Elections), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 30, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditors 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 Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. We reported no findings or 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 of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Supervisor of Elections has no component units.

To the Honorable Supervisor of Elections
Leon County, Florida
Page Two

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Supervisor of Elections 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. Law Redd Crona & Munroe P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 30, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Special-Purpose Financial Statements

Tax Collector Leon County, Florida

*Year Ended September 30, 2019
with Report of Independent Auditors*

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

Tax Collector
Leon County, Florida

Special-Purpose Financial Statements

Year Ended September 30, 2019

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Report of Independent Auditors

The Honorable Tax Collector
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental fund (General Fund) and the fiduciary fund (Agency Fund) of the Tax Collector of Leon County, Florida (Tax Collector), as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's special-purpose 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 financial statements are free from 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 auditors' 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 fund (General Fund) and fiduciary fund (Agency Fund) of the Tax Collector of Leon County, Florida, as of September 30, 2019, and the respective changes in financial position thereof, and the respective budgetary comparison statements of the General Fund 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, 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 governmental fund and fiduciary fund of only that portion that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2019, and the changes in its financial position, where applicable, 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 this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters, included under the heading Report of Independent Auditors 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 Tax Collector's internal control over financial reporting and compliance.

 

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Tax Collector
Leon County, Florida
Balance Sheet - General Fund
September 30, 2019

Assets

Cash and cash equivalents	\$ 648,638
Due from other funds	<u>176,684</u>
Total assets	<u><u>\$ 825,322</u></u>

Liabilities and fund balance

Liabilities:

Accounts payable	\$ 6,096
Due to other county units	818,161
Due to other governments	<u>1,065</u>
Total liabilities	<u>825,322</u>
Fund balance:	
Unassigned	<u>0</u>
Total liabilities and fund balance	<u><u>\$ 825,322</u></u>

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 7,919,153	\$ 7,919,153	\$ 8,215,325	\$ 296,172
Interest	0	0	13,228	13,228
Total revenues	<u>7,919,153</u>	<u>7,919,153</u>	<u>8,228,553</u>	<u>309,400</u>
Expenditures				
Current:				
General government:				
Personnel services	6,220,801	6,220,801	5,786,451	434,350
Operating	1,690,587	1,677,610	1,606,365	71,245
Capital outlay	<u>7,765</u>	<u>20,742</u>	<u>17,576</u>	<u>3,166</u>
Total Expenditures	<u>7,919,153</u>	<u>7,919,153</u>	<u>7,410,392</u>	<u>508,761</u>
Excess of revenues over expenditures	<u>0</u>	<u>0</u>	<u>818,161</u>	<u>818,161</u>
Other financing uses				
Transfers out	<u>0</u>	<u>0</u>	<u>(818,161)</u>	<u>(818,161)</u>
Total other financing uses	<u>0</u>	<u>0</u>	<u>(818,161)</u>	<u>(818,161)</u>
Net change in fund balance	0	0	0	0
Fund balances at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

Tax Collector
Leon County, Florida
Statement of Fiduciary Assets and Liabilities - Agency Fund
September 30, 2019

Assets

Cash and cash equivalents	\$ 4,061,123
Accounts receivable	<u>139,252</u>
Total assets	<u><u>\$ 4,200,375</u></u>

Liabilities

Accounts payable	\$ 573,692
Due to other funds	176,684
Due to other county units	629,033
Due to other governments	893,155
Installment tax deposits	<u>1,927,811</u>
Total liabilities	<u><u>\$ 4,200,375</u></u>

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

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Significant Accounting Policies

Reporting Entity

The Tax Collector operates as a county agency and an elected Constitutional Officer of Leon County, Florida (the County) pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by 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 Tax Collector is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County, Florida Comprehensive Annual Financial Report (Leon County CAFR). The financial statements contained herein represent the financial transactions of the Tax Collector only.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These special-purpose 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

The financial activities of the Tax Collector are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

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

Fiduciary Fund Type

- Agency Fund - The Agency Fund is used to account for assets held by the Tax Collector 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. Such assets include receipts for property taxes, tourist development taxes, vehicle registrations, driver license fees, birth certificate fees, hunting and fishing licenses, tax deed application fees, and concealed weapons licenses.

