

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**

| | General Fund | Fine & Forfeiture Fund | Grants Fund | Capital Improvement Fund |
|---|----------------------|---|---------------------|---|
| 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 | \$ 37,949,832 | \$ 2,013,673 | \$ 6,132,893 | \$ 24,122,526 |
| 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 | 4,235,314 | 339,370 | 6,139,927 | 1,320,362 |
| Deferred inflows | | | | |
| Deferred inflow of resources | 0 | 0 | 0 | 0 |
| Total deferred inflows | 0 | 0 | 0 | 0 |
| 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 | 33,714,518 | 1,674,303 | (7,034) | 22,802,164 |
| Total liabilities, deferred inflows, and fund balances | \$ 37,949,832 | \$ 2,013,673 | \$ 6,132,893 | \$ 24,122,526 |

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 | 32,445,384 | 915,127 | 383,368 | 27,784,961 |
| 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 |
| 0 | 175,243 |
| <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 |
| 46,915,101 | 108,443,941 |
| <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 Landfill Fund | Governmental Activities - Internal Service Funds | Component Unit - Housing Finance Authority |
|---|--|---|---|
| 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 | 80,864,318 | 88,284,876 | 103,720,323 | 15,435,447 |
| 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 | 54,082,625 | 70,267,915 | 67,606,517 | 2,661,398 |
| 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) | (35,214,264) | (35,450,264) | (34,844,672) | 605,592 |
| Net change in fund balance | (8,432,571) | (17,433,303) | 1,269,134 | 18,702,437 |
| Fund balance at beginning of year | 32,445,384 | 32,445,384 | 32,445,384 | 0 |
| Fund balance at end of year | \$ 24,012,813 | \$ 15,012,081 | \$ 33,714,518 | \$ 18,702,437 |

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

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|---|-------------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| 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 |
|---|---------------------|---------------------|-------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| 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>\$ 2,087,159</u> |
| Liabilities | |
| Accounts payable | \$ 931,334 |
| Accrued liabilities | 1,149,118 |
| Due to other funds | <u>6,707</u> |
| Total liabilities | <u>\$ 2,087,159</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 (FMIvT).

The Chief Financial Officer for the State of Florida (formerly the State Treasurer) has been investing state revenues, excess revenues of state universities and community colleges, and certain other public agencies in a commingled investment portfolio for several years. This program is authorized under Section 17.61(1), *Florida Statutes* and is called the 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:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Ending Balance</u> |
|--------------------------------------|------------------------------|----------------------|-----------------------|---------------------------|
| 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.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| 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 |
|--|---|
| | 2019 |
| <p>\$8,267,000, Capital Improvement Revenue Bonds, Series 2012A, (i) to refund the County's Capital Improvement Revenue Bonds, Series 2003A of which \$7,965,000 was outstanding and maturing in the years 2018 through 2020, and (ii) to pay a portion of the costs of the acquisition of the Bank of America Building, and (iii) the construction of improvements to the Bank of America Building, and (iv) to finance improvements to the County's courthouse and parking garage. The economic gain resulting from the refunding was \$1,279,488. The bonds dated December 20, 2012, bear interest of 1.65% per annum. The interest on the bonds is payable on April 1 and October 1, beginning April 1, 2013. The bond principal matures serially on October 1 of each year for two years beginning October 1, 2019.</p> | \$ 6,962,000 |
| <p>\$15,991,000 Capital Improvement Revenue Refunding Bonds, Series 2017, (i) refund the Capital Improvement Revenue Bonds, Series 2014 of which \$15,951,000 was currently outstanding and maturing in the years 2021 through 2025, and (ii) pay issuance costs on the Series 2017 bonds. The economic gain resulting from the refunding was \$489,076. The bonds dated June 22, 2017 and bear interest of 2.11% per annum. The interest on the bonds is payable on April 1 and October 1, beginning October 1, 2017. The bond principal matures serially on October 1 of each year through the final maturity of October 1, 2025.</p> | 15,529,000 |
| <p><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></p> | |
| 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, | | | | |
|---|----------------------------------|--------------|-------------------|------------------|---------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| 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 | \$ 7,569,534 | \$ 3,268,180 | \$ 3,270,062 | \$ 3,271,593 | \$ 3,269,753 |
| | | 2025 | Total Payments | Less Interest | Principal |
| 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 | | \$ 3,270,584 | \$ 23,919,706 | \$ 1,428,706 | \$ 22,491,000 |

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:

| <u>Year ending September 30,</u> | <u>Amount</u> |
|----------------------------------|---------------------|
| 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 |
| | \$ 1,390,994 |

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 |
| | 607,153 | | 595,301 |
| Less: amount representing interest | (11,852) | | |
| | \$ 595,301 | | |

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 |
| | \$ 2,919,582 | \$ 2,919,582 |

**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