Basis of Accounting

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

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

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Significant Accounting Policies (continued)

Basis of Accounting (continued)

The Tax Collector considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

Budgets and Budgetary Accounting

Section 195.087, *Florida Statutes*, governs the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue for approval. A copy of the budget is provided to the Leon County Board of County Commissioners (the Board). Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenses, capital outlay, debt service and non-operating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, reflect all approved amendments.

Prepaid Items

Certain payments to vendors are made in advance of the accounting period to which the cost relates. These payments are reported under the purchases method, i.e., expenditures are recorded when payment is made.

Capital Assets

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Tax Collector is reported as capital assets, at cost, in the Statement of Net Position in the Leon County (CAFR).

The Tax Collector also utilizes certain computer equipment and software to process registrations and licenses owned by various state of Florida agencies as follows:

Vehicle and boat registrations and driver's licenses - State of Florida Department of Highway Safety and Motor Vehicles (FHSMV)

Hunting and fishing licenses - State of Florida Fish and Wildlife Conservation Commission (FFWCC)

Concealed weapons licenses - State of Florida Department of Agriculture and Consumer Services (FDACS)

Birth Certificates - Florida Department of Health (FDOH)

The cost of this equipment is not recognized in the Statement of Net Position of the County as title to the equipment is held by FHSMV, FFWCC, FDACS and FDOH.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 1. Significant Accounting Policies (continued)

Liability for Compensated Absences

It is the Tax Collector's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave can be accumulated, but is limited to 480 hours for chief deputies, 360 hours for administrators and managers and 240 hours for all other employees. Excess hours at the end of each calendar year are converted to sick leave. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken, not to exceed 240 hours.

Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. Employees who have transferred from an agency operating under the Florida Retirement System with no break in service may transfer up to 240 sick leave hours. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees with six years or more continuous employment for agencies operating under the Florida Retirement System, can receive payments based upon the employee's current wage rate for 25% of accumulated sick leave not to exceed 480 hours.

The Tax Collector uses the vesting method to calculate the liability for compensated absences. The Tax Collector does not and is not legally required to accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the Statement of Net Position in the Leon County CAFR.

Excess Fees Due to Other County Units

The Tax Collector is considered a fee officer because operations are funded primarily by fees for services. No funds are received from the Board other than applicable fees. In accordance with Section 218.36, *Florida Statutes*, the Tax Collector distributes all general fund revenues in excess of expenditures to the Board and other governments on a pro-rata basis within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as transfers out to the Board or deducted from fees earned for amounts distributed to other governments.

Other Postemployment Benefits

The Tax Collector through Leon County offers retiree medical and life insurance benefits for the qualifying Tax Collector employees that have retired from a Florida Retirement System (FRS) pension plan. The premium associated with these benefits is paid by the qualifying employee.

Related Organizations - Service Fees and Common Expenses

The Tax Collector's charges for services includes approximately \$5,300,000 as fees for the collection of real and tangible property taxes and tourist development taxes collected on behalf of the Board.

Certain expenses, which are common to the Board and all Constitutional Officers are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses include occupancy costs, janitorial services, and utilities, except telephone, associated with certain Tax Collector offices.

Additionally, property insurance associated with all of the Tax Collector's offices is reported as a common expense by the Board.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 2. Cash and Cash Equivalents

Cash consists of cash on hand, demand deposit accounts, and a Public Funds Now account with banks designated by the Florida Division of Treasury as qualified public depositories. The Tax Collector maintains bank accounts for the General Fund and for the Agency Fund. Amounts in excess of \$2.4 million in the Agency Fund demand deposit account are swept daily into the Public Funds Now account which earns an interest rate of the 90 day Treasury Bill rate plus .20% (1.84% as of September 30, 2019). At September 30, 2019, the carrying amounts of the Tax Collector's General and Agency Fund deposits with financial institutions were \$4,702,786 and the bank balances were \$5,225,503. Deposits whose values exceed the limits of Federal depository insurance are entirely insured or collateralized pursuant to Chapter 280, *Florida Statutes*. Additionally, as of September 30, 2019, the Tax Collector had cash on hand of \$6,975.

Note 3. 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, 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 Tax Collector are fund statements considered to be special-purpose financial statements consistent with accounting practices 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 and permanent part-time employees of the Tax Collector are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans including a defined benefit plan, which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates and vesting requirements by membership category, is provided in the Leon County CAFR. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Beginning July 1, 2011, active employees are required to contribute three percent of their gross compensation to the retirement plan.

The Tax Collector 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 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, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, *Florida Statutes*.

**Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019**

Note 3. Employees' Retirement Plan (continued)

The contributions paid for the years ended September 30, 2019, 2018, and 2017 were \$380,805, \$347,127, and \$319,984, respectively, which is equal to the required contribution for each year.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

Note 4. Other Postemployment Benefits

Plan Description

The Tax Collector participates in an agent multi-employer plan administered by the County 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 of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Tax Collector is an elected Constitutional Officer of the County. The financial statements of the Tax Collector 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 5. Risk Management

The Tax Collector participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Tax Collector makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2019 was \$9,849. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Note 6. Long-Term Liabilities

A summary of changes in the long-term liabilities of the Tax Collector follows:

	Balance October 1, 2018	Additions	(Retirements)	Balance September 30, 2019
Liability for compensated absences	\$ 416,983	\$ 409,713	\$ (411,831)	\$ 414,865

Of the \$414,865 liability for accrued compensated absences, management estimates that \$195,415 will be due and payable within one year. The above liabilities are not reported in the financial statements of the Tax Collector since they are not payable from available resources at September 30, 2019. As discussed in Note 1, they are reported in the Statement of Net Position in the Leon County CAFR.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 7. Commitments Under Operating Leases

The Tax Collector has entered into noncancelable operating leases as lessee for office space and office equipment. Some of the real property leases contain provisions for four or five year renewal options, with stated increases or decreases for lease payments. At September 30, 2019, aggregate future minimum payments under non-cancelable operating leases and licensing agreements with remaining terms equal to or exceeding one year are as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ 831,360
2021	834,153
2022	837,031
2023	763,548
2024	742,607
2025-2029	3,393,566
2030-2033	2,097,796
Total minimum payments	<u>\$ 9,500,061</u>

Lease expenditures incurred under operating leases for the year ended September 30, 2019 were \$765,406.

Note 8. Fund Balance

The Governmental Accounting Standards Board's Statement No. 54, effective for fiscal years beginning after June 15, 2010, requires that all fund balances be classified into one of the following categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. All remaining funds of the Tax Collector as of the end of the fiscal year are remitted back to the Board as excess fees.

Note 9. Interfund Receivables and Payables

The Agency Fund amount due to the General Fund of \$176,684 consists of fees on transactions collected by the Agency Fund. These funds were paid shortly after the fiscal year end.

Note 10. 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 Tax Collector had no encumbrances outstanding at September 30, 2019.

Note 11. Contingencies

Various suits and claims arising in the ordinary course of operations are pending against the Tax Collector. These primarily relate to property assessments within Leon County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Tax Collector, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Tax Collector or its operations.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2019

Note 12. Related Party

The Leon County Clerk's Office reimburses the Tax Collector for the occupancy of office space in a building leased by the Tax Collector. The reimbursement is presented as an offset against operating expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund. Reimbursements to the Tax Collector totaled \$72,573 for the year ended September 30, 2019.

Note 13. Subsequent Events

The Tax Collector has evaluated subsequent events through March 20, 2020, the date the financial statements were available to be issued.

Report of Independent Auditors 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, 2019

Report of Independent Auditors 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 Tax Collector
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 special-purpose financial statements of the Tax Collector of Leon County, Florida (Tax Collector) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's special-purpose financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 Tax Collector's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

We have issued a management letter to the Tax Collector of Leon County, Florida, dated March 20, 2020, presenting certain required disclosures and comments pursuant to the Rules of the Auditor General, Chapter 10.550.

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

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Report of Independent Accountants on Compliance
With Section 218.415, *Florida Statutes*,
Local Government Investment Policies

September 30, 2019

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

The Honorable Tax Collector
Leon County, Florida

We have examined the Tax Collector of Leon County, Florida's (Tax Collector) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2019. Management of the Tax Collector is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to error or fraud. 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 Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Tax Collector 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 C.P.A. Law Redd Crona & Munroe P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2019

Management Letter

The Honorable Tax Collector
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Tax Collector of Leon County, Florida (Tax Collector), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 20, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditors 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* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. We reported no findings or 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 of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Tax Collector has no component units.

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Tax Collector 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. Law Redd Crona & Munroe P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 20, 2020

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida